

Total quality
management has not
changed but evolved



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TQM is not a new challenge for ST since this approach has been adopted since the early 1990s. This concept remained the primary concern for ST and since then it has not changed but evolved. It has always been a means to achieve Excellence for the entire organisation.

TQM is about PEOPLE. It has become the practical way of working at ST; an integrated part of the day-today managerial process, a better way of organizing and doing one's job.

At ST, employees have to share the same values of the organisation.

' People do not come to work with their hands and minds only; they also come with their hearts and emotions. Therefore, to obtain a totally efficient approach, it is essential that everybody in the organization knows and fully adheres to these principles.'

Georges Auguste

Corporate Vice President TQEM

In their journal - ' A meta-analysis of the effect of TQM on competitive advantage' - the authors Eman El Shenawy, Tim Baker and David J. Lemak quoted that ' Culture is the values, beliefs, and norms that guide behaviour in organizations' (Reed et al., 2000, p. 15). Culture is also necessary for providing employee empowerment that guides employees to focus on quality and inspect their own mistakes (Ahire et al., 1996).

ST has specifically developed and deployed Training Programs through ST University, at all sites. Empowerment must be based on properly trained employees. Knowledge sharing gives people the right knowledge, helping them making the right decision.

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What is Total Quality Management? - ' a powerful blend of philosophy and tools to achieve Excellence'

TQM has been developed over the years in many different contexts and implemented by many companies worldwide. It has evolved. Several countries have promoted this aspect through national quality awards. Studies highlight a very important fact. Organisations which have adopted TQM do perform better than those that have not adopted it.

TQM has been defined as ' the management of the total organization to achieve excellence'. It is about management and people, not just about quality. Everyone in an organization is involved in the final product or service to the customer.

The evolving path of TQM: towards business excellence and stakeholder value - Cristina Mele and Maria Colurcio - define TQM as a systemic and global approach based on management by process and continuous improvement of business performances by all human resources in order to satisfy explicit or implicit expectations of customers and other stakeholders (Shiba et al., 1993; Dean and Bowen, 1994; Grant et al., 1994).

Over the years, TQM has evolved in sustaining Business Excellence through a framework of best practices. Excellence is the never-ending quest for perfection; going beyond the traditional concept of quality. It is a dynamic and continuous improvement process involving every activity in the organization. This is highlighted by Cristina Mele and Maria Colurcio where they have stated that TQM lead organisations to understand the competitive

issues and to continuously change the way in which business is managed according to market changes.

El Shenawy, Baker and Lemak have also confirmed this aspect. Research on TQM has generally proven its value to those firms who take its implementation seriously (Hendricks and Singhal, 2001; Lemak et al., 2002).

Reed et al. (1996) argue that achieving competitive advantage comes from finding ' a fit between the proper strategy content and the firm's external environment'. Reed et al. (2000) defined TQM as a ' business strategy with regard to process, identifying leadership/top management commitment, employees' training and education, teams, and culture as the critical processes'. These key processes give the firm a sustained competitive advantage over competitors.

ST's Guiding Principles

Customer satisfaction is the key to competitive success. This can be achieved by listening to customers, by striving to anticipate and fulfil their needs and expectations. Every employee within an organisation must do his/her best to provide world-class Service, Quality, Time to Market and Value.

Business integrity is about conducting business with the highest ethical standards, honouring commitments, delivering promises, being loyal and fair, and standing up for what is right.

When dealing with People, management has to adapt itself in such a way that it will enhance openness, trust, simplicity and humility. Everyone's contribution has to be encouraged and achievements have to be recognized.

Gatchalian (1997), affirmed that the competence of an organisation to satisfy the customers lies within its internal customers. Every employee within an organisation shall give his or her contribution and takes his or her responsibilities.

A world-class network of sharing best practices will ensure that individual successes can be duplicated elsewhere in the company. TQM will integrate active participation in best-practice sharing in the management evaluation system and introduce awards and non financial incentives to promote the process. Siemens

Excellence can be achieved through a continuous challenge for the better. In all aspects of the activities that are carried out, one must strive for excellence, quality, competency and efficiency in being flexible. Innovation and creativity have to be encouraged in every aspect of work activities.

Business Excellence is the goal of every modern organization and can be defined as the next step after TQM, for the success of enterprise on the competitive path (Vora, 2002; McAdam et al., 1998).

Innovation is what an organization the ' push' from TQM level to business excellence level. It all lies in innovation as it creates value and customer satisfaction. This allows organisations to gain sustainable competitive advantage (Stampacchia et al., 2002. Kanji (1998).

Most organisations have affirmed that the strategy of quality is evolving towards a strategy of innovation. Quality has become a basis condition, What has become essential is customer value and satisfaction through innovation.

The orientation is towards an innovative perspective is closely linked to the principle of continuous improvement and of customers satisfaction; the base to achieve business excellence.

Business excellence represents the present evolving state of the approach for total quality (Kanji, 1998).

It refers to some superiority achieved by the organisation towards the market where it operates. It is the achievement of a position of excellence in relation to superior results obtained over competitors on behalf of customers.

Excellence has many different aspects linked to TQM:

- orientation to customer and to results
- leadership and coherence with objectives
- management in terms of processes and facts
- development of partnership
- learning, continuous improvement and innovation
- public responsibility

For Siemens the fundamental activities in the different operative units of the enterprise in the world are based on the principle of “ excellence in everything we start” aimed to the customers’ satisfaction and then on

concepts of continuous improvement. The following list shows Siemens commitment and mission to business excellence:

(1) The firm commitment to business excellence:

- we will focus on our customer . . . to anticipate and exceed their needs;
- we will continuously improve . . . our process, products and services toward world - class
- benchmarks; and
- we will involve every tier . . . in achieving excellence in all we do, and in growing toward their full
- potential.

(2) The firms mission: we will achieve leadership in business excellence by:

- creating a culture that values all employees, encourages and rewards high performance and
- continuous improvement, and fosters teamwork and organizational learning through the
- involvement, development and empowerment of employees;
- providing quality products and services that exceed the expectations of customers by pro-
- actively adapting to an ever changing marketplace; and
- maintaining a close and strategic partnership with firm worldwide organization and gaining
- synergy across firm business unit.

The key aspects for business excellence on which firms focus their attention:

- focus on customer and on market;
- focus on core competences;

- develop knowledge and capabilities;
- use of conventional and revolutionary tools and methodologies;
- continuous improvement;
- recognize potentiality and exploit it;
- develop breakthrough systems; and
- develop value innovations.

‘ Total quality is about changing the mental models of management in order to enhance an organisation’s capability to determine its own future - revolutionising management’s way of thinking. This change requires more than a one time shift in thinking; it means a continuous rethinking of the way managers think’ (Kim, 1990, p. 5).

- focus on the firm core competencies
- on key competitive drivers
- on the use and development of conventional and revolutionary tools and techniques
- on breakthrough systems
- on knowledge management

Profitability through these activities is the main source of the funds that are needed by the organisation to prosper and grow. Profits are necessary to provide security and future opportunities, It allows the company to meet its other social and business responsibilities.

Management Guidelines and Principles @ ST

ST promotes three groups of guidelines or principles that have been developed over the years. These have become an integral part of ST's culture:

The Five TQM Principles

- Management commitment
- People empowerment
- Fact based-decision making
- Continuous improvement
- Customer focus

The Four TQM Imperatives

- Never compromise Quality
- Institutionalize prevention
- Practice continuous improvement
- Develop cross-fertilization

Management Emphasis

- Speed: Eliminate delays in all our processes, especially decision-making.
- Focus: Prioritize, and concentrate on the "vital few".
- Balance: Avoid over-dependence on a narrow range of skills, products, customers, and managers.
- Consistency: Make sure that our practices are coherent with our values.

TQM Guide

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Since TQM has been implemented by ST, these five TQM principles have been the most important guidelines. Being of equal importance, these can be applied to any aspect of the activities carried out. Customer satisfaction is the number one priority; achieved through continuous improvement and fact based decision-making, involving and empowering people, with the management's support and commitment.

Management commitment

For TQM to be successful there has to be a prerequisite - management commitment, active involvement, leadership and ownership. Management must first understand TQM and be 'convinced'. Their belief and commitment will be reflected through their daily practices.

Leadership and top management commitment is the most effective factor. TQM is a change strategy that requires transformational leadership skills (Reed et al., 2000).

Top management has a vital role to provide value and satisfaction for customers. Management must provide the necessary resources to accomplish goals and commit to continuous improvement. This is done through implementation of teams, providing training for them, as well as individuals, communicating the values of the organization culture, and providing resources for improvements in process efficiencies (Reed et al., 2000; Wilson and Collier, 2000).

Top management is responsible for quality commitment and to co-ordinate resources in order to achieve quality objectives (Zairi and Youssef, 1995a; b; Deming, 1986; Schoenberger, 1994; Scarnati and Scarnati, 2002).

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“ Leadership in the context of TQM is not about power, authority and control, it is more about empowerment, recognition, coaching and developing others” (Zairi and Youssef, 1995b, p. 38).

The role of top management is to guide and direct the organisation to adopt and implement TQM. Top management takes the early decision to adopt any managerial innovations. However, institutional factors have more effect on the long run (Young et al. (2001).

Customer focus

A primary pre-requisite of TQM is definitely ‘ Customer focus’, dealing with both internal and external customers. Exceeding customer’s expectations at the lower possible cost and not quality is the ultimate goal. In order to satisfy the customer, either internal or external, one must understand their expectations through dialog; avoiding creating unrealistic expectations. It is always better to under-promise and over-perform.

Like customer focus, supplier partnership also applies to both internal and external suppliers. As a customer, the needs of an organisation must be satisfied. One way to achieve this goal is by working closely with the supplier. Achieving a good supplier partnership requires a proactive effort. To be a good customer, one must help the suppliers become better suppliers.

In all investigated enterprises quality is a synonym for customer satisfaction (Edosomwan, 1993; Shiba et al., 1993). Organisations modify their ways to work on the basis of the need to create customer satisfaction and trust strategies (Webster, 1994; Lagrosen, 2001).

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Nevertheless, there are some very important aspects within customer orientation that one must keep in mind:

- The need to create value not only for the customer, but with customer;
- The need to learn about the customer, not only from them;
- More inter-functional relationships to share knowledge; and
- More focus on knowledge and capabilities needed to improve customer value.

People Empowerment

Having all employees contributing the maximum of their discretionary capability is the ultimate goal of employee empowerment. People are motivated when:

- They understand what is expected from them
- Goals and measurements are consistent
- They are given the skills and tools to do the job
- They are recognized for their contributions
- They know the score through positive communication
- They perform with discipline.

Empowerment is considered as a powerful motivator as well as a management time-saver; it gives a sense of personal satisfaction and fulfilment.

Continuous improvement – the purpose of all our activities, the never-ending journey to excellence

Continuous improvement is not only important with improving results, but more importantly it must deal with improving capabilities to produce better results.

Prevention

Continuous improvement is much associated with problem prevention. This can be achieved through root cause analysis by either removing or preventing root causes. Errors are best eliminated through prevention which also helps improving cycle time.

Errors can be categorised as either doing things wrong (resulting in rework or defects), or doing wrong things (unnecessary or non-value added activities). All of these will damage Quality through defects, Service through rework and cycle time, and Cost through adding cost without adding value.

Cross-fertilization and Knowledge Sharing

“ Learning faster than your competitor may be the only sustainable competitive advantage”. Peter Drucker

The competitive advantage of individuals, companies and even nations is becoming more dependent on the ability to apply knowledge and to leverage it in a continuous manner. Learning quickly and responding immediately to changing conditions will give a competitive advantage over other organisations

No company can successfully practice TQM without becoming a learning organisation.

Nowadays, training and knowledge sharing has become even more fundamental for organizations to build their 'human capital'. Employees have to be provided with new techniques and practices necessary to implement TQM successfully. This is also necessary for teaching all the TQM aspects as it requires permanent change in individual behaviours and attitudes (Reed et al., 2000).

Roth et al. (1999, p. 950) affirmed: "the essence of continuous improvement is an ongoing process of knowledge creation with the purpose of over time continually learning and improving, in the sense that the company should be able to learn by experience and thereby produce better products in a more sufficient way."

TQM is essential for the learning processes both at an individual and organizational level. It recognises and emphasises knowledge value and the importance of human resources. A learning organization is characterised by the continuous evolution towards positions of excellence.

The enterprise believes that the achievement of the enterprise's goals is closely dependent on the employee, in details on their knowledge, on their competencies, on their attitude towards change, on their motivation and their potential. The consciousness of the value of employees becomes an attentive human resources and learning processes management, and skills and capabilities increment.

The firms develop several initiatives to foster individual and organizational learning, however, in the following list, we identify some points for

improvement:

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(1) Actions:

- learning on job;
- use of new technologies (like internet) to foster individual and team learning;
- skill planning;
- human resource empowerment;
- to plan the improvement of the employee's knowledge and skills;
- quality improvement teams;
- self-assessment; and
- to strengthen organizational memory.

(2) Points to be improved:

- wider use of innovative methodologies versus traditional methods of learning;
- deeper evaluation of what individuals learn (ex-post);
- higher focus on individual capabilities;
- higher focus on organization and on organizational knowledge and competences; and
- right mix between learning on the job and out of the job.