

TOTAL QUALITY MANAGEMENT AS APPLIED TO SERVICE SECTOR WITH RELEVANCE TO INDIAN SITUATIONS

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ABSTRACT

This research paper will focus on the issues of application of the principles of Total Quality Management (TQM) to Service Industries, in general, as well as issues related to the training needs of the employees and other relevant related concerns. In today's world class initiatives, employees need to be empowered in decision-making, either as a team, or as individuals. Empowered employees who are properly and adequately guided and trained, take decisions that help to achieve the vision of the Organization. They become customer-centric.

INTRODUCTION

Today, quality in a product or in a service is considered as being very important for the success of a business. The concept of TQM has now been accepted as an integrated management approach which basically enshrines to improve services. Indian business organizations are realizing the importance because Indian economy is fast opening to global markets and for them to survive, application TQM principles are of paramount importance. The late Dr W. Edward Deming has developed a systematic and methodical approach to solve quality related problems that require achieving customers' expectations.

The psyche of Indian customers is very complex and intricate. They are influenced by a myriad of factors such as culture, community, caste, religion, social values, environmental upbringing, education, influence by their peers, 'blind' attraction towards foreign items, gullibility towards catchy advertisements and low cost of products/services. Hence the interpretation of the concept of quality in the Service Sector in India has to be understood objectively and critically with regard to all these factors considered holistically and collectively. The cost of the service delivered has to be evaluated in terms of customers' expected level of satisfaction. For example, 'Customer Delight' concept as an add-on to the service provided may be viewed skeptically and suspiciously, by and large, by Indian customers. This, in a way, is comparable to the deadly waste of 'Overproduction' as explained by Taiichi Ohno.

At the same time, MNCs that are now entering or expanding in this country have their established TQM principles which they are bringing along with them. This makes it all the more imperative for Indian Service Sector to either improve or go kaput. Service Sector in India has therefore to assess the quality requirements and standards which are expected by customers who are being targeted and accordingly, it has to design a quality standards programme that is organization specific. At the same time, the continuous improvement principles of *Kaizen* as well as the *Kepner-Tregoe* method of problem analysis

have to be adopted to improve customer satisfaction which will eventually help to increase the customer base.

Therefore, Indian service industry is essentially facing a number of internal as well as external challenges to sustain and maintain their survival. TQM is the only way whereby they can effectively face these challenges.

Rather than recruiting new personnel who may be expensive, the Indian Service Sector has to establish procedures that are advocated by renowned Quality Gurus but, at the same time, these should be suitably modified to suit Indian conditions, so as to train and efficiently utilize available talent within the organization in order to face competitive challenges. The internal customers, namely, the employees are very important for delivering quality and executing innovative services to the external customers.

The application of TQM consists in the usage of the various Quality Tools like Charts, Diagrams, Correlation, Regression, Statistical Quality Control, and the simultaneous application of an effective employee involvement policy. Employees are very essential for the delivery of quality services at an acceptable level. There should be motivation, commitment and satisfaction among the employees which should be implemented by a management system that understands the needs of the employees and does not permit its own ego to be mixed with its position. This is a devastating catastrophe.

In general, across India, the survival of an Organization is becoming very critical because of various factors like fuel/energy crisis, political interference and/or uncertainty in certain States, lopsided taxation and tax laws, vexing bureaucratic and legal procedures, cheap Chinese products, natural disasters, all of which have affected the growth of industrial sector, in general, and service sector, in particular. The levying of Service Tax, which is many times repeated on the same product and/or service has proven a serious deterrent to the growth of the Service Sector. Effective implementation of the principles of TQM as enshrined by the Quality

Gurus is the only remedy that provides a practicable solution in this worst situation.

Quality has to become a part of strategic planning. The implementation of ISO 9000 series standards have to be mandatorily applied in the Service Sector. In implementing TQM, the Organizations must ensure that everything is clearly documented so that all are aware about the organizational objectives. A secretive and non-communication management is a devastating disaster. Today, Indian Service Sector believes only in issuing instructions and establishing targets. The concerns of the employees, their ground-reality problems, their motivational needs as described by *Maslow*, are hardly ***cared-to-be understood or addressed***. There is total lack of two-way communication and the employees who are in the field or in direct contact with the customers are asked to file reports, follow meaningless, unproductive, time-consuming bureaucratic procedures and protocols. The resulting dissatisfaction is very high and in most of the cases, the management tackles the *symptoms* (that is, the employees) rather than the **main cause** (that is, **itself!**).

NEED FOR ADOPTING TQM IN INDIAN SERVICE SECTOR

Indian Organizations are increasingly realizing the importance of implementing integrated TQM. However, as of now, the implementation is generally on a *fits-and-start* basis rather than on an integrated basis. Some of the advantages that would result are: (i) promoting the competitive growth of the Organization (the *S-curve*) (ii) the management commitment towards employees' empowerment that ultimately results in customers' satisfaction (iii) it helps the Organization to quickly modify its delivery of services to the customers' needs and expectations (iv) there is an overall satisfactory working environment within the Organization which is essential to gain a competitive advantage.

PRINCIPLES OF TQM WHICH ARE IMPORTANT FOR SERVICE INDUSTRY

An Organization should have a well-defined Vision, Mission with regards to Service Quality policies. There are several important aspects that are of pertinent to an Indian Service Organization, if it has to deliver quality service.

i) **Communication:** Service Industry demands effective communication with and among all the Organization members, suppliers and customers

Good and clear communication is very essential in achieving increased productivity and maintaining strong working relationships at all levels of an organization as well as with the customers. But poor communication will lead to disgruntled, demotivated

staff. They will lose confidence in themselves and ultimately in the organization.

For good, effective communication, the following steps would prove beneficial:

a) Goals and expectations of the organization as well as of the employees require to be defined clearly
b) Organization should deliver its message, whether written or oral, in clear unambiguous terms

c) For effective communication, there should be involvement of every stakeholder who is required to deliver effective service

d) Listening carefully and showing empathy addresses clearly several problems and issues that are important for an Organization.

ii) **Smooth Connectivity:** The TQM challenges in service organizations, lies basically in the establishment of a smooth connectivity between various business processes so that the Organization can retain the customer. To-day, a customer is essentially a part of the business. An Organization exists because of the customer. Hence, TQM calls for patience as well as commitment both, on the part of the management as well on the workforce to satisfy their customers. In fact, the loyalty of a customer to an Organization increases when the Organization responds effectively to a service failure.

iii) **Kaizen and the principles of 5S:** The KAIZEN methods have been internationally acknowledged as methods of continuous improvement, through small steps, of the economical results of companies. The small improvements applied to key service processes generate a major multiplication of the Organization's profit, while also constituting a secure way to obtain the clients' loyalty/fidelity. The "5S" technique represents a basic technique that allows the enhancement of efficiency and productivity, while at the same time, ensuring a pleasant organizational climate.

KAIZEN stands for improvements towards achieving economy and increasing productivity. The principles of "5S" consist of SEIRI (Sort), SEITON (Orderliness), SEISO (Cleanliness), SETKETSU (Standardize), SHITSUKE (Self-discipline). When Kaizen and 5S are applied in tandem, the service to customers gain a great fillip.

iv) **Benchmarking:** Benchmarks can provide very valuable quantitative insights. These can be effectively used to identify strengths and areas for improvement, provided they are applied in proper context. For example, an organization may lead its customer service score with regard to Order Fulfillment; but this may possibly be at the cost of excessive inventory or expediting costs and it may focus on the inefficiencies within the organization's logistics and supply chain management system. Various types of **benchmarking** such as Internal Benchmarking, Competitive Benchmarking, Functional Benchmarking and Generic

Benchmarking can be initiated within an Organization to provide World Class Customer Service

v) **Elimination of unwanted operations:** Many times service operations do not contribute to meet customer requirements. It will require the elimination of **MUDA (WASTE), MURI (EXCESS), MURA (UNEVENNESS).**

Muda is all about wastefulness and work that adds no value in given effective, beneficial customer service. It is probably the most often quoted of the 3Ms. Muda application to service industry must be identified with the seven types of deadly wastes identified by TaiichiOhno

Mura is unevenness in delivering effective service. It relates to a widely varying workload within the service departments. This is often tied in to a German word Takt for the pace of work needed to meet the customer demand. Just-In-Time addresses many of these subcategories of waste. It ensures that the right things are at the right place and at the right time so that the targeted level of demand is met

Muri addresses over-burdening and unreasonable work. If, for example, the staffs who are meant to deliver effective service are asked to do more work than they should actually do, they generally resort to shortcuts or, they hand over the work to others which potentially adds to their Mura and Muri. In many organizations such as healthcare, hospitality, education, it is very important to look at the burden of decision-making as well as the burden of work. Asking people to make too many, or, inappropriate decisions quickly leads to errors and loss of quality. Stress, therefore, is often a sign of Muri. So, in every quality improvement initiative, an organization has to think about reducing the 3Ms which are very highly relevant to service quality too.

vi) **KeptnerTregoe Method of Analyzing:** KepnerTregoe problem analysis is a systematic method to analyze a problem from its root. It discourages making assumptions and jumping to conclusions which is quite common-place today. Knee-jerk decisions are taken with regard to poor quality. The 5 basic steps to KepnerTregoe problem analysis method are: define clearly the problem faced by the service providing staff, describe their problem in detail, establish all and every possible cause of the problems, test what could be most probable cause or causes, and lastly, understand, verify, address the root cause of the problem.

The importance of communication between the management and the staff need not be over emphasized for effective analysis by KepnerTregoe method.

vii) **Training, Motivation, Rewards and Recognition:** When employees feel genuinely appreciated, they are motivated to do more work. There is a direct correlation between recognition on

one hand and productivity and retention on the other hand. But the praise must be honest, authentic and genuine.

Rewards and recognition can serve as powerful tools for employee motivation and performance improvement. Rewards may be in terms of cash bonuses, stock awards, perks, etc. Non-cash awards may be formal/informal recognition, assigning more enjoyable duties, giving more responsibilities in decision-making. Rewards maybe also for innovation to provide unique services, or on ideas to minimize or eliminate costs

Training plays a very vital role in the success of organizations in the service sector. Profitability of the organization in this sector can depend to a great extent on the service delivered to the customers by its employees. However, before any kind of training is delivered the management is required to identify the training needs within their organizations in order to succeed and attain the desired outcomes of the training program. Conducting a well-planned Training Needs Analysis will determine how many employees of the organization should be short-listed for training with their appropriate education and experience. In addition, this process will also allow help the organization in the comprehensive customization of its training programs for all departments to meet the training and development needs of the employees to meet the growing market competitiveness.

viii) **Six Sigma Standards:** Six Sigma has been adopted by many organizations around the world. The main areas in the service industry where six sigma has been applied the most are banking and financial services, healthcare, construction, logistics and supply chain management, accounting, customer relations, public utilities, material procurement, education, libraries, order processing, the airline industry, safety and even the government and NGOs.

There are several critical success factors that are required to be considered while applying Six Sigma. To list a few of them: it is very essential that top management is committed to implementing Six Sigma; employees in all departments must have adequate training in order to implement six sigma effectively; the company's culture and values must adjust properly for implementing Six Sigma; the Six Sigma initiative must be focused on the customer.

Six Sigma is basically reduction or elimination of errors, or it is the elimination of 'deviations' in providing effective customer service, viewed strictly from the customers' viewpoint and customers' expectations.

To-day, it has been recognized world-wide that much more than the product or service provided by an organization, it is the *image that sells more*. And selling an image cannot be done by fake window dressings. In global competitiveness and increasing

customer awareness, these things will boomerang very badly.

LEADERSHIP ROLE IN TQM

Professional leadership in an Indian organization is extremely important for the effective implementation of TQM tenets. Indian organizations, in general, must understand that effective leadership drives performance among employees, encourages a healthy atmosphere where employees are involved in decision-making, and creates an environment that delivers satisfactory service to its customers. Leadership should motivate employees at all levels and when employees get involved in their jobs in a motivated manner, performance automatically increases.

A leader is not necessarily the one who has *labels* of qualifications. Neither does experience *alone* mean that he has leadership qualities necessarily. A leader should have empathy. He need not be friends of his employees but surely he should be friendly and approachable. Training programs that are instituted should not be a routine, rigmarole affair. They must instill true learning and improve real-term performance of employees. The leader should himself explain the need for training and get involved in the training process. Training must have an impact on the job satisfaction of the employees. It should make the employees capable of taking further responsibilities.

There are some important or critical factors that are necessary for success. They are actions and processes that a leader can monitor and control. They help to achieve the vision and mission of the Organization. Some of these actions and processes are: better communication channels between employees and the management in terms of personal contacts, understand the needs of internal and external customers, continuous improvement and innovations, strategies that are customer focused, social responsibility, service culture, having an achievable benchmark, reducing unproductive prolonged meetings and discussions that result many times in issuing only instructions to employees, preferring personal discussions to paper work, quality improvement rewards that are not governed by favoritism or spite. These can be brought about by implementing the quality principles of 5 S, Poka Yoke, Muda, and so on.

QUALITY TOOLS FOR PERFORMANCE MEASUREMENT

In Service Sector, performance measurement is not as easy as in manufacturing industries. Service sectors such as hotels, hospitals, hospitality, government organizations, and education institutions should have a different tape-measure for performance measurement. Management has to interact directly with the employees or at least show empathy towards

employees when they approach the management. Too much of hierarchy, protocols, bureaucracy, red-tapism results in disillusionment and the employee then digs his heels and waits for an opportunity to quit. Money is a necessity but not necessarily a motivator for better performance.

The leader must use proactive methods in understanding how to improve performance. Each of the employees' work should be critically (not for criticism!) analyzed and then, using the Pareto principle, segregate the 20 per cent of the work which is actually productive. The 80 per cent should be personally discussed, analyzed, suggestions obtained from the employee, and employee's difficulties, apprehensions, shortcomings appreciated.

This personal touch improves employees' involvement and motivation. Indian service sector, however, generally resorts to issuing memos/show-cause notices/open rebuttals, etc., and the management then expects the employees to be motivated. Personal touch is generally absent.

Feedback and appraisal systems are welcome. But the immediate superior may err due to personal grudge, favoritism, etc. The feedback about the immediate superiors from the sub-ordinates should also be taken, in confidence and in all fairness. One-sided feed-back boomerangs on the management in terms of poor motivation and performance because such feed backs are generally used against the employee.

Employees' suggestions with regard to ergonomics, better customer management, improving channels of communications, breaking down barriers responsible for poor performance, commitment of top management in terms of addressing their grievances, should be looked at and analyzed objectively in the spirit of principles of TQM. Management support and commitment helps greatly in improving performance.

If team-work is called for by the management, this should be discussed, roles should be defined, suggestions should be appreciated, and feedback for improvement must be immediately addressed. The Indian psyche prefers personal, direct contact rather than protocols and suggestion boxes.

Non-parametric quantitative tools can be used to measure performance. But these should be taken *only as pointers or references*. The ultimate opinion or decision should be arrived at only after discussing the results objectively with the employee concerned and the management should show an impartial and empathetic attitude towards the particular employee. Harsh decisions, without prior discussions involving the employee, sends an electric shock in other employees whose performance level decreases and reduces to '*strictly following only the instructions given*'. Management has to understand that, similar to them, employees too are a *bundle of emotions*. If

these emotions are handled deftly, performance and efficiency will improve automatically.

In service sector, Parametric Quantitative Tools may be applied. But inferences and conclusions have to be on an individual employee basis, which includes encouraging personal discussions. In case any letter/memo when a letter has to be issued against an employee for whatever reason, it should be handed over by the Head of Department, or, the Dean, or the Senior Executive concerned. The employee is heavily embarrassed and demotivated if it is handed over by a lower clerk or subordinate. A proactive management must have empathy and should consider the employee as a part of the Organization.

AWARDS AND APPRECIATION

International Quality Awards have been instituted for performance. But these Awards may require to be modified to suit Indian Service Sector. Benchmarking standards and performance-efficiency bars should be introduced on a realistic basis.

High levels of performance bars or benchmarks may not necessarily induce motivation. Employees may try to achieve these more out of compulsion and disgust rather than with enthusiasm. When a whip is used, work may be accomplished, more out of fright, hatred and suspicion. This is *not advocated* by the Quality Gurus of TQM.

When employees do show improved performance, they should be genuinely appreciated immediately. Even customers, who give valuable, practicable suggestions, too should be immediately appreciated and their suggestions should be considered for implementation. The image of the Organization gets a boost and today, *image sells*. In Service Sector, the awards instituted and appreciation letters issued to the employees should be based on level of customer satisfaction, innovative methods of working by the employees to improve productivity, reduction in the various wastes within the Organization (*as described by TaiichiOnho*), extent of learning at the job, application of training skills.

In this regard, the corporate culture should be result-oriented, where the division of work among employees should be clearly defined and information flow should be free and transparent. Also, the departmental activities and operations are governed by a manager's outlook and ethos. Hence, a manager's role should be to encourage employees and at the same time, the top management must play an effective leader's role in appreciating the decisions taking by the manager, albeit shortcomings. *Breathing-down-the-neck* for shortcomings is the ideal way for demotivation and frustration.

METHODS OF IMPROVING PERFORMANCE IN SERVICE SECTOR

Quality Circles and establishing Quality Improvement teams among the employees is very beneficial and productive. Brain-storming sessions and introducing the Delphi Method brings forth useful ideas for better customer satisfaction. Job satisfaction and employee performance go hand-in-hand. To deliver quality services to the external customer, the internal customers (employees) should be satisfied. To achieve this, there must be: positive and encouraging impact of the management on the employees, appropriate training and education of employees with regard to what exactly the management expects from and out of them, establishment of rewards, and recognition of innovative ideas, encouraging cooperation and teamwork among employees. Again suitable Quality Control Tools (either parametric or non-parametric) should be judiciously introduced to measure performance levels. *Quality cannot be inspected into an employee; it has to be built into him/her*. Issuing of memos, show-cause notices, letters seeking explanation, must be avoided. Instead, involve teams (*akin to the ANDON system of TOYOTA*) to resolve errors and deficiencies using *Gemba* methods (tackling at the workplace itself). An employee must be considered as a part of an Organization.

In a way, PERT techniques of evaluating the various time estimates to complete a task could be employed with the fullest knowledge and cooperation of the employee or the team. It's similar to using Work Measurement Techniques in the Manufacturing Sector. Internal employees get motivated when they are involved in decision-making process. It helps in better communication between the management and the employees.

CONCLUSION

Sa The application of TQM principles to the Indian Service Sector has to be on a judicious and practicable basis. Indian organizations have to suitably modify them, wherever necessary, to suit the internal and external customers. Transparency in the implementation and appreciating lacunae in the current practices must be addressed.

The implementation of TQM helps to align the various resources, identify the strengths and weaknesses, pin-point the weakest link (*Theory of Constraints*), improves communication, and helps to achieve the strategic goals.

Value-added services are delivered to the customers, employees contribute to Organization's sustainability, and the image of the Organization improves. For all this, a pro-active and empathetic management, free of ego that is which is generally twined to their positions, should be established in place. TQM is continuous phenomenon that requires

sustainability by a transparent and employee-friendly management. The management has to work **along with** the people, not **above** them. The paramount importance of teamwork and continuous improvement need not be over-emphasized.

Personal contacts with customers help in knowing the shortcomings of an Organization's service levels. Admittedly, **a customer is the king but in today's scenario, the Organization need not necessarily be a slave of the customer**. Respondents' replies to questionnaires should not be taken at face value. Biased responses may be damaging. Complaints and suggestions by customers should be sifted and critically analyzed.

TQM is an integrated strategy with top management commitment. The humanistic orientation of the principles of TQM towards the Organizational analysis will effectively help the successful implementation of an integrated TQM system. Availability of resources, both financial and human, guides the implementation of TQM.

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