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М.В. Шабельник (4 курс, каф. МЭ), О.Т. Лебедев, д.э.н., проф.

TOTAL QUALITY MANAGEMENT

Total quality management (TQM) is a management philosophy that relies heavily on the talents of employees to continually improve the quality of the organization's goods and/or services. The TQM philosophy is founded on three basic principles, each of which is discussed below.

The TQM philosophy succeeds or fails because of the organization's employees. Thus, employees' recruitment, selection, and training are seen as critical components to the success of marketing implementation. Empowering employees means breaking down the barriers between management and employees. As a result, only the cultural method of implementation can be used successfully with the TQM approach.

Empowering employees will work only if the organization is guided by an overall corporate culture that supports the TQM effort. Implementation of this type of system does not happen overnight. A great deal of time and patience are necessary to ensure that a "culture of quality" dominates in the organization.

Continuous Quality Improvement. The continuous quality improvement of Organization's products and/or services is built around the notion that quality is free. That is, having products or services, that are not of the highest quality, is expensive, especially, in terms of dissatisfied customers. Continuous improvement also involves more than simple quality control or screening out bad products and services. Rather continuous improvement means totally redesigning the product, if necessary, to ensure that quality is built in from the very beginning. The Global Implementation illustrates that understanding, how consumers around the world perceive product quality, is vital for companies that operate across national boundaries.

Continuous improvement is, by definition, a long-term process. The organization aims for small improvements in quality.

Global Implementation.

Total Quality Management (TQM) has become an important aspect of many companies' marketing strategies and implementation efforts. Firms that operate across national boundaries and utilize TQM have to consider diverse expectations about product and quality. The implementation of a firm's marketing strategy may vary according to different countries' perceptions and expectations of a high quality product.

In June 1991 the Galiup Organization conducted an international quality survey for the American Society for Quality Control. The purpose of the study was to determine if perceptions about product and service quality differ around the world. The survey compared opinions of consumers in the world's three most powerful economies on a number of issues related to product and service quality. The Galiup Organization conducted personal interviews with 1008 consumers in the United States, 1446 in Japan, and 1000 in Germany. Because similar studies were conducted in the United States in 1988 and 1985, trend of U.S. consumer opinion could be assessed.

The results indicated that American consumers opinions of the quality of American products and services had improved since 1988. In 1985, 51 % of those surveyed gave American products high marks on quality. By 1988, only 48 % of Americans rated U.S. products high on quality. The 1991 study indicated that a full 55 % felt that American products were of high quality. Unfortunately, Japanese and German consumers did not agree. Only 17 % of Japanese consumers and 26 % of German consumers rate American products as being of high quality.

A surprising part of the study was the rankings the three consumer groups given to products made in each country. American consumers ranked American products first, German products sec-

ond, and Japanese products third. Japanese consumers ranked their own products first, German products second, and American products third. Consumers in German are also ranked their own products first, but ranked American products higher than those from Japan. In every case, consumers felt their own country's products were better than those from the other two countries. The only exception occurred on the ratings of TVs and VCRs, where all three groups favor Japanese products.

Consumers were also asked open-ended questions about what was important in determining the quality of a product. Both American and Japanese consumers felt that a well-known brand name was most important in determining quality while German consumers relied more heavily on price. Having a well-known brand name was the second choice for Germans. In addition to a well-known brand name, American consumers consider word-of-mouth, past experience, and actual product performance in determining product quality.

German consumer? Emphasize appearance and durability while Japanese consumers consider performance and ease-of-use to be important.

Results from the study also reflect the effects of a recessionary climate on quality perceptions. When the latest study was conducted, the United States were passed through recessionary period that included a sluggish economy and higher unemployment. As a result, many American consumers were hesitant to spend their hard-earned dollars. Not surprisingly, when the 1991 results were compared to those from 1988, American consumers were found to place more emphasis on price and warranty as important indicators of product quality.

The results of the international quality study are important because they show that the U.S. needs to make many adjustments to improve international consumer's perception of the quality of its products. As quality becomes an even more important aspect of success in the global marketplace, the U.S. must move to increase the quality of its products. Understanding how Japanese and German consumers perceive the quality of certain products should improve the implementation efforts of U.S. companies.

Benefits of TQM occur with the accumulation of these smaller improvements over time. One of the primary tools used in this continuous improvement effort is benchmarking. Benchmarking is defined as the measurement and evaluation of the quality of an organization's products, services, or processes as compared to the best-performing company in the industry. By benchmarking, an organization knows where it stands within its industry. This gives the organization a target to aim for over time. Benchmarking can provide substantial guidance to the development of the firm's goals and objectives.

Quality Improvement Teams. The final principle of the TQM philosophy is the use of quality improvement teams. Team members are selected for specific quality improvement tasks and generally come from a cross-section of jobs within the organization. Quality improvement teams almost always consist of the suppliers and the customers of the organization. Suppliers have a tremendous impact on the ability of the organization to deliver quality products and services to its customers. Similarly, customers are in a unique position to aid the organization in its quality improvement efforts—who knows what the customer wants better than the customer? This approach is similar to the internal marketing philosophy in which everyone within the process has both internal and external customers.

Despite the simplicity and effectiveness of the TQM approach, it is used by only highly committed companies, including Federal Express, Cadillac, AT&T, Hewlett-Packard, Ritz-Carlton Hotels, and Texas Instruments. The reason is simple: putting the TQM approach into action requires a great deal of time and effort on the part of the organization. In addition, recent research has indicated that the TQM approach may be beneficial only for certain types of organizations. For example, employee empowerment and benchmarking were found to be beneficial only for top-performing organizations. Likewise, heavy investments in employee training were found to be beneficial only for low-performing companies. In short, the TQM approach is not for every organization. However, those organizations that are successful with TQM are often rewarded handsomely.