Strategic Imperatives of Total Quality Management and Customer Satisfaction in Organizational Sustainability

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Abstract
The importance of Total Quality Management (TQM) in today’s business environment is a sine qua non (an indispensable and essential action). This is due to the ever increasing tastes of customers who see service quality as a right owed them by businesses they chose to patronize. This study examined the relationship between total quality management and customer satisfaction in service industries. The aims among others were to evaluate the relationship between of top management commitments and customer retentions as well as to examine the influence of organizational reputation on customer’s continuous patronage. Relying solely on secondary data collected from various archival sources, findings shows that strong relationships exists between total quality management and customer satisfaction in the achievement of organizational goals especially in the current dispensation of globalization and stiff competitions. The analyzed data also revealed that total quality management and customer satisfaction have increased steadily over a period of time in some service industries but top management still have much to do in order to entrench TQM and customer satisfaction as policies in their organizations. The authors recommend a holistic adoption of TQM and customer services tenets and its entrenchment as policies in all organizations for quality customer services and satisfactions.

Keywords: Total Quality Management, Customer satisfaction, Services, Organizations, Developing economies
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1.0 Background to the Study
From both a theoretical and practical view point, there exists the need for a more comprehensive understanding of the relationship between total quality management and customer’s satisfaction. Several researchers have attempted to study the concept of total quality management leaving behind gaps that need to be filled. Studies of total quality management are often a site of confusion and controversy, marked by tensions between
vernacular, regulatory, contextual and contractual meanings. Prior studies had different outcomes and were conducted in different contexts which justify the need for the proposed study. Among others, the aims of this review are to assess the relationship between total quality management and customers’ satisfaction in the service industry. Further open for detailed review are the relationship between top management commitment and customer retention strategies, the effect quality of service has on customer’s loyalty and finally the influence of organizational reputation on customers continuous patronage, (Nadiri and Hussain 2005; Yang, 2006).

2.0 Review of related literature

2.1 The Concept of Total Quality Management

Total Quality Management (Davies, 2003) is a management philosophy which focuses on the work process and people, with the major concern for satisfying customers and improving the organizational performance. It involves the proper coordination of work processes which allows for continuous improvement in all business units with the aim of meeting or surpassing customer’s expectations. It emphasizes on totality of quality in all facets of an organization with the aim of reducing waste and rework to reduce cost and increase efficiency in production. Total Quality Management is applicable to any organization irrespective of size, and motives, even the public sector organization will soon start adopting the ideology in order to make them effective in meeting public demands. However, the adoption of the ideology by most organization has been hampered due to their noncompliance with the procedures and principles of Total Quality Management implementation, (Mccabe and Hutchinsun, 1994).

Software industry could arguably be the world’s most important industry. There are software development environments that are used to create and support software which is the major factor in software productivity (Agwu, 2014). The development of software industries has changed the world globally and transformed it into a global village. There has been transformation in the way things are done in the developed countries like in the World Eight which include the United States of America, United Kingdom, France, Germany, Spain, Italy, Russia and China. There has been circulation of software that makes work easier and faster which aid communications. Within the current environment and markets many companies are growing because of the information era or are being incorporated into already established global organisations, for example Electronic Arts Inc. in October 2007 acquired Bio Ware (Austin, Texas) and Pandemic Studios (Brisbane, Australia) to be incorporated into its global operations. In the developing countries such as Nigeria the quality improvement and total quality management in particular have become very popular for the past three decades. The force that generated this movement is the fierce competitiveness of the global market. As the relative decline of the Nigerian economy became known, many Nigerian industries began to transform the traditional way of doing business into an organizational approach focusing on continuous improvement in order to become competitive (Agwu, 2014). Agus, (1994) argued that Total Quality Management is a mind-set that needs to be established in an organisations core if it is to be successful. At all levels in all departments a mind-set of quality management and continually improving should be primary when expanding and developing as a whole
organisation, new challenges would be dealt with in the most efficient way. Quality within the organisations processes and employees should also be recognised and promoted as a distinguishing factor. Over the past few years, the software industry has relentlessly pursued the goal of acquiring the highest standards of quality for offering world-class IT Software products and services. As a result, various organizations have created a strong value proposition in the Global IT software and services arena. The quality maturity of the software industry can be realized from the fact that already 316 software companies have acquired different quality certifications and more companies are in the pipeline to do so. The other heartening feature has been the growing acceptance and adoption of the newly emerging PCMM by the software industry. Curry and Kkolou, (2004) stressed that when Total Quality Management is grown and led by the top executives of an organisation, it inspires the other members of the organisation to incorporate into their daily work and self-training. It is always a part of the continuous improvement mind set to continue to improve through daily actions and quality finally takes care of itself, (Agwu, 2014).

2.2 Historical background of TQM
The very first total quality management concepts was propounded by Deming (1986) who created 14 points which are; creating of constancy purpose for improvement of product and service, adopt quality management as the new policy, stop dependence on mass inspection, ending the emphasizing on the production cost in improving the system of production and service, new method of training, new method of supervision, drive out of fear, cooperation between staff areas, elimination of numerical goals for the workforce, elimination of numerical quotas, removing the barriers that hinder the hourly worker, new program of education and training and top management involvement of quality managements, (Temtime and Solomon 2002). Juran (1986) cited in Tanninena, et al., (2010) further explained that the management was responsible for the establishment of a quality council, management also should establish the quality policy, the management has to include the time frame for quality goal and lastly management has to provide all necessary resource needed to achieve the quality goal. In the same vein, Crosby, (1984) has also contributed to the development of total quality management by introduced the concepts of the following; zero defects, do it right at the first time, the system of prevention and the focusing on the measurement of quality. Using the idea of Juran and Deming, Ishikawa (1985) influenced the Japanese understanding of total quality management concept. Ishikawa concern on four aspects of total quality management, which included quality circle, continuous training, quality tools such as fish bone diagram and quality chain. In the 1980s and 1990s, many companies in the US, EU and Japan followed the quality management approach in order to improve their products and service. As a result, the companies that implemented the total quality management practice can save cost of production and services. Goldman (2005) noted that the customer’s need should be included to the development of products, processes and services. In recent decades, total quality management has become the buzz word in the management practice, (Agwu, 2014).
2.3 Definitions of Total Quality Management
The International Standard ISO 8402, Quality Management and Quality Assurance Terminology defined Total Quality Management as the management approach of an organization, centered on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction, and benefits to all members of the organization and to society (Ljungstrom and Klefsjo, 2002). Temtime and Solomon (2002) stated that Total Quality Management seeks continuous improvement in the quality of all processes, people, products, and services of an organization. Total Quality Management is also a systems approach to management that aims to enhance value to customers by designing and continually improving organizational processes and systems (Kartha, 2004). The emphasis is on employee involvement and empowerment along with customers and customer satisfaction as the focal point. The tenets of Total Quality Management are continuous improvement, top management leadership commitment to the goal of customer satisfaction, employee empowerment, and customer focus (Ugboro and Obeng, 2000). Total Quality Management means that the organization’s culture is defined by and supports the constant attainment of customer satisfaction through an integrated system of tools, techniques and training, (Sashkin and Kiser, 1993). Even though many thinks that Total Quality Management is old, many of the new continuous improvement initiatives are based on Total Quality Management philosophies. Total Quality Management encompasses a number of different initiatives. For example, Six Sigma, which is popular today, is a methodology within Total Quality Management, not an alternative to it (Klefsjo, Wiklund, and Edgeman, 2001). Lean Sigma is another methodology that is widely used today that is included within Total Quality Management. Total Quality Management also includes initiatives such as ISO 9000 and the Malcolm Baldrige National Quality Award (MBNQA). Regardless of the different perspectives, the underlying theme common to all frameworks is that Total Quality Management is based on a prevention work process that strives to increase quality and efficiency, improve productivity, and enhance customer satisfaction, (Waldman and Addae, 1993; Kartha, 2004; Goldman, 2005). The main values that are essential in implementing a Total Quality Management process include the following elements: (1) quality information must be used for improvement, not to judge or control people; (2) authority must be equal to responsibility; (3) there must be rewards for results; (4) cooperation, not competition, must be the basis for working together; (5) employees must have secure jobs; (6) there must be a climate of fairness; (7) compensation should be equitable; and (8) employees should have an ownership stake (Sashkin and Kiser, 1993). Kassicieh et al. (1998) studied the impact of Total Quality Management training, performance evaluation and rewards on the success of Total Quality Management implementation. Aksu (2003) examined the preparedness of manufacturing industries to implement the Total Quality Management practices.

2.4 Benefits of Total Quality Management
Juran (2001) stressed that the benefits and goals of total quality are lower costs, higher revenues, delighted customers, and empowered employees. Costs can be lowered by reducing errors, reducing rework, and reducing non-value added work. Higher quality can also equate to higher revenues through satisfied customers, increased market share, improved customer
retention, more loyal customers, and premium prices. Customers continue to demand higher quality goods and services. Dudu and Agwu (2014) stressed that delighted customers always purchase over and over again, advertise goods and services for the company, and check first when they are going to buy anything else to see what is offered by the company they are loyal to. Empowered employees have the means to measure the quality of their own work processes, to interpret the measurements, and compare these measurements to goals and take action when the process is not on target. These empowered employees also understand who their customers are; what the customers need, want, and expect; how to design new goods and services to meet these needs; how to develop the necessary work processes; how to develop and use the necessary quality measurements; and how to continuously improve these processes. Similarly Chin and Pun (2002) stated that the implementation of Total Quality Management can generate improved products and services, reduced costs, more satisfied customers and employees, and improved bottom line financial performance. Other benefits of Total Quality Management include improved company image, improved certainty in operations, improved morale, improved management, and committed customers (Davies, 2003). However, it is not easy for management to implement total quality management because it is a cultural overhaul (Rao, Youssef, and Stratton, 2004). Deming (1981) also attested to the benefits of better quality through improvement of the process are not just better quality and the long-range improvement of market-position, but also greater productivity and profit. Improvement of the process increases uniformity of output of product, reduces mistakes, and reduces waste of manpower, machine-time, and materials. Kaynak (2003) suggested that a positive relationship exists between the extent to which companies implement Total Quality Management and firm performance. The three Total Quality Management practices that have direct effects on operating performance (inventory management and quality performance) are supplier quality management, product/service design, and process management. Total Quality Management deals with both individual and collective behaviors that can create customer satisfaction through continuous improvement (Claver, Gasco, Llopis, and Gonzalez, 2001). Each company should develop its own individual framework for Total Quality Management that fits its situation and available resources. Total Quality Management involves teamwork and commitment on the part of the employees and management. Well-conceived training, mentoring, and feedback systems have demonstrated that they serve important roles in mitigating employee resistance to change (Jun, Cai, and Peterson, 2004). If Total Quality Management succeeds in improving performance, the organization's customers may gain through lowered prices or improved satisfaction; its shareholders gain through improved returns on investment, and management gains through higher compensation (Beer, 2003). A study by Prajogo and Sohal (2003) found that total quality management significantly and positively contributes to innovation performance in terms of product and process. They found that there was a positive and significant relationship between quality performance and innovation performance, particularly process innovation. Zhang (2000) also identified the significant and positive impact of quality management methods on the products quality and business performance. Total Quality Management can have a dynamic role in strategy formulation with addition to the more tactical role of strategy application and deployment.
Those organizations that applied Total Quality Management at a
strategic level were found to have robust Total Quality Management programs with greater
longevity as a result of using frequent regenerative approaches (Leonard, McAdam, and Reid,
2002).

2.5 Obstacles to effective Total Quality Management
Total Quality Management has different obstacles and barriers to which managers have five
barriers to Total Quality Management which are inadequate human resources development
and management; lack of planning for quality; lack of leadership for quality; inadequate
resources for Total Quality Management; and lack of customer focus, (Goldman, 2005;
Dimitriades, 2006; Kotler, et al., 1996; Gberevbie and Isiawwe-Ogbari, 2007). The most
significant obstacle was inadequate resources, followed by inadequate human resources
development and lack of planning (Sebastianelli and Tamimi, 2003). A primary reason for Total
Quality Management failure in organization is due to half-heartedly implemented Total Quality
Management. Many organizations are not willing to undertake the total cultural transformation
that Total Quality Management requires (Ugboro and Obeng, 2000; Atuma and Agwu 2014).
Nwabueze (2001) also stated that no management staff knows exactly what culture change is
and how best to approach cultural transformation, which is argued to be the most essential
ingredient if Total Quality Management is to succeed. Other often-cited problems include
going everyone in the organization to move in the same direction, the lack of goals,
insufficient knowledge, poor planning, lack of management commitment, lack of proper
training, failure to use the right framework, lack of resources, lack of effective management,
and incompatibility of attitudes of top management and workers. Some companies are already
in poor health at the time during which Total Quality Management is implemented. Total
Quality Management demands that resources be available to sustain the organization over the
full period of implementation and beyond, and it could prove to be demanding for the weak
(Nwabueze, 2001). Beer (2003) stated that Total Quality Management fails due to failures in
implementation and not in Total Quality Management theory and method. Top-down programs
undermine the unit leaders’ commitment and their capacity to lead a Total Quality
Management transformation in their unit. It is the management’s lack of capacity to explore the
gaps between the Total Quality Management program and the reality of actual practice which is
the very process of inquiry, analysis, and action embedded in Total Quality Management that
causes Total Quality Management implementation failure. The missing ingredient in
unsuccessful Total Quality Management transformations is a total quality management process
for assessing and developing a high quality of management at every level (Beer, 2003; Ikpefan,
the six areas for obstacles to Total Quality Management are management, continuous
improvement, quality methods and tools, work development, process orientation, and unions.
Unions have been discussed in Total Quality Management literature, but they have a great deal
of influence in many organizations. Efforts to achieve Total Quality Management that unions
are often resistant to include reduced hierarchies, integration of work, increased responsibility
and authority on the shop floor, membership in projects and design processes, and competence
development. Lack of senior management commitment is seen as an important obstacle (Soltani, Lai, and Gharneh, 2005). Reasons for this include lack of knowledge about what Total Quality Management is, ineffective internal communication between management and employees, and low engagement of other levels of management within the organizations. So, top executives need training that will help them to understand the philosophy and benefits of Total Quality Management along with how to implement it effectively. Juran (1993) suggested that many companies have failed at Total Quality Management initiatives because CEOs do not know which quality strategy is best for their company and their choices have been a gamble and there was a laissez-fair attitude that some managers were not trained in the process of managing for quality. Critics of Total Quality Management have suggested that it entails excessive retraining costs, consumes huge amounts of management time, increases paperwork and documentation, demands unrealistic employee commitments levels, emphasizes process over results, and fails to address the needs of small firms, service firms, or non-profits. Failures of Total Quality Management have been attributed to factors that conflict with the philosophy of Total Quality Management, which include lack of cooperation and excessive time and financial commitments (Chin and Pun, 2002; Agwu, Ikpefan, Atuma & Achugamounu, 2014). The review of literature showed that the most common obstacle to Total Quality Management is lack of management support and commitment. Other prevalent obstacles were lack of proper and adequate training and resistance to change from all involved.

2.6 Total Quality Management from Manufacturing to Service
Developed during the era of manufacturing, both the US and Japanese Total Quality Management gurus focused and addressed their work primarily to manufacturing, and hence the application of Total Quality Management in service was only given secondary attention. Still many researchers worked for Total Quality Management application in service industry (Sureshchandra et al., 2002; Sit et al., 2009; Isiavwe, et al, 2006). Aksu (2003) examined the preparedness of manufacturing industries to implement the Total Quality Management practices. Sureshchandra et al. (2002) identified 12 dimensions of Total Quality Service (Total Quality Management) as being critical for effective implementation of quality management in service organizations. Among these 12 dimensions, it is Service Culture which is unique. Today, customers in the Asian continent have a wide choice of service providers in the market and the more knowledgeable and discerning among tend to opt for the best in terms of quality and reliability and are at par with international standard. At this juncture, the quality of service will be the dominant primary factor in ensuring the survival of the service provider in the global market. The customer-centric services have the paradigm shift in the service industries. This has given an impetus to the concept of total quality management in the service sector (Saravanan and Rao, 2006). Brah et al. (2000) surveyed 176 service companies in Singapore and found that top management support, customer focus, employee involvement and employee empowerment were positively correlated with financial and operating performance. So there is no lack of studies proposing that Total Quality Management can be transferable to the service environment. Still, there is an obvious need for empirical research to demonstrate that Total Quality Management applies equally to both service and manufacturing setting.
2.7 Total quality management and organizational performance
Zeithaml (2000) summarized about the relation between Total Quality Management and profit. His findings showed that both positive effect in some studies and no effect in other. But unlike the variability in profitability impact of Total Quality Management, the relationship between Total Quality Management and quality/operating performance is well established and empirically confirmed (Lee et al., 1999; Roa et al., 1999; Agwu, et al., 2014). With popularity of Total Quality Management, there is a growing awareness of importance of linking business drivers with other organizational issues such as leadership, strategic quality planning, service design, people and process management (Pannirselvam and Ferguson, 2001; Agwu, et al., 2014). There is a significant practitioner interest in this area and the adoption of quality award criteria as Total Quality Management framework tends to proliferate (Black and Porter, 1996; Hua et al., 2000). These awards stress the importance of total quality, customer satisfaction and management process to the attainment of superior competitive position. Many authors have highlighted the dangers of managers ‘mistaking the implementation of Total Quality Management for quality accreditation. Critiques of quality awards are also well rehearsed in the literature, calling into question the ubiquity and completeness of these awards (Bounds et al., 1994). Award-based framework is meant mainly for organizations seeking to be recognized as leaders in the quality management field, and it assumes that an organization has reached a mature level of Total Quality Management implementation (Yusof and Aspinwall, 2000; Isiavwe, et al, 2006). According Botorff (2006) stated that with the economics of quality, it is much cheaper to prevent failure than to let it happen, catch it, and then try to fix it. If organizations would practice ethics as the logic based discipline and quality problem it is, they would achieve higher levels of accuracy, repeatability, and performance. This would result in better moral and economic outcomes for all involved; including themselves. A considerable body of empirical evidence suggests that Total Quality Management implementation improves organizational performance. Brah et al. (2000) used a random sample of 950 companies in Singapore to determine how an organization would benefit from Total Quality Management implementation in terms of improved financial and operating performance. Kunst and Lemmink (2000) also investigated the relationship between quality implementation and organizational performance in hospitals and discovered that Total Quality Management leads to higher business performance, which indicates efficiency, cost effectiveness, and higher perceived service quality by patients. In the Netherlands, Zhang (2000) almost reached similar conclusions where he found that quality implementations have a positive impact on product quality and Total Quality Management has much better effects on the overall business performance than ISO 9000. Total Quality Management improves many aspects of performance such as customer satisfaction and business performance (Martinez-Lorente et al., 2004; Parzinger and Nath, 2000; Ikpefan, et al., 2014). In the UK, Soltani and Lai (2007) found that International Organization for Standardization (ISO) series and other total quality management Total Quality Management models were seen as helping organizations in the journey towards business excellence. In contrast, there are some researchers who found that the implementation of Total Quality Management did not improve performance. For example, Dow et al. (1999) showed that some
Total Quality Management factors, such as employee commitment, shared vision and customer focus, contribute to superior quality outcome and factors such as benchmarking, work teams, advanced manufacturing technologies and closer supplier relationships do not contribute to superior quality outcomes. This is also supported by Beaumont and Sohal’s (1999) investigation which showed that the use of quality management practices was not correlated to profit levels. Singles et al. (2001) studied the effect of certification in the ISO 9000 series and found that ISO certification itself did not lead to an improvement in the performance of organizations. But Naser et al. (2004) investigated ISO 9000 registered companies in Malaysia and found positive links between ISO 9000 registered companies and firm performance. This is similar to a study conducted in Greece by Dimara et al. (2004), who found a moderate relationship between ISO 9000 registered companies and firm performance. So importance of Total Quality Management in raising organization performance cannot be ignored.

2.8 Total quality management in banking sector

Banking services are perhaps the largest industry that caters to the needs of various segments of the population, reflecting the diversity of society. Moreover, perceived service quality tends to play a significant role in high-involvement (high interaction between customers and service providers) industries like banks (Angur et al., 1999). Also, banks often have long-term business relationships with customers. In addition, the banking sector is large enough to capture and represent almost all the critical features of customer-perceived service quality and the critical dimensions of excellence that management may encounter in order to effectively manage a service organization. Researchers such as Ahmed (2002), Lewis (1990), Anderson et al. (1994), Neyer (2000) and Sureshchandar et al. (2002) have suggested the need for this kind of study to underpin how banks perform in developing countries and what best practices need to be implemented to improve the financial performance and economies of this part of the globe. Banks can also benefit from Total Quality Management emphasis on employee training. Mary Walton observed in the Deming Management Method that it is not enough to have good people in your organization but also they must be continually acquiring the new knowledge and the new skills that are required to deal with new materials and new methods of production. Education and retraining are an investment in people that is required for long term planning. Some companies eschew training due to cost or time considerations, or inadequate appreciation of its value. However, Sovereign Industries, a cutting-edge financial institution, has shown that it is possible to estimate the return on training dollars (Engel and Kapp, 2004). Mellahi and Eyuboglu (2001) on his research on Turkey banking sector find that successful Total Quality Management implementation requires: management’s unwavering commitment to Total Quality Management and enthusiasm; formal national bodies to introduce organizations to Total Quality Management and provide assistance during and after Total Quality Management implementation; and a highly educated and competent management team. Curry and Kkolou (2004) found that CRM has revealed many aspects that closely resemble the total quality management approach. Su, Tsai and Hsu (2010) proposed a concept of total customer relationship management’(TCRM). Since ISO 9000 QMS (International Organization for Standardization 9000 Quality Management System) is always available and useful in the field of...
Total Quality Management implementation, it is introduced offering the framework with five components. Issues and content pertaining to CRM literature are classified and lodged into these components as elements. Five components are Customer-related process, Management responsibility, Resource management, Product or service realization, Measurement, analysis and improvement. While investment returns varied by the type of training, the yields were eye-opening. For example, one of Sovereign company’s core training programs was found to have a net ROI of 471 percent for the first year alone. The industry also noted a number of intangible results, including an above-average reputation for knowledgeable service, empowered employees, and greater sales opportunities (Engel and Kapp, 2004). These consequences of training are not unique to Sovereign Industry, as will be discussed in the following section. Total quality management is essential to the technological sector in particular to sustain competitive advantage (Al-Marri et al., 2007). Al-Marri et al. (2007) in his empirical study of the UAE technological sector identified sixteen factors were found to be critical to Total Quality Management implementation success. The factors are top management support, strategy, continuous improvement, benchmarking, customer focus, quality department, quality system, human resource management, recognition and reward, problem analysis, quality service technologies, service design, employees, services capes, service culture and social. He also summarized that total quality management is essential to the technological sector in particular and other service-oriented organizations in general to sustain competitive advantage. Selvaraj (2009) in his study Total Quality Management in the Indian technological sector found out that there is significant differences in respect of factors that have been investigated in all its dimensions. The software industries fare better in employee satisfaction and are also good in service culture and Human Resource Management. The foreign industries perform better in top management commitment, customers focus and services capes. The important critics of Total Quality Management factors among the three groups of banks are customer focus and top management commitment.

2.9 Total quality management and customer satisfaction
Customer satisfaction, as a construct, has been fundamental to marketing for over three decades. As early as 1960, Keith (1960) defined marketing as “satisfying the needs and desires of the consumer”. Hunt (1982) reported that by the 1970s, interest in customer satisfaction had increase to such an extent that over 500 studies were published. This trend continued and by 1992, Peterson and Wilson estimated the amount of academic and trade articles on customer satisfaction to be over 15,000. Several studies have shown that it costs about five times to gain a new customer as it does to keep an existing customer (Naumann, 1995) and these results into more interest in customer relationships. Thus, several companies are adopting customer satisfaction as their operational goal with a carefully designed framework. Hill and Alexander (2000) wrote in their book that “companies now have big investment in database marketing, relationship management and customer planning to move closer to their customers”. Jones and Sasser (1995) wrote that “achieving customer satisfaction is the main goal for most service firms today”. Increasing customer satisfaction has been shown to directly affect companies’ market share, which leads to improved profits, positive recommendation, lower marketing
expenditures (Reichheld, 1996; Heskett et al., 1997), and greatly impact the corporate image and survival (Pizam and Ellis, 1999). According to Bernhardt et al. (1994), Eklöf and Westlund (1998), and Geyskens et al. (1999), customer satisfaction was very vital to the profitability of the organization. Naumann (2010) pointed that customer satisfaction is a part of strategic planning of the organization. In addition, Augus (2000) said that implementing total quality management could improve the company's customer satisfaction. Ingram and Chung (1997) explained that total quality management practices could increase customer satisfaction in health care industry. Moreover, Haisin (2001) added that total quality management can improved the competitive of the hospital in Thailand. Aghazadeh (2002) also agreed that a total quality management practice is absolutely important for business. Many researchers have study the impact of total quality management practices on customer satisfaction in the service and manufacturing industries. Al-Saggarf (1997) revealed that total quality management practice can improved customer satisfaction in electrical industry in Saudi Arabia. Moreover, Kanji et al. (1999) reported that total quality management can increase customer satisfaction in United Kingdom Universities. However, some researches such as Elmuti and Kathawala (1999) indicated that total quality management fails to improved customer satisfaction in service industry. Customer satisfaction can be defined in various ways. According to Kotler et al. (1996), satisfaction is the level of a person's felt state resulting from comparing a product's perceived performance (or outcome) in relation to the person's expectations. In brief, satisfaction level simply is a function of the difference between perceived performance and expectation (Stahl, 1999). Unlike the quality of goods, which may be tangible and measured objectively by using indicators such as performance, features, reliability etc., and service quality, however, is not tangible and is thus defined in terms of attitude, interaction and perception. Thus, service quality is judged by what a customer perceives rather than what a provider offers. To yield highly satisfied and loyal customers, organizations throughout the world are striving to produce products and services of superior quality. For decades, Customer satisfaction is considered to be the key success factors for every profit-oriented organization as it affects companies’ market share and customer retention. In addition, satisfied customers tend to be less influenced by competitors, less price sensitive, and stay loyal longer (Dimitriades, 2006). Oakland (1986) defined quality of a banking service as the degree to which it meets the requirements of the customer. So the total quality program has to be started by obtaining the customers' perception of the service delivered and their expectation of the service to be provided by the company. It can also be learned from the internal feedback relationship created between the internal customer and supplier. These are the quality chains (Oakland, 1993; Gberevbie and Isiawwe-Ogbari, 2007). These will provide substantial contributions to enhance the process. No matter how efficient the administrative system of a company, it can produce zero defects only if the customers (internal and external) provide sufficient and accurate details to enable the quality process to meet their needs and expectations. According to the study of Yang (2006), Total Quality Management along with human resource management significantly affected quality performance, especially with regard to customer and employee satisfaction. According to Vora (2002), customer and employee satisfaction and streamlined processes together produce improved operational and financial results which will eventually lead to business.
excellence. Agus (2004) in his study in Malaysia service sector finds that there is a strong and positive association between Total Quality Management and customer satisfaction. (Saravanan and Rao 2006) found the statistically significant correlation between the implementation of Total Quality Management practices and customer satisfaction and business. Service quality promotes customer satisfaction, stimulates intention to return, and encourages recommendations (Nadiri and Hussain, 2005). Customer satisfaction increases profitability, market share, and return on investment (Stevens et al., 1995; Leghorel, 1998). Tanninen et al. (2010) on his empirical study prove that the Total Quality Management approach affected the customer satisfaction results positively, so the business units that had started to apply Total Quality Management earlier had more satisfied customers than their less experienced counterparts.

3.0 Quality as a culture in service organizations
Scholars (Hyde, 1992; Chaudron, 1992) have noted that Total Quality Management results in a radical change in the culture and the way of work in an organization. A fundamental factor is leadership, including philosophy, style, and behavior. To make Total Quality Management an organization wide initiative, it has to be rooted in the culture of the company. It needs to be aligned with human resource systems, including job design, selection processes, compensation and rewards, performance appraisal, and training and development. The culture requires quality in all aspects of the company’s operations, with processes being done right the first time and defects and waste eradicated from operations. “Firms with strong comprehensive culture implement highly the Total Quality Management elements of top management leadership, people, process, and customer and supplier management. Firms with clan-driven culture implement highly the element of process management while firms with hierarchy driven and weak comprehensive culture implement lowly to moderately all elements. A culture-based Total Quality Management implementation strategy is proposed” (Koh Tas Yong, 2008).

3.1 Customer Loyalty
Coyne (1989) stated that customer satisfaction has measurable impact on customer loyalty in that when satisfaction reaches a certain level; on the high side, loyalty increases dramatically; at the same time, when satisfaction falls to a certain point, loyalty reduces equally dramatically. Yi (1990) expressed that the impact of customer satisfaction on customer loyalty by stating that “customer satisfaction influences purchase intentions as well as post-purchase attitude”. In other word, satisfaction is related to behavioral loyalty, which includes continuing purchases from the same company, word of mouth recommendation, and increased scope of relationship. Fornell (1992) found out that there is a positive relationship between customer satisfaction and customer loyalty but this connection is not always a linear relation. This relationship depends on factors such as market regulation, switching costs, and brand equity, existence of loyalty programs, proprietary technology, and product differentiation at the industry level. Jones and Sasser (1995) proposed that link between satisfaction and loyalty can be classified into four different groups: loyalist/apostle (high satisfaction, high loyalty), defector/terrorist (low satisfaction, low loyalty), mercenary (high satisfaction, low loyalty), and hostage (low satisfaction, high loyalty).
satisfaction, high loyalty). Roger Hallowell (1996) confirmed the link between customer loyalty (in the context of behavioral loyalty) and customer satisfaction. Oliver (1999) stated that the relationship between satisfaction and loyalty is that satisfaction is transformed into loyalty with the assistance of a myriad of other factors. However, this relationship is complex and asymmetric. High levels of satisfaction lead to high levels of attitudinal loyalty. Attitudinal loyalty involves different feelings, which create a customer’s overall attachment to a product, service, or company (Lovelock et al., 2001). Gerpott et al. (2001) in their study of the German mobile telecommunication found that customer satisfaction is positively related to customer loyalty, and both factors are important paramount in the mobile telecommunications industry. Turel and Serenko, 2006, in their study of Canadian mobile telecommunications also confirmed this finding.

3.2 Customer Retention
Several research works have shown that there is positive relationship between customer satisfaction and customer retention; customer satisfaction also affects customer retention (Rust and Subramanaman, 1992; Gberevbie and Isiavwe-Ogbari, 2007); customer satisfaction is positively related to customer retention (Anderson and Sullivan, 1993); to retain a customer, it is necessary to satisfy him. Satisfied customer is more likely to return and stay with a company than a dissatisfied customer who can decide to go elsewhere (Ovenden, 1995); satisfaction leads to retention and the retention is not simply because of habit, indifference or inertia (Desai and Mahajan, 1998); customer retention is central to the development of business relationships, and these relationships depend on satisfaction (Eriksson and Vaghult, 2000); customer satisfaction is an antecedent of customer retention (Athanassopoulos, 2000); customer satisfaction is a central determinant of customer retention (Gerpott et al., 2000); customer satisfaction is positively related to customer retention and the effect varies by customer size and the customer’s current level of satisfaction, (Niraj et al., 2003).

4.0 Implementation of Total Quality Management
There is no single approach to the implementation of Total Quality Management. Each organization needs to develop a programmed that is suited to its own needs, taking into account a multitude of factors, including product type, its stage of organizational development, resources available, organizational culture, and customer requirements. It is very likely that organizations planning for Total Quality Management will seek external assistance with quality training and strategy. Different perspectives to the implementation of quality exist and are summarized below:
Foster suggests that there are different functional perspectives on quality, describing these as:
- A supply chain perspective: Many important quality-related activities are part of supply chain management. These include supplier qualification, acceptance sampling and conformance rates.
- An engineering perspective: Product and process design involves activities associated with developing a product from concept development to final design and implementation. This involves quality-related activities such as Statistical Process

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Control (SPC), Design of Experiments (DOE), reliability, and Failure Modes Effect Analysis (FMEA).

- An operations perspective: Operations management uses the “systems view” that underlies modern quality management thinking.
- A strategic management perspective: Quality-related goals, tactics and strategies should be part of the organization’s strategic plan.

Evans and Lindsay put forward a different approach that is based on applying total quality at three levels:

- The organizational level: Quality concerns centre on meeting customer requirements and the organization should seek customer input on a regular basis. Customer-driven performance standards should be implemented.
- The process level: Organizations are classified as functions or departments, such as marketing, design and product development, and emphasis is placed on improving cross-functional performance.
- The performer/job level: Standards for output are based on quality and customer service requirements that originate at organizational and process levels.

Oakland also proposed a model that is based on three Cs (culture, communication and commitment) and four Ps, which are:

- Planning: The development and deployment of policies and strategies; setting up appropriate partnerships and resources; and designing in quality.
- Performance: Establishing a performance measurement framework; carrying out self-assessment, audits, and reviews and benchmarking.
- Processes: Understanding, management, design and redesign; quality management systems; continuous improvement.
- People: Managing the human resources; culture change; teamwork; communications; innovation and learning.

According to Kehoe, the quality development of an organization involves systems, techniques and people. While each organization has a unique journey, most organizations will progress successively through the following three stages of development:

- A systems orientation
- An improvement orientation
- A prevention orientation

For each of these stages, different tools, techniques and methodologies are applicable. The following provides examples of the types of tools, techniques, and methodologies that may be used through Kehoe’s quality development stages. These examples are drawn from many experts, including Kehoe.

### 4.1 Systems Orientation

A systems orientation indicates the starting point of the quality journey. At this stage, the emphasis is on implementing “mechanistic” systems and trying to interest people in quality. The typical characteristics of this stage are as follows:

- Teamwork is limited to specific problems
• Management style reflects an awareness of Total Quality Management
• Customers are defined and their requirements are determined
• Techniques such as acceptance sampling are used to sort conforming from non-conforming products
• Quality systems such as ISO9000: 2000 and environmental systems such as ISO14001 are implemented.

4.2 Improvement Orientation
An improvement orientation implies that considerable progress has been made with respect to the culture and deployment of tools and techniques. The typical characteristics of this stage are as follows:
• Teamwork involves the establishment of improvement teams
• Management style reflects involvement in Total Quality Management activities
• Processes are improved to exceed customer requirements, leading to improved customer service
• Business excellence self-assessments are deployed
• Improvement tools including the seven quality control tools are implemented.

4.3 Prevention Orientation
A prevention orientation represents a mature stage of quality development, where the emphasis is on defect prevention and sustainability. The typical characteristics of this stage are as follows:
• Organizational structure is team-based
• Management style reflects commitment to Total Quality Management and its sustainability
• Customer relationships are developed and customer loyalty develops
• People are rewarded and recognized for appropriate behavior and values
• Advanced prevention-based quality tools and methodologies such as benchmarking, Failure Modes and Effect Analysis (FMEA), reliability analysis, design of experiments, the seven management tools and total preventative maintenance are deployed.
• External recognition is received through winning business excellence awards.

5.0 Discussion
The theoretical findings reveal that total quality management and customer satisfaction are major components to the success of a company. Total Quality appears to cover a great deal of the same ground as management theory. Managers pursuing total quality are concerned with strategy, information processing, leadership, and many other topics that are well within our domain. Even though there is a certain element in the current attention being devoted to Total Quality Management, the issues it encompasses are fundamental to understanding and managing organizations. Thus, theoretical attention devoted to these issues will be valuable regardless of the future status of the total quality movement. Theory development on total quality should benefit both researchers and practitioners. It should help to stimulate empirical research, as researchers may be reluctant to conduct research based on the consulting-oriented frameworks currently available. Total quality researchers also will be much more
productive if there is a theoretical base upon which they can draw. The premium on theory development is particularly high for Total Quality because its interdisciplinary nature means that it often transcends the boundaries of existing theories. Thus, it is unlikely that existing theories will be sufficiently broad based to support research on total quality. Theory development is likely to serve the needs of practitioners as well. Total quality initiatives often do not succeed, but as yet there is little theory available to explain the differences between successful and unsuccessful efforts. Moreover, experienced managers recognize that currently available approaches often are organizationally and politically naive. Management theorists have the capability to develop frameworks that incorporate the accumulated knowledge about organizations and, thus, can better guide total quality implementation. In summary, total quality is a ubiquitous organizational phenomenon that has been given little research attention.

This forum was created to publish articles that make substantial progress in building theory about customer-focused organizations. We hope that it will create a critical mass of thinking about total quality management that will provide a useful reference for researchers and eventually benefit managers attempting to improve organizational effectiveness.

6.0 Conclusion

The study provided evidence that total quality management practices have a positive impact on customer satisfaction. Besides, the result shows the important roles of each total quality manage practices which include top management commitment, quality of goods and services and continuous improvement has a statistically significant direct link to customer satisfaction. Evidences from the data support a strong relationship between the extent of total quality management implementation and customer satisfaction. The result is supported by the study of Anderson et al. (1995) and Forza and Filippini (1998), which explain that the outcome of total quality management is customer satisfaction. Rungtusanatham (1998) and Choi and Eboch (1998) provide support for the total quality management have a strong impact on customer satisfaction. Additionally, the study associated with Das et al. (2000) that total quality management practices have a positive correlation with customer satisfaction. This lead us to conclude that there is no merit arguing that total quality management practice can only be successful only in developed countries but also be useful in developing countries.

7.0 References


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