CHAPTER 4

CONCEPTUAL BACKGROUNDS AND RESEARCH MODEL

The Chapter 3 of research methodology has provided the reliability and validity for data collection tool. This chapter presents the conceptual backgrounds and research model.

4.1 RESEARCH MODEL REGARDING HARD AND SOFT CRITERIA OF TOTAL QUALITY SERVICE IN INDIAN SME’S

![Research Model Diagram]

Figure 4.1 Research Model
4.2 THEORETICAL ASPECTS

4.2.1 Organizational Aspects

TQM has continued to evolve over the past two decades and have seen many changes in its emphasis. Much of the effort has been on understanding the TQM practices that lead to superior quality and overall business performance (Feng et al. 2006). Numerous approaches to management of quality were suggested, in order to help companies improve efficiency and competitiveness through improvement of quality. One of them most popular and most often recommended approaches is the philosophy of TQM - a holistic approach that seeks to integrate all organizational functions to focus on meeting customer needs and organizational objectives (Kumar et al. 2009). Fortunately in Iran during the past couple of years, industries of the country have found out the importance of quality as a key strategic weapon to compete in national and international markets. One of the evidence is the growing interest of the Iranian organizations including SMEs for implementing TQM in recent years. Because as (Reed et al. 2000) proved, they know quality management is the main factor for gaining sustainable competitive advantage.

4.2.2 Human Resource Aspects

People at all levels in an organization should be effectively managed in order to build a work environment conducive to personal and organizational growth, and to utilize their full potential in line with a firm’s objectives. Schneider and Bowen (1992) stated that only if employers treat employees as valuable resources would they in turn treat their customers as valuable. Hence it becomes imperative for firms to consider human resources management as a source of competitive advantage (Sureshchandar et al. 2001). ISO 9001:2000 standards state that personnel performing work
affecting product quality should receive adequate training and skills. Other elements of human resources like communication and work environment are also dealt with appropriately in the standards (Clause 6.2 Human Resources, ISO 9001:2000).

4.2.3 Technology Applications

In the literature there are studies that show that the TQM can have a positive influence on the organization’s results, although the specific role of the TQM’s soft and hard factors is not analyzed in all of them. Furthermore, very different indicators are used to measure these results. In this case, the economic and financial results or those connected with innovation and technology are the most difficult to measure, analyses and relate to the TQM’s critical factors. This is because, in some cases, it is a question of subjective measures of results whose effects are seen in the long-term or those in which the external factors which may bear an influence have nothing to do with quality (Hung et al. 2010; Marín-Vinuesa, 2009; Ooi et al. 2012).

Within the trend followed by Black and Porter (1996) or Samson and Terziiovski (1999), there has been an analysis of the main works that study the relationship between soft and hard factors and some measures of results (Abdullah et al. 2008; Irefin et al. 2011; Samson & Terziiovski, 1999). From the analysis of these works we can draw a series of conclusions. First, there is an important difference concerning the measures of results used: customer satisfaction, return on investment, market share, employees’ morale, productivity, quality output, financial solidity, profits, etc. Thus, some of the measures of results are objective, such as those obtained directly from the accounts; others are subjective, stemming from the directors’ perceptions about the evolution of specific results.
4.2.4 Customer’s Relationship

Each principle is implemented through a set of practices, which are simple activities such as collecting customer information or analyzing processes. The practices are, in turn, supported by a wide array of techniques like management and statistical tools.

Hellsten & Klefsjo (2000) argued that TQM should be viewed as a management system consisting of three interdependent components: values (e.g. commitment to quality, customer focus, continuous improvement, fact based decision making), techniques (e.g. process management, quality circles, quality function deployment) and tools (e.g. control charts, Ishikawa diagram). Techniques and tools support the values and together they form a whole.

Ahmed & Hassan (2003) argued with the intention of quality management cannot be ensured exclusive of the application of the suitable tools and techniques, and firms with greater implementation of these tools and techniques can advance their business results. They propose the use of quality tools and techniques to any firm, irrespective of its size.

Ahmed et al. (2005) mentioned that instruct to decide the usefulness of quality management systems, quantifying quality enhancement is vital and different tools and techniques are available for measuring quality improvement such as benchmarking, statistical process control and defect cost analysis. They also mentioned that such dimensions comprise only the primary stage towards the everlasting cycles of recurrent process enhancement and that the purpose is to utilize the results obtained from such dimensions to decision making, in command to attain recurrent enhancement and hence gratify the customers’ ever ending needs and requirements.
Bunney & Dale (1997) and Spring et al. (1998) stated that the application of quality tools and techniques within a problem solving methodology are essential to understand and facilitate improvement in any process. The aim of superior organizations is to introduce attractive high value-added products into the market in the shortest possible time and this is the means by which they maintain their competitive edge - the application of quality tools and techniques is a key issue in this connection.