

TOTAL QUALITY MANAGEMENT PRACTICES IN SERVICE ORGANIZATIONS IN MALAYSIA: A REVIEW

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ABSTRACT

Purpose of this paper is to review the most recent literature on total quality management (TQM) practices in service organizations in Malaysia, and to identify which practices have more effect on the function and efficiency of service organizations as well as on results of TQM implementation. A total of 8 studies have been reviewed covering period of time from 2006 to 2012. The review revealed that there are three practices namely management leadership and commitment, customer focus, and human resource management, play more effective role in performance of service organizations and likewise in the results of TQM implementation. Gaps in the literature are determined and discussed for the benefit of future researchers.

Keywords: TQM practices, Service organizations, Malaysia, Literature review

Introduction

Definitions of TQM are two groups: definitions explain TQM based on its goal; and definitions explain TQM based on its applications and functions (Mann & Kehoe, 1994). For instance, Dale and cooper (1994) define TQM according to its main goal: “*TQM is the mutual cooperation of everyone in an organization and associated business process to produce products and services, which meet the needs and expectations of the customers*”. While Kanji (1990) definition is based on the practices and process of TQM “*TQM is a way of life an organization committed to customer satisfaction through continuous improvement*”.

During 1990s, the government of Malaysia considered TQM to be the convenient development method can be utilized to improve the performance of public sector. By then, Malaysia TQM has been implemented and practiced in the various economy facets. TQM in Malaysia has been implemented in the larger organizations, especially in electrical and electronic organizations then adapted in other manufacturing and service organizations (Rohaizan & Tan, 2011). The Malaysian government initiated The Malaysian Administrative Management and Modernization Unit (MAMPU) which is the official body of Secretariat for the Prime Minister’s Quality Awards. MAMPU has played a significant function in evaluating and improving TQM practicing in Malaysia.

Service industry in Malaysia

Services industry has a vital role in Malaysian economic. It has the largest share of GDP and faster growth rate. In 2011, Malaysian service industry contribution counted to be 58.6 per cent of the GDP with growth rate of 6.8 per cent. It accommodated employment of 6.5 million persons which is 53.3 per cent of total employment in 2011 (Malaysian Investment Development Authority MIDA ([Malaysian investment performance report, 2011](#))).

Literature Review

Samat, Ramayah and Saad (2006) explored the relationship between TQM practices, namely management support & commitment, employee involvement, employee empowerment, information & communication, training and education, customer focus, and continuous improvement, and service quality as well as the relationship between TQM practices and market orientation. Results of their analysis showed that information and communication, continuous improvement, customer focus, and employee empowerment have significant impact on service quality, while customer focus and employee empowerment have significant impact on market orientation. Service organizations put under study were from different business activities such as banking, education, private and public utility service and consulting service located in northern Malaysian states (Perak, Kedah, Penang and Perlis). All those organizations have been practicing TQM in their operations.

Jusoh, Yusoff and Mohtar (2008) determined that top management leadership, focusing on customer, data and information management, process management, performance management, partnership, and resource management are the practices that can employed and used effectively in R&D context in Malaysian universities. They analyzed a data collected from researchers working in main public Malaysian universities in order to find out which TQM practices are critical for the research and development R&D initiatives and activities in Malaysian universities. One of the findings was that top management leadership has more impact and significant role TQM than the other practices, especially in the context of research and development (R&D).

Noor Hazila (2009) studied TQM practices in hospitals throughout Peninsular Malaysia. Based on the complexity of the hospital system structure, she categorized the hospitals into three levels: district level hospitals, state level hospitals and federal referral center level hospital which is Hospital Kuala. She concluded that TQM practices in Malaysian hospitals are employed and utilized differently and according to the level of the hospital. In district level hospitals, TQM practices have been utilized effectively than state and referral center levels. She argued that in district level hospitals the capability of putting TQM practices in action is higher than state and center referral levels. In other words, TQM practices are implemented easier in small hospitals due to the uncomplicated system structure and dominant of empowered teamwork spirit.

Sit , Ooi, Lin & Chong (2009) investigated the impact of six TQM practices (leadership, human resource focus, strategic planning, information & analysis, customer focus, and process management) on customer satisfaction in Malaysian service organizations. The authors employed

Structural Equation Modeling (SEM) to analyze the relationship. Their analysis indicated that leadership, information analysis, human resource focus, and customer focus are positively and significantly linked to customer satisfaction in service organizations. Their furthered analysis strongly supported human resource focus and information analysis as the most crucial practices influence customer satisfaction level.

Ali, Mahat, and Zairi,(2010) conducted a study to investigate the critical success factor of TQM implementation in Malaysian higher education institutes. Their study focused on the human resource based TQM practices (HR-TQM) namely *visionary leadership, customer focus, effective communication, congruent objectives, staff selection and deployment, competent staff, teamwork spirit, training and education ,recognition and motivation, and innovation and creativity*. Their analysis findings indicated teamwork, customer focus orientation, and visionary leadership, to be have the most vital role in ensuring successful TQM implementation in Malaysian higher education institutions.

Ang, Lee, Tan, and Chong (2011) investigated the effect of TQM practices on practices on customer orientation and learning organization. They analyzed a data collected from 122 managers working in small service industry firms in Malaysia. Results of the analysis proved that information analysis and process management have an outstanding positive role on customer orientation. While other three practices namely human resource management, customer focus, and process management play a strong positive role on learning organization. They argued that generally TQM practices investigated in the study (*leadership, strategic planning, customer focus, human resource focus, and information analysis, and process management*) have a remarkable impact on the whole performance of the small service firms.

Sit, Ooi, Loke, and Han (2011) conducted a study on commercial banks industry in Malaysia aimed to examine the relationship between TQM and service quality. They examined 6 of TQM practices: human resource focus, process management, leadership, customer focus, and information analysis, and strategic planning. Their analysis pointed human resource management as the most critical factor in raising the level of service quality in Malaysian commercial banks. Their furthered analysis indicated also each of leadership, strategic planning, human resource management and information analysis have strong positive relationship with service quality.

Like Sit et al's study, Lam, Lee, Ooi, and Phusavat,(2012) also examined the relationship between TQM and service quality. Lam et al's study examined the relationship between TQM and market orientation in Malaysian service organizations. They analyzed a data obtained from a questionnaire collected from 150 service firms. Firms' sizes in this study were diversified between small, medium, and large firms. The results revealed that TQM practices (leadership, strategic planning, customer focus, human resource focus, and information analysis, and process management) have a significant positive linkage with market orientation as well as on service quality. They argue that this positive linkage appears because the ultimate goal of TQM, through improving service quality based on market orientation, is to satisfy the customers' needs.

Table 1 Summary of the studies on TQM practices in service organizations in Malaysia

Study	Data source	TQM Practices	Analysis	Findings
Samat et al (2006)	Managers of 101 service organizations in the northern region of Malaysia	Management support Employee involvement Employee empowerment Information & communication Training & education Customer focus Continuous improvement	Correlation	Information and communication, continuous improvement, customer focus, and employee empowerment have significant impact on service quality. Only customer focus and employee empowerment have significant impact on market orientation.
Jusoh, Yusoff & Mohtar (2008)	231 academic researchers from 4 Malaysian public research universities	Top Management leadership Data and Information management Performance management Process and system management, Partnership Customer focus Resource management	Factor analysis , Extraction	Top management leadership, data and information management, performance management, partnership, customer focus and resource management are the set of practices that can employed and used effectively in R&D context in Malaysian universities.
Noor Hazila (2009)	23 public hospitals from Peninsular Malaysia	Leadership and management commitment Supplier partnership Continuous improvement Employee involvement and training Management by fact Strategic planning Teamwork Quality assurance	correlation	Hospital structure and level influence the implementation of TQM. TQM practices have been implemented and utilized easier in small hospitals than big hospitals.
Sit, Ooi, Lin & Chong (2009)	140 managers from ISO 9001 certified Malaysian service firms	Leadership Human resource focus Strategic planning Information & analysis Customer focus Process management	Structural equation modeling (SEM)	Leadership, information analysis, human resource focus, and customer focus are positively and significantly linked to customer satisfaction.

Ali et al (2010)	6 higher education institutes in Malaysia	Visionary leadership Customer focus Congruent objectives Effective communication Staff selection and deployment Competent staff Teamwork spirit Training and education Recognition and motivation Innovation and creativity	Correlation	Human resource TQM practices, quality teamwork, customer focus orientation, and visionary leadership, have the most critical and vital role in ensuring successful TQM implementation.
Ang, Lee, Tan & Chong (2011)	600 service organizations in Malaysia	Leadership Strategic planning Customer focus Human resource focus Information analysis Process management	Correlation	Information analysis and process management have strong positive relationship with customer orientation. While process management, human resource management, and customer focus have a positive influence on learning organization.
Sit, Ooi, Loke & Han (2011)	20 commercial banks in Malaysia	Leadership Strategic planning Customer focus Human resource focus Information analysis Process management	Multi regression	Leadership, strategic planning, human resource management and information analysis have strong positive relationship with service quality. While human resource management as the most critical factor for service quality.
Lam et al (2012)	150 service different sized service firms	Leadership Strategic planning Customer focus Human resource focus Information analysis Process management	Structural equation modeling	TQM practices have a significant positive linkage with market orientation and with service quality

Discussion and conclusion

Based on the literature review, different TQM practices have been studied and investigated from different perspectives such as market orientation, customer orientation, customer satisfaction, and service quality, refer to table 2. With respect to this, some crucial topics are absent and missing. For instance, the relationship between TQM and the whole performance of service organization has not been fully investigated yet. Another example, with respect to the important of innovation

in business organizations, is the relationship between TQM and innovation or, in particular, service innovation.

The review also pointed three dominant TQM practices, namely management leadership and commitment, customer focus, and human resource management. Management leadership is a comprehensive key practice, where as customer focus and human resource management are people management practices. However, all these together presented the soft side of TQM or the people management side of TQM (Rahman & Bullock, 2005; Wilkinson, 1992). Hence, the soft TQM practices have more significant impact on the Malaysian services organizations function.

Table 2: Different studies perspectives in investigating TQM practices

Study	Perspective of the study
Samat et al (2006)	Relationship between TQM and market and service quality
Jusoh, Yusoff & Mohtar (2008)	Proposing which TQM factors has higher applicability in Malaysian universities
Noor Hazila (2009)	Comparing QM practices between hospitals
Sit, Ooi, Lin & Chong (2009)	Relationship between TQM and customer satisfaction
Ali et al (2010)	Criticality of human resource based TQM (HR-TQM) practices in Malaysian higher education.
Ang, Lee, Tan & Chong (2011)	Relationship between TQM and customer orientation and learning organization.
Sit, Ooi, Loke & Han (2011)	Relationship between TQM and service quality
Lam et al (2012)	Relationship between TQM market orientation and service quality

The purpose of this paper was to review the most recent studies on TQM practices in Malaysian service industry organizations. The review involved 8 recent refereed papers studied TQM practices from different perspectives. The review discussed the perspectives of those studies and noted some gaps in the literature.

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