

THE IMPACT OF TOTAL QUALITY MANAGEMENT (TQM) ON COMPETITIVE ADVANTAGE: A CONCEPTUAL MIXED METHOD STUDY IN THE MALAYSIA LUXURY HOTEL INDUSTRIES

Sin Kit Yeng, University Malaysia Perlis
Muhammad Shahar Jusoh, University Malaysia Perlis
Noormaizatul Akmar Ishak, University Malaysia Perlis

ABSTRACT

The widespread use of TQM has impacted the hotel industry worldwide and increasingly identified as the key issue in differentiating service products and building competitive advantage in tourism. Accordingly, hotel industries may face a wide variety of saturated and uncertain TQM practices available for their organization nowadays. As there is a lack of comprehensive knowledge regarding TQM issues in hotel industry, there is an urgent need for a process which will assist hotel industries in Malaysia to evaluate these TQM practices and select the most appropriate one in order to provide the ideal management practices for the entire organization. As such, this study will propose a mixed method study where 10 hotel managers are initially interviewed, followed by a quantitative study of 122 additional managers. The aim of this study is to assist the hoteliers for identifying the proper TQM practices and then evaluating the available practices that best fitted the hotel industry in Malaysia which could concomitantly help the Ministry of Tourism and Culture (MOTAC) to achieve its National Key Economic Area (NKEA) and contributing towards high nation income in 2020.

Keywords: TQM, Competitive Advantage, Hotel, Mixed Method.

INTRODUCTION

Malaysia hotel industry especially luxury hotel industries are undergoing a challenging time because of stiff and intense competition from other hotels such as Airbnb, as well as heritage and budget hotels (The Borneo Post, 2017). Additionally, excessive hotel projects have saturated the market, with many more in the process of being constructed or about to be built, making the cutting-throat situation worst (The Star Online, 2017). The hotel market is pretty saturated at the moment and with more hotels opening, the demand for rooms is going to drop even further (The Metro News, 2017). In fact, due to the excessive supply of rooms as the number of Airbnb, budget hotels and guest-houses continued to increase significantly, it can be seen that hotels under the Malaysian Association of Hotels is either seeing stagnant or declining in terms of occupancy rates (Malaysia Tourism Statistics, 2016). The way in which hotels gain a competitive edge falls into two main categories: price based, by establishing a low-cost management through discounting; and quality based, by providing customers with a unique experience to achieve customer loyalty (Ooi, 2014). Although low-cost management through discounting helps increase a hotel's market share in the short term, it may negatively impact on profitability in the long term (Maslanka-Wieczorek, 2014). Many hotels therefore have turned to

quality improvement for achieving a competitive advantage marketplace (Dimanche, 2014). Meanwhile, correct implementation of TQM practices could enhance the quality of products/services delivered and enable hotels to remain competitive (Ho, 2010).

LITERATURE REVIEW

Introduction to TQM

It is both a philosophy and a series of guiding justifications that are the basis of a ceaselessly improving organization (Shweta Bajaj, Ruchi Garg & Monika Sethi, 2018). It intends to accomplish the effectiveness of the system such as production, design, planning, quality tools, techniques involvement as well as customer satisfaction as it has potential not only to reinforce competitiveness but also to strengthen firm effectiveness and produce more satisfied customers (Khanam, Siddiqui & Talib, 2015). In order to ensure definition of TQM to be valid especially in hotel sectors which connects not only customers but also other stakeholders, it must encompass the meaning of conformance to internal specifications which are predetermined and required by customers (Ílkay & Aslan) and fulfill the continuously changing requirements of both the organization customer and stakeholders (Fotopoulos & Psomas, 2010). Hence, the current study proposes a new definition of TQM mainly drawn from Ismyrlis et al. (2015); Aranda et al. (2015) stated as following: TQM is a management based approach with the participation of all members of an organization in improving processes, products, services and the culture in order to achieve higher level of satisfaction of customers and other associated stakeholders.

Elements of TQM

There is no particular agreement on the elements that constitute TQM and still the elements are varying among different researchers across the globe (Corredor & Goni, 2011). What's more, use of different terminology in the context of TQM elements is raising the difficulty of comparing sets of elements since the terms elements, principles, components, factors and criteria seem to be employed interchangeably (Ahmad, Zakuan, Jusoh, Yusof, Takala & Arif, 2014). Motivated by this conclusion, it is recommended that the TQM elements to be standardized so that a sound comparison can be made (Calvo-Mora, Picon, Ruiz & Cauzo, 2014). Additionally, synonyms of the TQM elements may cause redundancies (Delic, Radlovacki, Kamberovic, Maksimovic & Pecujlija, 2014) hence it is essential for similar elements to be combined into one category of elements for this study as shown in Table 1. To boot, there are total eight heterogeneous TQM elements after similar elements are being combined into one category of elements which constitute of leadership, strategic planning, supplier's quality management, process management, product and service design, employee management, customer relationship management as well as information and analysis.

Table 1
HETEROGENEOUS OF TQM ELEMENTS

TQM Elements	Other Terms	Supporting References
Leadership	Leadership and management commitment	Barouch et al. (2016)
	Top management support	Mahmood et al. (2015)
	Leadership	Frolova et al. (2015)
	Management leadership	Kivipold et al. (2013)
	Management commitment	Abdullah & Tari (2012)
Strategic planning	Top management/Leadership	Elshaer et al. (2016)
	Quality system	Lakhal et al. (2006)
Supplier's quality management	Benchmarking	Sit et al. (2009)
	Supplier's quality management	Sadikoglu et al. (2014)
	Supplier management	Mosadeghrad (2015)
	Supplier relationship	Abdallah (2013)
	Supplier quality	Jaafreh et al. (2012)
Process management	Supplier focus	Mellat-Parast (2013)
	Supplier involvement	Zakuan et al. (2010)
	Process management	Kafetzopoulos et al. (2015)
	Continuous improvement process	Sadikoglu & Zehir (2010)
Product and service design	Quality culture	Ooi (2014)
	Statistical and quality tools	Wu (2015)
	Product/Process design	Shan et al. (2013)
Employee management	Design management	Jayaram et al. (2012)
	Product/Service design	Kima et al. (2012)
	Employee involvement	Parast et al. (2011)
	Human resource focus	Loke et al. (2011)
Customer relationship management	Employee relation	Jaafreh et al. (2012)
	Customer focus	Yusr et al. (2014)
Information and analysis	Customer relations	Kima et al. (2012)
	Information and analysis	Mahmood et al. (2015)

Leadership

Many studies support that leadership is one of the most important factors that impact a firm's performance (Ooi, 2014). Leadership and top management support is expected to have an integral role in encouraging the practices and behaviors that lead to quality goals establishment, resources allocation, quality performance evaluation and quality improvement (Barouch et al., 2016; Alidrisi & Mohamed, 2012). Furthermore, the leader of a firm is responsible for creating the appropriate environment/culture for innovation besides cultivating the innovation process, quality, finance management and aligning the current strategy with the innovation strategy in order to achieve innovative and competitive performance (Frolova et al., 2015).

Strategic Planning

Strategic planning refers to the development and subsequent deployment of plans to forge a stronger tie with customers, suppliers and business partners (Baird, Hu & Reeve, 2011). It includes formulation of vision/mission statements, quality policy, use of quality control and other management tool etc. (Ahmad & Elhuni, 2014). Appropriate systems of strategic quality planning would improve the product quality and therefore customer satisfaction (Cheung & To, 2010).

Supplier's Quality Management

Supplier's quality management is defined as the procedure of assessing supplier's quality performance as well as inaugurating long term organization-supplier partnership with product quality as the specification for supplier selection (Bolatan et al., 2016). Selecting a high quality supplier can improve the quality of products or services due to the fact that materials and purchased parts are often a major source of quality problems (Sadikoglu et al., 2014). Strengthening and building long-term cooperative relationship with suppliers is an important factor as it can increase the competitiveness of the organization competitiveness and thus, improving the performance of the organization (Mosadeghrad, 2015).

Process Management

Process management is concerned with a systematic and structured approach to control, manage and optimize the business processes design so that productivity, quality and innovativeness can be attained (Kafetzopoulos et al., 2015). Basically, the most influential factor in process management is technology (Fotopoulos et al., 2010) especially firms with strict quality systems that need to adopt up to date technologies in their processes (Ooi, 2014). Therefore, process management ought to focus on managing processes so that they operate as expected (Al-Ababneh et al., 2012).

Product and Service Design

Product and service design can be defined as an interrelated set of procedures and measures that are incorporated into the development process of an organization to achieve high quality performance (Karimi, Safari, Hashemi & Kalantar, 2014). Additionally, product and service design scrutinizes an organization's quality product and service delivery performance in terms of timeliness, errors and costs of quality, responsiveness and customer satisfaction (Shan et al., 2013). According to Kim, Kumar & Kumar (2012), a successful TQM implementation itself is a business-level strategy that goes beyond process and should address the strategy content option of product design efficiency, product reliability, process efficiency and market advantage.

Employee Management

Employee management can be described as the extent to which employees in an organization partake in training and development programs that empowers employees to be proficient in operational procedures to optimize service and production processes (Mosadeghrad, 2014). Employee management also instills a better understanding of importance of the product quality in employees and makes them committed to the quality improvement (Kafetzopoulos et al., 2015). Employees should be aware of how the quality policies of the organization affect their jobs; promote their development and motivation; and continuously improve their work output (Mahmood et al., 2015).

Customer Relationship Management

In this case, customer relationship management is defined as the continual and persistent effort in maintaining a close relationship with customers by acquiring constant feedback from customers to ensure customers' needs and requirements are met (Elshaer et al., 2016). An organization should determine the current and future needs of customers and consider their needs as requirements for the whole organization (Yusr et al., 2014). This will result in more loyal customers and higher organizational performance (Barouch et al., 2016).

Information and Analysis

Information and analysis can be defined as a technical infrastructure required to support and facilitate the quality processes and activities, as well as to connect people and customers to the quality goal (Mahmood et al., 2015). The degree of which information and data are collected, gathered and analyzed will serve the purpose of improving the TQM performance and implementation (Sadikoglu et al., 2014). Gathering information and data from customers and about competitors and analyzing them present's useful results can be utilized to increase services and products quality (Jayaram et al., 2012).

Competitive Advantage

Although the literature in the field of strategic management has extensively identified the sources or determinants of competitive advantage (Andersén, 2011); surprisingly it does not provide any clear definition of competitive advantage (Sigalas & Pekka Economou, 2013). However, definition of competitive advantage as above average performance as compared to the firm competitors, can be used to serve the purpose of the current study because it is a valid definition (the definition matches the concept and does not define competitive advantage by its sources or ignores the competitors in the definition); is clear (no figurative language is included); and reliable (can be consistently measured). This definition implies that there are two conditions that must be met for competitive advantage to have meaning: (1) competitors existence, (2) achieving above-average performance. In this study, the definition of competitive advantage from Newbert that was modified by Sigalas et al. (2013) is selected as it fulfills two conditions that must be met for competitive advantage and stated as following: Competitive advantage is the above industry average manifested exploitation of market opportunities and neutralization of competitive threats.

The Association between TQM and Competitive Advantage

Vast of the social sciences databases found that the relationship between TQM and business performance (product quality, customer satisfaction, etc.) within hotel industries has received a considerable degree of attention in the extant literature but not in the aspect of competitive advantage (Baird et al., 2011). This association between TQM and competitive advantage as well as performance started to be analyzed academically and empirically in the 1990s, however, with conflicting conclusions (Calvo-Mora et al., 2014).

Evidently, some studies demonstrated a positive relationship between these variables and pointed out that such benefits are related to improved satisfaction among customers, employees and other interest groups, an improvement in operational results, improved efficiency, which in

turn leads to an improved hotel image and differentiation from competitors (Alonso-Almeida et al., 2012; Rubio-Andrada et al., 2011) while others have pointed out that the relationship does not always exist or is a vague one (Junior, Lucato & Vanalle, 2014).

To boot, the study of TQM towards competitive advantage is limited within hotel industries which triggers the author to conduct the study and it is in line with the problem stated.

RESEARCH METHODOLOGY

In this study, the mixed methods are serving the purpose of ‘development’ and the instruments, namely an interview and a survey, are employed in a ‘sequential’ manner.

First phase of data collection is semi-structured interview, the population was comprised of a purposeful sample of Hotel Quality Managers (HQMs) either hotel managers or quality executives at four and five-star hotels selected from the Malaysian Hotel Association (MAH) Directory (2013). The MAH directory was chosen as the source for hotel data since it provides up-to-date and comprehensive information on all hotels in Malaysia, especially information on hotels type, star-rating, location and the contact addresses of all the hotels. In this research, total ten contact personnel agreed to participate in this portion of the study. During the interviews, each TQM dimension was briefly discussed and participants were then requested to comment on each dimension of the TQM and advice on its suitability for the Malaysian Hotel Sector. Participants were also invited to discuss any other issues or inputs considered valuable to improve competitive advantage within the Malaysian Hotel Sector. In other words, to omit or add TQM dimensions to the proposed model which they considered to be significant to improving competitive advantage within Malaysian hotels.

For second phase of data collection which is survey, the target population of this study was each hotel’s HQMs in four and five-star rated hotels under the Malaysian Hotel Association (MAH) Directory (2013) in Peninsular Malaysia. The directory listed all 110 four-star hotels and 82 five-star hotels for Peninsular Malaysia. However, only 122 hotels (55 four star hotels and 67 five star hotels) fulfilled the selection criteria. The survey content is according to the former part of qualitative research which is semi-structured interview.

CONCLUSION

This paper is an in-depth analysis of the introduction of TQM elements in hotel settings as it contributes to the expansion of knowledge regarding the general knowledge of TQM as well as competitive advantage. From theoretical point of view, this current study contributes in providing further evidence that may contribute to enhancing our understanding and knowledge of the relationship between quality management and competitive advantage. In addition, thus far, limited studies have been conducted using mixed methods to widely explore the quality management phenomenon in Malaysia hotel settings (Wu & Chen, 2015). From a methodological point of view, this study attempts to fill the previous empirical gaps by adopting the mixed method research approach that can elicit clear and well-rounded answers on the degree and extension of quality management practices in Malaysia hotel industry. On the practical level, research in this regard will help hotel managers understand what aspects of TQM are most vital on enhancing competitive advantage, thereby aiding decision making on resource allocation.

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