

The specific objectives of the research will include research paper example

[Business](#), [Company](#)



## **CHAPTER 1: INTRODUCTION**

### **1. Background of Study**

This research will seek to perform an in depth study on implementation of total quality management (TQM) and the balanced scorecard by SME's. The study will be interested in learning how small and medium enterprises are involved in the implementation of TQM and the balanced scorecard which are key components of the business management. In business total quality management refers to a management strategy that aims at maximizing the human resources and other available resources so as to accomplish the organizational objectives. Hence, it is of interest to know how SME's implement this management strategy. TQM is mainly adopted by SME's to improve their competitiveness in the industry. As it is well known, in the current era business do not risk in compromising quality. TQM is a management philosophy that advocates for quality in order to realize the organizational goals (Berry, 1991, pg 121). However, TQM has mainly been applied by large companies and multinationals.

Conversely, smaller companies have also adopted the philosophy in a way to achieve their organizational goals. On the other hand, the balanced scorecard is a management tool used by SME's to provide the procedures that drive performance of these firms. Therefore, this tool provides clear actions that the management should take so as to improve performance. This approach was developed by Dr. Kaplan and Dr. Norton of the Harvard Business Review early in the 1990's (Kaplan & Norton, 1996, pg 223). The balanced scorecard also makes an assessment of previous management tools that might have been used by the SME's. To this effect, it provides the

weaknesses of those previous approaches and also provides a better way of management for the firms. A fully implemented balanced score card helps to align employees to the strategy been adopted by the firm. Hence, it ensures that employees can abundantly support the management strategy in order to achieve the organizational objectives.

### 1. 2 Problem Statement

This paper will be seeking to understand better, how small and medium enterprises (SME's) implement the philosophy of TQM in their operations (Dahlgaard, 1998, pg 143). Consequently, the study shall also take a keen interest on how the balanced scorecard is achieved by SME's. Thus, the paper will look at the strengths and weaknesses of SME's in the process of implementing total quality management and a balanced scorecard. This shall also include the problem encountered in the implementation phase of these business management approaches. However, the study shall also take a critical evaluation of the various achievements that SME's have realized as a result of implementing TQM and the balanced score card. Despite the continued success of implementation of these management approaches, there have also been reported cases of failure. This is especially rampant in design and the processes of these tools. Hence the study will also look into the best practices in implementation so as to avoid any instances of failure.

### 1. 3 Interest on the Topic

The current business world has been characterized by an influx in the number of practitioners hence leading to extremely high levels of competition. This implies that businesses would have to perk themselves up with proper strategies of dealing with this. It is therefore, of great interest to

know how the implementation of total quality management and the balanced scorecard would help businesses in improving performance. Thus, the interest has been as a result of my need to know how to incorporate the philosophy of TQM and the balanced scorecard tool especially in MSE's (Yusof & Aspinwall, 2000a, pg 35). The numbers of MSE's have increased and to this effect more should be done by these firms to ensure that they remain competitive and highly performing.

#### 1. 4Purpose of the Research

Implementation of TQM and the balanced scorecard has widely been regarded as a fruitful approach to the MSE's. The aim of the research would be to evaluate how implementation of these management approaches benefits the MSE's. For instance, the study would be interested in knowing how implementation of TQM and the balanced scorecard promotes growth of MSE's (Temtime, 2003, pg 55). Here the study shall rely on the context of the management efficiency that is created through the implementation of these approaches. Hence, the study will be keen to know how this efficiency in management would impact on investments of the company. This is especially on whether it has the capability of influencing the decisions made by possible investors. The study would also be purposed to know if implementation of TQM and the balanced scorecard has an influence on customer satisfaction.

It is viewed that these approaches of management have the tendency to improve the levels of customer satisfaction. It is also pertinent for the research to find out whether implementation of TQM and the balanced scorecard has an empowering effect on the employees. Therefore, this study

will examine the belief of employees in supporting TQM and the balance scorecard. This will be measured against the management style adopted by these MSE's. Another very important issue that the study would aim to understand is how the implementation of TQM and the balanced scorecard influences the competitiveness of MSE's. Generally, the research will create a platform of understanding the implementation of these management approaches in MSE's. Consequently, the study will give an insightful understanding of the canons of TQM and the balanced scorecard. This will help in learning the benefits accrued by the MSE's as well as the challenges in implementation.

#### 1. 5 Research Questions

- What is the basis for implementing TQM and the balanced scorecard in MSE's?
- How does the management of MSE's align itself in ensuring successful implementation of these management approaches?
- What are the challenges faced by MSE's in the implementation of TQM and the balanced scorecard?
- What benefits are accrued from implementation of TQM and balanced scorecards in MSE's?
- Does implementation of TQM and the balanced scorecard improve the performance of MSE's?

#### 1. 6 Research Objectives

The general objective of this research will be to examine the impact of implementing TQM and balanced score card on the performance of MSE's

- Identify how the management of MSE's aligns itself in ensuring successful implementation of TQM and the balanced scorecard.

## 1. 7The Study

This research study shall mainly put focus on the implementation of total quality management and the balanced scorecard by small and medium enterprises in the food service industry. The research will examine the challenges faced by these firms in the implementation process and also give insights on some of the benefits accrued by the enterprises.

### 1. 7. 1Significance of the Study

#### **This research study will accrue enormous significance to:**

- Employers: The continued growth of the food service industry has led to an increase in the number of enterprise start ups by willing investors who seek to improve their wealth. However, the employers are faced with numerous challenges in running the organizations. The study will therefore present them with a proper analysis of the industry trends in the implementation of total quality management and the balanced scorecard. This will have a great significance in devising the best practices of implementing these business principles effectively. The employers and the entire management of small and medium enterprises will gain knowledge on the right training required to enhance employees in implementing total quality management and the balanced scorecard.

- Employees: The present study will empower employees working in the food service with the necessary skills and practices to adopt in ensuring that they effectively implement total quality management and the balanced scorecard.

This will consequently help the firms to achieve their goals and objectives in an efficient way.

- Academics: This study will be of great help to persons seeking to gain knowledge especially in the food service and in the hospitality discipline as whole. The study would be a good stepping stone for people with the will to partake further study on the food service sector.
- Consultants and Trainers: There exist quite a number of consultants and trainers in the food service industry who provide pertinent information to the organizations in this sector. Thus, the study will offer insightful information with regards to implementation of total quality management in small and medium enterprises in food service. This will help them to provide informed and up to date knowledge on the implementation of these core business philosophies. Trainers will therefore be in a position to provide quality trainings to the employees and management of the small and medium firms.
- Researcher: The research has helped me to explore the food service industry and more specifically by improving my understanding in the implementation of total quality management and the balanced scorecard in small and medium enterprises.

#### 1. 7. 2 Scope of the Study

The research examines the implementation of total quality management and the balanced scorecard in small and medium enterprises in food service. The current study is performed at a selected restaurant in London. The Likya Ocakbasi Restaurant in London will be the food service enterprise to be studied. The geographical territory for this study was the City of London. The

city is well known from the early days of having the state of the art restaurant which would provide a clear picture of other firms in food service. However, the majority of food service units in London differ in their sizes, turnover, operations, management and services but Likya restaurant is a peculiar unit that has embraced total quality management and the balanced scorecard in its business.

### 1. 8Conceptual Models for the Study

This research is formed under the rationale of performance management (PM) in SME's which is an important aspect of the management. Performance management seeks to identify the output accrued from various agents that comprise these organizations. These include the employees, customers, suppliers as well as the investors in these firms. As a result, PM asserts that SME's must identify models that would provide support in ensuring a successful assessment of the SME's performance (Niven, 2002, pg 134). In this research, we put a keen interest on implementation of TQM and the balanced scorecard. However, the balanced score card (BSC) is one model that has been adopted in performance measurement of SME's. Most of the SME's have applied the BSC model for performance measurement.

Conversely, this model is applicable using two different approaches which include; the integrated approach and the differential approach. The integrated approach advocates for the incorporation of the BSC together with other models such as the Business Excellence Model (BEM).

The BEM model builds upon the excellent end results on performance of society, customers and the people (Armitage, 2002, pg 28). This is achieved through the strategies set up by the leadership of the organization as well as



the partnerships that are involved. The BEM model works by critically analyzing the enablers and the results accrued. The differential approach to performance management calls for application of a single performance management model in the SME. However, the integrated is seen as a more beneficial approach than the differential approach. This is due to the fact that it relates to the issues that determine both the business efficiency and effectiveness. Furthermore, this approach also provides a higher level of cohesiveness between the various SME's strategies put in place.

## **CHAPTER 2: LITERATURE REVIEW**

### 2. 1Introduction

In the current global competitive business environment, organizations have learnt the benefits of carrying out performance evaluation. Furthermore, this has seen a great number of small and medium enterprises (SME's) following suit as a way of improving their organizational performance in the global markets. SME's in the food service industry have also embraced the process of performance evaluation as a way of making informed decisions in their operations (Epstein & Manzoni, 2002, pg 123). However, these firms have been able to adopt various philosophies and models in accomplishing the process of performance evaluation. In the earlier days, SME's could not effectively adopt the process of performance evaluation due to the complexities involved in the whole procedure. For this reason, it was only large scale organizations that could effectively engage the procedure of performance management. One of the models adopted in performance evaluation by SME's in the food service industry is the Balanced Scorecard

(BSC). The balanced scorecard was developed in 1992 by Kaplan and Norton in the Harvard Business Review. This model was established on the basis that it could effectively combine both financial standpoints and non financial standpoints. This would mean that the internal business, customers, learning and innovation would all be coalesced in the same performance scorecard which was known as the Balanced Scorecard.

The balanced scorecard has been widely adopted by medium and small firms in the food service industry as a way of measuring the business performance. Another philosophy utilized in the process of performance evaluation is Total Quality Management (TQM). Total quality management is a management tool which is based on maximizing human resources and other capital resources as a way of achieving the set organizational objectives. A majority of small and medium enterprises in the food service industry have adopted this tool in improving their competitiveness in the business. Total quality management advocates for improved quality of services as a better way of accomplishing the organizational goals. It is evident that in the food service industry, firms would not compromise the quality of their services as it guarantees them success in the industry. In this section, we shall review previous literature on how organizations in the food service industry have adopted total quality management and the balanced scorecard in carrying out their performance evaluation. Further the review will be interested in knowing how these management tools have helped the firms in the food service industry to achieve their organizational goals.

## 2. The Key Balanced Scorecard Standpoints

One of the important of a balanced scorecard model is the number of

standpoints or perspectives that would be applied in the system. In the food service industry the figure of standpoints differs amongst different companies based on the type of strategy adopted and the competitiveness of every company in the market. Originally, Kaplan and Norton developed four distinct perspectives for the BSC model (Kaplan & Norton, 1996, pg 186). However, depending on the company's choice it may apply two standpoints or even more than the four standard perspectives. Conversely, it is advisable that a company should develop a scorecard for every unit of the company. Kaplan and Norton developed the four perspectives based on the important stakeholders of any particular company. However, it is core to know that all the developed perspectives should be kept in a balance and hence no single standpoint should be left to dominate others in the complete model.

## **Financial Standpoint**

This standpoint was developed to identify how the company aspires to be examined by the shareholders. It is argued that financial measurement is the most frequently used performance tool in management. This measurement is meant to provide what the company has been involved in the past and also to reflect the current position of the firm in terms of profitability.

However, it is recommended that the most prudent financial measures to be applied are; revenue growth, return on investments (ROI) and the operating income of the business. Yet, these financial measures are different amongst various companies, and for this reason, there is no customary bundle of financial measures which can be applied over different types of companies.

## **Customer Standpoint**

This type of standpoint represents the association between a company and its clients. The concerns of customers tend to lie amongst four distinct groups, that is; quality, cost, service procedures and performance and time. Quality represents the defect rate of received products as per the customer's measurement. The lead time indicates the amount of time needed for the firm to accomplish the needs of its clients. The blend of service procedures and performance represents how the firm's services contribute in making value for the clients. The importance of every business approach is the client's value intention (Gautreau & Kleiner, 2001, pg 154). This defines the exclusive mix of price, product, service, image and the relationship created by the firm. It also describes the ability of the company to attract and retain its association with the target clients as compared to its competitors. This is mainly achieved through differentiation of the exclusive mix adopted by the company from that of its competitors. This standpoint focuses on client satisfaction, acquisition of new clients and client retention. The client standpoint describes the capacity of the company to offer high quality services and products.

## **Inherent Business Process Standpoint**

The inherent business process standpoint represents the company process that would have a major impact on client contentment and financial goals of the company. This is simply constituted by the internal processes of the business that help to align the company's services and products with the client's propositions. Once the company is aware of the services or products

that help to retain their customers then the next step is to know how they can manipulate the processes of producing such products and services (Kaplan & Norton, 1996, pg 184). Hence, this would be helpful in ensuring customer fulfillment and retention. This is a vital standpoint in the balanced scorecard since it is responsible for creating client satisfaction. Thus, firms should be very watchful while handling this perspective so as to aid in the achievement of the organizational goals and objectives.

## **Learning and Growth Standpoints**

The perspective of learning and growth in an organization is developed from three core sources which includes; organizational processes, systems and people. These sources indicate the level of infrastructure that a firm must put up in order to maintain a stable improvement in its performance and also stay on top of their worthy competitors. This also improves the ability of the firm to deliver the desired value by their clients as well as that of its shareholders. However, to do well in this standpoint, the company must increase its investment in the three sources of this perspective (Evans & Lindsay, 2002, pg 227). This perspective helps to transform approaches into actions by using its employees to achieve the current and long term objectives. This also helps to improve the competitiveness of the company's workforce hence they are able to compete with other players in the industry in the future. To accomplish this standpoint, the company must carry out rotation of employees, provide trainings to the employees and also invest heavily on technology. This is vital in achieving the desirable level of innovation to steer up the company to greater heights in the market. Thus,

learning and growth helps the company to maintain a steady improvement in worker satisfaction and also at the time of training accorded to the workforce. Furthermore, this standpoint is essential in enabling company managers to develop a defined strategy. This is achieved by identifying workers skills and capabilities, the commercial climate required to improve business and also the relevant technology.

## 2. 3Applications of the Balanced Scorecard

The Balanced Scorecard has witnessed a variety of triumphant applications athwart diverse industries in the US and in the UK management civilization. However, it has also been widely utilized by the food service industry in all these countries. In the food service industry a majority of firms have applied the BSC in accomplishing overall competitive advantage in the industry. Conversely, even after its widespread use in most countries, studies have revealed that firms tend to utilize the Balanced Scorecard in a limited way in their businesses. Most of the firms using the balanced scorecard in their business have linked it to their incentives and compensation systems. On the other hand, it has been learnt that quite a number of firms in the food service do not have growth and learning standpoints in their entire balanced scorecard. This could one of the reasons that lead to poor performance of such company's scorecards. Studies have also proven that most firms in the food service tend to utilize an incomplete version of the Balanced Scorecard (Kaplan & Lamotte, 2001, pg 198). Most of these firms do not use the scorecard that describes performance evaluation using the cause and outcome correlation or by implementing strategies through defining goals, plans, actions, and results plus linking incentives with the scorecard.

This can be attributed to the notion of balanced scorecard usage and the firm size which is based on the level of the workforce. As a result, a majority of firms has gone ahead to use the balanced scorecard as a tool for improving shareholders' equity. Most countries in North America, South America and Europe have been found to contain a five dimensional performance scorecard. This scorecard has also been utilized by firms in the food service industry. The five dimensions are; building client equity, conveying financial outcomes, expanding the levels of enterprise integration, advancing competitive positioning and reinforcing the core competencies. However, the study shows that four concepts of; client satisfaction evaluation, strategic planning, setting yardsticks and mission and vision statement are used by organizations across the world. In firms that use the balanced scorecard a standard total satisfaction rate of 3.85 was produced as compared to standard total satisfaction rate of 3.76 for the non users. The balanced scorecard is also proven to have a small defection score of 11.3 which thus presents consistent practice.

The study also observed that high performing firms in the food service industry put immense emphasis on growth and innovation. However, the low performing firms were observed to put more emphasis on the financial perspectives of their balanced scorecard. In the food service industry, the higher performing firms and the low cost defending firms were observed to place more emphasis on financial standpoints (Gautreau & Kleiner, 2001, pg 154). On the other hand, these two groups placed lower weight on both innovation and growth and customer perspectives. It was also observed that higher performing differentiated defending firms placed more emphasis on

the customer perspectives of their balanced scorecard. As a result, most firms were interested in the implementation of multiple standpoints in their scorecard but were also in disagreement of equal emphasis on each standpoint in the balanced scorecard regardless of the market concept implemented. The adoption of the balanced scorecard is valued as a creative way of creating strategic responsiveness in the firm. Due to its top down way of communication, if continuously incorporated into the management procedures it would result in the substitution of the formal communication process of many firms.

## 2. 4Balanced Scorecard Practices of Asian Companies

In a study of management performance of 14 Indian organizations it was revealed that information on competitors practices, the inherent information on process differentiations and client prospects and satisfaction has implicit importance for strategy development. The performance evaluation models for Indian firms were found to contain more external standpoints which are equally significant as conventional performance measurements. However, most large and middle sized companies in India were also found to have a widespread use of financial measures which includes; variance analysis, return on investments and budgetary control in their process of performance evaluation (Tyagi & Gupta, 2008, pg 158). Another study was carried out in Garuda Chinese Food which is a firm in the Asian food service industry and gave more insights on the usage of the balanced scorecard in this industry. The implementation of the balanced scorecard in this firm was performed along three segments of this food service firm. These three sections of the firm were; marketing segment, finance segment and the operations



segment. It was noted that before the implementation of the balanced scorecard model the financial position of this food service firm was very poor. The strategies laid down before the implementation of the BSC as a way of improving the financial condition of the company had failed to deliver the set objectives.

It was also observed that the company was not able to attract new customers with time and only the old customers were being retained. This poses as a bad sign to the financial segment of the company since it meant that they could not make a considerable improvement in the financial performance. In the first month after implementing the balanced scorecard in this company there was a noticeable improvement in its financial position. This was marked by an increase in the amount of revenue for the company and also a decrease of the variable costs up to 46. 47 percent from the former position of 50. 27 per cent. This was achieved despite the fact that the company had also accrued extra costs in improving the quality of service in their premises. Thus, due to this we can conclude that the balanced scorecard had tremendous improvements in the financial position of the firm. The operational segment of this firm was also faced with serious problems with waste due to the system that miscalculated the standard shelf life of the ingredients. The conventional system adopted before led to a high purchasing which was coupled with the low supply flow. Thus, this was a major cause of the increased wastes in the firm's operational segment. After implementation of the balanced scorecard the firm started recording a small level of waste due to the new strategies adopted in purchasing and stock flow within the operational segment of this firm. The amount of wastes

recorded in the operational section decreased from 22 per cent to 15 per cent. However, it was observed that even after the implementation of the balanced scorecard the service time had not improved. This was attributed to the small number of employees in the firm (Tyagi & Gupta, 2008, pg 158). This explains the reason why small and medium companies face problems in implementing the balanced scorecard approach in performance measurement. In the marketing segment, the company faced persistent problems in relation to customer awareness. This would be due to the use of conventional modes of creating awareness such as coupons and flyers but with no better laid down strategies. However, after adopting the balanced scorecard the company formulated a push strategy which resulted in improvement in customer awareness. This was indicated by an increase of clients by 100 within the first two months of implementing the BSC. In this study, we can note that the balanced scorecard is a better way of making performance evaluation of a food service company as compared to the traditional methods.

## 2. 5 Total Quality Management Concept in Food Service

The concept of total quality management in food service is based upon the fact that companies in this industry compete on the basis of the quality of the services offered. It is assumed that quality would affect the products and services profits and costs positively under a properly developed total quality management policy. However, the efficiency costs related to production must be aligned with quality to prevent any defects thus improving profits simultaneously. In the food service industry, quality is viewed as being pertinent by the customers and therefore companies are urged to maintain

quality services (Ghobadian & Gallear, 1997, pg 144). This is aimed at improving customer satisfaction thereby keeping the firm at a top position in retaining its loyal clients. Total quality management thus helps organizations to offer high quality services at a reasonable price in the market. As a result it fosters increased sales hence improving the company's turnover in the marketplace. The total quality management concept was initiated in the beginning of 1900 in the US as a way of improving the efforts of unskilled employees in organizations. During this era total quality management was based on two core principles. Firstly, employees should possess typical tools and provisions to enable them complete their allocated tasks.

Secondly, malfunction of the tasks was valued as a great loss to the company and hence was subjected as a personal cost to the employees. This period was marked by penetration of this concept to the Japanese food service companies. As a result, a majority of Japan companies entered the western markets due to the high quality of their services. Up to date most Japanese food service companies continue to embrace the concept of total quality management and hence their vast participation in the western markets. The companies in Japan translated their market strategy from cost rivalry to quality competition due to their adherence to TQM. This has helped them accomplish customer satisfaction and thus maintaining a reasonable success curve. Total quality management is a proven strategy that guarantees survival in the world's ever increasing competition especially in food service. Total quality management requires the presence of a dedicated management to offer everlasting top to bottom company support. This also calls for a concentrated focus on the clients both externally and internally.

Total quality management obliges efficient involvement and operation of all employees in the food service companies. This should be coupled with a constant enhancement of the organization and production procedure. Lastly, total quality management encourages treatment of suppliers as partners to the company and also developing performance evaluation strategies for the procedures. In essence, total quality management involves a complete organizational culture change. This ensures that there is organizational support from the planning stage up to the delivery of services. Thus, the workforce must be in a position to make corrections where things fall apart so as to improve the performance of quality of the food services (Yusof & Aspinwall, 2000a, pg 34). Total quality management is closely related to strategic quality management (SQM) but they vary on the basis that SQM emphasizes on properly controlled quality as a business strategy for success. On the other hand, total quality management puts more emphasis on high quality control as the core principle issue of the business. The concept of total quality management is embodied under some specific principles which ensure the success of this business philosophy in food service. To begin with, comprehending and meeting the needs of clients is vital for the success of businesses in the food service industry. Secondly, the top management of the company is responsible for the leadership in quality which is supported by proper statistical reasoning using facts and data for problem solving and constant development. Lastly, organizations must embrace continuous trainings and learning for their workforce in order to ensure constant improvement of quality of the services.

## 2. 6Critical Success Factors of TQM in Food Service

The implementation of total quality management in food service companies involves a continuous integrated process. This is based upon the dedication of the top management and the entire workforce putting into consideration an active communication with the customers. It is therefore essential that a company notes the critical factors of success of the implementation of TQM in the food service industry (Moreno-Luzon, 1993, pg 177). In the food service sector, the following factors are vital for the success of TQM; customer focus, support of top management, training, market fragment and positioning, design service procedures, leadership, regulating procedure and policy, continuous improvement, performance evaluation, internal client measure and customer satisfaction. Studies also indicate that input control, empowerment and employee motivation must be sufficient in the hospitality industry for the success of total quality management implementation. Thus, companies in food service are encouraged to formulate a clear mission statement that would accelerate the commitment of the top management in improving the quality of services. Previous studies assert that a top-down management approach is much more effectual for the deployment of new policy since decisions will always arise from the top management. However, a bottom up strategy is also efficient because decisions on implementation of policy should be promoted from the departmental level.

Therefore, to ensure a successful implementation of total quality management, the top down management approach should be set at a balance against the bottom up control to ensure constant improvement of quality. In a well planned leadership, the top management should formulate plans and goals and also integrate quality practices and principles in their

companies. They should be dedicated in involving the entire workforce to improve the company by educating them properly and offering rewards to recognize their efforts in improvement of quality. Finally, proper leadership calls for constant communication with the employees on the values of the firm. This should be followed by periodic measurements to determine if the values have been effectively adopted by the workforce. It is believed that quality improvement is important in food service and for this reason the management must consider strategies that will tend to exceed the competitors quality output. To increase efficiency of the business in food service, the management is urged to promote the notion of having a workforce which possesses multiple skills in the hospitality field (Ghobadian & Gallear, 1997, pg 152). This is vital in reducing the labor costs involved in hiring different employees for particular job descriptions. However, employee training is critical in ensuring success of implementation of TQM since it helps in changing the culture and working aptitude of the workforce towards a different understanding of quality improvement.

## 2. 7Process Controls for TQM Implementation in Food Service

Implementation of total quality management in food service requires effective production systems which share the necessary fundamental attributes. These systems are directed from side to side using universal rationale such as mission, core values, process and vision. The concept of process controls in food service indicates a strategic way through which the company mission and vision are supported by the fundamental values formulated by the firm. Process control is based upon the results accrued from the employment of inputs into the production process. Therefore, to

ensure effective process controls in the food service firms must undertake evaluation, corrections and comparisons (Temtime, 2003, pg 54). The evaluation drawn from the process is compared to the set target values and appropriate correction is done where deviations occur from the target goals. In addition, the management in food service organizations should set goals for the employees; this should be coupled by a measurement of the output made by the employees to ensure they perform well. This is significant because the workforce also forms part of the process in the firm. However, apart from having quantifiable inputs and outputs the process must also possess value added actions which can be easily repeated in the improvement of quality in the firm. Conversely, the undeviating impact of quality aligned process is highly surpassed by outcomes of other external and internal factors which manipulate the performance of the business. Thus, companies with efficient total quality management can achieve the internal reimbursements which include; enhanced productivity, improved quality and higher operating incomes. Process controls aimed at implementing total quality management in food service companies have been considered to have positive impacts on profitability and productivity of the businesses. However, process controls also improve the competitiveness of the firm due to improved quality which results to customer satisfaction. Studies have indicated that undertaking proper process controls in food service companies to implement total quality management results in different dimensions of quality which are desired by organization. These dimensions are clearly elaborated in the table below;

## 2. 8Implementation of TQM in Australian Food Service

A study was conducted in one of the leading food service firms in Australia which opted to implement total quality management so as to improve customer satisfaction in red meat products. The company was estimated to be supplying 14 million meals annually which is equivalent to 38, 000 meals on a daily basis. However, the company faced a challenge due to the increasing customer complaints regarding their meat meals. Consequently, a constant change of suppliers and providing more training to their suppliers did not help to solve the problems. Instead this only led to an increase in the costs of tendering and education to the new suppliers and yet there was no lasting solution with regards to the quality of the products. To solve this, the company resolved to embrace the best practice of providing high quality meat products at a reasonable price. The company also looked upon ways of achieving accost benefit effectively through innovation (Evans & Lindsay, 2002, pg 194). Thus, the company would offer staff motivation and development by rendering specialized education and continuous dedication to this newly adopted program. This meant that the company had to incorporate an effective and comprehensive quality control system with extremely skilled employees and absorption of the new technology.

The implementation strategy of this quality control concept of increasing customer satisfaction was enhanced by two vital components. Firstly, the company would put into use the best practice process and secondly, it would perform the authentic testing of the product developed. The best practice procedure involved the following; management training, benchmarking, performance measurements, employee and provider training and constant improvement processes. At the beginning of this program the food service



firm was faced with increasing client complaints from lamb and beef meals which indicated low customer satisfaction. Many of their customers opted to substitute chicken for red meat in their meals. However, after implementation of this quality management program, the company recorded a drastic reduction in client complaints. This was made possible by improving the tenderness, taste and general satisfaction and increasing the uniformity of beef products. The customer complaints from red meat reduced from 23 in a month to 1 in a month after the implementation of the quality management program.

This was estimated to be a 96 per cent reduction of the customer complaints. Thus, the company had managed to improve customer satisfaction tremendously after implementing total quality management in their beef products. The company noted some significant success factors of implementation of total quality management product in their food service. To begin with, the company learnt that understanding customer satisfaction and its impact to the business performance is vital (Evans & Lindsay, 2002, pg 186). Secondly, the commitment and support of the top management is also a crucial factor. In this case, the General Manager of the company worked together with the company suppliers. Thirdly, the company saw the need to operate commercially so as to accrue the value for money generated by their products. Lastly, the company also learnt that there was a need to incorporate change agents who believed in this newly adopted program. To achieve this, it was forced to train its employees to understand the program clearly so as to act as the change agents towards this beneficial program. In conclusion, this is a typical case that illustrates how total quality

management can help in accomplishing customer satisfaction and thus improving the overall company performance. This in turn influences the operating income of the company and its expected profitability positively.

## **CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY**

### **3. 1Introduction**

After undertaking an in depth review of literature on the implementation of total quality management and the balanced scorecard philosophies in the food service sector a gap in the implementation report was discovered. The objective of this chapter is to outline the methods adopted in conducting the research as well as the chosen design for the entire research (Yin, 2003, pg 86). The chapter begins with the author's perspectives on the choice of the study, the research approach and also the research philosophies. This section also depicts the favorable research strategy utilized by the author. It is also in this chapter that the author develops a detailed research questionnaire to be administered to the study sample. However, the chapter also discusses the methods of data collection to be used in this study. This chapter ends by discussing the analysis technique and the measurement precision of variables. The food service sector has experienced tremendous growth over time and this has been coupled with the proliferation of a variety of small and medium enterprises in this industry. The implementation of total quality management and the balanced scorecard in food service has been adopted by a majority of big firms in the sector.

However, small and medium enterprises have also identified the need to implement these business philosophies in their operations. It is argued that

total quality management and balanced scorecard help firms to achieve their organizational goals more effectively (McAdam, 2000, pg 315). In the food service sector, provision of quality service has been an ongoing challenge that prevents many small and medium enterprises from achieving their set objectives. Thus, implementation of TQM and the balanced scorecard helps the firms in developing a balanced scorecard for their organization. This helps the firms greatly in planning for a successful strategy to be adapted so as to facilitate the provision of quality services (Kaplan & Lamotte, 2001, pg 156). However, in order to achieve this, managers need to have excellent competencies to aid in the efficient implementation of total quality management and the balanced for the firm. Therefore, the small and medium enterprises must ensure that managers are well equipped to control the process of implementation so as to bear fruit for the firms. Due to the ever increasing competition in the food service industry, the firms are urged to provide proper training to their employees to help them know the basic canons in the effective implementation of TQM and the balanced scorecard (Garengo & Bernardi, 2007, pg 106).

### 3. 2Research Design

In this study, the choice made for the research approach was a deductive approach which is suitable when there are obtainable theories which may be used up in formulating the study hypotheses (Patton & Patton, 2002, pg 123). Given the nature of research questions, “ What is the starting point for implementing TQM and the balanced scorecard in MSE’s”; “ How does the management of MSE’s align itself in ensuring successful implementation of these management approaches”; “ What are the challenges faced by MSE’s

in implementation of TQM and the balanced scorecard”; “ What benefits are accrued from implementation of TQM and balanced scorecard in MSE’s”; “ Does implementation of TQM and the balanced scorecard improve the performance of MSE’s?” this implies that the authenticity of the situation in food service is exposed to the enterprises. However, there is a huge literature which offered some insights which according to the researcher did not create the significance she was seeking in the study. Consequently, the researcher had to formulate some hypotheses based on the philosophy of total quality management and the balanced scorecard. Therefore, a method for gathering quantitative data which could be useful in testing the hypotheses was devised. The researcher contemplated on a case study method for the study so as to acquire objective data which could be used to formulate subjective opinions with regards to the practical and theoretical applications of the findings. This would also allow the researcher to deal with both qualitative and quantitative elements of the study in the appropriate precision.

### 3.3 Sampling Technique

Sampling in a research provides a variety of approaches which help to reduce the quantity of data required for the study by reflecting on data from a sample rather than the entire population (Mackey & Gass, 2005, pg 98). However, in this case there was a normal population since the research dealt with Likya Restaurant which meant that data could only be collected from the management and the available customers. Thus, a non probability sampling approach referred to as convenience sampling. This method is applied by the researcher due to its attribute of accessibility. The sample

size of the study was set at 100 for the entire restaurant. However, in this sample 50 was from the management and employees while the other 50 was to cater for the customers. At the end of the collection of data, there were 45 completed questionnaires from the management and employees. From the customers there were 40 completed questionnaires and 10 uncompleted questionnaires.

### 3. 4Data Collection Tools

In this study, there was collection of both primary data and secondary data. In collecting primary data, the researcher applied the case study method and also the administration of questionnaires to the management, employees and customers of the restaurant. The case study method would help greatly in identifying the interrelationship between the implementation of TQM and the balanced scorecard and the operations of Likya restaurant.

Consequently, the case study method provided an intensive scrutiny of different sections of the restaurant hence allowing me to cover every facet of the study. This would also be useful in developing a qualitative analysis for the study which is essential in making subjective opinions of the research (Creswell & Plano, 2007, pg 125). The limitations of the case study method, could otherwise be overcome by the use of questionnaires to acquire first hand data. However, the questionnaires were structural and not rigid since they provided room for open ended questions where respondents would add in their personal opinions based on the restaurant. Hence, they provided the important primary data that the study sought to make the research successful. The study also made use of the interview method of data collection. The researcher felt that she could acquire first hand data from the

manager of the restaurant. This would form a very strong basis of qualitative analysis. Thus, the study provided an interviewer's guide which would direct the interviewer on the questions to be asked during the interview. This method was objectively used to acquire more information that might have not been captured by the questionnaire method. However, this method would not be used solely due to some limitations such as limited information and the subjectivity of the data. The internet was also used to acquire other information about the restaurant through their website and also to make questionnaire references which was important in formulating well structured questionnaires. The secondary data in this study was acquired mainly from the library resources which included referring from books, newspapers and journals.

### 3. 5Data Cleaning

In the process of data collection, the research was faced with a risk of receiving uncompleted questionnaires based on the nature of the respondents. The researcher entered the emails of the respondents in an Excel spreadsheet which could help filter out any data from a repeated questionnaire. The researcher also went through all questionnaires and selected only those were completely filled to avoid any distortion of data. On the other hand, the secondary data meant that the researcher had to read through a lot of journal articles and only pick up the ones that were relevant to the study. This helped a great deal in ensuring that she only recorded the required data for the present study.

### 3. 6Data Analysis Procedure

In this study data analysis is performed by applying fundamental statistical

approaches and Ms- Excel was adopted in analyzing the data as well as providing graphical presentation of the acquired information. This was due to the fact that the study also embraced qualitative data analysis so as to provide a more detailed study in food service.

### 3. 7Reliability and Validity

In the entire study, the researcher was keen to stress the importance of validity, reliability and replication which are basic criteria for evaluation of a research. The researcher ensured precision when carrying out any measurements, especially those that touched on the quantitative data of the study. This was meant to ensure there is consistency in my study hence guaranteeing validity of my study. All the information collected from the respondents was treated in a strict confidential manner to ensure that it would be reliable if applied in the study.

## **CHAPTER 4: ANALYSIS OF DATA**

### 4. 1Introduction to Data Analysis

This chapter analyzes all the responses received from the questionnaires that were given out and successfully returned by respondents. It focuses on each question in the questionnaire and later narrows down the responses to the questions as received in relation to the objectives of this study thereby answering the research questions of this study.

### 4. 2Response Rate

Out of the 100 questionnaires given out, 85 respondents successfully completed the questionnaires and returned them back to the researcher.

With this response we can conclude that the research was successful with an

85% response rate from the respondents. The researcher gave out the questionnaires to the restaurant management and the time frame for the completion of the questionnaires was set within 10 days. This was successful met as a result of the presence of the researcher in the firm to ensure that the process went on smoothly.

#### 4. 3Key Findings

##### 4. 3. 1 Ways through which MSE's align themselves for efficient implementation of TQM and the balanced scorecard

This seeks to gain insights on some of the strategies that the management of MSE's in food service adopts in ensuring that they have a successful implementation process. This is important for the researcher to know how the MSE's handle the process of implementation and also to learn the workability of those strategies. The response from the respondents is presented as shown below;

#### **Source: Authors Compilation**

As indicated in table 4. 1 above, 71% of the respondents declared that Likya restaurant has adopted trainings of their employees as a way of aligning itself in the effective implementation of TQM and the balanced scorecard. However, 12% of the respondents were of the opinion that the restaurant engages consultants to help in the implementation process. Another 12% put across that the enterprise hires skilled personnel in the area of implementation of TQM and the BSC. Finally, 5% of the respondents and this came from the customers who said that the restaurant outsources the implementation process to other competent firms.



Figure 4. 1: Ways through which MSE's align themselves for efficient implementation of TQM and the balanced scorecard

### **Source: Author's Compilation**

4. 3. 2 The Impacts of Implementing TQM and the balanced scorecard in SME's in Food service

Here the study is aimed at knowing the impacts which are experienced by the SME's in food service after the process of implementing TQM and the balanced scorecard. It is argued that these business philosophies have favorable impacts on the business enterprise. Thus we shall analyze the response from the respondents as shown below;

### **Source: Author's Compilation**

In the table provided above it is quite evident that the implementation of TQM and the balanced scorecard accrues some impacts on the enterprise in the food service. For instance 47% of the respondents had cited that implementation improves the quality of services offered by these firms. However, 30% of the respondents said that implementation of these philosophies in the firms increases the sales of these enterprises. Consequently, 17% of the respondents thought that the process of implementation impacts the small firms by reducing their losses which are experienced due to lack of strategy. Lastly, 6% of the respondents expressed that the implementation process helps by improving the performance of the SME's in food service. This information is further analyzed and presented in the chart below;

Figure 4. 2: The Impacts of Implementing TQM and the balanced scorecard in SME's in Food service

### **Source: Author's Compilation**

The bar chart above clearly depicts that implementation of TQM and the balanced scorecard in SME's leads to improved quality of the services which is an essential factor in the food service. Hence, it would be prudent if we assert that implementation of TQM and BSC has beneficial impacts to the small and medium enterprises in food service.

4. 3. 3 The Challenges faced by SME's in the implementation of TQM and BSC in food service

It is argued that implementation of TQM and BSC in SME's is faced by various challenges due to the small scale nature of these firms as compared to bigger firms. Hence, the study shall analyze the responses from the respondents in order to come up with a detailed analysis of the challenges emerging amongst these firms. The information is presented in the table below;

### **Source: Author's Compilation**

Figure 4. 3: The Challenges faced by SME's in the implementation of TQM and BSC in food service

### **Source: Author's Compilation**

The chart 4. 3 above shows that the process of implementing TQM and BSC in SME's in the food service sector is faced by various factors which continue to hinder effective implementation. However, financial constraint is a great

challenge to most SME's which have little investments. They are also faced with management problems, lack of proper training and absence of a strong strategy to support the implementation process.

#### 4. 3. 4 The Nature of strategies laid down by SME's in enhancing quality services

In this section, the study wants to know the nature of the strategies adopted by the small and medium units in the food service sector. Strategy formulation is a core process of ensuring effective total quality management in a firm and hence it would be better to know the workability levels of their strategies. This information is represented in the table below;

### **Source: Author's Compilation**

Figure 4. 4: The Nature of strategies laid down by SME's in enhancing quality services

### **Source: Author's Compilation**

The chart depicts that a majority of SME's in food service tend to adopt moderate strategies in enhancing the quality of services. This might also explain why these firms continue to face numerous challenges in the implementation of TQM and Balanced scorecard in food services. The SME firms should aim at adopting very aggressive strategies which would be helpful in ensuring that there is an effective implementation of total quality management in those firms. Most of the big firms which do well in TQM and BSC implementation must also undertake very aggressive strategies which help to cushion these firms in the implementation stages of TQM.

#### 4. 3. 5 Ways through which the enterprise has implemented total quality

management

In this part the study wanted to deduce some of the ways through which total quality management in the enterprise has been implemented. From the information collected through the interview the researcher was able to come up with the following findings as elaborated by the interviewee. According to the interviewee, the main approach adopted in implementing TQM is ensuring that the enterprise does not compromise on the quality of the products offered to their clients. For instance, the firm noted that it was experiencing a lot of wastage after products going bad. Thus the firm has improved its storage facilities and can now reduce the wastages as well as improving the quality of products. Secondly, the firm has also ensured that the employees are keen to ensure a high level of hygiene in every aspect of their chores. Thirdly, the firm has also liaised with the suppliers to ensure that the quality of any products supplied conforms with the enterprises' quality requirements. Lastly, it was found out that the firm had undertaken some steps in product upgrading as a way of improving quality of their services. The enterprise consequently realizes that there exists a positive correlation between quality and customer satisfaction as well as retention.

4. 3. 6 Has a balanced scorecard been achieved and how has this been maintained

According to the interviewee, Likya restaurant has been able to achieve a balanced score card since the implementation of the balanced scorecard in the enterprise. The firm's scorecard is made up of four critical standpoints. To begin with, the financial standpoint has been a major section where the enterprise has laid more emphasis on. This has been in the quest to maintain

a desirable level of income for the enterprises' shareholders. This has been maintained using by ensuring performance measurement by use of prudent financial measures such as returns on investment (ROI) and the business operating income. Secondly, the firm has also incorporated the customer standpoint in its scorecard.

The objective of this standpoint is to ensure that clients are offered with quality products and service. This has helped in increasing customer satisfaction from a low of 37 % up to 75% which is quite a good level. The accomplishment of this standpoint has also improved the levels of client retention by a higher margin. This has been maintained by embracing differentiation of products and ensuring quality. Lastly, the firm has also developed the standpoint of learning and growth in its scorecard. This has been done to ensure that employees continue to acquire more training as well as growth in their career. This has an impact on the organizational performance. This has been constantly maintained by ensuring that employees are occasionally trained as well as hiring consultants to provide technical support to the workforce.

#### 4. 3. 7 Best practices in ensuring an effective implementation of TQM and the balanced scorecard

This section was intended to capture some of the best practices that entrepreneurs in food service can adopt to ensure they implement TQM and the balanced scorecard effectively. To begin with, the study identified that Likya restaurant used performance measurement as a best practice to ensure that the implementation process was efficient. Performance measurements help to identify the output and also helps in figuring out what

can be made to boost the output. Secondly, training and development was also a best practice for this firm. The firm believes that offering training to the workforce helps in ensuring that they are well versed and equipped with the skills to handle total quality management as well as achieving the balanced scorecard.

Thirdly, customer satisfaction was also identified as a core practice in ensuring that small and medium firms in food service would implement TQM and the balanced scorecard. Client satisfaction helps to ensure that more clients are retained and thus the performance of the business is improved. Another best practice identified in Likya restaurant is provision of quality products and service. Quality is paramount for any food service business and thus should be applied to ensure that clients are satisfied. The customers form a unique part in the balanced scorecard and thus they have to be offered the best quality for the implementation to be effective.

#### 4. 3. 8 Impact of Implementation at industry and client level

According to the interviewee, the implementation of TQM and the balanced scorecard has had a major impact on the enterprise. One of the major impacts of the implementation is the improvement of business performance. Since the implementation of TQM and the balanced scorecard the enterprise has experienced increased growth coupled with increased revenue. This has helped the firm to climb at a higher place in the industry rankings which has also led to an inflow of more customers. Thus the process of implementation is also helpful in propelling business expansion in food service.

Implementation of TQM and the balanced scorecard has also been extremely utilized in improving quality of the services offered. Hence, the firm has also

conformed to many quality requirements which are enforced in this industry. Therefore, the implementation is also viewed as a tool of standardization for the small and medium firms in food service. However, the clients have also welcomed the new move by the firm to implement TQM and the balanced scorecard. According to them they are able to acquire quality products and services which they seek to consume. Thus, this has been a good program which has been appreciated by the business clients hence the firm wishes to continue with the process of implementation.

#### 4. 3. 9 Necessary resources for the implementation of TQM and the balanced scorecard by small and medium enterprises in food service

The implementation of TQM and the balanced scorecard in food service requires some resources to ensure that the process is effective. From the study, it was found out that the main resources for the implementation process are; finance, management and knowledge. To begin with, the firm had to set aside some funds for the implementation of TQM and the balanced scorecard. These funds were used to cater for trainings and the purchasing of new appliances such as those required for storage of products. Secondly, the management is also a useful resource that helps to control and direct the process of implementation. The firm must ensure that the management is fully utilized to help out in ensuring an effective implementation. The workforce has to undergo some learning to equip themselves with the necessary skills of implementation. Finally, knowledge is also a pertinent resource required to implement TQM and the balanced scorecard. The entire firm must possess the required knowledge about TQM and the balanced scorecard for them to be able to implement them effectively. This knowledge

is acquired through training and learning for the employees to ensure that they have a better understanding. This can also be availed by hiring consultants to provide knowledge for the management about TQM and the balanced scorecard in food service.

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