

# Study of Total Quality Management and Its Linkage with Strategic Management for Effective Strategic Human Resource Management



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## Abstract

The world economy is changing at a fast and furious rate and the high tide of globalisation is lashing at the hitherto placid Indian landscape, thereby ushering in the forces of competition. To cope with this fluid situation, Indian industries need to focus on formulating their own integrated set of Human Resource (HR) Systems with the aim of not only achieving their corporate mission and objectives but also to align Corporate India with Globally Accepted Standards and Procedures. The key to achieving this alignment successfully will be the utilization of the scarce resources and assets of the company in the optimum manner. The aim of Strategic Management (SM) in an organisation is to help the top management to identify, assess, plan and allocate key resources strategically thereby providing the organisation a significant competitive advantage. Since the HR is the most important asset of a company, the Human Resource Management of a company assumes immense importance, especially in the light of the fact that India is a labour-intensive economy. The HR Development Systems in a company must necessarily acknowledge the faith and dignity of every employee of the company as a Human Being and his Thinking Ability.

**Keywords:** Strategic Management, Total Quality Management, Strategic Human Resource Management.

## Introduction

The Total Quality Management (TQM) is an overall organisational strategy, which is suitable in achieving this desired objective. TQM is a philosophy that permeates through the entire organisation and is a long process of company-wide implementation of continuous improvement through maintenance of sound systems by focusing on teamwork and involvement of workers in strategic decision making, which culminates into a sustainable approach in improving the bottom line of the company. India has already made the giant leap towards integrating its primarily agrarian based economy with the industry based economies of the developed west; but India must not forget her teeming millions who still reside alongside her developing industries. To address this anomaly, Indian industries must embrace the philosophy of TQM to unleash the potential of individuals of human beings into a movement, which will result in a meaningful and holistic development. Ultimately, the TQM mindset through process orientation, customer orientation and people orientation will help in discharging of the Strategic Human Resource Management (SHRD) function of the company and propel it to achieve business excellence.

## Aim of the Study

In this competitive globalised environment, it has become a challenge to companies to implement an effective SHRM keeping the principles of TQM in mind, as human resource (HR) is a vital asset of a company. This paper has tried to study TQM in the light of SM for evolving an effective SHRM. This paper is divided into five sections, namely- Introduction; Linkages between SM and TQM; Concept of TQM; Implementation of TQM and Conclusion.

## Linkages between SM and TQM

According to The American Heritage Dictionary (1992), strategy is defined as 'the science and art of military

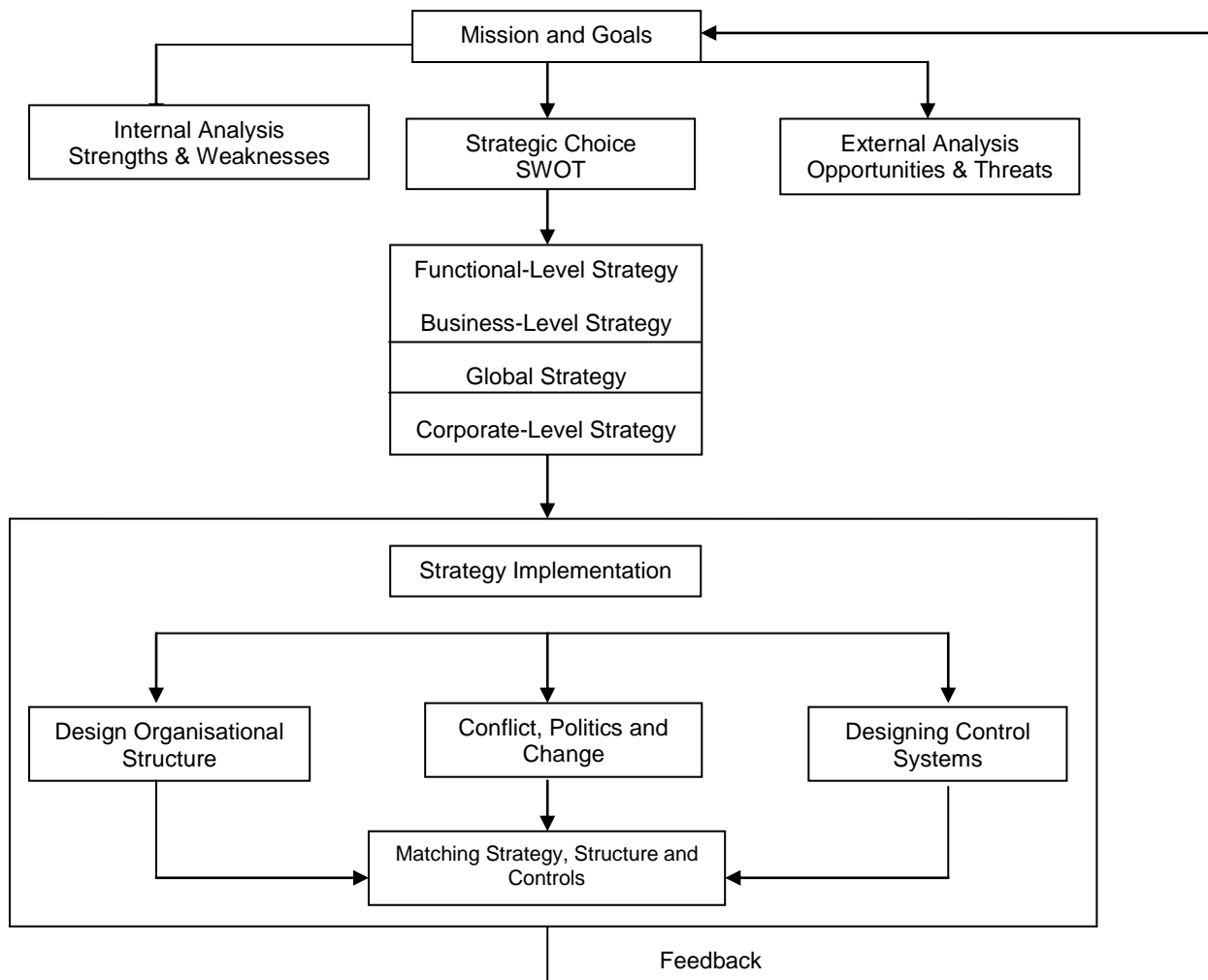
command as applied to the overall planning and conduct of large scale combat operations'.<sup>2</sup> command as applied to the overall planning and conduct of large scale combat operations'.<sup>2</sup> In this definition, the importance of strategy to overall planning is stressed. According to Harvard's Alfred Chandler (1962), strategy is defined as 'the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals'.<sup>3</sup> In this definition, the importance of rational planning of scarce resources is stressed. According to James B. Quinn (1980) of Dartmouth College, strategy is defined as 'the pattern or plan that integrates organization's major goals, policies, and action sequences into a cohesive whole'.<sup>4</sup> According to William F. Glueck (1980), strategy is defined as 'a unified comprehensive and integrated plan designed to ensure that the basic objectives of the enterprise are achieved'. The central theme to all these definitions is planning.<sup>5</sup> However, strategy is not always the result of rational planning. According to Mintzberg (1978), strategy is defined as 'a

pattern in a stream of decisions or actions'.<sup>6</sup> The pattern is a result of intended (planned) strategies and emergent (unplanned) strategies.

The strategic management process can be broken down into five essential components, namely:-

1. Selection of corporate mission and major corporate goals;
2. Analysis of the organisation's external competitive environment to identify opportunities and threats;
3. Analysis of the organisation's internal operating environment to identify strengths and weaknesses;
4. Selection of appropriate strategies that correct the weaknesses and add strengths to take opportunities of opportunities and counter threats;
5. Implementation of strategies.

The above-mentioned processes involve two primary functions- strategy formulation and strategy implementation. While the strategy formulation deals with analysis of environment and selection of appropriate strategy, strategy formulation puts the chosen strategy into action.



**Diagram: Components of Strategic Management Process**

The above diagram of the Strategic Management Process is a self-explanatory diagram. It is not possible to delve into the in-depth analysis of the process, as it will involve a lengthy discussion of the topic. So, we concentrate on the Human Resource aspect of Strategic Management. In this age of global competitiveness, as more and more companies compete for scarce resources, the key to success for companies lies in effective utilization of its human resources and its function of effective human resource management. Human Resource functions are those tasks and duties performed in both large and small organizations to provide for the coordination of human resources. The Society of Human Resources Management has identified six main human resource functions, namely- human resource planning, recruitment, and selection, human resource development and training, compensation and benefits, safety and health, employee and labour relations and human resource research. The objective of the strategic management policy in any organisation is to assess, deploy and allocate resources by providing the management with a significant competitive advantage over other companies. Gaining control over these resources- physical, organizational, information and human can attain this competitive advantage.

To thrive in these challenging times, a company has to achieve business excellence by gaining a competitive advantage. To achieve competitive advantage, a company must lower its cost or differentiate its products or both (Porter, 1985).<sup>7</sup> The four generic building blocks of competitive advantages are efficiency, quality, innovation and customer responsiveness. The impact of product quality on competitive advantage is twofold – brand name reputation and greater efficiency (Crosby, 1980).<sup>8</sup> Superior efficiency enables a company to lower its cost; superior quality and customer service allows a company to charge a higher price.

A company can achieve superior efficiency through many techniques like Economies of Scale and learning Curve, Flexible Manufacturing (Lean Production), Materials Management and Just in Time Inventory, Human Resource Management, Research and Development and Infrastructure development. But, ultimately it is superior quality that plays a major role in providing a company with superior efficiency by eliminating deficiencies from the manufacturing process and thereby lowering cost. The main management principle that is followed by a company to improve quality is Total Quality Management (TQM).

#### **Concept of TQM**

The concept of quality has metamorphosed through the passage of time, graduating from product quality to quality control to total quality management. TQM is a management philosophy that percolates from the top management to the employees and workers. Infact, it would not be wrong to state that TQM is company-wide philosophy that requires co-operation from all the different departments of a company for its success. William Edwards Deming was the pioneer of TQM. According to Deming (1982),

the philosophy underlying TQM is based on a five step 'chain reaction',<sup>9</sup> namely-

1. Improved quality will mean that cost will decrease because of less rework, fewer mistakes, fewer delays and better use of time and materials.
2. Productivity will improve.
3. Better quality will lead to a higher market share and allow the company to raise prices.
4. As a result, company's profits will increase.
5. The company will create more jobs.

Deming has identified fourteen steps that should be part of any TQM programme. Gabor (1990) has illustrated the Deming's fourteen points to Quality,<sup>10</sup> namely-

1. Creation of constancy of purpose toward improvement of product and service, with the aim of becoming competitive, staying in business and providing jobs.
2. Adoption of the new philosophy in a new economic age. The western management should awaken to the challenge, learn its responsibilities and take on leadership for change.
3. Dependence on inspection to achieve quality should change. Quality should be built into the product in the first phase by eliminating the need for inspection on a mass basis.
4. Total cost should be minimized and the practice of awarding business on the basis of price tag should be discarded.
5. The system of production and service should be constantly improved to improve quality and productivity and this will lead to the constant decrease of cost.
6. Institute training on the job.
7. There should be institute leadership, management leadership as well as leadership of production workers. The aim of leadership should be to help people, machines and gadgets do a better job.
8. For effective working environment, fear should be driven out.
9. Departmental barriers should be broken down so that people in research, design, sales and production can work as a team, foresee problems in production and in use that can be encountered with the product or service.
10. Elimination of exhortations, slogans and targets for the workforce asking for zero defects and new levels of productivity. The bulk of the causes of low productivity and low quality belong to the system and thus lie beyond the power of the workforce.
11. Elimination of work standards on the factory floor, management by objective, management by numbers and numerical goals and substitute leadership.
12. Removal of barriers that rob hourly workers of their pride of workmanship. The responsibility of supervisors must be changed from sheer numbers to quality.
13. A vigorous program of education and self-improvement should be instituted.

14. Transformation in everybody's job so that everybody in the company can work to accomplish this transformation.

In effect TQM is a management philosophy that stresses on improving the quality of the company's goods and services and all the company's efforts should be directed towards this goal. In essence, Deming urges a company to embrace a definite strategic plan and for management to embrace this quality philosophy so that the quality of supervision is improved, work standards promote the notion of defect-free goods and mistakes, defects and poor quality materials be eliminated.

#### **Implementation of TQM**

'TQM is born twice, once in theory and again in practice'<sup>11</sup>

The companies, which implement TQM philosophy into their policies, follow certain basic guidelines. Implementation of TQM requires the close co-ordination between different departments of the company. The TQM has certain basic features irrespective of in which environment the company operates and where the TQM principles are practiced. It is the nature of the implementation that decides whether it will be a failure or a success.

The basic features of TQM would include:–

1. Sustainable Approach to Improving Bottomline: TQM implementation should result in accruing of monetary benefits to the company. Otherwise, it would not make any sense to apply TQM principles in a company. Companies going in for planned implementation of TQM principles would reap the rewards of TQM implementation.
2. Improvement as a Habit and Value: The core value of TQM is continuous improvement. All concepts like Just-in-Time (JIT), Total Productive Maintenance, Six Sigma, Quality Control Circles are continuous improvement concepts. Each and every employee of the company should contribute to the improvement process.
3. Maintaining Sound Systems: A company should follow sound systems that are founded on TQM principles. It is not tolerable that any area of operation of a company does not follow any system. An example of a sound system is the ISO 9000 Series of standards. However, as requirements change, so do systems.
4. Furnishing Data and Facts: every change must be backed by reasons in the form of data, facts and figures. There is no place for haphazard improvements based on intuition and guesses.
5. TQM has to be a Sureshot Effort: the roadmap to TQM implementation is irretaceable. Once a decision has been taken to implement TQM, it should be on a long-term basis. If the step forward is again taken back, then the management would lose credibility and no other major initiative can again be taken with the same ease as skepticism among employees would rise.
6. Emphasising Teamwork at the Management Level: Teamwork is at the very heart of TQM. At every level of the company there should be teamwork among employees. As we move up the hierarchy, it becomes more and more difficult to form effective team bonds among the employees, especially at the top management level.
7. Understanding the Internal Customer: The hurdle to true customer communication is the internal customer. The internal customer is more important than the external customer. Every employee of the company becomes an internal customer of the company. A company can succeed in implementing TQM only if every employee of the company internalise this concept.
8. Faith in the Dignity of a Human Being and His Thinking Ability: the Human Resource Development (HRD) systems must ensure through every systems, rules and regulations of the company that the spirit of humanity is not burdened under the letter of the law. The system of TQM rewards the performer and identifies the non-performer. The biggest asset of this line of thinking is putting faith in the abilities of the employee to contribute to the cause of the company. The top ranked manger and the lowest paid employee of the company is equal in the eyes of TQM.
9. Beginning and ending with Education: TQM begins and ends with education. TQM is a dynamic management system. The TQM implementation resulting in reduction of complaints, deficiencies and scrap, improved systems and procedures and superior quality are to be achieved through the people on a company wide basis. All these require education of all employees of the company in the tenets of TQM.
10. TQM is a Long Term Process: A company pursuing the goal of TQM should have to wait for a meaningful period for it to bear fruit. Companies in pursuit of TQM should not focus on tangible gains in the short run but for sustaining the drive for TQM in the long run so that the tree of TQM would bear fruits and change the company culture for all time to come.
11. Consultant's role should not be overstated: The role of the consultant becomes crucial in the light of training of the companies' employees and the basic strategy to be followed by the company. A consultant addresses all the complex issues faced by the company. An experienced and highly educated consultant brings the necessary expertise to the company.
12. Company-wide Implementation Required: In this era of globalisation and large Multinational Corporations (MNCs), it becomes a necessity that there is a company-wide drive for TQM, keeping in mind the largeness of some of the MNCs. The strategy should be to tackle the complex issues arising from the largeness of the companies, so that the company can derive full benefit from the implementation of TQM.
13. Workers should be Involved: The TQM is not a management sponsored activity but involves all the employees of the company. The workers must not feel alienated from the management in regards to the running of the company. Rather, it would be better to involve the workers in the TQM

process as TQM is all about teamwork and continuous improvement and the workers of the company comprise a vital link in the TQM process. Without the active participation of the workers in the activities of the company, the TQM can never be a company-wide process.

14. Theory-Practice should be Breached: Like any other systems, TQM has a learning curve, which cannot be ignored. The concept, which is taught in the drawing rooms and in management institutes, must be reproduced in the harsh realities of modern industrial world. The consultant should be able to chalk out the right strategy that would bridge the divide between the different stakeholders and the company.

### Conclusions

This paper has focused on the importance of TQM as a functional level strategy in achieving efficiency, quality, innovation and customer responsiveness. Quality is the buzzword as India has come a long way from the land of teeming under-privileged millions plagued by poverty and shortages to being the tenth industrialized nation in the world and the fourth in GDP. The mission of India to emerge as an economic superpower and for emerging Indian MNCs to stamp their authority on a global scale, is to improve their quality- not only of their products and services but also in their management practices and business processes and ultimately in the context of the overall quality of life (Ray et.al., 2006).

In this rapidly changing business scenario, as businesses compete for scarce resources, the key to success lies in the function of effective Human Resource Management (HRM). In a developing country like India, where abundant human resource, both skilled and unskilled is available, the harnessing of this most important resource becomes a crucial factor. Even as a raging debate takes place on whether human beings should be regarded as assets of a company than as mere resources, it becomes inevitable that Strategic Human Resource Management (SHRM) becomes an ever increasing topic of interest, more so as companies strive for formulating an integrated and mutually set HR systems for the achievement of corporate strategies and objectives. In this regard, the employment of Total Quality Management (TQM) programme supports the Strategic Human Resource (SHR) applications for meeting the long-term objectives of a company. TQM recognize the dignity, potential and essential qualities of individuals as human beings and this makes TQM so important in the field of SHRM.

Every country has to go through its learning curve of implementing TQM theory into reality. Corporate India is no such exception. Companies like Maruti Udyog Limited, Tata Motors, Mahindra and Mahindra Limited, to name a few, as

evidenced from the CII Awards are making commendable progress in the field of TQM. But, TQM has yet to take its roots in the fertile lands of Gangetic India. This is because of an inbuilt work culture inherent in India, which has yet to completely shed its inhibitions of inefficient management, unionized workforce and unplanned privatisation. After more than two decades and a half of the New Industrial Policy of 1991 which had ushered in globalisation into India, the country still stands at the crossroads of full scale globalisation; perplexed by the task of developing its teeming millions of unfed, undernourished poor, on one hand and burdened by pursuing policies dictated to by the World Bank and International Monetary Foundation in order to compete with the industrialised nations. This paradox has resulted in absence of a meaningful and holistic development of the TQM concept. In its drive for leadership and innovation, an emerging Indian Multinational corporation must display global commitment for providing best and high quality goods and services using cutting edge techniques and adhering to stringent international quality standards (Ray et.al.).<sup>12</sup> Time is running out, as competition increases incessantly. There is an imperative need for a developing country like India to meaningfully develop the holistic concept of Total Quality Management in the Indian perspective.

'As the journey of a thousand miles begins with a single footstep.....'<sup>13</sup>

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