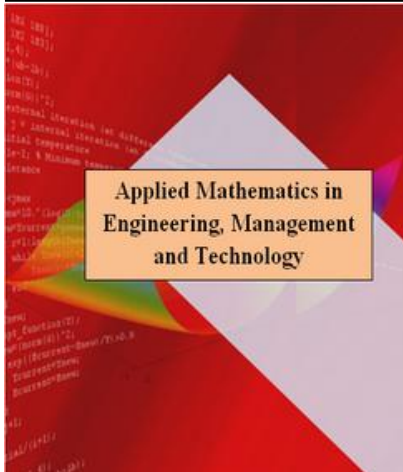


The Role of Total Quality Management Excellence in Strategic Change in Keshavarzi Bank

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Abstract:

This study is a developmental research using a survey methodology based on library research. In addition, note-taking was used to collect the data. First, the literature on total quality management (TQM) has been discussed in order to gain a better understanding of how to use TQM in business and in improving organizations' performance. For the purpose of the strategic application of TQM in organizations, the TQM Movement in Japan was overviewed and a number of cases were discussed concerning the TQM application in Japan. The model used in this study was the Quality Management Excellence (TQMEX) which has been developed according to the facts and principles of the TQM. The results of a questionnaire survey taken in Japan, Hong Kong, and South Korea pointed to the significant role of the Japanese version of the TQMEX in implementing the TQM in organizations. Finally, the findings of the present study provide a number of criteria and mechanisms for organizations that have been gained through the experiences of large companies that

not only have passed the global oil crisis and the Asian financial crisis successfully, but also have managed to continue their growth through these two crises.

Keywords: Total Quality Management (TQM), Change Management, Strategic Change, Financial Crisis, Keshavarzi Bank

Introduction

The Asian financial crisis that occurred in mid-year 1997 and began with the Thai financial crisis triggered a wave that affected almost all Asian countries. There are several lessons from this crisis and conflicting changes occurred consequently for the improvement of the economic situation and development process in various organizations and industries in Asian countries which have led to widespread changes in the structure of these organizations. These changes have had a significant impact on the total quality management movement so that the TQM principles have been globally adopted as a means of improving organizational performance, improve the nature of organizations, and how to deal with specific market challenges.

Total Quality Management by Definition

In the 1990s, TQM turned into one of the most attractive competitive strategies for those companies that sought to be thoroughly different from their competitors. Academics and industrialists acknowledged the attractive power of TQM that encouraged organizations to focus on their clients' needs through improving the processes and paying attention to improving costs, quality, and customer satisfaction. TQM was based on the active pursuit of the continuous improvement, understanding customer attitudes within the organization, and training and development in all organizational aspects. However, some believed that the TQM philosophy has its own limitations. For example, Sitkin's findings suggest that the application of TQM in cases such as selling surplus for size is dangerous and leads to harmful outcomes. And this is one of the shortcomings of TQM. Researchers believe that these days TQM marketing has become an industry of its own and the understanding of TQM has spread as a result of its thorough application. According to Luthauns, TQM is not able to capture the upcoming changes and thus he suggested that sufficient time should be spent on TQM to improve it. Some believe that because of the interdependence of the learning organization with TQM, the next logical step is to evaluate changes (BaranDoost&Rahmani, 2003).

The adoption of TQM in Japanese industry has led to some striking results. TQM is a way to persist and to succeed. But what has turned TQM into a necessity? TQM is, in fact, a type of total integrity all over the

organization that aims to achieve competitive advantage through continuously improving all organization's activities. A definition of each word in the term TQM would be as follows:

- Total: The whole, especially regarded as the complete sum of a number of parts.
- Quality: Satisfying all customers' demands and their implicit requirements.
- Management: An executive board whose members are completely coordinated in the form of a committee.

Ideally, all individuals within an organization must be organized and grouped. According to Doming' (1986) research, 1986, about 94% of quality problems are related to the management and the systems that were created by them. Therefore, managers' commitment must happen before that of front line workers. TQM requires that all individuals within the organization, including front line workers involved in organizational processes. Accordingly, the above definition of TQM represents a balance between the ideal and literal sense of the term. The results of many years of educational experience in the field of TQM and over 30 research studies concerning more than 1000 TQM-related topics have been reflected in the present study.

The results obtained indicate that, on average less than 20% of cases have attained the desired outcome. In fact, when I first started to implement TQM, I was among the same majority of the 80% of people who applied it. I believe that the true value of TQM is that it shows us that these failures were not the fault of the workers, but managers are responsible for and must be blamed for them. Managers must know in advance which tools they should use to implement desired programs and acts a spelling checker. If this is true, then in what way can organizations develop and train competent managers?

The answer to this question is the managers' continuous learning which only takes place in learning and teaching organizations. For example, Ford states that TQM provides the suitable environment for creating a learning organization. TQM success is related to the ability to learn, absorb, adapt, and implement change in organization's attitudes and incorporate them into the organization. According to Barrow, such relation will appear in two ways. The first is a causal relationship. For instance, the learning organization is the result of the implementation of TQM in the organization. Second, there is a strong correlation between the process improvement and organizational learning, which are implemented in an integrative and concurrent manner. Garvin suggests that if TQM is implanted as a philosophy, it can provide a set of techniques for learning organization (cited in BaranDoost&Rahmani, 2003).

Process of Organizational Change

An old proverb says that the only thing constant in the world is changing and development. If change is a part of our daily lives, in what ways we can control it rather than being controlled by it. When the change in the organization might be a lengthy process, it leads to a change in organizational culture.

A clear example of this case is related to learning or learner organizations where individuals are encouraged and motivated organization to provides new ideas and identify shortcomings as these two issues are indeed important factors in the success of an organization.

Let's step back and have a look at traditional strategic change processes that can be summarized in five main steps as follows:

- 1) Goal, 2) Mission, 3) Behavior, 4) Action, 5) Culture

However, in modern strategic change processes, these steps are as follows:

- 1) Action, 2) Behavior, 3) Mission, 4) Thought and purpose, 5) Culture

In fact, the first step is nothing new. Previously, Peter sand Waterman (1982) based on findings from 46 successful firms showed that most of these companies have chosen action as the first step to develop their business. The new theory shows that it is only the actions that lead to changes in employee behavior (Peters & Waterman, 1982).

Action results organizational learning. According to Regvarnsi, \ there can be no learning without action, and no action without learning.

If the learning process is successfully applied in organizations, organizational behavior will be directed in a dynamic and challenging way and this will eventually change the perceptions of senior managers of the organization's mission. So, those individuals will be successful that are aware of the organization's mission and take steps towards more appropriate organizational behaviors. When senior managers perform their organizational mission more efficiently, they will lead the organization to a new area of global competition.

Once the new structure is formed in the organization, a new goal will emerge and this will eventually lead to a new culture within the organization.

One of the best examples of creating a new culture in the organization is Kaizen Model which has been derived from a Japanese word meaning the continuous improvement. This new method covers a number of most successful examples. Many successful American companies and Japanese have had much emphasis on a very open working environment in the organization. The most common examples of this include very open administrative processes in official and plant design environments. Companies such as Sony and Hewlett Packard in Malaysia hold their senior management meetings openly so that to transfer organizational goals directly to all organizational and sales levels. In addition, McDonald's restaurants have begun to build inclusively open restaurants so that even pedestrians can directly observe the production process.

Strategic Change Management

Changes in the organization do not always lead to success. In fact, if changes are not made correctly, it will be like Titanic that tries to prevent a collision with coming ice caps but the end result is disastrous.

In other words, if the change process is not directed and organized efficiently, it is better not to make any change. For example, many marine engineers believe that if the Titanic had a proper design of buffer against the iceberg on the front part, it would not sink.

Dr. Zhu Ran in a conference in 1995 predicted the future of this issue as follows:

- The competition over quality will be very tough when a company enters into multinational and global markets.
- There will be huge demand for suppliers.
- ISO 9000 will take over the world.
- Granting awards such as Baldrige and EQA (European Quality Award) will encourage companies and this will make the quality spread across the world.

Dr. Zhu Ran's predictions came true and will last for years, especially in the last two years. ISO 9000 Standards have expanded like an explosion around the world and have been known as a reality.

If we take 1990 as the base year, the number of registered companies that used quality standards had a 100% growth every year. In late 1997, in a survey conducted by Mobil Corporation, it was found that around 200,000 companies around the world have received ISO 9000 Standard Certification. Some companies such as British Telecom now have tens of thousands of employees (Samuel K. M. Ho., 1999) Nevertheless; the holders of the quality standards will receive this certificate for a number of reasons.

The most important awards and certificates of quality standards issued worldwide are:

- Japanese Deming Quality Prize
- USA Malcolm Baldrige National Quality Award (MBNQA)

Deming prizes are won exclusively by Japanese companies with the exception of the following three cases:

- Taiwan Tube (Philips)
- Florida Light Power
- Lucent Technology (Power Division)

EQA and MBNQA are both very strong models. If your country is not a member of any of the countries mentioned, you can select one of these models as the TQM structure for your company. Alternatively, you can use the TQM of your country.

Most likely the type of system you use depends on the geographical location of your company or your company's origin. If your company is located in the USA or if it is of an strong American origin, then the system you choose is an appropriate one of MBNQA type.

MBNQA and EQA are both comparable models in terms of scoring and have gained similar scores in 500 out of 1000 cases. Probably the most important decisive factor in the final decision is the geographic location which determines the type of quality standard. Once the model is chosen, it is needed to provide equipment needed to implement the model in the organization (Samuel KM Ho., 1999).

The process of implementing the TQM is very similar to ISO 9000. Apart from the implementation of quality management system, TQM should draw its attention to improving the quality and customers (such as ISO 9004.4)

A very convenient method to implement TQM is to follow the companies that have successfully implemented this system. The United Kingdom pioneered the implementation of ISO 9000 in Europe and this led to the beginning of huge movement in Europe.

The British Quality Foundation as a leading organization in Europe caused the EQA model to be widely adopted in Europe and many companies use this model to evaluate themselves. The aim of the CEO was to encourage the UK-based companies to use this model. According to Frank Malkam, using this system will cause a change in the organization that will lead to organizational development.

Unlike the model of ISO 9000, self-assessment models such as the model mentioned Tuesday, the organization says that what they should do. Methods have also noted that the ability to tell people what kind of action should be and how to do it and how to support it. Therefore, to achieve qualitative methods mentioned need is a proven model.

Advanced models of TOM

To have a comprehensive and systematic way to implement a comprehensive quality management you should first have to develop a concept model. This model should be simple and logical enough to be comprehensive. These models also have the ability to tolerate and use highly variable in terms of new parts also has.

During the last position and the position I was in foreign countries, as the expert responsible for design quality in Malaysia in the quality system, the 5-year plan for industrial applications in Malaysia was. Of results obtained from previous experiences that the mission had also achieved the best performance of the research on implementation of total quality management had a comprehensive quality management, total quality management model below as the best way to implement a comprehensive quality management have secured.

This idea is included step by step process that is global implementation capabilities and ultimately lead to implementation of total quality management is the best possible in a number of graphs is shown (Ho, 1995).

Comprehensive Quality Management Advanced Credit Model

One of the important features of this approach is that that it can be taken through a step by step process to achieve total quality management. In addition, each of these stages can be separately and exclusively performed. The results of each stage can also be separately evaluated. This feature is actually a huge advantage as companies may choose the option that focuses on their activities. And even there is a possibility that even if the company did not step off, the company can go back to the previous steps.

This model is actually a simple and flexible model. In order to prove the models provided by TQMEX are efficient and perfect models and possess appropriate management and quality aspects, good, Mr. Fang and I developed a questionnaire based on our inspections and investigations of Japanese, Hong Kong, and the UK companies. The results of this study were published in the Journal of HO and Fung. Analysis of results from research provided evidence, indicating similarities and differences in different companies concerning the implementation of TQMEX. All companies much pay attention to TQM and this shows that today, TQM is not just used in Japan but it is a global approach.

Three main final items in the survey were:

1. Merit
 2. Defects and defects
 3. Possible improvements in their quality management systems (including ISO 900, or based on TQM)
- Results and quality issues presented by executives in Japanese companies contained some important information and suggestions regarding TQM that can be used by companies that want to implement this system in their company.

Evidence obtained from a successful implementation of TQM in companies around the world clearly shows that total quality management is like a trip by which organizations can go wherever they want, or reach. Expectations of the managers of this system are simply to create great changes in the organization with the goal of being better. So, it is not difficult to understand why these companies not only in the last two crises (oil crisis and the Asian financial crisis) not only remain but have also grown. In fact, these companies during the past 50

years, the foundation and its structure based on TQM principles have been laid, and their business models based on the quality offered by leaders such as Deming, etc. (Ho S.K., 2005). Despite differences in the ways that these types of companies to apply these companies however should always and continually monitor a case than I have and it should have the ability to complete and it is organizational learning. Mr. Deming died at age 90, but still favor the concept that the only and recreation, learning.

The quality of the results and issues that executives of large Japanese companies were offering, contain certain important information and offers regarding TQM These are can be used by companies at the company that they want to the of the implement.

Evidence obtained from the implementation of TQM in successful companies in the world, clearly indicate that TQM is similar to travel wherever they want to go through that organizations can and in their business. Managers' expectation of this system is to make a big change in the organization with the aim of being better.

So it is not difficult to understand why these companies not only have passed the global oil crisis and the Asian financial crisis successfully, but also have managed to continue their growth through these two crises. In fact, these companies have laid the foundation and their structure based on TQM principles over the past 50 years and have provided quality of their business operations based on models developed by pioneers such as Deming, Zhvran, etc. (Ho SK, 1995).

Despite differences in the ways used by these companies, they must always monitor only a single point at a time and they should have a total ability over it and this is called organizational learning. Mr. Deming died at the age of 90, but he used to favor the notion that the only hobby and recreation is learning.

Conclusion

This article reexamined the concept of total quality management to provide a proper perspective in order to make progress and improve business processes. TQM requires the integration of systems and techniques used for quality improvement. Based on the experience derived from implementation of TQM in Japanese companies, it can be concluded that the TQM implementation needs is a step by step process. Theoretical grounds, the personal experiences, and results of studies confirm that the implementation of TQM requires implementing S5 systems, re-engineering, quality control circles, ISO 9000, and Lean Production Management, which shows why it is called TQM.

In addition, this study demonstrated that that the concept of TQMEX is applicable at all organizational levels and senior management of large organizations. As a result of this model is suitable for companies that want to be superior. These results are more applicable for organizations that want to achieve progresses made by trade organizations and leading companies in the world. Furthermore, TQMEX can be developed as a system for achieving quality awards and certificates such as the EQA. This model is a comprehensive mechanism that can be used in order to make strategic changes in the organization. Using this model, organizations are motivated to move towards permanent and continuous business growth and development.

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