

A Preview of Total Quality Management (TQM) in Public Services

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Abstract

Total Management System or Total Quality Management (TQM) is a management system that focuses on the Customer by involving all levels of employees in upgrading or continuous improvement. Total Quality Management used data and effective communication to integrate his discipline into the culture and quality of company activities. In short, Total Quality Management (TQM) is a management approach to achieve long-term success through customer satisfaction. This study had two objectives. The first objective was to examine challenges when implementing TQM in public organisations. The second objective was to argue that TQM brings good implications to public services to enhance service quality.

Keywords : *Business, TQM, Quality, Management, Business, Customer*

1. INTRODUCTION

Quality means the degree of excellence. Quality closely related to satisfaction and profitability. Organizations strive to get customer satisfaction and profitability by increasing their service quality. Total Quality Management (TQM) has been used widely in many organizations, either private or public services to enhance service quality. In private services, service quality is a critical factor for business success, thus TQM is essential part of their operations. In public services, implementing TQM is not necessarily part of activities. The increase of global competition has put pressures on public services to be as productive and efficient as private services (Hsieh, Chou, & Chen, 2002). Governments began to implement quality management as a way to provide good service in times of declining revenue. Tight budgets as well as citizen's growing demand has forced government to adopt quality management as a cure for their problems (Rosenhoover & Kuhn, 1996). Implementing TQM in public services is problematic. Some argues that TQM cannot be well-implemented in public services. However, researches shown that TQM brings advantages to public services. This study examines challenges in Total Quality Management (TQM) application and argues that TQM brings good implications to public services to enhance service quality.

Each word of Total Quality Management, according to Cohen and Brand (1990), has its own meaning. Total is seeking for quality in each aspect of work. Quality is meeting and exceeding customer expectations. Management is developing and maintaining capacity to improve capacity. Hsieh et al. (2002) define Total Quality Management (TQM) as the commitment of a commercial organization to continuously improve service quality for customer satisfaction (Hsieh et al., 2002).

TQM is an organizational philosophy with the purpose to improve quality of products or services to meet or exceed customer expectation (Kevin, Kristal Jia, & Robert, 2011). TQM promotes customer-oriented culture with the purpose of maintaining and improving quality as purpose (Younis, Bailey, & Davidson, 1996). Jan Partain defines TQM as a customer-oriented management philosophy that seeks to improve product and service quality using employee teams, statistical, and performance methods. TQM principles include top management support and commitment, decisions made by employees at all levels, employee training, organizational commitment for continuous quality improvement (Rosenhoover & Kuhn, 1996).

Swiss (1992) explained another seven primary principles of TQM. First, customers are main determiner of quality. Second, quality should be put into the product since the early stage of production process rather than at the end of it. Third, prevent variation in order to produce high quality. Fourth, quality is produced not from individual effort but from people working in the systems. Fifth, quality needs improvement from inputs and processes continuously. Sixth, quality improvement needs strong worker participation. Seventh, quality needs total organizational commitment.

TQM focuses on human, logical, and technological dimension. There are some conditions to make TQM succeeds. Initially, top management must have willingness to take strategic decisions to implement TQM. Then, top management and senior managers must comprehend that TQM is a long term strategy, make sure everybody receive training and proficient in TQM technology. Finally, top management must put TQM as priority by undertaking resources to TQM and improve infrastructure (Padhy, 2013).

2. CURRENT PERSPECTIVE ON PUBLIC SERVICES

Frank, Angel, and Barrie (1999) define public organisations as all organisations which do not seek increased profits in their objective. Public organisations can be divided into governmental and non-governmental organisations. Both of them are often single providers or monopolies, others can have competitors. The main objective of public organisations is to satisfy the needs of society within the constraints of available budgets. Total Quality Management (TQM) is proven to be well-implemented in private services. It is applicable in public services as well. However, implementing TQM in public services has many challenges due to their differences with private services. D. Parker, Waller, and Xu (2013) explained major difference between public and private services is that public services are operated by bureaucracy while private services are driven by market forces. Public services are less innovative than private services and more standardised. Private services tend to be fast moving and dynamic because they need to react to external environment and competitors. Commonly, there is only one single government who provides public services, whereas there are many private companies compete for customers.

Single authority put public services in monopoly positions, allowing them to treat customers like applicant rather than customers. Staff members in some public services still call citizens anything but customers. In private services, even the staff members are considered as internal customers. Since service quality in private services is a critical factor to business success, companies are carefully choosing staff to put in customer-facing position. This includes specific recruitment as well as internal training. However, this is not the case for public services, sometimes it is difficult to ensure that all staff in customer-facing position have the right characteristics, skills, and training. Customers in public services are not likely to imposed with many marketing campaign and segmentation studies, thus their needs are met less well by the private services (David Parker, 2012).

Jon (1994) identifies five thought filters or basic ideas that differs public services from private services and these ideas are necessary to develop culture that is required for successful TQM within public services:

- Thought Filter 1
Public services have no clear objectives and poorly defined customers. We should understand customer relationships and satisfy their demands because TQM needs clear identification of customer chains through internal customer in order to serve well. Employees can perform efficiently when they have clear understanding of organization's objective and their potential for contribution.
- Thought Filter 2
Public services consist of different functions, responsibilities, and structure of authority. They become more complicated with employees finding personal satisfaction when deal with public. There is possible conflict between personal and organizational objectives.
- Thought Filter 3
Public services have wide range of culture. TQM can shape the culture that put customer service in highest priority. It is only possible when organizational activities are tightly controlled and the resources are efficiently used.
- Thought Filter 4

Most public services are resource rich. The objective of TQM is to give better value for the resource used.

- Thought Filter 5
Public services depend on people, not processes. Each process is link one another to produce satisfied customers. If public services can control each process, the results become predictable.

3. TQM CHALLENGES IN PUBLIC SERVICES

Some researchers argue that TQM can be implemented in public services. Others argue that TQM doesn't fit with public services for several reasons, including nature of TQM and public services themselves, work cultures in public services, and concept of customers in public services (Hsieh et al., 2002).

In private services, ineffective management is resulted from poor-skilled managers, pursuing short term profits, and financial manipulation. In public services, managers trapped in rigid rules, bureaucratic procedures, politics, and negative stereotypes. Before managers can apply TQM in public services, they should first empower the organization then break out themselves from bureaucratic patterns (Cohen & Brand, 1990).

Hsieh et al. (2002) and Swiss (1992) argue that there are some major problems that challenges the application of TQM in public services:

1. The limited commitment of top managers in public services due to rapid turnover, thus they cannot be continuously involved in quality improvement. TQM needs a single-minded commitment to quality.
2. Most public services generate services rather than goods. It is difficult to define service quality concept and to uniform the output. Services are risk of being exposed by high subjectivity from customers. Customers might feel unsatisfied with behavior and appearance of person who delivers the service.
3. Public services focus on outputs rather than inputs and processes. Employees in public services have fewer incentives than those in private services, where incentives are associated with performance improvement. Government institutions experience difficulty in developing performance indicators because they only focus on results rather than process.
4. Public services have fewer incentives to drive the employees to become customer-oriented.
5. The rigid rules and systems in bureaucracy indicates the lowest level of acceptable.
6. In commercial businesses, companies choose their own target customers. On the other hand, it is hard to define customer of government institutions without inflicting politically controversial issue.

Frank et al. (1999) assess the implementation issues with respect to each of the ten TQM dimensions:

- Top management support
Top management support is one of the factors that determines the successful of TQM implementation. Top management responsible to make sure organisational aims and objectives are achieved by creating vision, values, and motivation. In public services, there is tendency for employees not to think themselves as managers but as professionals, and seniority. This condition complicates decision making. Public services are more concern about cost reduction than quality. Quality is more likely set by technical requirements and regulation.
- Customer relationship
The definition of customers in private companies are person who buys their product or services. In governmental organisations, the customers are the whole society. At some point, individual need does not match with social need.
- Supplier relationship
In public services, suppliers are selected and examined with respect to the legal requirements. Thus, managers have to limit the application based on legal procedures.
- Workforce management
In governmental organisations, employees are expected to do only the work based on job description, hence job flexibility is limited. This will rise a problem, particularly for the ones which attempt to implement TQM because some employees may not want to do certain works.

- Employee attitudes and behavior
Public organisations have difficulties to implement motivation systems, such as rewards and incentives. The reasons include unclear measurement of individual or group performance, fixed budgets, and trade union opposition. Promotion is based on seniority rather than performance.
- Product and/or service design process
The rigid structure in governmental organisations makes the coordination between departments that involve in the design process difficult.
- Process flow management
TQM proposes the application of statistical and nonstatistical improvement instruments. Systems, tools, and techniques are used only to conform legal requirements.
- Quality data and reporting
Availability of information in governmental organization has to main function, for decision-making process and transparency.
- Role of the quality department
In public organisations, the quality to be achieved is determine by law and regulators rather than by consumers.
- Benchmarking
Governmental organisations have obligations to make improvement continually. Non-governmental organisations use benchmarking to improve efficiency.

4. TQM IMPLICATIONS IN PUBLIC SERVICES

There have been many researches that study the relationship between TQM and organizational performance. Some researches proposed TQM as a strategic resource that provides sustainable competitive advantage and generates economic value. Majority studies suggest a direct correlation between quality management practices and performance. Two most common types of competitive business strategy in TQM are differentiation and cost leadership. (Manal, Joo, & Shouming, 2013).

Private services are no longer the only sector that use TQM in their organizational practice. Younis et al. (1996) argue public services are currently adapting TQM in their operations for some reasons. First, public services become more complex in terms of managerial and administrative structures. Second, comparable management approach between public and private services. Third, the difference between public and private sectors is becoming unclear with the existence of agencies who delivers public sector services. Fourth, the purpose and operations of public services are being reviewed by politicians and consumers. Fifth, public services learn management practice from private services to improve their image. Sixth, TQM can facilitate emerging government strategies. Seventh, managers responsible for executing strategies with limited resources.

Charles and Gary (1990) suggest that managers should focus on the process, not the result. It is better to have intensive investigation of the process rather than mass inspection of outputs. Mass inspection is an old and expensive way of quality control to detect defects. It results additional cost, especially rework cost. Each step of the process should be reviewed and each person in the organisation should actively involve to improve existing procedures. Top management is primarily responsible for support and change activity that will inhibit improvement.

In public services, reducing cost is more important than improving quality. Quality is defined as minimum requirement ordered by government or regulatory authority (Frank et al., 1999). TQM means to achieve cost savings and improve customer services. Failure to implement TQM will cause public services to suffer with additional costs. Costs incurred by quality failure include repairs, customer complaints, warranty claims, low staff performance, high labour turnover and recruitment cost. TQM can be used as a tool to increase control over government strategies implementation (Younis et al., 1996). The results from successful implementation of TQM are improved product and service quality, efficient process, waste reduction, and higher productivity (Manal et al., 2013).

Sanjay, Matthew, and Damodar (1996) study the performance of TQM firms and compare them with non-TQM firms. They identified and developed ten elements as comparison scales. The ten elements are top management commitment, customer focus, supplier quality management, design quality management, benchmarking, statistical process control usage, internal quality information usage, employee involvement, employee training, and employee empowerment. Study shows that TQM firms

have higher score in all those elements than non-TQM firms. In order to implement TQM successfully, firms should know how to implement elements of TQM and their impact on product quality.

Adopting TQM as a new approach in public services is not easy. It requires commitment from all levels of management. To ensure that TQM can be recognizable by lower-level managers and employees, there should be specific strategy to implement that. The strategy should be executable with specific time frame and every person in organization should be involved (Charles & Gary, 1990).

Improve organization's productivity requires deep commitment for quality, training and job placement based on performance, and conducting critical analysis of each work step to improve quality and reduce reject goods. (Cohen & Brand, 1990). One of the less costly way to implement TQM in public services is management-by-walking-around (MBWA). Top managers are getting out of the office, meeting people, and finding out what is actually going on so that the process can be performed efficiently (Charles & Gary, 1990).

A passion for quality should become the foundation of management philosophy. One way to implement that is through continuous improvement. Continuous improvement attempt to build quality into the process of production by eliminating waste or production mistake. That way organization can reduce cost and learn how to make product more efficiently (Cohen & Brand, 1990). The effect of poor services can be as costly as poor products. Thus, measuring the cost and improving quality are important to implement, particularly in public services. It might be difficult but worth the effort. (Rosenhoover & Kuhn, 1996).

5. CONCLUSION

This study had two objectives. The first objective was to examine challenges when implementing TQM in public organisations. This objective began with analyzing the difference between public and private service organisations to find out the reason why implementing TQM in public services is more difficult than in private services. The differences are mainly in the system structure, customers, employee perception, and culture. Later, this study inspected the challenges as barriers for TQM implementation in public services. The second objective was to argue that TQM brings good implications to public services to enhance service quality. The benefits include reducing cost and waste, efficient process, higher top management and employees commitment, thus lead to better service quality. Limitations of this study was the data source was not taken from primary source. It was gathered only through literature review. Hence, arguments in this study are mainly only based on theories in journal articles and book. Future studies could take the data from primary sources using surveys, questionnaires, or interviews to find out the real difficulties and implications of implementing TQM in public services.

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