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**Norizan Bt Haji Azizan & Ab. Aziz B Yusof. (2001)**

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**Editors**

Ms. Noraini Abu Bakar  
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## THE IMPORTANCE OF CUSTOMER SERVICE AND QUALITY MANAGEMENT IN DETERMINING A FIRM'S SUCCESS

<sup>1</sup> Norizan Bt. Haji Azizan, <sup>2</sup> Ab. Aziz Yusof

### Abstract

Today's organizations must be able to adapt and keep abreast with the development and seize the opportunity and benefits to grow and succeed. The management must be sensitive and opened to changes to avoid uncertainties and confusions about their roles and their customers needs and demands. Failure to act and respond to the changes will expose them to lot of risks., including losing customers' confidence. They must be able to serve their customers more effectively and efficiently. Implementing a quality management system in an organization is a challenge. Despite numerous hurdles, quality management is still being considered as something that is needed for long-term solutions and customer-driven strategies. This paper focuses on the importance of customer service and quality management in a organization, specifically on achieving continuous improvement through quality customer service. Specific topics include initiating and implementing a quality management program, building a continuous improvement climate, applying quality principles and techniques, and performance appraisal vs. quality management.

### INTRODUCTION

Today's organizations must be able to adapt and keep abreast with the changes and development by seizing the opportunity and benefits to grow and succeed. Failure to act and respond to the changes will expose them to a lot of risks, including losing customers' confidence. They must be able to serve their customers more effectively and efficiently.

Despite numerous criticisms, quality management is still being considered as something that is needed for long-term solutions and customer-driven strategies. This paper focuses on the importance of customer service and quality management in an

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<sup>1</sup>The School of Management, Universiti Utara Malaysia, 06010 Sintok, Kedah.

<sup>2</sup>The School of Management, Universiti Utara Malaysia, 06010 Sintok, Kedah.

organization, specifically in determining its success, through quality customer service.

## **UNDERSTANDING THE CONCEPTS OF QUALITY AND CUSTOMER SERVICE**

The term quality has multiple meanings. There is no universal accepted definition of quality but most definitions refer to it from one critical dimension: quality in terms of customer expectations and customer satisfaction (Karin Newman, Alan Cowling, Susan Leigh, 1998). The meaning of quality which is recognized by ANSI/ASQC Standard A3-1987 is "the features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs" (Juran & Gryna, 1988). Meanwhile, the European Organization of Quality Control Glossary (ISO, 1981) has the following definition for quality: "the totality of features and characteristics of a product or service that bear on its ability to satisfy a given need". In other words, the needs are those stated or implied by the customers, not the firms. Thus, firms need to understand what the customers' expectations are in order to satisfy them.

Customer satisfaction is one of the main factors that can ensure a firm's survival and success. When customers are happy and satisfied, they will come back again and again. They will be loyal to the firm. Most importantly, they will "advertise" the firm's products and/or services to their friends and relatives. Two critical elements that can contribute to customer satisfaction are the quality of the products and/or services that the firm offers to customers and also the kind of service that they get when dealing with the firm. Both quality and service must go hand-in-hand. Quality or service alone may not be sufficient to attract and retain customers; but together, they can be the most critical determinants to a firm's success. In

providing quality products and offering excellent services, firms must understand what their customers' wants and needs are, and continuously strive to meet and satisfy those ever-changing demands (Baines, 1996). Quality products and services are determined by the customers, not by the firms.

### **THE SERVICE CHAIN**

Quality and customer service complements each other; they work hand-in-hand, whereby without one, the other is "crippled". Customer satisfaction is one of the building blocks in quality management. It is basically about satisfying the customers' wants and needs. Firms need to recognize the fact that everyone in their firms has a role to play in providing the quality products and kind of service which their customers expect. This is so because a finished product will have to go through a series of processes before it is ready to be in the market. The firm produces its products through a series of specialised activities carried out by specialized departments or individuals. Each department is given the responsibility to carry out its assigned function, but each one is linked to another from the beginning until the product is completed, like a chain. This chain is known as the service chain, whereby an employee provides an internal service to another, i.e. an internal customer. Each service point has the responsibility to do its work properly and correctly to ensure that its internal customers are able to carry out their responsibilities effectively and efficiently. For instance, most firms have front line employees who will serve and deal directly with their external customers. However, the front-line service can only be improved and maintained if all the other service points are improved and maintained.

## **QUALITY SERVICE AND CUSTOMER SATISFACTION**

Quality service acts as an antecedent of customer satisfaction, retention and business performance. One of the strategies which most firms have been applying to retain their customers and strive for greater profitability is directed towards service quality and customer satisfaction (Newman, Cowling & Leigh, 1998). This strategy requires that employees who interact and deal, either directly or indirectly, with customers, do so in such a way that results in customer satisfaction and retention. Kanji & Wallace (2000) found that many organizations focus their efforts on customer retention because the strategy is less costly to implement. They found out that loyal customers tend to repeat their business with the firm because they are highly satisfied with a firm's products and services. Customers are satisfied when they get the quality that they expect from a consumed product or service. When they are satisfied, they will return for more, thus leading to increased revenue. If a customer is not satisfied with the quality in the product or service offered, he or she will stop doing business with the firm. They will run to the firm's competitors, and worst of all, they will "advertise" their dissatisfaction to their friends and relatives, thus causing loss of revenue for the firm. Customer satisfaction can be measured using a number of different aspects: customer expectations; perceived quality; perceived value; customer satisfaction; customer complaints; and also customer loyalty.

## **QUALITY MANAGEMENT AND CUSTOMER SATISFACTION**

Customer satisfaction is also recognized as the primary goal of quality management. Quality management gurus such as Crosby, Deming, Juran and Ishikawa have acknowledged customer satisfaction as the main goal of quality management programmes (Bendell, Penson & Carr, 1995). Customer satisfaction is also an antecedent of customer retention. Customer retention is the key to enhanced profitability and business performance as it leads to increased revenue and reduced customer acquisition costs. With increasing and ever-changing customer demands, firms which are unable to offer quality goods and services are unlikely to survive for long. The quality gurus agreed that quality is one of the most critical contributors towards organisational success and growth.

Deming stressed the importance of senior management commitment and involvement in quality improvement programmes. He introduced a systematic approach to problem solving known as the Deming or PDCA (plan, do, check, action) cycle. Juran, on the other hand, focused on the management issues of quality such as planning and organizing issues, management's responsibility and support, goal setting and quality control. He believed that effective quality planning and control could lead to high cost savings through various measures such as reductions in customer complaints, rejected service and returned products, as well as scrap, redesign and waste. Ishikawa emphasized the importance of open group communication and application of the seven tools of quality control in quality management and improvement. The seven tools of quality are used by the quality circles, which consist of small groups of five to ten people from the same work area who meet voluntarily on a regular basis to discuss, investigate, measure and analyse work-related problems. The seven tools of quality control are:

- i. Pareto charts which are applied to prioritize the actions to be taken in quality control.
- ii. Cause-and-effect diagrams can be used to identify the causes of variations.
- iii. Stratification is used to divide data into subsets.
- iv. Check sheets are applied for data collection.
- v. Histograms are used to display variations graphically.
- vi. Scatter diagrams are applied to identify relationships between two factors.
- vii. Control charts and graphs are used to monitor and control variations.

Two other established quality gurus are Philip Crosby who introduced the concept of doing things right the first time, everytime; and Tom Peters who stressed the "must-do" approach when responding to customers' demands (Bendell, Penson & Carr, 1995).

### **QUALITY MANAGEMENT AND CUSTOMER SERVICE**

In today's competitive and ever-changing environment, firms must aim for quality as perceived by the customer, not by the firms. Many firms are now striving not just to meet their customers' needs, but also to exceed the customers' expectations and delight them with quality products and excellent services. Thus, continuous improvement is a necessity to be the best. The tools and techniques introduced by the quality gurus can be employed to assist in improving service quality. Teamwork also plays an important part in the process of continuous improvement as production of products and services involve the service chain. Firms must pay sufficient attention to the importance of quality and customer service at every point in the service chain if they want to survive because survival now depends on the quality and services offered. Hipkin (2000) emphasized the importance of an integrated effort in the quality management programmes involving everyone in the firm towards enhancing



performance at every level in the firm through improved customer service, empowerment and continuous improvement.

In order to satisfy the customers, firms must first understand and identify their needs and wants. Firms need to listen actively and effectively to their customers in their attempt to understand the things that they want and value. Oakland & Beardmore (1995) believed that customer service offered an opportunity to show to the customers the added value beyond the product offered by each firm. From there on, customers have the freedom to select the product that best meet, or exceed, their expectations. To provide added value to the customers, firms need to apply a strategy that encompasses both the notions of service and quality. After all, quality in the absence of service is worthless. Firms must focus on both quality and service at the same time. Firms must recognize that maintaining existing customers and expanding the customer base is fundamental for market success. Customer satisfaction is essential for gaining the competitive edge (Gray & Sohal, 1996).

Several steps are involved in the implementation of a successful quality management programme, including developing the quality mission, focusing on both internal and external customers, delegating responsibility for quality activities to all employees and training. It is imperative that every employee recognizes the fact that each and everyone of them has customers, be they internal and/or external customers. They must understand that the results of their products will have an effect on the next points in the service chain. They each depend on one another to function effectively and efficiently. Thus, customer service is the responsibility of all employees in the firm, not just the front liners. After all, the ultimate goal

of quality management programmes is satisfying the customers, be they internal or external customers (Ward, 1994).

Customer satisfaction can only be achieved if their requirements are consistently met. The management must make sure that every employee knows their customers, both internal and external, as well as their basic requirements that must be satisfied if they are to do business with the firm. Quality service is the responsibility of every link in the service chain leading to the customers. Quality management programmes help the management to focus its priorities towards the customers and produce superior quality products and services to achieve customer satisfaction (Hull, 1991). According to Hee-Woong Kim and Young-Gul Kim (2001), satisfying customers is the best method for organizations to gain competitive advantage. To deliver quality services to customers, firms need to understand their expectations. Given accurate understanding of these expectations, customer service should be designed to match them.

## **CONCLUSION**

The combination of both quality management and customer service is critical in determining the success of the products and services offered by a firm. Customer satisfaction is the focus in both quality management and customer service. In today's competitive and ever-changing environment, firms must aim for quality as perceived by the customer, not by the firms. Many firms are now striving not just to meet their customers' needs, but also to exceed the customers' expectations and delight them with quality products and excellent services. In

order to satisfy the customers, firms must first understand and identify their needs and wants. Customers have the freedom to select the product that best meet, or exceed, their expectations. Thus, firms need to listen actively and effectively to their customers in their attempt to understand the things that they want and value. To provide added value to the customers, firms need to apply a strategy that encompasses both the notions of service and quality. After all, quality in the absence of service is worthless. Firms must recognize that maintaining existing customers and expanding the customer base is fundamental for market success. Customer satisfaction is essential for gaining the competitive edge.

Quality is a journey, not a destination. Quality involves everyone in the firm; thus, there is a need to involve all staff in quality management activities. All employees must be trained to ensure the established quality management system is understood and supported by everyone in the firm in order to achieve its goals. Early understanding and support from all employees is critical to the success of the program. Quality management is the culture of an organisation committed to customer satisfaction to secure greater market share, increased profits and reduced costs. To meet increasing customer service demands, a high level of responsiveness is required at every point in the service chain.

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