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THE NEED FOR A MODEL IN TQM AND PERFORMANCE OF ENTERPRISES

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Abstract: *Total Quality Management is a need to create performance. Enterprises that do not try to apply a model of TQM do not achieve excellence. This paper we wish to show a method for upper management leadership to demonstrate its commitment to the new style of management with the involvement in the performance of enterprises.*
Key words: *TQM, performance, intellectual capital*

1.INTRODUCTION

At the century close, the creation of the global market, international orientation of management that sweeps national boundaries, introduction of new technologies, and shift towards customer focused strategies, make the competition stronger than ever. The criteria for success in this global, internationally oriented market have been changing rapidly. Management's effort has been directed towards discovering what makes a company excellent.

To achieve excellence, companies must develop a corporate culture of treating people as their most important asset and provide a consistent level of high quality products and services in every market in which they operate. Such an environment has supported the wide acceptance of Total Quality Management (TQM) which emerged recently as a new, challenging, marketable philosophy. It involves three spheres of changes in an organization -- people, technology and structure.

As practice proved (Agus, A., 2005), quality management concept evolved from the engineering and statistical concepts, centered on the statistical quality control, to the large view of the concept that encompasses broad organizational issues and scopes (Broekhuis, M., 2003). Today, the quality concepts are under the domination of Total Quality Management (TQM). Concepts standing out as main factors in TQM implementation are these days well established and used: customer value satisfaction, continuous improvement, total organizational involvement.

The reasons to begin establishing quality improvement processes now are several. Study the various areas below to determine which would affect your company in a positive way. It is believed that all of the following would be of great benefit.
What are the Benefits of TQM?

For Management

♦ Provides an invaluable problem-solving tool for managers and supervisors to use
♦ Dispels negative attitudes
♦ Management becomes more aware of problems that affect the individual's work environment
♦ Employees gain a sense of participation
♦ Increases efficiency and productivity
♦ Reduces turnover rate, tardiness, costs, errors, and scrap & rework
♦ Improves communications within and among all departments
♦ Develops management skills that were never taught, or are long forgotten due to lack of application
♦ Develops overall company awareness and company unity
♦ Rearranges priorities which once seemed locked in place
♦ Builds loyalty to the company
♦ Reveals training requirements in all departments
♦ Lessens the number of defects received from suppliers when they are encouraged to train in quality management

For employees

♦ Provides opportunity for personal growth and development (as a result of team training activities) and the opportunity to develop and present recommendations
♦ Increases innovation (through a greater variety of approaches and perspectives) for solving problems, removing fear of failure
♦ Employees use their knowledge and skills to generate data-driven recommendations that will lead to well-informed decision making
♦ Encourages decision-making at the most appropriate level
♦ Increases motivation and acceptance of new ideas
♦ Increases job satisfaction (as a result of the opportunity to participate in and have influence over work)
♦ Recognizes employees for their knowledge, skills, and contribution toward improvement
♦ Develops mutual respect among employees, management and customers
♦ Promotes teamwork

Reducing rework to zero is achievable: Using quality management and CI to reduce rework to nearly zero is an achievable goal. The negative cost of quality, which includes errors, delays, rework, etc., is estimated to be 30 percent of the costs.

Managers need to improve their performance. The costs are becoming far too high. When turnaround at the end of a project becomes a gut wrenching experience with unnecessary disputes (which must be settled) that arise due to insufficient quality or indifference to quality, settlement by negotiation, arbitration, or even litigation imposes a serious drain on the financial resources of a company and limits profit potential.

2. LITERATURE REVIEW

Before Total Quality Management the literature spoke about knowledge and knowledge management concept practiced as early as 4000 years ago. Knowledge management systems (KMS), which involve the application of IT systems and other organizational resources to manage knowledge strategically, are a relatively recent phenomenon. It is generally accepted that knowledge comes from individual learning experiences and also comes from the meaningful organized accumulation of information through experience, communication, or inference. The adequate knowledge management processes is considered a key factor for improving the organization's performance and long-term survival, as we can read in Wakefirld, L. Robin's (Wakefirld, L. Robin. 2004) book: "Identifying knowledge agents in a KM strategy: the use of the structural influence index".

The success of quality management is based on several quality models. Much of perspective and popular literature on TQM subscribes that TQM is "universal" in its application ability. The formal evaluation models of quality management

are developed, such as the Malcolm Baldrige National Quality Award model in USA, the European foundation for Quality Management (EFQM) model in Europe and Deming Application Prize model in Japan. These models have a number of common elements.

TQM shows a strong predictive power against quality performance (Leonard, D., 2002) but no significant relationship against innovation performance.

3. ENTERPRISES APPLYING OR NOT TQM

To be competitive in today's market, it is essential for construction companies to provide more consistent quality and value to their owners/customers.

Now is the time to place behind us the old *adversarial* approach to managing construction work. It is time to develop better and more direct relationships with our owners/customers, to initiate more teamwork at the jobsite, and to produce better quality work.

Considering these concepts we made a study in a few enterprises that wish to improve their performance.

In these units we could talk about quality on each sector of activity, but we couldn't speak about TQM. So, we proposed to apply a model of TQM and to measure performance after using this model.

We considered TQM as an organizational culture dedicated to training, continuous improvement, and customer satisfaction**.**

We made some empirical studies which have examined the relationship between TQM and organizational performance. We investigated the impact of each dimension of TQM on performance separately. These studies have indicated that only a handful of the soft aspects of TQM (i.e., 'human factors' like commitment, team work and so on) contribute to organizational performance.

Such goals demand that a continuous improvement (CI) process be established within the company in order to provide quality management. Recently CI has been referred to as Total Quality Management (TQM).

The directions that we studied concerning TQM were about:

- *Market Focus* - customers' perceptions of value are likely to differ widely, much more widely than is possible in varied sites within a single country;
- *Production Focus* - variants throughout a global organization should offer such benefits as internal benchmarking and transfer of the lessons from successful TQM applications;
- *Technology Network* - networking can consist of any combination of technology, supplier, production, distribution and marketing activities across markets.

We decided to apply not a complicated model of TQM. What we considered really important it was to assure a deep quality in each component of the model.

The simplest model of TQM is shown in the diagram below:

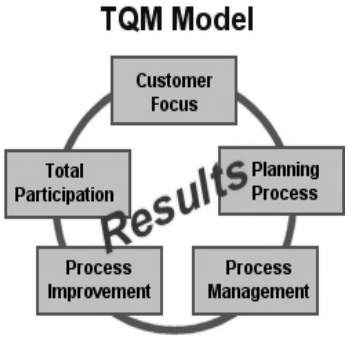

Fig.1. TQM Model

The model begins with understanding customer needs. TQM organizations have processes that continuously collect, analyze, and act on customer information.

Activities are often extended to understanding competitor's customers. Developing an intimate understanding of customer needs allows TQM organizations to predict future customer behavior.

TQM organizations integrate customer knowledge with other information and use the planning process to orchestrate action throughout the organization, to manage day to day activities and achieve future goals. Plans are reviewed at periodic intervals and adjusted as necessary. The planning process is the glue that holds together all TQM activity.

In the beginning we received documents that show us the level of performance of these units.

These organizations understand that customers will only be satisfied if they consistently receive products and services that meet their needs, are delivered when expected, and are priced for value.

We could name these organizations applying TQM as "TQM organizations".

TQM organizations understand that exceptional performance today may be unacceptable performance in the future so they use the concepts of process improvement to achieve both breakthrough gains and incremental continuous improvement. Process improvement is even applied to the TQM system itself!

The final element of the TQM model is total participation. TQM organizations also understand that all work is performed through people. This begins with leadership where people are valued.

4. RESULTS OF RESEARCH

After applying the model of TQM in a few enterprises we could observe that in those enterprises that looked after quality in all the 5 components the performance was higher as in others.

One of most important part of this model is that it should be a strong link between all the components of this model.

The study of TQM effect on organizational performance most research has focused on analyzing the relationships between the implementation of different elements and several types of performance. The dimensions of TQM have an impact on different types of performance. The model can be used by organizations to assess performance.

Knowledge is a very important factor when we talk about TQM.

The enterprises where intellectual capital and his knowledge are high leveled the performance are obviously higher.

For the future we want to create a TQM model for each department of the organization, in part, to ensure a maximum quality in each work point.

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