

# Total Quality Management and Hotel performance, review of empirical investigations

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**Abstract**— Total Quality Management (TQM) is considered popular approach stimulating creation of collaborative environment in order to raising business results. The link between this approach and performance has been examined by diverse researchers. Consequently the empirical findings are ambiguous in reason of lack definition of TQM framework and large number of performance measures. This paper sets out to explore how TQM in association with other factors tend to influence hotel performance.

Two research questions were posed and will be processed, with the first pertained to the implementation of TQM practices and performance in hospitality industry. The second focused on impact between the two variables.

**Keywords**—TQM, Performance, Hotel, measurement, customer satisfaction

## I. INTRODUCTION

In recent decades, hospitality industry is considered the most important driver of tourism in the world. It takes in critical value, since it remains the first service requested by tourists who reach a destination. At the same time, in today's business environment, raising constantly competitive challenges, Hotels like any other organization operating in this changing market, with high demand, tend to adopt strategies for improvement business results, to overcoming competition pressure. In addition to that, customers are becoming more discerning since they are better educated and more knowledgeable. They don't simply buy only services but experience too. The way in which hotel can gain a competitive edge falls into two main categories, price based by establishing a low cost leadership through discounting and quality based by providing force customers unique experience [1]. Within this scenario, the hotel competitiveness must focus on improving performance through better service quality and search for differentiation. Based on high customer orientation, managers start to consider TQM as an approach requiring positive change in organizational culture and management style, by delivering services aligned to expectations involving all employees in continuous improvement. This paper discusses how TQM leads to business hotel results and influences performance variation. A review of literature about the two concepts is presented. We believe that this article is important for two reasons: give an overview of how TQM and

performance are practiced and set forth studies conclusions about the link to conclude with a discussion analysing researcher's findings.

## II. RELATED LITERATURE

Before discussing what the literature showed concerning the impact of Total Quality Management on hotel performance, it's appropriate first to clarify what we represent by TQM and performance. There is no single meaning for both concepts.

A. *TQM: everyone should be involved in process improvement.*

To understand total aspect of quality, the look is focused on 50's, when the concept of Total Quality Control was developed by FEIGENBAUM. This implies that quality improvement must be taken into consideration at production to extend it throughout all levels of organization. FEIGENBAUM's ideas have been adopted by Japanese experts. They tried to make out a different version named "Company-Wide Quality Control (CWQC)." The difference between both approaches resides in the fact that in the first, quality improvement is the responsibility of professional elite; the Japanese version requires all individuals in organization should be responsible. In the same way, JURAN (1983) affirms the necessity to evolve towards an active management of selection and employee involvement. Crosby (1989) also supports this idea. However, he emphasized the necessity of having common language of quality for all employees. They should understand each individual's role in the quality improvement process. Inevitably linked to all production activities, quality becomes more formal and technical due to pressure of industrialization and development of mass production methods at the beginning of the 20's century. However, the real revolution in quality began only when the TQM has taken place, changing consequently the position of producer, and supporting the foundation of customer satisfaction. TQM has been defined as "Management Philosophy and a way of thinking that has helped many organizations towards achieving world class status" [2], through implementing range of techniques and practices based on continuous improvement plan for value creation by to

meeting and exceeding customer needs and expectations. It stems from the belief that employee's capabilities must be improved in order to produce better results in the future. Most argue that there is no consensus on the TQM definition. Absence of uniform meanings leads to effective lack of clear application framework. One of the most important factors ensuring TQM adoption is the formulation of suitable framework. A look at the literature reveals many studies about how to implement TQM [3][4]. When taking part of analysis, Contributions are different in view various industries and contexts. Considered as general guide, they tend to be reflecting the particular author's and expert's experiences. TQM practices were identified as the critical areas helping to achieve organization mission through the review and categorization of their impacts. [5] One of the current problems is their definition. These variables are latent which means they cannot be measured directly. Table 1 shows three categories of frameworks according to literature. Consultants/ Experts based are derived from opinions of experts through their experiences in organization, Award based are guidelines recognized by third party for organizations desiring be leaders in the quality Management. For academic based practices, these are researcher's conclusions drawn from empirical studies.

TABLE I  
TQM FRAMEWORK (ASPINWALL2000)

Consultants based	Award based	Academic based
Deming (1986):14 Points for management Crosby (1980) 14 steps quality Improvement programme. Juran (1993) : 12 Steps	European Framework Quality Model (EFQM) Malcolm Baldrige National Quality Model (MBNQA) Deming Price	DALE 1995 ANDERSON et AL (1995) KANJI 1996 PORTER (1996) SILA et EBRAHIMPOUR 2013

TQM implementation is one of the most complex actions in organization. The fact involves identifying several practices that should be applied in proper form. Consequently, it requires radical change in working culture and people behaviours. The role of top management is influential, degree of visibility and support determine its success. During the last decade, significant number of hotels has adopted guidelines of quality politics as competitive component [6] in result of appearing changes in customers' expectations and competitiveness of new tourist destinations. Subsequently, many researchers have been addressing the issue "what are the key elements allowing success of this approach in hospitality context?" It would be necessary to mention primarily that implementing TQM could be different among hotels, classified into "High TQM adopters" and "Low TQM adopters". The first group follow specific quality standards through planning programmes for quality, training for employees and allocating sufficient resources, to meet customer's needs and expectations. The second stills follow traditional management considering quality is an extra cost [7] The first study has identified various TQM critical success

factors is the one of BREITER & KLINE (1995), they concluded that leadership, customer orientation formation, communication and employee's autonomy are the top factors of TQM accomplishment [8]. SILA & EBRAHIMPOUR (2003) have examined Malcolm Baldrige National Quality Award (MBNQA) for three luxury US hotels. The findings have revealed that the management commitment is an important success factor: direction that doesn't support TQM implementation will be facing many obstacles. Leadership and customer orientation are the two main factors usually integrated by hotels in their TQM programs. In the other hand, they ignored personal view towards TQM culture. [9] PARTLOW (1996) found that it is essential to communicate TQM vision to all employees, pay attention to their suggestions, forming them, evaluate their performance and Implement an environment of recognition. [10]. Many researchers set up extensive summaries of all available research examining best framework with leading practices of TQM. MONTASSER (2013) has conducted study in Three steps for identifying factors success and evaluating model for 5 stars Hotels business, and subsequently studying their impact on performance appraisal,. He founds that leadership, Teamwork and training education was listed at the top, with Human Resource Management practices and customer focus. When customer chooses a hotel, perceived quality is defined by reliability, trust, empathy and responsiveness. These combined factors lead to customer satisfaction and even loyalty. Work to improve the quality of service in the hospitality industry has a positive impact on overall performance. Satisfied employees lead to high employment commitment communication and teamwork. Effective leadership reduces costs and increases loyalty external customers which in turn will exceed competitive advantage. [11].

#### B. Performance: wide use with lack of unanimity

In the other hand, conclusions of researches concerning performance result from various angles and different perspectives. It's noted, according to work statements, that performance measurement is essential as a basis for continuous improvement and design of adequate information system. The right choices of performance measurement systems are crucial in successful decision-making process [12]. According to DAMONTE et al. (1997), proper tools are helping managing and achieving business objectives related to strategy. Operating in high competitive environment, hotels are looking to maximize profit sustainably. Therefore, looking for acquiring all the necessary tools is highly recommended that will enable to achieve this end. It will be important then to improve the relevance of measurement activities at all levels of their operations. Like TQM, There is not definitive assessment framework of performance measurement. Hospitality industry presents multi-faceted complex and interrelated services [13]. This complexity derives from sector characteristics. Hotel's size and structure are key elements affecting using performance measures according to research conducted in Australian context. Large hotels use more performance measurement frameworks than medium and

small hotels since large hotels have more resources to implement systems and sophisticated procedures [14]. Recent studies have shown that hotels focus further on financial performance than any other dimension and are resistant to using additional tools to monitor performance and manage the process. Adopting same working statements, MELIA & ROBINSON studied performance measurement phenomenon by conducting an empirical study in three phases on a sample Irish hotels [14]. The conclusions showed that Hotels operators put more importance on measuring the financial aspect and apply considerable number of financial measures, including the advantage of operating margin, return on investment, asset turnover, sales and earnings per action. However and as it becomes experienced in management, it was suggested to expand the measured dimensions. Nevertheless with the emergence of KAPLAN & NORTON studies stating that the strict financial vision doesn't get explicit attention to the strategic aspects and key success factors of the company's business, several researches pointed out the relevance of non financial performance measures of the hotel business [15]. The only financial indicators (REX, ROI, etc.) aren't sufficient nor for control, nor to transcribe the strategy in the daily operations. Hariandja (2011) emphasized two types of performance measures, perception about hotel stakeholders (objective factors) and perception about the business results (subjective factors) [16] In addition to that, it was asserted that traditional indicators of financial accounting are inappropriate in TQM settings [17]: TQM ensures continuous and sustainable improvement. VENKATRAMAN & RAMANUJAM (1986) identified three dimensions of hotel business success: financial operational and organizational dimensions. The indicators used to operationalize these dimensions are mainly financial ratios, occupancy rates, RevPAR, increased sales and customer satisfaction. [18]. It was present currently in hotel annual reports and in the incentive plans based on non-financial measures of performance. There is a tendency based on the principle that a satisfied customer is one who returns. Customer's satisfaction has numerous and diverse consequences: Loyalty, Wider use of services offered, Recommendations, Enhancement of corporate image, Increased profitability growth in market share and expanding the reference market [19]. Evaluate satisfaction has many raisons particularly identifying improvement tracks or areas, and optimizing or conceiving other offer variables (prices, design...). These actions can lead to hotel's performance by increasing sales, market share and profitability. The findings are considerably various although literature serves to underline those hotel managers often try to find the determinants influencing type of business regarding its performance and allow researchers to provide continuously empirical answers.

### III. RELATIONSHIP BETWEEN TQM AND HOTEL PERFORMANCE

A debate on the link between TQM and performance is being staged in the literature. Opinions that sustain positive relationship between TQM and performance imply that TQM

leads to customer satisfaction, provides competitive advantage if implemented successfully [20]. TQM evolved from the continuous improvement philosophy with focus on service quality as the principle aspect of business hotel. Human dimension take also an important part by recognizing everyone efforts in the organization as owners/customers. [21] It enhances the ability of employees to provide an unforgettable experience to customers and therefore their loyalty. CHU & MURRMANN (2006) advanced that employees are especially resource for this sector due to its high dependence on human intervention and the close relationship, the way of speaking or acting is essential for achieving productivity improvements. CORTÈS (2008) reported on the nature of the link. He concluded that hotels adopting high degree of TQM reach significantly higher gross operative profit per available room and day, competitive performance and stakeholders satisfaction levels [21]. Similarly, the findings of PATIAR and DAVIDSON (2012) state that hotels are more likely to benefit from a holistic quality management like TQM program in a competitive market. In departments where the manager used it favorably, the relationship between nonfinancial performance and TQM was positive, however, this relationship was negative in departments where TQM practices were less favorably used. [22]. In Kenyan context, conclusions suggest that TQM influences positively hotel performance. TQM were measured in terms of top management commitment, employee management, customer orientation, quality information, reward and recognition and finally product/service design. [23]. Several other contributions that analyse this problematic, aren't content to be limited just to the direct link but made include an antecedent of business performance as tools combining with TQM to examine the influence of this arrangement on the hotel performance. Focusing on the hospitality industry, WANG & CHEN selected market orientation as a variable mediating the relationship [24]. The results indicate that TQM is an approach to develop good work environment that allow being in active listening to the environment (customers, competitors...) thus improving continuous performance. Researches assumed that TQM provides an effective and efficient support to be intelligent near market and consecutively achieving good level of business performance. TQM and market orientation are two similar philosophies in the functioning logic since customer is their common point. This combination of two approaches operating each internally and externally A market oriented firm shows interest and larger listening to its customers, which are translate into services that meet their needs and expectations. TQM emphasizes status distinctions while emphasizing employee's empowerment. In Spanish context, corporate social responsibility has been chosen to explain the link [25]. The results have shown that corporate social responsibility is positively influenced by TQM. The adoption of both approaches improves the capacity of hotels to create benefits for its stakeholders. Both philosophies share similar purposes regarding stakeholder's expectations and have complementary practices. MIARTANA & ROHMAN (2014)

testified the insignificance of relationship [26]. Indirect link represented by knowledge management and customer satisfaction takes another form. TQM helps improve organizational performance if customer satisfaction is ensured first, moreover employees knowledge and skills are continually be enhanced to provide quality service.

#### IV. CONCLUSIONS

In the field of TQM and performance firm hotel, the link is unclear and confuse. Nevertheless, vast majority of studies show positive results. Although the TQM concept has emerged in manufacturing industries first, the concentration could be found somewhat in service industry and small number of studies has focused on investigating TQM in the hotel industry. Service quality and employee involvement seems to be in the core of the hotel performance. Many researches offer concrete suggestions to improve managerial performance, but while asserting convinced that humans are their most valuable asset. More hotels are able to support this belief. The presence of human factor varies service quality: “how can we imagine staff treating humanely customers, if it is not its case within hotel, there is obvious harmony between both”. Clearly, TQM remains the method that seeks long-term success by focusing on the degree of internal and external customer satisfaction. The participation of all members of the organization dealing with the processes, products, and services or improving the corporate culture is the precondition of this policy. Adding more variables to give another meaning to this relationship helps to reinforce the link. Variables constitute complement to the TQM approach providing benefic internal framework. Consequently, intelligent use of this way of thinking is necessary to attain benefits mentioned in the literature review. There are also practical implications associated with the researches findings. First, literature encourages adoption of appropriate TQM practices depending on the context, by considering all aspects of business environment militating in favor approach success. At internal level, the Top management policy and employee satisfaction have an important place. EVIER & KEATS (1982) claimed that there is a direct relationship between productivity and quality. They also found that if efforts towards quality improvement are effective and efficient then it will have impact on the productivity. Motivation plays a vital role in the success of TQM. Employees with high confidence can maintain quality levels, thus maximizing the result. Second, managers should establish programs to build suitable measurement performance system based on hotel objectives highlighting recognition of cultural data and interaction between economic and social sense of organization.

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