

THE IMPACT OF TOTAL QUALITY MANAGEMENT (TQM) ON COMPETITIVE ADVANTAGE: A CONCEPTUAL MIXED METHOD STUDY IN THE MALAYSIA LUXURY HOTEL INDUSTRIES

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ABSTRACT

The widespread use of TQM has impacted the hotel industry worldwide and increasingly identified as the key issue in differentiating service products and building competitive advantage in tourism. Accordingly, hotel industries may face a wide variety of saturated and uncertain TQM practices available for their organization nowadays. As there is a lack of comprehensive knowledge regarding TQM issues in hotel industry, there is an urgent need for a process which will assist hotel industries in Malaysia to evaluate these TQM practices and select the most appropriate one in order to provide the ideal management practices for the entire organization. As such, this study will propose a mixed method study where 10 hotel managers are initially interviewed, followed by a quantitative study of 122 additional managers. The aim of this study is to assist the hoteliers for identifying the proper TQM practices and then evaluating the available practices that best fitted the hotel industry in Malaysia which could concomitantly help the Ministry of Tourism and Culture (MOTAC) to achieve its National Key Economic Area (NKEA) and contributing towards high nation income in 2020.

Keywords: TQM, Competitive Advantage, Hotel, Mixed Method.

INTRODUCTION

Malaysia hotel industry especially luxury hotel industries are undergoing a challenging time because of stiff and intense competition from other hotels such as Airbnb, as well as heritage and budget hotels (The Borneo Post, 2017). Additionally, excessive hotel projects have saturated the market, with many more in the process of being constructed or about to be built, making the cutting-throat situation worst (The Star Online, 2017). The hotel market is pretty saturated at the moment and with more hotels opening, the demand for rooms is going to drop even further (The Metro News, 2017). In fact, due to the excessive supply of rooms as the number of Airbnb, budget hotels and guest-houses continued to increase significantly, it can be seen that hotels under the Malaysian Association of Hotels is either seeing stagnant or declining in terms of occupancy rates (Malaysia Tourism Statistics, 2016). The way in which hotels gain a competitive edge falls into two main categories: price based, by establishing a low-cost management through discounting; and quality based, by providing customers with a unique experience to achieve customer loyalty (Ooi, 2014). Although low-cost management through discounting helps increase a hotel's market share in the short term, it may negatively impact on profitability in the long term (Maslanka-Wieczorek, 2014). Many hotels therefore have turned to