

# Process of the integration approach of total quality management in operational management of organizations

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## **Abstract**

In modern conditions, quality management is already becoming a managerial function like any other function in the organization, as employees from all sectors and all departments should participate in it.

The involvement of all employees in the organization contributes to total quality management. TQM is a management system aimed at the continuous improvement of products or services, with the aim of building a high level of satisfaction among users and their loyalty to the organization.

**Keywords:** quality, total quality management, organization, process, management, operational management

## **1.1. Process steps of the integration approach of total quality management**

The importance of the TQM system is of exceptional importance, because it guarantees long-term high quality of the entire process and at the same time reduces quality costs. The implementation of this system is not a simple process that takes place in several stages and often encounters problems and even failure.

When talking about the introduction of TQM, Avelini Holjevac states that three key phases are distinguished in which certain actions need to be taken:<sup>1</sup>

Phase 1: Preparatory phase-developing quality awareness

- building a quality strategy;

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<sup>1</sup> Avelini Holjevac, „Upravljanje kvalitetom u turizmu i hotelsoj industriji“, Fakultet za turistički i Hotelijerski menadžment, Opatija, 2002, str.47-53

- defining a quality policy;
- determination of methodology;
- building a support system and
- education and training of employees in the organization itself.

#### Phase 2: Quality organization

- determination of goals for each employee;
- formation of quality teams and development teams;
- definition of quality measures.

#### Phase 3: Implementation

- construction of development processes and projects;
- using assessment and feedback methods;
- total quality management.

In the following, the generally accepted steps of the TQM integration approach process in modern management are elaborated in more detail.

#### **1.1.1. Strategic preparation and planning**

This phase is concerned with identifying and gathering information about the areas where improvement will have the greatest impact on the organization's performance. That is why a detailed plan is being made to undertake activities that will improve operations. It is also important to calculate the cost of quality where the total costs of scrap, error correction and preventive costs come into play. Strategic preparation also refers to understanding the views and opinions of consumers, suppliers, and employees. The differences in their opinions and attitudes indicate the magnitude of the problems and tasks. Quality costs incurred at the beginning of TQM are compared with costs incurred in later stages with appropriate measurements, in order to see what has been achieved. Initial measurements indicate potential areas for improvement and direct efforts where they are most needed. All data and information must be identified, processed and summarized in a way that will allow managers to make an appropriate-correct decision.

Strategic preparation includes the following activities: understanding the transformation, building support (internal and external), forming quality teams, and determining and using appropriate instruments. Essentially, preparation refers to initial training of all employees, identification of external consultants, development of specific vision and goals, etc.

Planning is a detailed consideration of all activities that are important for the organization. Planning is the first, perhaps the most important function of management and other segments of operations in the organization. The planning process includes: making decisions about the goals of operation, determining the work policy, choosing a development strategy, making programs and plans, etc. When it comes to TQM planning, it includes: determining a strategic plan, determining the market and customers, determining their needs, developing processes, as well as determining measurement and control functions.

### **1.1.2. Research and assessment**

This step represents a research and reliable assessment of the current situation and elaboration of all stakeholders, whether they are ready to fully commit to the next step, that is, the implementation of TQM. For many organizations TQM means a major change in management and full implementation and facing all obstacles in a short period of time. However, in order to do a proper research and assessment, it is necessary that managers are first educated about the approach to TQM. After mastering the principles of TQM, then managers can demonstrate their full commitment to improving the quality of both the overall operation and the overall process.

The assessment emphasizes a thorough self-assessment, assessment by consumers, their characteristics, assessment of employees in the organization as well as assessment of the organization itself as a whole.

### **1.1.3. Implementation**

To reach the stage of TQM, as an integral part of the overall work system, the implementation system is necessary. Steps in the implementation of TQM are as follows: selection of projects where the first one must be visible and have a quick success, determination of numerical and exact goals for each project, selection of a team, determination of responsibilities and activities of the team, marking of each successfully completed project and motivating team members towards future success, as well as continuous improvement of individual and collective projects.

#### **1.1.4. The relationship of management to implement the integration approach of TQM and diversification**

In this phase, management has the main role. Here, the difficulties associated with the achievement of previously set goals are identified and efforts are made to eliminate them. This process takes place through several activities. One of those activities is developing the current capabilities of both management and all employees. Another activity is the comparison between abilities and set goals.

In the process of the integration approach of TQM, possible problems arise:<sup>2</sup>

- top management hardly accepts to learn;
- no change is required due to satisfaction with the existing situation;
- emergence of mistrust towards novelties;
- it is difficult to accept new obligations;
- misunderstanding as a result of ignorance;
- no additional investment is made due to fear of higher costs;
- short-term results are required, and TQM is a long-term process;
- frequent replacements where constant adjustment is required.

Through diversification, managers use TQM experiences and successes in order to establish a better relationship with stakeholders (external collaborators) in order to improve the overall operation of the organization. Diversification includes the following activities: training, rewarding, support and partnerships, various initiatives in accordance with TQM, etc.

#### **1.2. Liability policy**

The responsibility policy must be consistent with the quality policy if the organization wants to gain a competitive advantage. Then it is understandable that the responsibility for the set goals and tasks will first be demanded from the management. His responsibility includes several activities that should not only be successfully completed, but should also represent a motive for other employees. The management team is not only responsible when it comes to defining and realizing the processes for product development or meeting the expectations of customers. He has a series of responsibilities that he needs to fulfill in a timely manner and in full. All

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<sup>2</sup> Avelini Holjevac, „Upravljanje kvalitetom u turizmu i hotelsoj industriji“, Fakultet za turistički i Hotelijerski menadžment, Opatija, 2002, str.47-53

employees face a series of responsibilities. If every employee understands the seriousness of the tasks that are in front of him and should fulfill them, it will result in the achievement of the set goals that the organization has set for itself, which are in the direction of achieving a competitive advantage.

### **1.2.1. Responsibility of management**

The top management team develops the IMS as part of the core system in order to achieve continuous improvements and innovations in the organization, and most importantly to achieve production excellence. In that direction, the management team carries out several activities:<sup>3</sup>

- creates and maintains awareness in the organization about the importance of meeting and even exceeding the requirements and needs of buyers, as well as the requirements established by law;

- sets the vision, mission, policy, strategic and operational planning, which includes the quality policy and objectives;

- establishes the QMS in order to achieve the goals of the organization that will satisfy the demands of the buyers;

- conducts regular reviews of the QMS in order to determine its efficiency and effectiveness in achieving the organization's work goals and determines the measures for improvement and innovation, both in the system and in the goals;

- invests efforts and funds to promote the appropriate resources for the realization of the products/services and for the achievement of the goals of the organization.

Orientation to buyers. The top management team, when defining, implementing and improving the appropriate processes and product development, sets the determination and fulfillment of customer requirements as key elements. When it is possible, the management makes efforts to exceed the expectations of the buyers, and to shape their needs in accordance with the top features of the product. The top management is committed to establishing a balance between the fulfillment of the needs and expectations of all interested parties: buyers, shareholders, employees, partners and society.

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<sup>3</sup> Heleta, M., „Menadzment kvaliteta”, Univerzitet Singidunum, Beograd, 2008, str.202

*Orientation to strategy.* The vision, mission and values - for an indefinite period of time, in which the value of quality takes a central place - are defined by the management. It also approves the policy and objectives of IMS.

Elements of strategic planning are:<sup>4</sup>

- review and changes of the vision, mission, policy and goals;
- assessment of changes in the needs and expectations of all interested parties;
- the decisions related to the activities and resources needed to fulfill the needs and expectations of the interested parties;
- assessment of profit, costs and risk of all interested parties throughout the entire product cycle.

To the question: what does the organization want to be in the future?, the vision can contain the following answers:<sup>5</sup>

- to be a leading organization in the delivery of products with attractive quality on the market;
- to be the leading supplier for the first installation of the world's manufacturers or
- to be the leading contracted sub-supplier of the products in the appropriate market.

A typical mission of an organization is to create and deliver products that meet the needs and expectations of customers, while achieving work results that meet the expectations of owners, employees, partners and society.

The realization of the vision and mission is expressed through operational values that are based on the expectations of key stakeholders (production, marketing, finance...) in the organization. Continuous improvement is based on employees' commitment to values, of which a few are mentioned:<sup>6</sup>

- conducting correct and legal operations in accordance with the expectations of the buyers;
- providing quality services, ie delivery of quality products;
- achieving efficiency through a systemic and innovative style of operation;
- making decisions based on facts;
- maintenance of partnership relations;
- long-term maintenance of performance and striving for excellence.

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<sup>4</sup> Ibid, p.203

<sup>5</sup> Ibid, p.203

<sup>6</sup> Ibid, p.204

An integral part of the strategic planning in the organization is the quality policy. It represents a framework in which quality objectives will be defined. The quality policy stipulates:<sup>7</sup>

- the products and services of the organization fully satisfy the regulations, standards and expectations of the buyers;
- top quality to be realized through cost reduction, increased efficiency and effectiveness, productivity and profit;
- quality is the task and responsibility of managers at all levels and of every employee;
- teamwork of managers ensures horizontal and vertical execution of work processes;
- planning, prevention and improvements are a recognizable style of working in the organization;
- the establishment of partnership relations with suppliers is a permanent development orientation of the organization;
- harmonious sustainable development, environmental protection, savings and people's safety are the vision of the management and all employees;
- the climate of cooperation and trust is based on the involvement of employees in the creation and improvement of work processes;
- the implementation of the quality policy supports appropriate programs for education, training and motivation of all employees;
- the review of the quality system is done in order to achieve continuous improvements and application of TQM.

The general (strategic) and special (tactical) quality objectives are determined, established and maintained by the organization for each separate function and at each level. The general objectives relate to the effectiveness of the quality system, the environment, health and safety at work. Specific quality objectives are undertaken to achieve general objectives. They contain three dimensions:

- dimension of the user interested in its realization;
- performance dimension expressed through measurable indicators and
- time dimension when the goal is expected to be achieved.

The general goals are determined for a period of four years, and the tactical ones on an annual level. The general strategic objectives for quality are: customer satisfaction, their complaints, meeting deadlines, competitiveness of the offer, product innovation, efficiency and effectiveness of processes, quality costs, productivity, employee satisfaction and others.

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<sup>7</sup> Ibid, p.205

### **1.2.2. Responsibility by sectors and functions**

Responsibility for the overall performance of an organization never rests solely with management. As much as the management in the organization has responsibility, so do the departments and functions in it have a certain degree of responsibility. Depending on the nature of the activity the organization is engaged in, regardless of whether it is a specific product or service, responsibility must exist. It is inadmissible neither departments nor individuals in the organization to distance themselves from responsibility. And when the responsibility is shared by all employees, then the possibility of meeting the previously set goals increases. Certain departments in the organization also have specific responsibilities that are related to the responsibilities of other departments and functions. And if everyone in the organization takes responsibility seriously and carries it out to the end, with maximum effort and full commitment, then the possibility of errors is reduced to a minimum, costs will be reduced, greater efficiency and effectiveness will be achieved, and what is most importantly, the buyers will be satisfied. Some departments and functions have primary responsibility for requirements development and application, some have responsibility only for requirements application, and others bear responsibility for participating in requirements application.

When it comes to management responsibility, the director has the primary responsibility, followed by the marketing, development, production, finance and human resources departments. The primary responsibility for the development and application of the requirements related to the provision of resources is shared by the director and the finance department, and only then other departments bear the responsibility for the application of the requirements. The personnel in the organization have the primary responsibility when it comes to personnel resources, and the other departments bear the responsibility for applying the requirements. When it comes to infrastructure, then the director bears the primary responsibility, and other departments have the responsibility for applying the requirements. The primary responsibility for development belongs to the personnel in the organization when it comes to working conditions. Production and planning are most closely related and this is where production has the primary responsibility. Marketing has the primary responsibility when it comes to relations with buyers, and the other sectors have the responsibility for the realization of requests. The development department has the primary responsibility for the development and application of requirements when it comes to development and design in the



organization. The director, marketing, production and finance bear the responsibility for applying the requirements, and the personnel has the responsibility for participating in the application of the requirements. When it comes to procurement, marketing has the primary responsibility, and other departments in the organization have the responsibility to apply the requirements. The realization of the production processes is the primary responsibility of the production, and the personnel in the organization bear the responsibility for participating in the application of the requirements. The primary responsibility when it comes to customer satisfaction is certainly borne by the marketing department, other departments have the responsibility for applying the requirements, and only the finance department has the responsibility for participating in the application of the requirements. The production sector has the primary responsibility when it comes to monitoring and measuring processes, and the process model of the integrated system bears the primary responsibility for monitoring and measuring products. At the same time, the process model bears the primary responsibility for managing the failed product. For data analysis, all departments have equal responsibility for applying the requirements, with the exception of the process model of the integrated management model, which has the primary responsibility. For all the improvements that should follow, the director has the primary responsibility, and all other departments bear the responsibility for applying the requirements.

According to some authors, there are several advantages of introducing TQM in an organization:<sup>8</sup>

- improving profitability;
- increased income;
- improving budget performance, reducing prices;
- greater turnover of financial assets;
- improved return on investments;
- increased competitiveness;
- increased user loyalty;
- improved efficiency when making decisions;
- optimal use of available resources;
- improvement of intellectual capital;
- increased responsibility among employees;

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<sup>8</sup> Kostic, R., Model Menadzmenta Totalnim performansima sa aspekta finansijske I ekonomske koristi, International Journal „Total Quality & Excellence“, Vol.27, br.1-2, 2009, str.519

- optimization, efficiency and effectiveness of processes;
- improving supply chain performance;
- increased market share;
- increased performance of consistency and sustainability of the organization.

## **Conclusion**

TQM affects the motivation of employees, and this has a direct impact on the improvement of innovative products, as well as on the reduction of waste. The reduction of scrap has a direct impact on cost reduction which, in turn, has the effect of reducing product prices. With the introduction of TQM, the organization strives for increased market share. This goal will be achieved, among other things, by motivating employees. On the one hand, it will lead to a reduction of the scrap, and thus to a reduction of costs, which will directly affect the reduction of the price of the product, which will increase sales. On the other hand, the motivation of employees will affect the improvement of innovative products, but also increase the satisfaction of users who will make oral propaganda for the product they are satisfied with. This will again lead to increased sales and thus increased market share.

If all the organizations that implemented the TQM concept in their operations, have already felt the positive effects through the results they aimed for and achieved, it should be a positive signal for the rest. Considering the advantages of its introduction, regardless of their activity, organizations should decide on its implementation as soon as possible if their ultimate goal is customer satisfaction, greater financial results and greater competitive advantage.

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