

**Title: TQM Implementation and Organisational Development
among Indian Industries**

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Abstract

Total Quality Management (TQM) is an integrated management approach that originated in the 1950's and has steadily gained acceptance all over the corporate sector. In India, TQM initiatives were first set by the Confederation of Indian Industries (CII) in the early 1980s. However, quality management is still a new development for many Indian corporations. Most companies are aware only of the ISO 9000 series standards, largely because of its requirement in export market penetration. This article is based on a study of TQM implementation in some Indian companies over the last two decades. The article attempts to trace the transition of Indian companies in the era of quality.

Introduction

Total Quality is a description of the philosophy, culture and attitude of a company that strives to provide customers (both internal and external) with products and services that satisfy their needs. TQM philosophy expects quality in all aspects of the company's operations, with processes being done right the first time and defects and waste eradicated from operations. It is a method by which management and employees can become involved in the continuous improvement of quality production of goods and services. It is a combination of quality and management tools aimed at increasing business and reducing losses due to wasteful practices.

For more than four decades after independence the companies in India enjoyed a protected market with virtually no competition, and some of them even monopolised the market, with customers having little or no choice. As a result, complacency set in and no pressure existed for improvement or change. However, the policy of economic liberalization adopted by the Indian Government since late 1980s, has thrown open new avenues and challenges to companies in India. The new policy has resulted in open doors through which global corporate players have entered the Indian markets, and are threatening the domestic manufacturers and suppliers, using quality as a weapon. This has compelled the managements of domestic companies to look for those tools and techniques, proven and tested, which would help them to maintain and improve their strategies and positions in the market. One such policy or philosophy that has captured the attention of industry and the business community is TQM. Particularly, in the recent years TQM is even regarded as absolutely essential for growth, stability, and prosperity.

Quality Journey in India

Quality is defined and measured differently, largely dependent on one's viewpoint. *Juran*, foremost of the quality gurus, defined quality as fitness for use. A very concise definition indeed, for a term that has so many dimensions. Quality of a product or service in simple terms is its suitability for use by the customer. Quality has to be perceived by the customer. Perception of the supplier is also important, but the customer experience of quality of a product or service is more important. Quality does not mean an expensive product; on the contrary, it is fitness for use of the customer.

International Organization for Standardization (ISO), the world body for standards formulation was founded in the year 1946 and has its headquarters in Geneva, Switzerland. Most countries in the world are members of ISO. The national standardization bodies of various countries represent their countries in ISO. ISO is known all over the world because of its path breaking standard ISO 9000, released for the first time in the year 1987. The definition of quality as per the ISO 9000 standard is: "The totality of features and characteristics of a product or service, that bear on its ability to satisfy a given or implied need".

Quality is one the most leading issue almost in all organizations around the world. Organizations every where are growing increasingly conscious of the competitive potential of quality. India has a long tradition of achieving high standards in several fields. Architectural wonders like the "Taj Mahal" and the "Konark temple" are testimony to the rich cultural heritage that imbibed quality in its output. Similarly many other products like jewelry, textiles, artistic and ornamental articles exhibited high quality and as a result were the highly traded merchandise with other countries of the world. For several centuries Indian trade flourished on these products. Engineering industries that were set up and run under the colonial rule quickly established a name for quality. As reported by *Piramal (1997)* business families like Tata, Birla, Godrej, and Sarabhai, to name a few, started and operated several industries which have now become conglomerates and household names in India. In fact some of these names are synonymous with high quality products and trust worthiness.

However, the post-independent era did not witness any spectacular improvement regarding the quality of goods and services produced in the country. According to *Agrawal (1993)* due to protected business environment many positive attributes of the Indian industry have been lost and weaknesses have surfaced. These weaknesses based on the study are: lack of trust and credibility in the working system, lack of clarity/seriousness for achieving target, lack of precise observance of rules and norms, low quality of supplies and components, lack of consciousness of time as money, viewing only short term benefits ahead of long term goals, politicalization of labor unions, lack of accountability

for actions, lack of management commitment, lack of national quality policy, inadequate economic resources, lack of indigenous technology, inadequate infrastructure, preferring quantity to quality, lack of team spirit, cartel formation, and sellers' market. Besides, lack of consumerism, Government control on everything, bureaucratic delays, quick profit making attitudes by the companies, all resulted in quality getting a low priority and consequently Indian products were constrained to serve only the domestic market being not able to compete in the international markets. Further, the factors mentioned before, clearly proved to be obstacles in the path to progress, and India in spite of possessing good resources and rich scientific and technical manpower, could not produce world-class products acceptable in the international markets.

TQM: The Concept

TQM is a leadership philosophy and strategy that is based on continuous improvement of every process, empowerment of people, continuous learning, all creating transformations towards an organisation that is providing excellent products and services.

TQM is the outgrowth of a long line of developments seeking to evaluate and improve the quality of manufactured goods. The idea behind TQM is that much can be achieved by innovation, but competitive advantage is largely affected by continuous process improvement. Total quality management is an established field of study where academics, consultants, engineers and quality practitioners have contributed their ideas towards its advancement.

Deming provides an operational definition of TQM which gives a motivational meaning to the concept. Sink states that TQM can be successful only if the operational definition is translated into strategies by the leadership of the organization and which are crystallized into actions and communicated to all the people with conviction and clarity.

However, TQM may also be viewed functionally as an integration of two basic functions, i.e. total quality control and quality management. Total quality control is a long-term success strategy for organizations. Customer satisfaction, employee satisfaction, product quality assurance in all its stages, and continuous improvement and innovation, are the main ingredients of total quality control; whereas quality management is a way of planning, organizing and directing that will facilitate and integrate the capabilities of all employees for continuous improvement of anything and everything in an organization to attain excellence. Thus, TQM in an organization brings all the people together to ensure and improve product-process quality, the work environment and working culture.

Formation of TQM in India

The TQM initiatives were first set by the Confederation of Indian Industries (CII) in the early 1980s, in its pioneering effort in promoting awareness about quality among Indian industries. In 1982, quality circles took birth in India, and some of the companies to launch quality circles first were Bharat Electronics Limited, Bangalore, and Bharat Heavy Electricals Limited, Trichy. In 1986 the CII then known as CEI (Confederation of Engineering Industries), invited Professor Ishikawa to India, to address industry people about quality. Later in 1987, a TQM division was set up by the CII. This division owes its foundation to 21 companies who agreed to support the cause by pooling resources and pledging to start the journey to TQM. Chief executives of these companies formed the National Committee on Quality, and quality month was declared to be an annual event. CII also launched the first newsletter on quality.

In 1987 and 1988, the CII invited the Juran Institute to India to conduct three training workshops, and then in 1989 a team from India attended the Deming Seminar in London. Study teams organized by the CII were taken to Japan and the USA to study quality practices. During 1990, the CII consolidated and focused on training, and in February 1991, an Indian company with the assistance of the CII, obtained the first ISO 9000 certification in India. The CII organized the launch of the National Quality Campaign led by the Prime Minister of India in May 1992. It is around this time, the process of globalization and liberalization was started in the country, bringing a new dimension to the business and industrial sectors. From then on, a new line of thinking in terms of quality, productivity, and competitiveness has begun.

Since 1993, the CII has been organizing The Quality Summit every year. This provides an opportunity for all business leaders, and higher level managers of member and non-member organizations of the CII to network, learn, and contribute through experience sharing, and listening to the experts who gather there. The National Productivity Council (NPC) has set up a TQM and Benchmarking Division in New Delhi, and offers TQM implementation services, which include modular training programs and consultancy services.

In 1996, the Government of India announced the setting up of the Quality Council of India, (QCI) with the Industry Ministry bringing in half the seed capital of Rs. 1.5 crores. The rest of the seed capital will be contributed by the corporate sector. The setting up of a national agency for quality certification is part of the World Trade Organization (WTO) agreements, under which member countries will not trade in non-certified products two years down the line. The corporate sector too was demanding the setting up of an internationally recognized quality council as it found the certification process from foreign agencies too expensive. Besides, it would save vital foreign exchange for the country. The QCI will be

entrusted with monitoring and administering of the National Quality Campaign and will also oversee the effective functioning of the National Information and Enquiry Services.

TQM Implementation in Indian Organisations: A review

Many TQM activities in Asia were started in private companies as Total Quality Control (TQC). These were mainly Japanese companies with investments in manufacturing plants throughout Asia. The principles of TQC were expounded by *Feigenbaum (1961)* who suggested that high-quality products are more likely to be produced by total quality control rather than by manufacturing working alone. These principles gave way to Total Quality Management when management of companies realised that responsibilities for quality are company-wide, and resided with the management hierarchy.

Chan and Quazi (2000), have conducted a comparative study of quality management practices at a national level in nine Asian countries including India, from 1960 onwards. Quality Control Circles (QCCs), which worked well in Japan, were first adopted as the quality improvement practice. Between 1970s and 1980s, these countries had very active QCC activities. As more complete quality management systems were developed, TQM (late 1980s) and ISO 9000 (1992) widely accepted in these countries. The development and adoption of a comprehensive quality management system were slower in certain countries. Singapore and South Korea were ahead in the implementation of quality management practices with the adoption of global and world-class standards. Malaysia was quite close behind. Philippines had a few years of experience with its national quality award and were moving towards world-class very soon. Thailand had yet to form such an award but like the other countries, had already ISO 14000 in place. Indonesia and India have yet to move on to world-class quality standards while Bangladesh and Brunei were the furthest behind in the implementation of quality management practices. For the quality management system to permeate the industries, the mobilization of national quality or productivity bodies is required to promote and advance quality management practices. South Korea, Singapore, Malaysia and Philippines had done that very well.

India also had National Productivity Council as early as 1958 and the country has one of the oldest standards institute in Asia. Although product quality was important, QCC was not a major quality initiative in India.

Misra (2003), had another study on the effectiveness of TQM initiatives in Indian organizations with attention to Agfa-Gevaert company's success in total quality. The multinational company, Agfa-Gevaert, with its branch in India, has a firm belief that "total quality management" (TQM) aimed at continuous efforts to control and improve their services, company processes.

The company recognizes total quality as a major component of its worldwide strategy. Dedication to the customer, wide-ranging know-how, innovation and quality are the hallmarks of Agfa. Quality at Agfa is total, covering not only the products but also the service and administration that support them.

Similar success stories of TQM implementation are many - Xerox, Motorola, Milliken, Nucor Steel, to name a few. But sadly, there are only a few Indian companies successfully implementing TQM. Why are Indian companies not able to replicate the success of these Western Corporates?

In order to find reasons for this poor show in quality, the TQM Cell of SRF Ltd. conducted a study on the effectiveness of TQM initiatives in Indian organizations. At least 26 companies were researched and some interesting findings emerged.

All the organizations started their TQM initiatives in their factories. It seems to be the most logical place to start from. But most organizations do not get much benefit out of this approach. One FMCG Company started their TQM effort in their manufacturing unit. Two years later they found that there was no significant impact on their market share due to the initiative. Why? Because manufacturing is not the key to competitive advantage for an FMCG. A concentrated effort in marketing as this is the key differentiating function. Organizations need to understand the key business processes in their industry and then adopt the tools of TQM that suits them best.

Nath, et al. (2003), has been conducted a study regarding the cost of quality (COQ) and TQM implementation among Indian industries. The analysis showed that COQ implementation in Indian industries is a recent and growing phenomenon. There is a lack of awareness among companies about the use of COQ in other companies at the national level.

Iyer and Seshadri (2004), illustrate quality improvement by focusing on one company in India, Rane Brake Linings (RBL). RBL is a division of the Rane group, an automotive components company with a sales turnover of \$131 million and 4600 employees. In 2002, RBL won the prestigious Deming prize. The Deming prize, awarded by the Japan Union of Scientists and Engineers (JUSE), was the culmination of a three-year journey for RBL, which began with a visit by professor *Tsuda* from Japan. RBL's TQM journey began with the choice of professor *Tsuda* as their coach in 1999.

RBL decided to focus on Policy Deployment and Daily Routine Management (DRM) to achieve their TQM implementation. As a result, RBL redefined its management of processes for New Product Development System, Manufacturing Quality, Supplier Quality and Customer Quality.

TQM implementation created tangible and intangible benefits for RBL. Intangible benefits included role clarity so that each person

understood their role in the organization, their suppliers and customers, and their metrics.

Plant in process rejections at RBL decreased from 2.1 per cent of total pieces to 0.85 per cent of total pieces produced. Sales per employee went up from \$22000 to \$40000. Number of employee suggestions went from 280 to 7500 during the period. In other words, TQM represented a dramatic and measurable improvement across many specific metrics that would impact the company.

A full implementation of TQM, represent a significant change in the culture and political economy of an organization, and a comprehensive change strategy is therefore required. Implementing TQM essentially involves organizational transformation: beginning to operate in new ways, developing a new culture. This also includes redesigning other systems. Leadership is a key element in successful implementation of large scale change. The leader shows the need and sets the vision, defining the basic purpose, goals, and parameters or requirements of TQM.

TQM as a tool for OD:

In recent years the literature on change management and leadership has grown steadily, and applications based on research findings will be more likely to succeed. Use of tested principles will also enable the change agent to avoid reinventing the proverbial wheel. Implementation principles will be followed by a review of steps in managing the transition to the new system and ways of helping institutionalize the process as part of the organization's culture.

Members of any organization have stories to tell of the introduction of new programs, techniques, systems, or even, in current terminology, paradigms. Usually the employee, who can be anywhere from the line worker to the executive level, describes such an incident with a combination of cynicism and disappointment: some manager went to a conference or in some other way got a "great idea" (or did it based on threat or desperation such as an urgent need to cut costs) and came back to work to enthusiastically present it, usually mandating its implementation. The "program" probably raised people's expectations that this time things would improve, that management would listen to their ideas. Such a program usually is introduced with fanfare, plans are made, and things slowly return to normal. The manager blames unresponsive employees, line workers blame executives interested only in looking good, and all complain about the resistant middle managers. Unfortunately, the program itself is usually seen as worthless: "we tried team building (or organization development or quality circles or what have you) and it didn't work; neither will TQM". Planned change processes often work, if conceptualized and implemented properly; but, unfortunately, every organization is different, and the processes are often adopted "off the shelf" "the 'appliance model of organizational change': buy a complete

program, like a 'quality circle package,' from a dealer, plug it in, and hope that it runs by itself" (*Kanter, 1983*).

Hyde 1992, Chaudron 1992 and others have noted that TQM results in a radical change in the culture and the way of work in an organization. A fundamental factor is leadership, including philosophy, style, and behavior. These must be congruent as they are presented by a leader. Many so called enlightened leaders of today espouse a participative style which is not, in fact, practiced to any appreciable degree. Any manager serious about embarking on a culture change such as TQM should reflect seriously on how she or he feels and behaves regarding these factors. For many managers, a personal program of leadership development may be a prerequisite to effective functioning as an internal change agent advocating TQM.

Other key considerations have to do with alignment among various organizational systems (*Chaudron, 1992; Hyde, 1992*). For example, human resource systems, including job design, selection processes, compensation and rewards, performance appraisal, and training and development must align with and support the new TQM culture. Less obvious but no less important will be changes required in other systems. Information systems will need to be redesigned to measure and track new things such as service quality. Financial management processes may also need attention through the realignment of budgeting and resource allocation systems. Organizational structure and design will be different under TQM: layers of management may be reduced and organizational roles will certainly change. In particular, middle management and first line supervisors will be operating in new ways. To deal with fears of layoffs, all employees should be assured that no one will lose employment as a result of TQM changes: jobs may change, perhaps radically, but no one will be laid off. *Hyde (1992)* has recommended that we "disperse and transform, not replace, midlevel managers." This no layoff principle has been a common one in joint labor management change processes such as quality of working life projects for many years.

TQM should be purpose oriented: it should be used because an organization's leaders feel a need to make the organization more effective. It should be driven by results and not be seen as an end in itself. If TQM is introduced without consideration of real organizational needs and conditions, it will be met by skepticism on the part of both managers and workers.

Conclusion

While Total Quality Management has proven to be a necessary philosophy for improving organizational functioning, its value can only be assured through a comprehensive and well thought out implementation process. TQM has been applied widely in developed countries, and now

appears to many as a precursor of the broader concept of business excellence. By contrast, in developing countries ISO 9000 series standards have been the focus of quality management development, and TQM is a new and challenging concept.

Quality management is a new development for many Indian organizations too. Most companies are aware only of the ISO 9000 series standards, largely because of their significance to export market penetration. With the advent of the ISO 9000 standard, concepts such as process orientation and improvement, which were previously considered part of a TQM approach, have become requirements of the standard. This is intended to promote TQM-like practices and it is likely to lead to an increase in interest in these topics. TQM can be a powerful technique for unleashing employee creativity and potential, reducing bureaucracy and costs, and improving service to clients and the community. TQM is focused on quality, presumably a concern of both management and workers, and methods improvements should eliminate wasteful bureaucratic activities, save money, and make more human resources available for core activities, specifically client service.

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