QUALITY MANAGEMENT PRINCIPLES AND PRACTICES IMPACT ON THE COMPANIES’ QUALITY PERFORMANCE

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Abstract

Purpose - The aim of this paper is to expose the conceptual model which pretends to reflect the relationship between the use and implementation of quality management principles and practices and their impact on the companies’ quality performance.

Design/methodology/approach – Based on the literature review carried out, we have identified the most common and used quality management principles and practices. Hence, we have proposed a conceptual model relate those quality management principles and practices to the companies’ quality performance. In order to validate these quality management principles and practices and consequently the conceptual model developed, we conducted several semi-structured interviews with the Portuguese Quality Leaders. The following phase consisted in developing a questionnaire, based on the literature review carried out and on the main contributions of the semi-structured interviews. This questionnaire was sent to all the Portuguese companies certified according to the ISO 9001 standard. Our main purpose is to validate the model developed based on the structural equation modeling technique (SEM). Currently we are in the survey phase.

Findings - It is expected that the results show a significant and positive relationship between the implementation of quality management principles and practices and their impact on the companies’ quality performance.

Originality/value - As far as we were able to find out in the literature review phase, the conceptual model proposed is a new approach to characterize the direct results and effects of quality management principles and practices in the companies’ quality performance.

Keywords: Quality management, Performance Measures Indicators, principles, practices and Modelling.

Article Classification - Research paper.

1. Introduction

There is a considerable number of publications that is focused in the link between quality management and organizational performance. However, the analysis of the direct effects and results of the quality management principles and practices in Portuguese organizations quality performance is an innovative issue.

The American Society for Quality (ASQ) research entitled “The Global State of Quality Research Overview” (2013) highlight the best quality management organizational structure which includes the quality management principles and practices that lead to a maximization of the organization results.
From the ASQ study, explanatory key factors, which are extensively being used during the whole research and which are highly related to the variability in the application of principles and practices, were established. 1) There are significant differences in the use and application of quality management and practices in organizations from the industry sector as well as in organizations from the service sector. 2) There is a general idea that the organizations of higher dimension tend to use more mature quality practices. Although this idea is appropriate for various practices, in general, the dimension of the organization has less impact than the organization activity sector concerning the application of mature quality practices. 3) There is no relevant indication that the use of quality principles and practices differs per region, generally. Some variations do exist, but normally they are related to the dimension, sector or other unidentified factors. (ASQ, 2013).

The aim of this research is to develop and propose a conceptual model that reflects the relationship between the implementation of principle and practices quality management and their impact on the quality performance of the Portuguese organizations.

The goal of this research is to analyze if the implementation of QMPPs results in an improvement of companies’ quality performance, namely in manufacturing and service sectors.

Our final conceptual model will be statistically validated based on a survey that will be sent to the Portuguese companies. The structural equation modeling (SEM) will be our statistical methodology support.

2. Quality Management

Quality Management (QM) has been defined as a “philosophy or an approach to management” made up of a “set of mutually reinforcing principles, each of which is supported by a set of practices and techniques” (Dean and Bowen, 1994).

QM represents one of the most significant research themes in operations management. Today QM is a widely accepted organizational goal for several companies (Nair, 2006).

With the tremendous growth of literature in both academic and practitioner oriented outlets, the term QM has been diluted to mean different things and the scope of activities underlying QM lack consensus (Watson and Korukonda, 1995).

The study conducted by Sousa and Voss, (2002), commenting on the validity of quality management, conclude that, “QM as espoused by its founders, can be reliably distinguished from other strategies for organizational improvement and there is substantial agreement in the literature as to which practices fall under the QM umbrella”.

2.1. Quality Management Principles and Practices

The quality practices of an organization (which take place within a quality culture or context) are defined as the actions and procedures undertaken by a company or organization to ensure the delivery of a high-quality service or product.

Sousa and Voss, (2002) mention that “practices are the observable facet of QM, and it is through them that managers work to realize organizational improvements. Principles are too general for empirical research and techniques are too detailed to obtain reliable results. The quality management principles can be used by senior management as a framework to guide their organizations towards improved performance. There are many different ways of applying these quality management principles. The nature of the organization and the specific challenges it faces will determine how to implement them. Some of the conflicting results reported in the literature may have to do with different levels of analysis of QM. Several studies operationalized QM as a multi-dimensional construct (Anderson et al., 1995; Flynn et al., 1995; Mohrman et al., 1995; Powell, 1995; Adam et al., 1997; Grandzol and Gershon, 1997; Ahire and O’Shaughnessy, 1998; Forza and Flippini, 1998; Rungtusanatham et al., 1998; Dow et al., 1999; Samson and Terziovski, 1999; Das et al., 2000; Wilson and Collier, 2000; Ho et al., 2001; Kaynak, 2003)

It would be relevant that future studies should make explicit at what level they are addressing QM content: principles, practices or techniques.

Researchers should also strive for a standardization of definitional terms. For example, different terms have been used for “practices”, such as “factors” (Saraph et al., 1989; Powell, 1995), “implementation constructs” (Ahire et al., 1996; Anderson et al., 1995) and “interventions” (Hackman and Wageman, 1995).

Based on the literature review carried out, we have identified the most common and the most implemented quality management principles and practices. It is important to refer that this selection was based on two sectors which will be target of our study: manufacturing and service. Hence, it is believed, in fact, that these quality management practices and principles are comprehensive because they:

- Have highest frequency of occurrences by different researchers in the service industries and identified as the key aspects in TQM implementation in both manufacturing and service industries (Saraph et al., 1989; Antony et al., 2002; Zhang et al., 2000; Khamalah and Lingaraj, 2007);
- Represented the hard and soft aspects of quality management;
- Encompass the most prestigious quality award and standards criteria widely accepted by quality management scholars and practitioners;
- Have been considered as critical practices in quality management (Sila and Ebrahimpour, 2002);
- Significantly associated in services and in the promotion of service quality (Behara and Gundersen, 2001).

In order to do a preliminary validation of the quality management practices and principles as well as the quality performance indicators selected, we conducted a series of semi-structured interviews with national and international Quality Leaders, such as: academics, specialists in this area, managers and consultants.

Therefore, the eight generic quality management principles identified (P\textsubscript{i})—Leadership, Customer Focus, Employee Involvement and Commitment, HR Management (incentive and recognition), Strategic Planning Management, Process Management, Supply Chain Management, Continuous Improvement and Innovation as well as the quality management practices (P\textsubscript{b})—Quality Tools and Business Excellence Models, were valued in a scale from 1 (Nothing Important) to 5 (Extremely Important) by each Quality Leader Interviewee. All data collection and following statistic analysis which is illustrated in figure 1, allowed the presentation of the conclusions presented in the next paragraphs.

**Figure 1 – General view of the quality management principles and practices.**
Through figure 1 analysis, one may conclude that from the quality management principles presented (P₁₋₈), we may distinguish as **Extremely Important**: Leadership, Customer Focus and Process Management; as **Very Important**: Employee Involvement and Commitment, HR Management (incentive and recognition), Strategic Planning Management, Process Management, Supply Chain Management, Continuous Improvement and Innovation. The Quality Tools and Business Excellence Models (P₉) were distinguished as **Very Important**.

It is important to mention that, through the course of the interviews, it was proposed that quality management practices category (P₉) could be divided in three dimensions, such as: a) Quality Tools; b) Quality standards and c) Business Excellence Models.

Therefore, in our present research, based on the validation and on the main contributions of the semi-structured interviews phase, the quality management principles that are going to be the target of study are: Leadership, Customer Focus, Employee Involvement and Commitment, HR Management (incentive and recognition), Process Management; Strategic Planning Management, Supply Chain Management and the Continuous Improvement and Innovation. On the other hand, as mentioned above, the quality management practices that are going to be the target of study are the following dimensions: Quality tools, Quality standards and the Business Excellence Models (Figure 4: Conceptual Model: Relationship between QMPPs and their impact in quality performance).

### 2.2. Quality Performance Measures Indicators

Numerous studies have examined the positive and negative (or non-significant) relationships between quality principles and practices and various performance measures indicators. While examining the relationship between quality principles and practices and performance scholars have used different performance types such as financial, innovative, operational and quality performance.

Sousa and Voss, (2002) mentioned that quality management practices have a significant and strong impact on quality (internal process and product) and operational performance.

In some studies a multidimensional operationalization of performance is considered (Mohrman et al., 1995; Das et al., 2000; Wilson and Collier, 2000) while others considered single performance construct (Anderson et al., 1995; Ahire and O'Shaughnessy, 1998; Rungtusanatham et al., 1998; Ho et al., 2001).

In this study, we considered quality performance as our indicator for measuring company’s performance. The reasons for choosing quality performance as an indicator for measuring company’s performance are:

- It can be measured and reflected into number of ways as articulated in past empirical studies on TQM (Ahire et al., 1996; Flynn et al., 1994; Su et al., 2001; Yang, 2006; Arumugam et al., 2008; Prajogo and Sohal, 2003; 2004).
- It has been used by Malcolm Baldrige National Quality Award (MBNQA) model under the ‘quality results’, the only criterion used for organizational performance measurement. MBNQA model that represent TQM practices is accepted by several researchers across the world (Ahire et al., 1995; Dean and Bowen, 1994; Juran, 1998; Prajogo and Sohal, 2003; 2004);
- Several past research studies on TQM and organizational performance have taken quality performance as indicator for measuring the performance (Ahire et al., 1996; Zhang et al., 2000; Arumugam et al., 2008; Dow et al., 1999; Flynn et al., 1994; Saravanan and Rao, 2007; Cua et al., 2001; Prajogo and Brown, 2004) and the results were obtained. These studies investigated the relationships between TQM practices and quality performance in different sectors and countries.

As we mentioned before, in order to do a preliminary validation of the quality performance indicators selected, we conducted a series of semi-structured interviews with national and international Quality Leaders, such as: academics, specialists in this area, managers and consultants.

The eight selected quality performance indicators are: Product/service quality level; customer relationship; reliability, productivity, durability, conformance to specification; number of non-conforming products and number of complaints.
This eight quality performance indicators (QP1-QP8) were valued in a scale from 1 (Nothing Important) to 5 (Extremely Important) by each Quality Leader interviewee. All data collection and following statistic analysis which is illustrated in figure 2, allowed the presentation of the conclusions presented in the next paragraphs.

![Figure 2 – General view of the quality performance indicators.](image)

In an analogous way, through figure 2 analysis, one may conclude that from the quality performance indicators presented (QP1-QP8), we may distinguish as Extremely Important: Product/service quality level; customer relationship, conformance to specification; as Very Important: reliability, productivity, durability; number of non-conforming products and number of complaints.

Through the course of the interviews others indicators to the quality performance measurement arouse, as well as, changes to the denominations of some indicators that were presented.

Hence, the indicators to the quality performance measurement suggested were:

Customer satisfaction; Flexibility; Quality Management Systems maturity; Complaints management; Employee satisfaction; stakeholders satisfaction.

Regarding to the changes of the denominations of some indicators that were presented, one may detach (Table 1):

<table>
<thead>
<tr>
<th>QUALITY PERFORMANCE INDICATORS PRESENTED</th>
<th>CHANGE SUGGESTION</th>
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<tr>
<td>QP1: Product/service quality level</td>
<td>Perceived Quality</td>
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<tr>
<td>QP2: Customer relationship</td>
<td>Customer loyalty</td>
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<tr>
<td>QP3: Reliability</td>
<td>Product reliability</td>
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<td>QP4: Productivity</td>
<td></td>
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<tr>
<td>QP5: Durability</td>
<td>Product durability and service continuity</td>
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<tr>
<td>QP6: Conformance to specification</td>
<td>Fulfilment of the customer requirements</td>
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<td>QP7: Number of non-conforming product</td>
<td>Number of non-conforming product/service</td>
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<td>QP8: Number of complaints</td>
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Therefore, in our present research, based on the main contributions of the semi-structured interviews phase, the indicators that were used to the quality management performance measurement are:

Perceived Quality; Customer satisfaction; Customer loyalty; Product durability and Service continuity; Fulfillment of the customer requirements; Non-conforming product/Service; Product reliability; Productivity; Flexibility; Lead time; Quality Management Systems maturity; Stakeholder satisfaction and Number of complaints.

3. Relationship between Quality Management and Performance

In general, research studies have argued a direct relationship between quality management principles and practices and performance.

Sampaio, 2009 mentioned that the majority of the studies that try to relate the impact of quality management principles and practices (QMPPs) over organizational performance that have been carried out, conclude that there is a positive relationship between the implementation of QMPPs and organizational performance improvement (Mann and Kehoe, 1994; Maani et al., 1989; Adam et al., 1997; Curkovic and Pagell, 2000; Terziovskski and Samson, 1999; Gupta, 2000; Romano, 2000; Dick et al., 2002; Ozgur et al., 2002; Tari and Molina, 2002; Tari ans Sabater, 2004; Quazi and Jacobs, 2004). However, others recent research on this link finds contradictory outcomes. That is, quality procedures may not consistently result in a positive or favorable organizational outcome (Foster, 2007; Kaynak 2003; Montes et al., 2003; Zu, 2008).

Note, however, that, there is also evidence of complex cross relations among QMPPs in extant literature.

There are some researchers who found that the implementation of QMPs did not improve performance. For instance, Dow et al. (1999) showed that some QMPPs contribute to superior quality outcome and others QMPPs do not contribute to the improvement of organizations performance. Terziovskski and Samson (1999) investigated the relationship between QMPPs and organizational performance in Australia and New Zealand and obtained mixed results, showed that a typical manufacturing organization is more likely to achieve better performance with QMPPs than without QMPPs implementation.

The mixed findings and the need to gain further insights into generalized QMPPs-performance link provide motivation for several research articles.

Given the inconsistent findings attempting to link quality management to firm performance in the past (Kaynak, 2003), the authors believe that deconstructing quality management into the separate constructs of quality practices and quality context, and examining the causal sequence connecting these constructs, will prove beneficial.

In order to perceive the Quality Leaders Interviewees’ opinions about the relationship between quality management and performance, it was requested a valuation in a scale from A (weak, 1 point) to C (High, 3 points), of the relationship between each QMPPs (P_a\_e P_b) and each quality performance indicators (QP, QP) presented. All data collection and following statistic analysis allowed the elaboration of the figure 3. This graphic illustrates the most significant relationships between QMPPs (P_a\_e P_b) and quality performance indicators (QP, QP).
4. Conceptual Model
This interview phase allowed us, in fact, to inquire the national and international acknowledged specialists in the quality management field trying to validate an subsequently improving the initial Conceptual Model which was elaborated through literature review. Therefore, the new Conceptual Model proposal is presented as follows:

5. Conclusions
Based on the literature review carried out, we acknowledge that, in fact, there are still many doubts about the relationship between quality management and performance; hence, it is relevant to study in more detail the causal process that links QMPPs with quality performance in order to try to characterize the direct results and effects of QMPPs in the companies’ quality performance.
Our final conceptual model will be statistically validated based on a survey that will be sent to the Portuguese companies. The structural equation modeling (SEM) will be our statistical methodology support. This validated model will not only contribute to bridge the gap, that is reflected in open literature, but it will also provide the quality professionals an approach to an efficient quality management implementation in the organizations. It may also be used by researchers to develop the quality management theory.

Undoubtedly, it will give impetus for practitioners adopting quality management principles and practices in their organizations.

References


Quality management principles and practices impact on the companies’ quality performance


