A Proposed Framework on the Relationship of TQM Practises and Customer Relationship Management

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Abstract: The main purpose of this article is to propose a framework on the relationship between Total Quality Management (TQM) and Customer Relationship Management (CRM). In the relevant literature, many theories have focused on TQM dimensions like as leadership, strategic planning, customer focus and information analysis. TQM practices seems to become benefit to all types of organization in which it is applied. Like as TQM, organization will get a better chance to become successful if implementing CRM strategies in their organization with the help from flexibility and reconstruction of the organizational structure, organization wide commitment of resources and human resources management.

Key words: Civil service • Customer relationship management • Total quality management

INTRODUCTION

The increasing global competition to fulfill demand for better quality by customers have caused more challenges to companies. Most of the companies in the world are trying to satisfy their customer’s demands and also possibility to exceed them. It is important for one organization that could be public or private sector [1].

Quality management has become a global issue with more organizations trying to implement quality management. Surprisingly, the importance of quality is recognized in such a way that quality management is no longer considered as an operational issue [2-4]. Organizations attempt to align their strategy with quality concerns and objectives in order to attain sustained competitive advantage.

The current global business environment has been more complex, hyper-competitive and ever-changing due to the wave of globalization and the fast-paced technological advancements [5-7]. In such business environment, the classical methods of management are no longer effective to lead organizations to create and sustain the desired competitive advantage for growth and survival [6].

All types of organizations are forced, in order for them to grow and survive, to develop their innovative and competitive strategies. This are happen because under the pressure of globalization, liberalization, technological advances and knowledgeable and sophisticated customers [8]. Therefore, organizations have to have the ability to strategically adapt to the changing environment and critical customers' demands.

Total Quality Management (TQM) and customer relationship management (CRM) have been among the most popular universal strategies for survival and growth of many organizations in the current competitive environment [9-12]. Due to their strategic importance, TQM and CRM have been attracting a great deal of attention by both academics and practitioners during the last few decades.

Empirically, there have been a large number of research conducted by many researchers about TQM such as [13, 14] and CRM [15-18] supporting their impacts on the organizational performance. Unfortunately, some other studies argued that not all TQM initiatives were successful [19, 20].

As among the most popular strategies, TQM strategy [21] and CRM [22, 23] have been confirmed by researchers to be very important strategies that help organizations to create and sustain their competitive advantage. Given this importance, there has been an extensive research work examining the impact of TQM practices and CRM on the organizational performance. In relation to that, there has been an increasing number of leading organizations,
globally, adopting innovative strategies such as TQM and CRM as their foundation to create a competitive advantage [11, 17] and also to improve performance [23, 24].

Problem Statement: The growing literature on total quality management stresses the importance of TQM to organizational performance and has repeatedly stressed the lack of support in customer relationship management (CRM) by the top management in higher education institute for the failure of many TQM initiatives. Many organizations do not achieve the anticipated benefits from implementing TQM. The common causes of this are a lack of a supportive organizational culture, strategic planning, top management commitment and communication. Therefore, it is important to understand and avoid such barriers at the outset. The present research predicts that one possible reason for such is problems related to their total quality management practices being a very critical factor in determining the performance of organizations [25].

Therefore, this study try to examine the effect of one of the main organizational variables, total quality management in establishing the fit for these strategies and hence better customer relationship management. Thus, the major purpose of this study is to bridge these gaps in the literature by examining the effect of interaction between TQM and the customer relationship management. Moreover, investigating these relationships is more interesting in a context of unique cultural background and opening up business environment.

Research Objective: The present study attempts to achieve the following objectives:

- To investigate the relationship between total quality management and customer relationship management.
- To analyse the extent to which TQM affected customer relationship management.

Literature Review

Total Quality Management (TQM): Quality has become one of the most important elements in the global competition today. Intensifying global competition and increasing demand for better quality by customers has caused companies to realize they have to provide high quality product or services in order to ensure the continuity in the marketplace.

The effectiveness of TQM implementation in the manufacturing sectors gave the momentum for higher education institutions to adapt this concept and practice it in their own domain [26]. Many companies or agencies have invested significant resources in adapting and implementing TQM in order to meet the global competition. The introduction of quality assurance criteria and standard, the utilization of ISO 9000 quality management systems and the interest in cross-national analyses are among examples of such interest [27-30].

TQM can be defined as an enhancement to the traditional way of doing business. It is a proven technique to guarantee survivality in the world-class competition [31]. Total quality management consists of organization-wide efforts to maintain the pace and continuously improves the ability to deliver high-quality products and services to customers [32-34].

[35] defined TQM as an integrated management process that has to take place in a coordinated manner in order to ensure that the institution satisfies both the needs and expectations of customers. TQM involves all divisions, departments and levels in an institution [36-39].

Leadership: TQM requires effective change in organizational culture and this can only be accomplished with the deep commitment of management to the organization’s objectives. According to [40], to be successful in promoting business efficiency and effectiveness, TQM must start at the top with the chief executive. They also stressed leadership has been identified as being most critical factor in affecting organizational change especially in the areas of building relationship with suppliers and others involved in the process of value delivery [41-43]. The commitment of leadership to the TQM strategy in their tendencies to work as it will go a long the way in motivating employees to deliver better quality services that exceeds the expectation of customers [44, 45].

[46], noted that ‘the implementation of TQM requires a clear long term leadership commitment’ which emphasized on the long term relationship with satisfied customers as an asset to the organization, thus, management must be committed to it. Andrle also stressed the importance of management in providing a ‘customer focused support system’ such as measurements, rewards and recognition for satisfying customers with the aim of building a positive relationship with customers.

Strategic Planning: Implementing TQM is a never ending process that must be constantly and genuinely supported by the leadership of the organization. Many strategies exist for the implementation of total quality management. The management has the overall responsibility for the
performance of the organization. It ensures that all measures are integrated in developing strategic planning for the management by obtaining appropriate information from all of the stakeholders. Hence, they will utilize the core values, goals, mission and vision in achieving the objectives.

**Customer Focus:** The most important assets of any organization is its customers. [47], mentioned that TQM implies an organizational obsession with meeting or exceeding customer expectations, to the point that customers are delighted. TQM is an ideology, which is focused on the satisfaction of customer’s need. Thus, most organizations try as many as possible to meet or exceed customer’s expectation in their daily activity and their long term plan [46]. TQM require organizations to develop a customer focused operational processes and utilize the resources which helps to meet their customers’ needs and expectation. [48] explained that it is necessary for organization to maintain a close relationship with their customers in order to identify their requirements. According to [49], a high level of customer satisfaction is obtained solely by providing services or products whose features will satisfy customer’s requirements or needs. The customer’s needs and expectation will leads to the new development of customer offers This is due to the fact that customers will determine the quality level of service [50].

[51] noted that organizations are made up of a series of internal suppliers and customers. This formed the quality chain of the company and it implies that every employee is a potential customer and supplier in the course of production. The process of production is structured in a way where each process have needs and expectation which must be fulfilled by others in the production network. The effective fulfillment of these needs lead to the production of quality goods and services.

**Information Analysis:** TQM is an information intensive management which plays vital role as all quality improvement activities are based on informed decision-making [52]. A company’s database must be comprehensive and cover all critical areas such as customers, suppliers, employees and projects or processes [53].

As managing quality generate a great deal of data, it is important to determine the types of data that are worth keeping and how to organize them into an accessible structure. The databases must be able to facilitate different data manipulation and in-depth analysis to fulfill information requirements of each level (strategic, tactical and operational) of decision making activities [54].

In many organizations, it is important to address organizational culture in the early stages of implementation of a quality improvement process. Often, a first step in developing a quality culture is the establishment of values that will be held by the organization. It is usually necessary to include employees at all levels in the development of these values in order to create buy-in and increase motivation to hold and follow these values. Once values have been set, strategies can be developed and goals will be defined, it is important that these values are deployed throughout the organization to ensure complete employee knowledge and understanding.

As employees become more and more educated in the values, strategies and goals of the initiatives; their ability to involve in the quality processes deeply. This involvement strengthens the commitment and ownership of employee elements which is necessary to develop a quality culture. Management should also understand they should change their attitude and leadership as necessary accordance to the values of the organization. Since quality includes the involvement of employees and management need to adjust the atmosphere in order to encourage employee participation. The primary role of introducing a quality assurance process is to ensure that the different types of goods produced or services offered is of the desired quality and satisfy the actual needs and wants they are actually produced for. Therefore, quality assurance is a framework that summarize four principles of control, i.e., setting standards, appraising conformance to these standards, acting to ensure standards are met and planning for improvement in standards, to provide an integrated system for managing all functions within an organization [55]. The introduction of IT on quality management has contributed greatly to the enhancement of quality awareness [56].

Organizations need to gain quality input in order to produce better output. Quality supplier has a great effect on organization’s quality assurance while certain steps can be taken to accomplish this in the genesis phase (e.g., investigating suppliers for levels of quality, reducing the number of suppliers. Extending the duration of contracts with quality supplier could provide quality products as a sign of commitment to them), most of the quality supplier work management must occur in the late genesis phase or during the maintenance phase. The maintenance phase sees an increased involvement with suppliers in
developing quality relationships. It is expected that an organization grow in quality knowledge will be able to impart with the suppliers regarding quality.

Customer Relationship Management in Organization: The strong focus on customers must be embedded throughout the CRM system of the company deeply. The entire company should be aligned to the refinement of these valuable relationships [56]. According to [57], there are some key considerations for the successful organization of the entire firm around CRM which include organizational structure, organization-wide commitment of resources and human resources management.

The flexibility and reconstruction of the organizational structure may be needed in order to generate customer-centric values [58]. The improvement of the coordination of customer-focused, cross-functional teams is also necessary [56]. In addition to inter-functional integration, strong inter-functional coordination is necessary for all these structural designs [59]. The organizational challenges inherent in any CRM initiative should be of great attention from the firms [60].

Organization commitment of resources is necessary for the success of CRM. According to [56], providing continuous stream of value-rich actions and customer outcomes also rigorous efforts in all organizational functions are needed. The success of CRM also necessitates the organization-wide commitment of resources. Successful acquisition, development, retention as well as reactivation of customers hinges upon the company's dedication of its time and resources to identifying as well as satisfying significant customer needs [60].

Although the importance of strategy, people, technology and processes to CRM is unavoidable, the building blocks of customer relationship are individual employees [61]. This notion is further substantiated by [62] when they argue that people and not technology is the hardest part of becoming CRM-oriented. This can be carried out through Internal Marketing; an organizational function in which human resources and marketing interface. It carries out the inculcation of service-mindedness and customer orientation in the employees. Internal Marketing consists of four significant processes namely market training and education, internal communication, reward systems and employee involvement.

Knowledge-Based Customer Relationship Management: Knowledge-based CRM is the third dimension. Like knowledge management, effective transformation of customer information to customer knowledge can lead to successful CRM. From a CRM point of view, knowledge can be referred to as knowledge gained from experience or empirical study of consumer information. According to [62], knowledge management has the following key elements: knowledge learning and generation, knowledge dissemination and sharing and knowledge responsiveness.

Knowledge Learning and Generation: It is essential to have key customer knowledge for CRM [63] for the purpose of developing a "learning relationship" with customers [64]. In turn, this relationship will enhance the firm's competitiveness. The collection of customer information comprising their needs and preferences can be carried out either directly or indirectly through a two-way interactive system.

In addition, the primary aim of knowledge generation is to have a 360-degree customer view. The incorporation of customer information into strategic business intelligence is assisted by different business intelligence tools such as data mining, data warehouses and data marts [60].

Knowledge Dissemination and Sharing: If not shared throughout the organization, knowledge may provide limited value [64]. In fact, the value of knowledge escalates through dissemination and sharing. Combined significant roles from different departments can be facilitated through the development of effective mechanisms for sharing customer knowledge in organizations.

Technology-Based Customer Relationship Management: Technology is the fourth dimension of CRM. Without leveraging the latest technological invention, several CRM-oriented activities like knowledge management, cannot be effectively implemented. Undeniably, technology has great advantages that most CRM applications can utilize. More specifically, CRM activities like collection and analysis of data on customer patterns, development of prediction models, responding in timely and effective manner with customized communications and delivering personalized value offerings to individual customers efficiently can take great advantage of innovative technology.

Successful CRM performance requires accurate customer data [65]. Consequently, the role of technology is very important in the process of enhancing firm's intelligence [66] for this purpose. Indeed, the advancement in IT is tremendous, one of the benefits of
this advancement is the enhanced capability of the firms to oversee and manage customer information effectively. Recent technology changes are enabling the firms to improve their capabilities in handling customer needs which, in turn is helping them to attract and retain customers [67].

Unprecedented advances in IT makes the functions such as one-to-one relationships, analysis of customer-value and needs customization [68] possible to bring to reality. The utilization of modern IT helped the enterprises transform the traditional approach of CRM. Now these firms can use an integrated, web-enabled approach for these CRM functions. The new IT based approach is characterized by instruments such as customer information systems, automation of customer processes as well as call centers [60].

Several factors assist CRM to keep in line with 'information-intensive strategies' and these are: taking advantage of new technology, integrating technology deployment with business strategies and computer technologies.

This is further made easy by the several computer technologies as they allow better customization of better quality coupled with lower cost. Some instances of computer technologies are: computer-aided design / manufacturing, for edible manufacturing systems, just-in-time production databases, data warehouses, data mining and CRM software systems. In addition, efficient staff service at all situations is also assisted by technologies and without them, it is almost impossible to carry out customer-centric activities [69]. Hence, enhanced customer satisfaction, higher customer retention and more profitable long-term customer relationships are among the major outcomes desired by the firms from the CRM-based technology [56].

Methodology: The study will be conducted using mix methods qualitative and quantitative. This study will involved with interview and questionnaire.

CONCLUSION

The link between total quality management and customer relationship management function is show. The theoretical framework is show in Figure 1. The total quality management the independent variable and customer relationship management is the dependent variable. This study is conducted in an attempt to providing a basis for discernment and insight through total quality management and customer relationship management.

Fig. 1: Research Framework

REFERENCES


