Factors Affecting Management Perception of Total Quality Service in the Phil. Semiconductor Industry

DR. JEROME O. PALAGANAS

Infinity Consulting Group

Manila, Philippines

SUMMARY OF PRESENTATION

- **Introduction**
- **TQM-to-TQS Paradigm Shift**
- **Total Quality Service Definition**
- **Framework for Total Quality Service**
  - Model of TQS
  - Critical Elements of TQS
  - Impacts of Total Quality Service
  - Enhanced Model of TQS
  - Implications of the Enhanced TQS Model
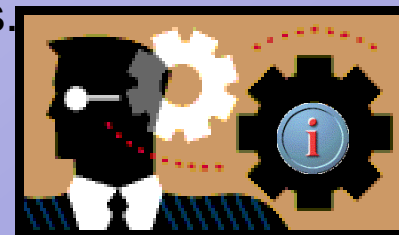- **Recommendations for Implementation**

INTRODUCTION

- The last half century has been seen in the development and implementation of a comprehensive system of quality management as cited by various authors and proponent in this field.

- The quality management system has been pioneered in Japan, and later on disseminated across US and Europe.

- The changing global business climate and competition have paved way for service organization to review the quality imperatives.

  - However, the transfer of quality practice in manufacturing to the service sector has posed a challenge due to differences in several aspects.

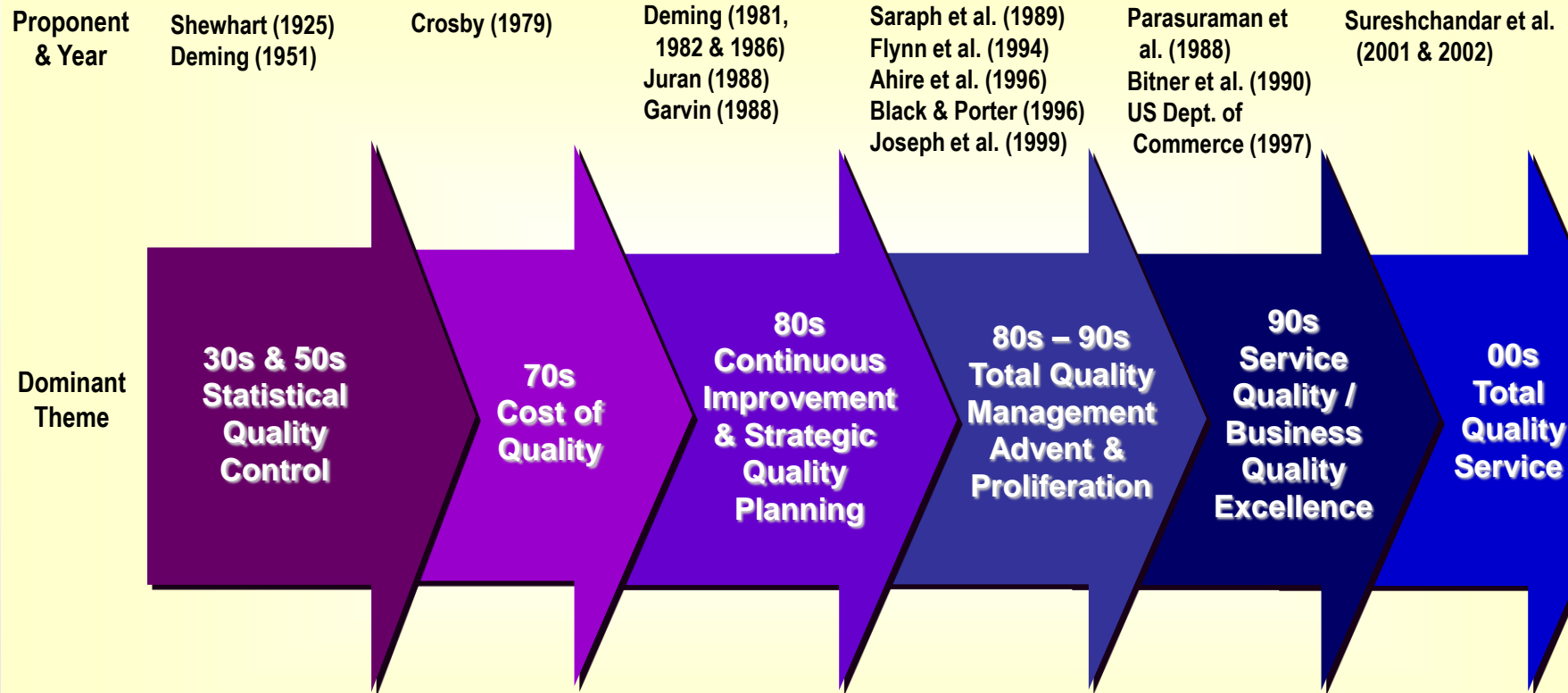 - Thus, the challenge to come up with quality practices in service sectors has gained much importance.

INTRODUCTION

- Service quality has emerged as an important field of study in the marketing and the organizational behavior texts;

- No research work has collectively taken all these features into consideration, or has provided an all-encompassing holistic model of Total Quality Service (TQS);

- The system models looked into the critical dimensions of TQS which can be categorized into three groups:

  - Dimensions of manufacturing quality management that can be effectively used in service organizations with due modifications

  - Dimensions that are seldom addressed in the field of study but are key elements of TQM in both manufacturing and service organization

  - Factors that are highly unique to service organizations.

QUALITY MANAGEMENT PARADIGM SHIFT

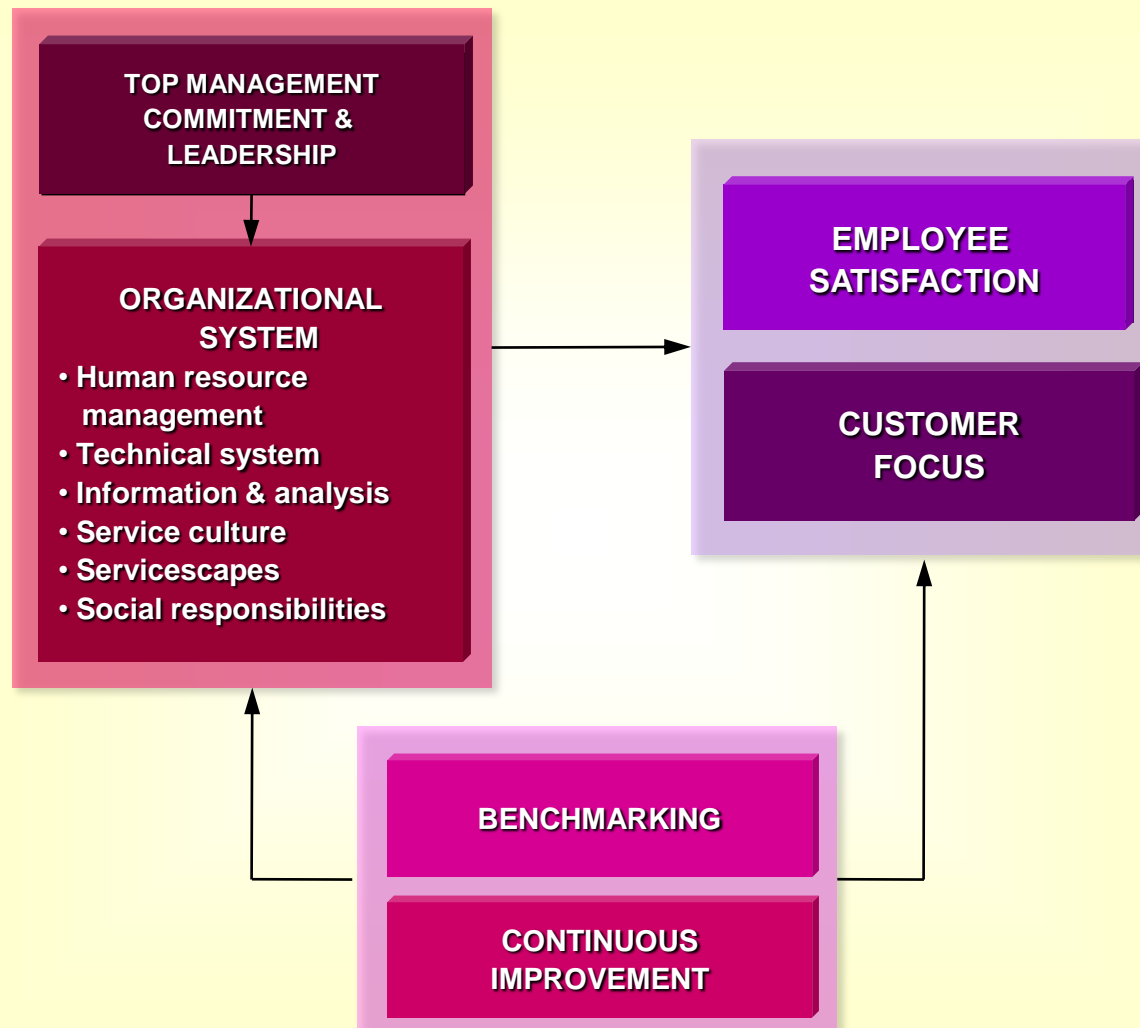| Proponent & Year	Shewhart (1925) Deming (1951)	Crosby (1979)	Deming (1981, 1982 & 1986) Juran (1988) Garvin (1988)	Saraph et al. (1989) Flynn et al. (1994) Ahire et al. (1996) Black & Porter (1996) Joseph et al. (1999)	Parasuraman et al. (1988) Bitner et al. (1990) US Dept. of Commerce (1997)	Sureshchandar et al. (2001 & 2002)
Dominant Theme	30s & 50s Statistical Quality Control	70s Cost of Quality	80s Continuous Improvement & Strategic Quality Planning	80s – 90s Total Quality Management Advent & Proliferation	90s Service Quality / Business Quality Excellence	00s Total Quality Service

Source: Palaganas (2009)

TQM/TQS Paradigm

TOTAL QUALITY SERVICE

DEFINITION

- The structured attempt to re-focus the behavior as well as planning and working practices of the service organization integrating it to its top management commitment and leadership, benchmarking practices, and organizational system in order for it to deliver employee satisfaction and customer focus while the organization drives towards its ultimate goal of customer satisfaction.

TOTAL QUALITY SERVICE MODEL

TOP MANAGEMENT COMMITMENT & LEADERSHIP

ORGANIZATIONAL SYSTEM
- Human resource management
- Technical system
- Information & analysis
- Service culture
- Servicescapes
- Social responsibilities

EMPLOYEE SATISFACTION

CUSTOMER FOCUS

BENCHMARKING

CONTINUOUS IMPROVEMENT

Source: Sureshchandar et al. (2001)

CRITICAL ELEMENTS OF TQS

1. Top management commitment & visionary leadership
2. Human resource management
3. Technical systems
4. Information and analysis system
5. Continuous improvement
6. Social responsibility
7. Servicescapes
8. Service culture
9. Benchmarking
10. Customer focus
11. Employee satisfaction
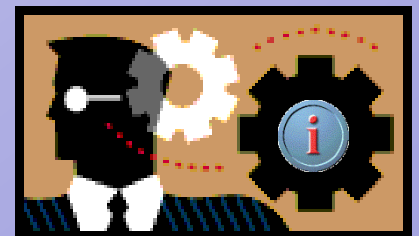
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Definition:

Pertains to formulating a long-range vision for the development of the organization, propagating the vision throughout the organization, devising and developing a plan of action and finally stimulating the entire organization towards the accomplishment of the vision.

CRITICAL ELEMENTS OF TQS

1. Top management commitment & visionary leadership
2. **Human resource management**
3. Technical systems
4. Information and analysis system
5. Continuous improvement
6. Social responsibility
7. Servicescapes
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10. Customer focus
11. Employee satisfaction

Definition:

Includes a number of organizational behavior issues ranging from selection and recruitment, training and education, employee empowerment to employee involvement, as the organization delivers its quality management effort.

CRITICAL ELEMENTS OF TQS

1. Top management commitment & visionary leadership
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3. **Technical systems**
4. Information and analysis system
5. Continuous improvement
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Definition:

Includes design quality management and process management. Wherein design quality management refers to the sound and reliable service design to meet or exceed the needs, expectation s and desires of customer leading to enhanced business performance while process management refers to the subtle management of the key business processes vital for the effective quality improvement.

CRITICAL ELEMENTS OF TQS

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4. **Information and analysis system**
5. Continuous improvement
6. Social responsibility
7. Servicescapes
8. Service culture
9. Benchmarking
10. Customer focus
11. Employee satisfaction

Definition:

Refers to the effective dissemination of general information through equipping the employees with information regarding the process and the customers.

CRITICAL ELEMENTS OF TQS

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4. Information and analysis system
5. **Continuous improvement**
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8. Service culture
9. Benchmarking
10. Customer focus
11. Employee satisfaction

Definition:

Is the desire to strive for continual affirmative change, and to look for breakthrough with revolutionary order of magnitude of change.

CRITICAL ELEMENTS OF TQS

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4. Information and analysis system
5. Continuous improvement
6. **Social responsibility**
7. Servicescapes
8. Service culture
9. Benchmarking
10. Customer focus
11. Employee satisfaction

Definition:

Refers to the concept of corporate citizenship in an organization that should come to a fore for it to be successful in achieving business excellence.

CRITICAL ELEMENTS OF TQS

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5. Continuous improvement
6. Social responsibility
7. **Servicescapes**
8. Service culture
9. Benchmarking
10. Customer focus
11. Employee satisfaction

Definition:

Pertains to the sum total of all the possible moment of truth experienced by the customers – both human and non-human – making said experiences the rationale behind the customer's perception of the service business and the satisfaction customers derive from them.

CRITICAL ELEMENTS OF TQS

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5. Continuous improvement
6. Social responsibility
7. Servicescapes
8. **Service culture**
9. Benchmarking
10. Customer focus
11. Employee satisfaction

Definition:

Is the culture that enables people to espouse a common vision of the organization and its goals, and fasten the various functions of organizations toward a common goal, thereby ensuring the seamlessness of processes that contribute to service pre-eminence.

CRITICAL ELEMENTS OF TQS

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5. Continuous improvement
6. Social responsibility
7. Servicescapes
8. Service culture
9. **Benchmarking**
10. Customer focus
11. Employee satisfaction

Definition:

Is the discipline in the organization which acts as a driver to direct the key or critical business processes in achieving customer satisfaction and employee satisfaction apart from using it as a yardstick to compare services and processes which organization delivers.

CRITICAL ELEMENTS OF TQS

1. Top management commitment & visionary leadership
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5. Continuous improvement
6. Social responsibility
7. Servicescapes
8. Service culture
9. Benchmarking
10. **Customer focus**
11. Employee satisfaction

Definition:

Is the degree to which organization strives to focus their energy and effort mainly on customer-defined area (specific customer needs) so as to satisfy them.

CRITICAL ELEMENTS OF TQS

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10. Customer focus
11. **Employee satisfaction**

Definition:

Pertains to the degree to which employees of an organization believe that their needs are continuously fulfilled by the organization.

TOTAL QUALITY SERVICE

- In the study of TQS in the banking sector, the dimensions which turned out to be significant happen to be people-oriented issues of TQS.

  - These are top management commitment and visionary leadership, human resource management, service culture, social responsibility, customer focus and employee satisfaction.

  - This underlines the importance of the 'people-oriented' issues over the technology-related issues in delivering high service quality.

  - This also relates and highlights the importance of the soft issues in improving business performance (e.g. Ahire et al., 1996; Powell, 1995; Samson & Terziovski, 1999).

- Therefore, it is imperative for management to lay greater emphasis on 'high touch' quality management rather than 'high tech' quality management (Sureshchandar et al, 2002).
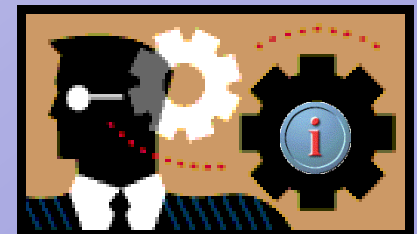
IMPACTS OF TOTAL QUALITY SERVICE

ON INDIVIDUAL EMPLOYEE

- Supportive behavior of supervisor to employees is a critical factor in improving service quality (Yoon et al., 2004).

    - Thus, management needs to satisfy contact employees as internal customers prior to the satisfaction of the external customers.

    - In addition, if management can motivate their supervisor to motivate their employee, then a culture of caring, hard-working happy employees can be translated into customers who recognize and "feel" that service-driven attitude.

- There is a need for managing multidimensional elements within Total Quality that reflects multidimensional cultures (Prajogo and McDermott, 2005) .

    - Here management should accommodate divergent goals that allow enough flexibility for adopting different management styles

- Service orientation positively affects an employee's commitment to the organization and his or her sense of esprit de corps (Lytle and Timmerman, 2006) .

IMPACTS OF TOTAL QUALITY SERVICE

ON INDIVIDUAL EMPLOYEE

- Service orientation positively affects an employee's commitment to the organization and his or her sense of esprit de corps (Lytle and Timmerman, 2006)

    - Supports the notion that committed employees, working and building relationships with a positive and supportive team environment, deliver better customer service.

- It also revealed that employees in service organizations with high service orientation are less likely to change to another employer (Lytle and Timmerman, 2006) .

IMPACTS OF TOTAL QUALITY SERVICE

ON ORGANIZATIONAL PERFORMANCE

- An organizational can continue to meet the increasingly stringent expectations of their customer provided that (Dean and Bowen, 1994) :
    - Organizations are viewed as systems of interlinked process; and
    - Improvements of these processes and its relevant practices.

- The General Accounting Office of the US (1990), through numerous studies, investigated and found that quality management introduction and implementation to organizations have positive benefits. Benefits include:
    - Superior financial performance
    - Improved employee relations
    - Improved operating procedures
    - Enhanced customer satisfaction

IMPACTS OF TOTAL QUALITY SERVICE

ON ORGANIZATIONAL PERFORMANCE

- Proper implementation of Quality Management Program positively influences customer satisfaction, ultimate leading to enhanced financial performance (Agus, 2004).

- A study using service organization in the European setting, are able to establish the following relationships (Wiele et al., 2002):

  - Perceived quality is related to organizational performance indicator in the same year and/or next year;
  - Service quality is significantly correlated with sales margin the same year and in the following year;
  - Matching quality has significant correlation with sales and margin in the same period;
  - The more important and the larger the customer are, the more that they would make complaints and use other companies flex companies more often; and
  - The way that complaints are handled is correlated positively with quality perceptions and with organizational performance indicators in the same period.
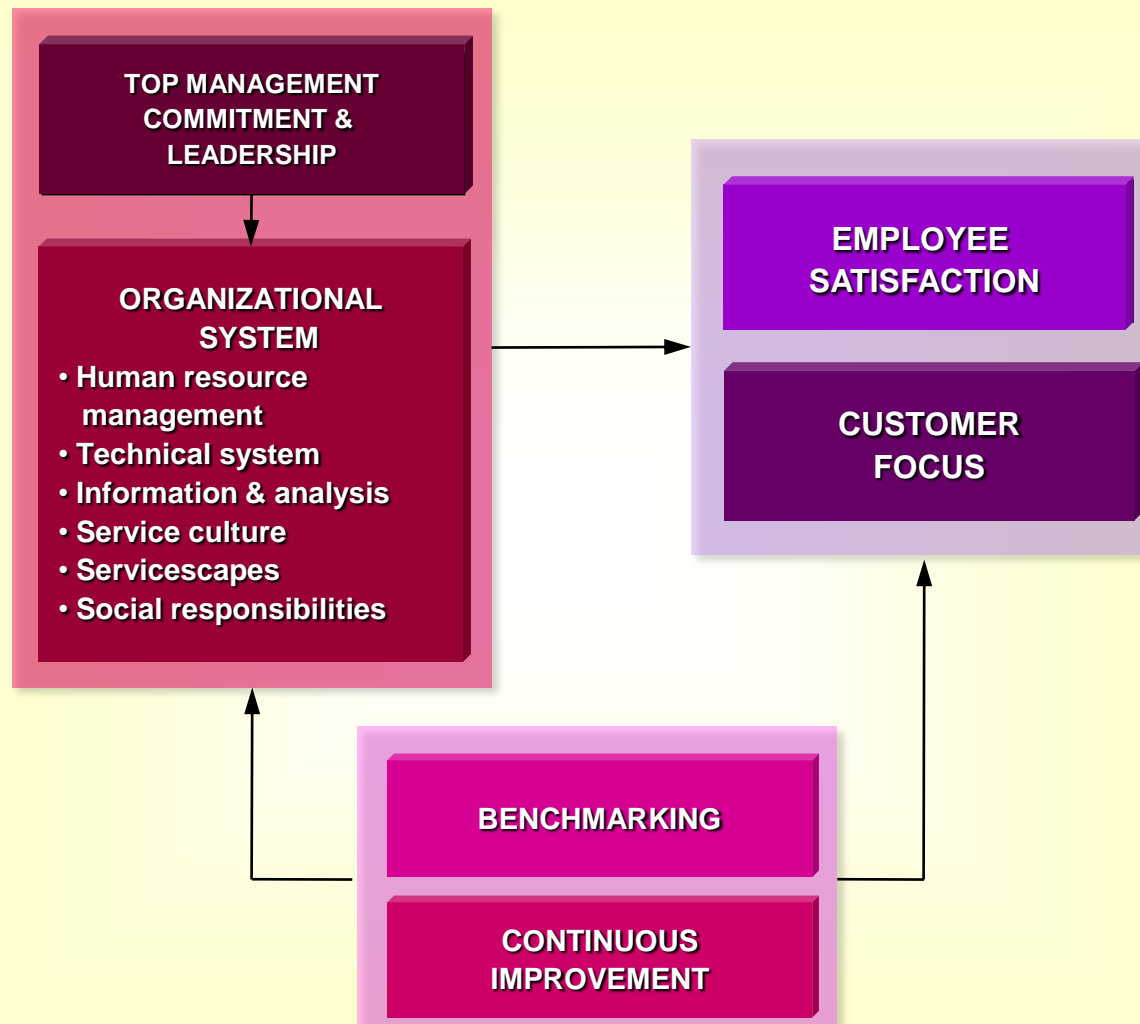
IMPACTS OF TOTAL QUALITY SERVICE

ON ORGANIZATIONAL PERFORMANCE

- The relationship between total quality management practices and organizational performance in service organizations, further confirmed that organizational performance is affected by various quality dimensions (Hasan and Kerr, 2003) .

- On a banking industry setting, among the successful firms (that implemented TQS), age does play a significant role in the continuously improving the quality and operational performance (Sureshchandar et al., 2003).

  - Firms that manage their TQS programs more effectively will benefit more with increasing TQS age.

  - What is crucial is the efficacy with which the TQS philosophy is inculcated within the organization, so that firms can start reaping the fruits of the TQS initiatives within a short time horizon.
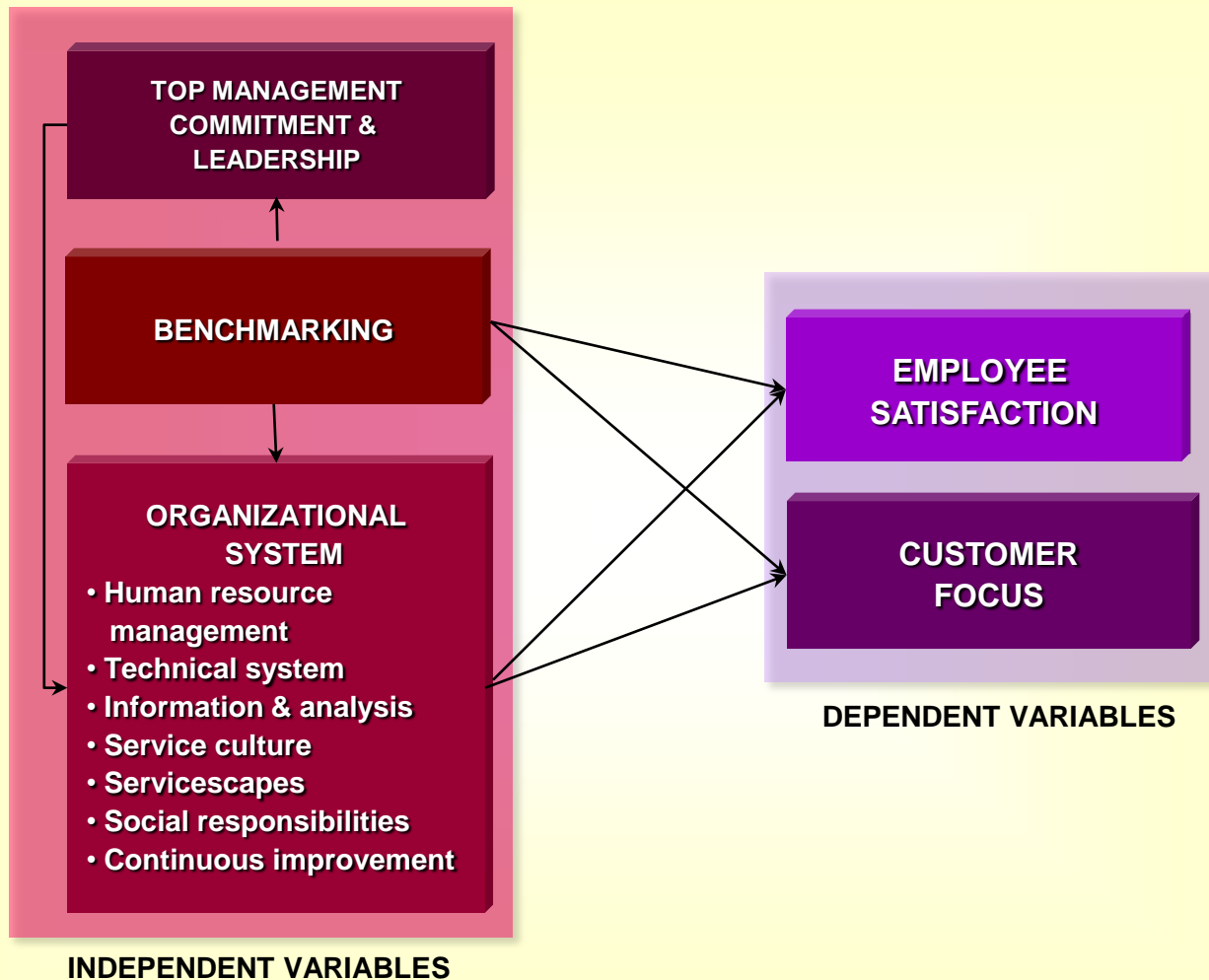
TOTAL QUALITY SERVICE MODEL

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EMPLOYEE SATISFACTION

CUSTOMER FOCUS

BENCHMARKING

CONTINUOUS IMPROVEMENT

Source: Sureshchandar et al. (2001)

Total Quality Service Model

OPERATIONAL FRAMEWORK

TOP MANAGEMENT COMMITMENT & LEADERSHIP

BENCHMARKING

ORGANIZATIONAL SYSTEM
- Human resource management
- Technical system
- Information & analysis
- Service culture
- Servicescapes
- Social responsibilities
- Continuous improvement

INDEPENDENT VARIABLES

EMPLOYEE SATISFACTION

CUSTOMER FOCUS

DEPENDENT VARIABLES

Source: Palaganas (2009)   **Revised Total Quality Service Model**

METHODOLOGY

RESEARCH DESIGN

- **Descriptive and causal**

SAMPLING PLAN

Population:	**Semiconductor companies in Metro Manila and CALABARZON areas**
Sampling Unit:	**Managers**
Respondents:	**Cross-Functional Managers**

SAMPLE SIZE

Total of 199 managers

METHOD OF DATA COLLECTION

Primary data collection
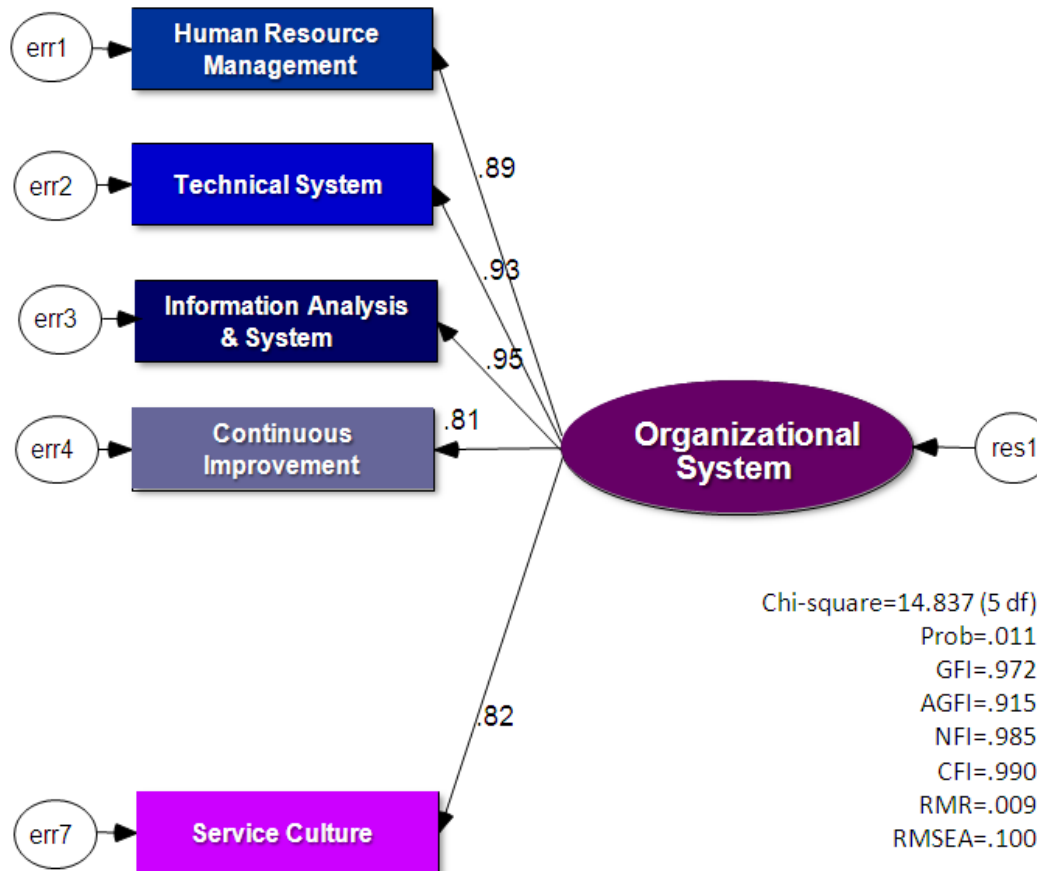
Instrument: Structured Questionnaire

METHODOLOGY

METHOD OF DATA ANALYSIS

- **Reliability (Alpha) testing**

- **Use of descriptive statistics and correlations**

- **Structural Equation Modeling using AMOS software**
    - **Use of CFA and Path Analysis**
        - **Chi-square**
        - **Good of Fit Index (GFI)**
        - **Adjusted Goodness of fit (AGFI)**
        - **Comparative Fit Index (CFI)**
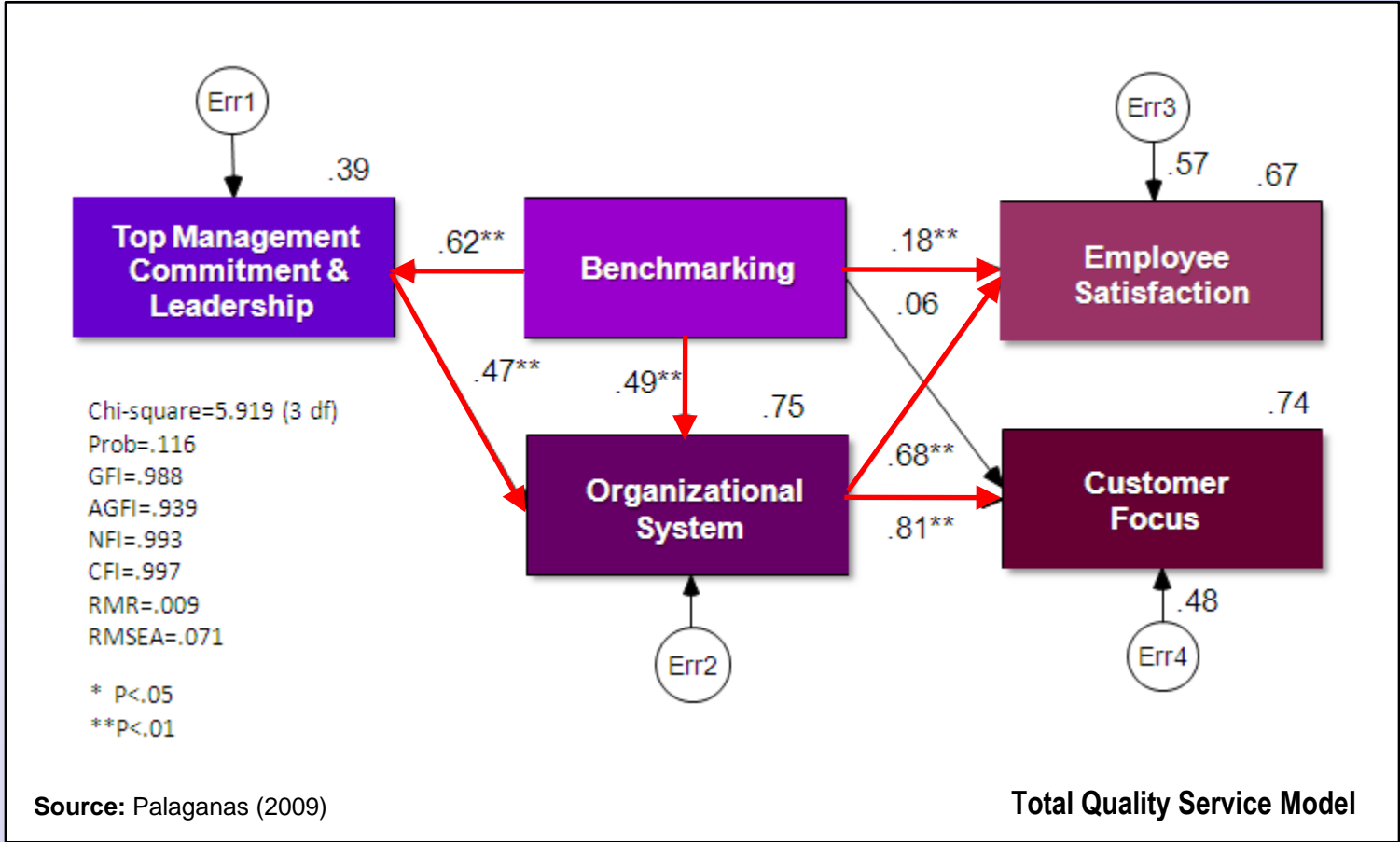   - **Normed Fit Index (NFI)**
        - **RMR**
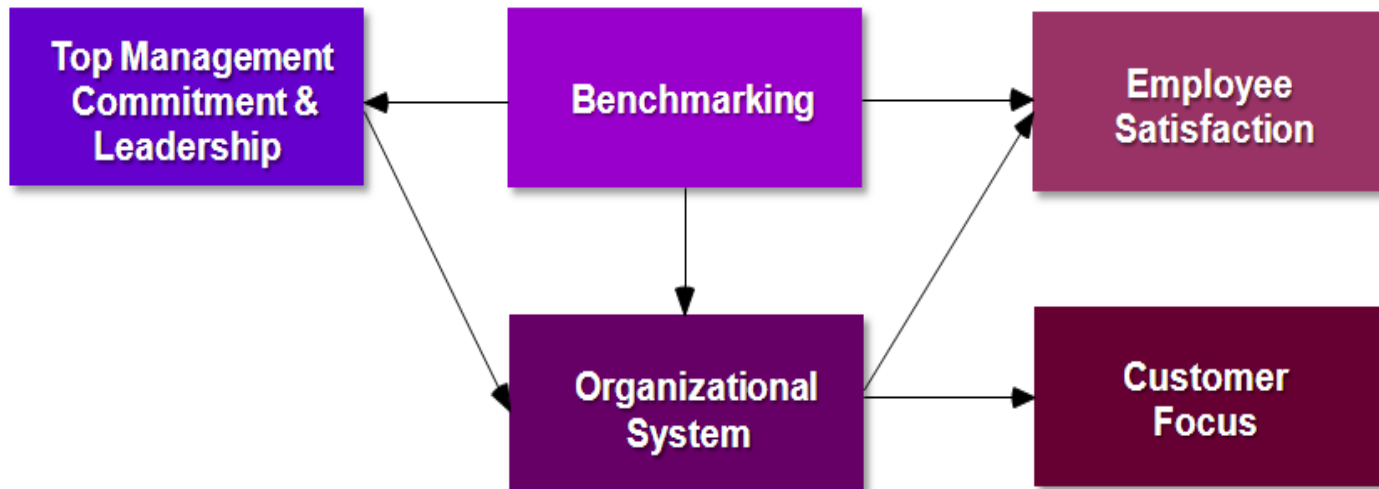   - **RMSEA**

TQS MODEL VALIDATION RESULT

TQS Organizational System Model

Source: Palaganas (2009)

Chi-square=14.837 (5 df)
Prob=.011
GFI=.972
AGFI=.915
NFI=.985
CFI=.990
RMR=.009
RMSEA=.100

Total Quality Service Model

Source: Palaganas (2009)

ENHANCED TOTAL QUALITY SERVICE MODEL

Source: Palaganas (2009)

Enhanced Total Quality Service Model

IMPLICATIONS

ORGANIZATIONAL SYSTEM:

- It is the interlinked processes which determine effectiveness of organizational processes for quality service delivery.

- Organization should be treated as a total system and variations in observed quality performance can be attributed to the capability of the organizational system.

- Factors unique to workers or technology account for minimal variation in quality performance and that most performance variations are due to system factors.

- Organizational system is composed of:
  - Information system and analysis
  - Technical system
  - Human resource management
  - Service culture
  - Continuous improvement

IMPLICATIONS

TOP MANAGEMENT LEADERSHIP AND COMMITMENT

- Based on the result of the study, it shows that top management leadership and commitment drives organizational system.

  - Leadership drives the system that create results.

  - Top management leadership
    - Acts as driver for implementation;
    - Creates values, goals and systems to satisfy customer expectations; and,
    - Improves the performance of the organization.

  - An organization would not be able to change its practices that lead to poor quality in the absence of senior management leadership and visible signaling of their commitment to quality improvement.

IMPLICATIONS

BENCHMARKING

- The finding identifies the role of benchmarking for driving both top management leadership and commitment and organizational system.

- It recognizes that benchmarking indirect affects customer focus thru the first two factors identified, and directly affects employee satisfaction.

- This suggests that firm embarking on benchmarking effort would relatively drive structural changes in the organizational system leading to positive quality improvements.

- The finding study substantiate the assertions and findings of earlier researches that:

  - Effective quality management requires benchmarking (Agus, 2004) .

  - Company to monitor, understand, counteract and do better than its competitors for it not to lose customers (Greenly & Foxall , 1997, 1998) .

  - Companies to pay close attention to the interests of its competitors so as to neutralize their business strategies in time (Lumpkin & Des, 1996) .

  - Firms should monitor strategic moves made by competitor as well as focus on employee satisfaction (Narver & Slater, 1990).

IMPLICATIONS

ORGANIZATIONAL SYSTEM

- Based on findings, it provided evidence that organizational system acts as the main driver in influencing both employee satisfaction and customer focus achievement.

- Our findings support and integrate the findings of earlier researches from various authors.

  - Importance of employee training, education, empowerment and involvement affecting employee well-being, productivity and satisfaction (Prajogo & Sohal, 2006; Gupta, 2005; Agus, 2004; Geralis and Terziovski, 2003, Brah et. al, 2002, Sureshchandar et al., 2001);

  - Impact of reward and culture on employee satisfaction (Hopkins, 2002; Ravichandran & Rai, 2000; Lumpkin & Dess, 1996; Blackburn & Rosen, 1993);

  - Importance of training, reward and culture to impact customer focus (Agus, 2004; Lumpkin & Des, 1996);

  - Importance of structures, processes and incentives on customer focus and quality performance (Samat et al., 2000; Slater & Narver, 1995; Deshpande et al., 1993).
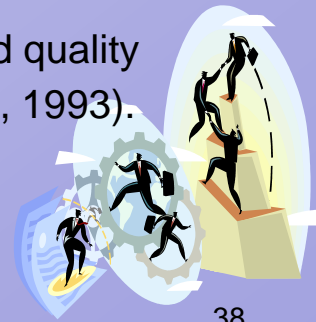
IMPLICATIONS

ORGANIZATIONAL SYSTEM

- Based on the findings it is suggested that for organizational system to effective contribute in driving TQS towards a positive employee satisfaction and improved customer focus, it is a must to:

    - Set-up a good information and analysis system to collect information and disseminate it to the right user accordingly on a timely manner;

    - Pay attention to its technical system which should be closely implemented and updated regularly;

    - Commit to the development of its human resource management focusing on training, reward, empowerment, participation, recruitment, etc.;

    - Provide linkage on the human resource management and technical system to support its service culture; and,

    - Drive towards continuous improvement focusing on employees' satisfaction and customers' needs.

CONCLUSIONS

It can be concluded that:

- The level of perception of TQS among semiconductor companies is 'slightly high';

- TQS organizational system at the semiconductor companies is composed of information analysis and system, technical system, human resource management, service culture and continuous improvement;

- Top management leadership and commitment at the semiconductor companies 'has medium positive influence' on organizational system;

- Benchmarking at the semiconductor companies 'has moderate positive influence' on top management leadership and commitment;

- Benchmarking at the semiconductor companies 'has moderate positive influence' on organizational system;

- Benchmarking at the semiconductor companies 'has little positive influence' on employee satisfaction;

CONCLUSIONS

It can be concluded that:

- Organizational system at the semiconductor companies 'has moderate positive influence' on employee satisfaction;

- Organizational system at the semiconductor companies 'has high positive influence' on customer focus; and,

- The Total Quality System at the semiconductor companies is composed of top management leadership and commitment, benchmarking, organizational system, employee satisfaction, and customer focus.

RECOMMENDATIONS

ON EMPLOYEE SATISFACTION BASED ON FINDINGS:

1. Focusing on job enrichment (not enlargement and rotation)
2. Addressing grievance effectively
3. Providing performance-oriented group incentives
4. Giving 360 degree performance evaluation system
5. Using non-financial reward system for quality contribution and achievements
6. Maximizing effectiveness of appraisal system
7. Designing of career paths with opportunities and limitations clearly specified

RECOMMENDATIONS

ON CUSTOMER FOCUS BASED ON FINDINGS:

1. Focusing on customer quality

2. Providing and courteous behavior (towards the customers)

3. Increasing intensity and depth of service

4. Striving for service innovation

5. Delivering services as promised and based on promised schedule (reliability and on time delivery)

6. Ensuring willingness to help customers and readiness to respond to customers' request

7. Striving to develop necessary capabilities (e.g. manpower and facilities)
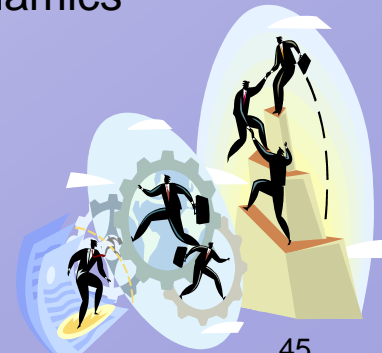
RECOMMENDATIONS

ON BENCHMARKING

1. Adopting best practices in service delivery process, customer feedback system, etc. from companies other than those within the same industry.

RECOMMENDATIONS

ON ORGANIZATIONAL SYSTEM BASED ON FINDINGS

1. Designing effective selection and recruitment process
2. Instilling quality awareness from the recruitment stage
3. Aligning promotion and career development programs with the quality management
4. Intensifying applicant pool to enhance employee quality
5. Linking education and training of employees to long-term plans and strategies
6. Increasing training frequency on quality management programs in all functional areas
7. Providing training to employees in team building and group dynamics

RECOMMENDATIONS

ON TOP MANAGEMENT COMMITMENT AND LEADERSHIP

1. Ensuring commitment of the top management to the philosophy of TQM

2. Allocating adequate resources and time for quality improvement efforts

3. Aligning and changing its view to employees as valuable and long-term resources

4. Making senior executives acts as friends, philosophers and guides to their subordinates

5. Evaluating top management effectiveness of its personal leadership and commitment to TQM

6. Formulating and establishing a clear quality vision and evaluating extent the vision forms the basis of strategic planning & decision making

7. Improving management preparedness in removing the root causes of problem and not just the symptoms

8. Aligning senior management emphasis on quality rather than cost.

RECOMMENDATIONS

ON TOTAL QUALITY SERVICE

- Improve level of employee satisfaction

- Strengthen level of customer focus

- Reinforce level of benchmarking

- Enhance the level of organizational system

- Increase level of top management commitment and leadership

- Conduct research on other related areas

- Suggest to adopt the enhanced TQS model in service companies

End of Presentation

Q & A