

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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### UNIT V QUALITY SYSTEM ORGANIZING AND IMPLEMENTATION

Introduction to IS/ISO 9004:2000-quality management systems-guidelines for performance improvements. Quality audits.TQM culture, Leadership-Quality council, employee involvement, motivation, empowerment, recognition and reward-TQM frame work, benefits, awareness and obstacles.

#### Table of Contents

INTRODUCTION- QUALITY MANAGEMENT PRINCIPLES AND ISO STANDARDS 1	
INTRODUCTION TO IS/ISO 9004:2000.....	3
ISO 9004:2000-QUALITY MANAGEMENT SYSTEM.....	4
RELATIONSHIP OF ISO 9004 AND ISO 9001.....	9
QMS-GUIDELINES FOR PERFORMANCE IMPROVEMENT.....	10
QUALITY AUDITS.....	17
TQM CULTURE.....	28
LEADERSHIP.....	31
QUALITY COUNCIL.....	38
EMPLOYEE INVOLVEMENT.....	43
EMPOWERMENT.....	48
EMPOWERMENT AND TQM.....	50
RECOGNITION AND REWARD.....	51
TQM FRAMEWORK.....	54

#### Introduction- Quality Management Principles and ISO Standards

ISO 9000 standards represent a group of international standards of International Organisation for Standardisation (ISO) for the management of quality systems in organisations. It was first introduced in 1987 and later revised in 1994 and 2000.. At present, it includes ISO 9000:20 00, ISO 9001:2000 and ISO 9004:2000. ISO 9001:2000 lays down the requirements of a —Quality Management Systeml (QMS). It provides requirements for compliance with standards. ISO 9000:2000 and ISO 9004:2000 provide guidelines for the achievement of standards.

Quality Management System (QMS) is defined as —the process of management of the systems of an organisation with regard to its quality related activities for meeting and enhancing customer satisfaction and also taking care of all other interested parties such as

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

legislative and regulatory bodies, shareholders, suppliers, employees etc.]]

**The Quality Management Principles are given below:**

- (i) Customer focused organisation,
- (ii) Leadership,
- (iii) Involvement of people,
- (vi) Process approach,
- (v) Systems approach to management,
- (vi) Continual improvement,
- (vii) Factual approach to decision making and
- (viii) Mutually beneficial supplier relationship.

The ISO 9000:2000 is based on Quality Management Principles as well as —Plan-Do- Check-Act]] Improvement Cycle. The ISO 9000 standards are used for (i) Internal audit, (ii) Vendor assessment and (iii) Supplier capability.

**ISO stands for**

**I - International**  
**S - Standard**  
**O - Organisation**

*Internal audit:*

An organisation can audit its existing systems with reference to the standard to provide feedback to management regarding the deficiencies of the system.

*Vendor assessment:*

To assess and ensure a vendor's capability to consistently meet the quality standards for product standards desired by the organisation.

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

### *Supplier capability:*

To provide confidence to its customers regarding its capability to consistently meet the quality standards desired by the customer.

### *Contents of ISO 9000:*

#### **The ISO 9000 is a family of standards comprising:**

- (i) ISO 9000:2000 — Quality Management Systems – Fundamentals and vocabulary.
- (ii) ISO 9001:2000 — Quality Management Systems – Requirement.
- (iii) ISO 9004:2000 — Quality Management Systems – Fundamentals and vocabulary.

In ISO 9001:2000 is the most comprehensive standard in the series: It specifies system requirements in purchase, design and development, production, installation and servicing. This is the only contractual situational standard for which organisations can be certified.

#### **The ISO 9001:2000 standard recommends that an organisation should:**

##### **(i) Decide its quality policy:**

Determine how the policy is to be implemented and design a system accordingly.

##### **(ii) Implement the system:**

Review the system regularly to gauge its effectiveness. Review the system regularly to gauge benefits from continuous improvement of product, process, and customer satisfaction. ISO 9004:2000 provides guidelines to the organization on all the above activities.

### **Introduction to IS/ISO 9004:2000**

This International Standard provides guidelines beyond the requirements given in ISO 9001 in order to consider both the effectiveness and efficiency of a quality management system, and consequently the potential for improvement of the performance of an organization. When compared to ISO 9001, the objectives of customer satisfaction and product quality are extended to include the satisfaction of interested parties and the performance of the organization.

This International Standard is applicable to the processes of the organization and consequently the quality management principles on which it is based can be deployed throughout the organization. The focus of this International Standard is the achievement of

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

ongoing improvement, measured through the satisfaction of customers and other interested parties.

The international organization for standardization (ISO) is the specialized international agency for standardization and at present comprises the national standards bodies of 91 countries. ISO is the acronym for international organization for standardization, located in Geneva, Switzerland.

ISO 9000 is a set of five world-wide standards that establish requirements for the management of quality.

Unlike product standards, these standards are for quality management system. They are being used by twelve nations European Economic Community to provide a universal framework for quality assurance – primarily through a system of internal and external audits. The purpose is to ensure that a certified company has a quality system in place that will enable it to meet its published quality standards. The ISO standards are generic in that they supply to all functions and all industries, from banking to chemical manufacturing. They have been described as the —one size fits all standards|.

### ISO 9004:2000-Quality management system

This standard provides guidance on the development of a quality management system (QMS), including the processes for continual improvement that will contribute to the satisfaction of an organization's customers and other interested parties. This guidance is generic and is applicable to all organizations, regardless of the type, size and the product provided. It is aimed at improving an organization's overall quality performance and provides a stepping-stone to total quality management (TQM)

ISO 9001:2000 and ISO 9004:2000 have been developed as a \_consistent pair\_ of QMS standards, based on eight quality management principles with a common process-oriented structure and harmonized terminology. They are designed to be used together, or may be used as standalone documents

- o It provides guidelines for performance improvement through sustained customer satisfaction. In doing so it:
- o Provides guidance to management on the application and use of a QMS to improve an organization's overall performance
- o Is recommended as a guide for organizations whose management wishes to move beyond the minimum requirements of ISO 9001 in pursuit of increased performance improvement ISO 9004 is not intended as guidance for

compliance with ISO 9001.

- o Defines the minimum QMS requirements needed to achieve customer satisfaction by meeting specified product requirements

### **3. Principles of ISO 9004**

ISO 9004 helps to improve performance on the basis of the eight principles on which the series ISO 9000 is based:

#### **Principle 1: customer focus:**

Organizations depend on their customers and therefore should understand current and future customer needs, should meet customer requirements and strive to exceed customer expectations

#### **Key benefits**

- 1) Increased revenue and market share obtained through flexible and fast responses to market opportunities
- 2) Increased effectiveness in the use of the organization's resources to enhance customer satisfaction
- 3) Improved customer loyalty leading to repeat business

#### **Application**

- Applying the principle of customer focus typically leads to:
  - Researching and understanding customer needs and expectations
  - Ensuring that the objectives of the organization are linked to customer needs and expectations
  - Communicating customer needs and expectations throughout the organization
  - Measuring customer satisfaction and acting on the results

#### **Principle 2: Leadership**

Leaders establish unity of purpose and direction of the organization. They should create and maintain the internal environment in which people can become fully involved in achieving the organization's objectives

#### **Key benefits**

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

- 1) People will understand and be motivated towards the organization's goals, and objectives
- 2) Activities are evaluated, aligned and implemented in a unified way
- 3) Miscommunication between levels of an organization will be minimized

### **Application**

Applying the principle of leadership typically leads to:

- 1) Considering the needs of all interested parties including customers, owners, employees, suppliers, financiers, local communities and society as a whole
- 2) Establishing a clear vision of the organization's future
- 3) Setting challenging goals and targets
- 4) Creating and sustaining shares values, fairness, and ethical role models at all levels of the organization

### **Principle 3: Involvement of people:**

People at all levels are the essence of an organization and their full involvement enables their abilities to be used for the organization's benefit

### **Key benefits**

- 1) Motivated, committed and involved people within the organization
- 2) Innovation and creativity in furthering the organization's objectives
- 3) People being accountable for their own performance
- 4) People eager to participate in, and contribute to continual improvement

### **Application**

Applying the principle of involvement of people typically leads to:

- 1) People understanding the importance of their contribution and role in the organization
- 2) People identifying constraints to their performance
- 3) People accepting ownership of problems and their responsibility for solving them
- 4) People evaluating their performance against their personal goals and objectives

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

### **Principle 4: Process approach:**

A desired result is achieved more efficiently when activities and related resources are managed as a process

#### **Key benefits**

- 1) Lower costs and shorter cycle times through effective use of resources
- 2) Improved, consistent and predictable results
- 3) Focused and prioritized improvement opportunities

#### **Application**

- Applying the principle process approach typically leads to:
  - Systematically defining the activities necessary to obtain a desired result
  - Establishing clear responsibility and accountability for managing key activities
  - Analyzing and measuring of the capability of key activities
- Identifying the interfaces of key activities within and between the functions of the organization

### **Principle 5: system approach to management:**

Identifying, understanding and managing inter-related processes as a system contributes to the organization's effectiveness and efficiency in achieving its objectives

#### **Key benefits**

- 1) Integration and alignment of the processes that will best achieve the desired results
- 2) Ability to focus effort on the key processes
- 3) Providing confidence to interested parties as to the consistency, effectiveness, and efficiency of the organization

#### **Application**

Applying the principle of system approach to management typically leads to:

- 1) Structuring a system to achieve the organization's objectives in the most effective and efficient way
- 2) Understanding the interdependencies between the processes of the system
- 3) Structured approaches that harmonize and integrate processes
- 4) Providing a better understanding of the roles and responsibilities necessary

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

for achieving common objectives and thereby reducing cross-functional barriers

### **Principle 6: Continual improvement:**

Continual improvement of the organization's overall performance should be a permanent objective of the organization

#### **Key benefits**

- 1) Performance advantage through improved organizational capabilities
- 2) Alignment of improvement activities at all levels to an organization's strategic intent
- 3) Flexibility to react quickly to opportunities

#### **Application**

Applying the principle of continual improvement typically leads to:

- 1) Employing a consistent organization's wide approach to continual improvement of the organization's performance
- 2) Providing people with training in the methods and tools of continual improvement
- 3) Making continual improvement of products, processes, and systems an objective for every individual in the organization
- 4) Establishing goals to guide, and measures to track, continual improvement. Recognizing and acknowledging improvements

### **Principle 7: Factual approach to decision-making**

Effective decisions are based on the analysis of data and information

#### **Key benefits**

1. Informed decisions
- 2) An increased ability to demonstrate the effectiveness of past decisions through reference to factual records
- 3) Increased ability to review, challenge and change opinions and decisions

#### **Application**

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

Applying the principle of factual approach to decision-making typically leads to:

- 1) Ensuring that data and information are sufficiently accurate and reliable. Making data accessible to those who need it
- 2) Analyzing data and information using valid methods
- 3) Making decisions and taking action based on factual analysis, balanced with experience and intuition

### **Principle 8: Mutually beneficial supplier relationships:**

An organization and its suppliers are interdependent and a mutually beneficial relationship enhances the ability of both to create value.

#### **Key benefits:**

- 1) Increased ability to create value for both parties
- 2) Flexibility and speed of joint responses to changing market or customer needs and expectations
- 3) Optimization of costs and resources

#### **Application**

Applying the principles of mutually beneficial supplier relationships typically leads to:

- 1) Establishing relationships that balance short-term gains with long-term considerations
- 2) Pooling of expertise and resources with partners
- 3) Identifying and selecting key suppliers
- 4) Clear and open communication

### **4. Relationship of ISO 9004 and ISO 9001**

ISO 9004 is part of a consistent pair of quality management system standards, the other being ISO 9001:2000, and quality management systems-requirements. These two international standards are designed to be used together. When used in this manner, and fully implemented as a consistent pair, the benefits to the organization are likely to be more extensive than if only one is used. However, both standards are capable of being used independently of the other, as stand-alone documents. When fully implemented, independent use of either standard should provide benefit to the organization. The two

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

international standards have similar structures, but different scopes

The purpose of ISO 9004 is to provide guidance to management on the application and use of a quality management system to improve an organization's overall performance.

The guidance covers the establishment, operation (maintenance), and continual improvement of a quality management system. Such a system should contribute effectively and efficiently to the satisfaction of an organization's customers, while sharing the benefits with other interested parties. ISO 9004 is recommended as a guide for organizations, whose management wishes to move beyond the minimum requirements of ISO 9001 in pursuit of increased performance improvement. ISO 9004 is not intended as guidance for compliance with ISO 9001.

### QMS-guidelines for performance improvement

This international standard provides guidance on quality management systems, including the processes for continual improvement that contribute to the satisfaction of an organization's customers and other interested parties. The guidance in this international standard is generic and applicable to all organizations, regardless of the type, size, and the product provided

The international standard is based on quality management principles that provide an understanding of quality management and its application to improved the performance of an organization

Quality management system (QMS) guidelines are as follows:

#### 1) Managing systems and processes:

Leading and operating an organization successfully requires managing in a systematic and visible manner. Success should result from implementing and maintaining a management system that is designed to continually improve performance by addressing the needs of all interested parties. Managing an organization encompasses quality management, among other management disciplines.

The quality management system in an organization is an important part of the overall management system. Organizations should define their systems and the processes contained within them to enable the systems and processes to be clearly understood, managed, and improved. Management should ensure effective operation and control of processes and the measures and data used to determine satisfactory performance.

Detailed guidance on the content and implementation of a generic quality management system is presented in this international standard for the management of an organization to use in its pursuit of improved performance. Management should select and

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

employment guidance, appropriate to the organization, from the contents of this international standard.

The management of the organization should closely monitor the movement towards performance improvement. Initially, the identification of those steps or processes that may define performance improvement for the organization should be determined by management. Secondly, the appropriate steps or thresholds in the movement toward process and performance improvement should be determined and be sufficiently described.

### 2) General documentation requirements:

The extent and nature of process documentation and records should be appropriate to the organization. Documentation and records may be in any form or in any media suitable to the needs of the organization. Requirements for documentation and records may arise from:

- i) Contractual requirements from the customer or other interested parties
- ii) Acceptance of international, national, regional, and industry sector standards
- iii) Statutory and regulatory requirements; and
- iv) Decision by the organization

### 3) Quality principles:

There are eight quality management principles

- i) Customer-focused organization
- ii) Leadership
- iii) Involvement of people
- iv) Process approach
- v) System approach to management
- vi) Continual improvement
- vii) Factual approach to decision-making
- viii) Mutually beneficial supplier relationships (supply-chain)

### 4) Management responsibility

Top management should establish policies and strategic objectives consistent with

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

the purpose of the organization. Leadership, commitment and involvement of the top management are essential for developing and maintaining an effective and efficient quality management system to achieve benefits for all interested parties

The key to achieving benefits for all interested parties is to sustain and increase customer satisfaction. The deployment of the policies and implementation of plans to achieve the objectives should be through responsibilities involving everyone in the organization

Management responsibilities include:

- 1) Setting policies and objectives and leading the organization
- 2) Provision of organization structure and resources
- 3) Maintenance of current performance, and
- 4) Achievement of continual improvement.

Top management should define an approach for measurement of the organization's performance in order to verify that objectives are achieved. The approach could include:

- 1) Financial measures
- 2) Measures of process performance, and
- 3) Assessment of satisfaction level of customers and other interested parties

This performance information should be used as input to management review in order to ensure that continual improvement is the driver for organizational development

### **5) Interested party needs and expectations**

Every organization has several categories of interested parties, each with needs and expectations

For quality management purposes, interested parties include:

- 1) Customers and end users
- 2) People in the organization
- 3) Owners/investors, including or groups, including the public sector, that have a specific interest in the organization
- 4) Suppliers and partners
- 5) Society in terms of the community and the public affected by the organization

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

To meet the needs and expectations of all interested parties, organizations should consider:

- 1) To meet the needs and expectations of all interested parties,
- 2) Maintenance of a balanced response to interested parties needs and expectations
- 3) Translation of needs and expectations into requirements
- 4) Communication of requirements to all levels of the organization
- 5) Improvement of all processes to create value for interested parties

### **6) Quality policy**

An organizations quality policy should be consistent with the organizations overall policies. In establishing the quality policy, management should consider:

- 1) Expected level of customer satisfaction
- 2) Needs of other interested parties
- 3) Opportunities and needs for continual improvement
- 4) Resources needed
- 5) Contributions of suppliers and partners

An effectively formulated and communicated quality policy should:

- 1) Be consistent with a vision of the organizations future
- 2) Make quality objectives understood throughout the organization
- 3) Demonstrate top management commitment to quality and the provision of adequate resources for its achievements
- 4) Promote a commitment to quality at all levels of the organization, led by management
- 5) Address continual improvement and customer satisfaction

The quality policy should be periodically reviewed and revised as necessary

### **7) Quality planning**

Management should implement quality planning for the activities and resources

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

needed to satisfy the quality policy, objectives and requirements. Quality planning is an integral part of the quality management system

Primary considerations for quality planning include:

- 1) Needs and expectations of the customers and other interested parties
- 2) Performance of the products
- 3) Performance of the quality management system processes and associated practices
- 4) Learning from previous experience
- 5) Opportunities for improvement, and
- 6) Risk assessment and mitigation

Outputs of quality planning can also identify the:

- 1) Responsibility and authority for execution of the improvement plans
- 2) Skills and knowledge needed
- 3) Improvement approaches, methodology and tools
- 4) Alternate planning needs
- 5) Indicators for performance achievement, and
- 6) Need for documentation and records.
- 7) Quality planning should be reviewed regularly & revised as necessary

### **8) Quality management system administration**

Management should define and implement a quality management system to provide confidence that the organization will satisfy needs and expectation of interested parties. The quality management system should be consistent with the organization's size, culture, and products. To develop the quality management system, management should address:

- 1) Strategic objectives
- 2) Quality policy and quality objectives
- 3) Needs and expectations of interested parties
- 4) Relevant statutory and regulatory requirements

- 5) Process approach
- 6) Communication
- 7) Structure of the organization and the environment in which it exists,
- 8) Resources,
- 9) Other management systems, and
- 10) Improvement

**9) Responsibility and authority**

Top management should define and communicate responsibility and authority in order to effectively and efficiently implement and maintain the quality management system. All people should be given authority and responsibilities for achievement of quality requirements to establish involvement and commitment throughout the organization

**10) Management representative**

Management representatives can be appointed and given authority by top management to manage, monitor, evaluate, and coordinate the quality management system processes. The goal of the appointment is to enhance effective and efficient operation of the quality management system.

**11) The representatives should report to top management and communicate with interested parties to enhance the effectiveness and efficiency of the quality management system. Communication**

Management should define and implement processes for the communication of quality requirements, objectives, and achievements. Providing this information becomes a resource for improvement, and the involvement of people in achieving quality objectives. Some tools for communication include:

- 1) Team briefings and other meetings
- 2) Notice-boards, in-house journals/magazines, and
- 3) Audio-visual and electronic media

**12) Documentation and records**

Management should define the documentation needed to support the quality management system. The nature and extent of the documentation should support the needs

## KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT

---

of the organization. The defined documentation should provide for implementation, maintenance, and improvement of the system. This documentation typically includes provision for:

- 1) Policy documents including the quality manual,
- 2) Documentation for control of processes
- 3) Work instructions to define tasks, and
- 4) Standard formats for collection and reporting of data

The primary purpose of quality documentation is to express the quality policy and to describe the quality management system. This serves as the basis for implementation and maintenance of the system. Suitable documentation should be available to achieve the effective operation of the quality management system.

Documentation control should be defined and implemented to ensure that obsolete documents are promptly removed from all points of issue and use, or otherwise prevented from unintended use.

Documents to be retained, and records of quality performance, should be controlled, maintained, and protected. The organization should require sufficient records to be maintained to demonstrate conformance to requirements and verify effective operation of the quality management system. They can also provide knowledge for maintenance and improvement of the quality management system.

### **13) Analysis of quality records should be conducted to provide inputs for corrective and preventive action, and process improvements. Management review**

Top management should establish a process to review the quality management system at periodic intervals to evaluate its effectiveness and efficiency, and verify that quality policy and objectives are being satisfied. In addition, the management review process should analyze current activities that may require change and consider opportunities for improvement of the quality management system.

### **14) Review input**

Inputs for the management review should include:

- 1) Results from audits of the quality management system including internal, customer and third party audits;
- 2) Measurements for satisfaction of the needs and expectations of interested parties
- 3) Performance of operational processes

- 4) Analysis of product conformance
- 5) Status of corrective and preventive

actions Additional inputs to consider include:

- 1) Status and results of improvement activities
- 2) Results of self-assessment of the organization
- 3) Customer satisfaction measurements
- 4) Market place evaluation, including the performance of competitors
- 5) Results of benchmarking activities
- 6) Performance of suppliers

#### **15) Review output**

Management review activity should be set in a context of the organizations strategic planning cycle. This placement helps to ensure quality objectives and requirements are integral to the organizations overall objectives and requirements

Results of management review should focus on some outputs, for example

- 1) Adding value for interested parties
- 2) Improved performance of products and processes
- 3) Suitability of organizational structure and resources Ability to introduce new product on time in the market
- 4) Managing risks
- 5) Compliance with statutory and regulatory requirements
- 6) Planning for future resources

Observations, recommendations, conclusions and actions should be recorded to facilitate monitoring of progress, and used as input to subsequent reviews. The management review process should be evaluated for effectiveness and improved when necessary.

## Quality audits

### Audit Report

- Audit Satisfactory
- Observations made
- Non-Conformances found

### Meaning of quality audit

Audits make the improvements of quality system possible and measurable. Quality audit is one of the important tools of TQM for continuous improvement.

The popularity of ISO 9000 standards has also brought in credibility to the quality audit. All the audits are formal activities and hence should be a planned activity. The audits should be scheduled, planned, prepared and carried-out with a positive attitude. The non-conformities reported should be based on objective evidence for the same.

Formality is very important in auditing so as to continue cordial relationship between the auditor and the auditee. Each audit finding is a potential source for improvement. These are to be taken seriously and systematic action taken to find out and implement corrective action. The effect of corrective actions should also be assessed in due course. Thus, audits are essential tools for improvement of the organizations.

Quality audit is an appraisal of the whole quality control. It is not so much concerned with the quality of the product, as with the adequacy and effectiveness of the quality control system. Quality audit may be conducted periodically, or only when occasion demands, due to existence of quality problems. Quality audit is always performed against a documented system. Quality audit includes the examinations of the following aspects:

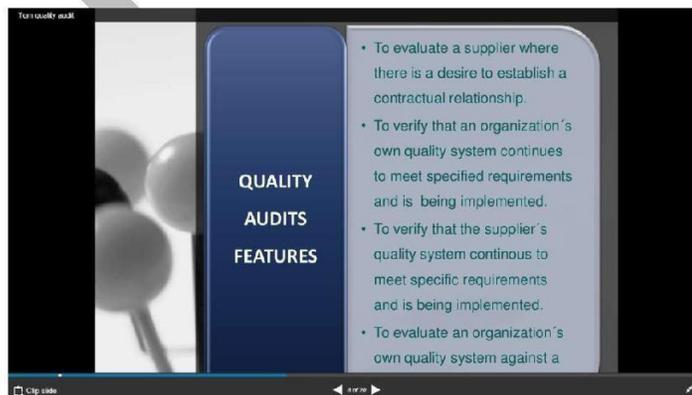
- 1) Completeness and clarity of the manufacturing drawings and specifications and produce for their updating
- 2) Process capability of manufacturing equipment and adequacy of process controls
- 3) Quality control of incoming materials and procedure of vendor's capacity verification
- 4) Adequacy and accuracy of gauges and test equipment and procedure for their calibration
- 5) Quality organization and quality control procedures
- 6) Reject rate of the product as revealed by in-process and final inspection results

### **Purpose of quality audits**

The specific purpose of quality audits is to provide independent assurance that:

- 1) Plans for attaining quality are such that, if followed, the intended quality will, in fact, be attained.
- 2) Products are fit for use and safe for the user
- 3) Standards and regulations defined by government agencies, industry associations, and professional societies are being followed
- 4) There is conformance to specifications
- 5) Procedures are adequate and are being followed
- 6) The data system provides accurate and adequate information on quality to all concerned
- 7) Deficiencies are identified, and corrective action is taken
- 8) Opportunities for improvement are identified, and the appropriate personnel alerted

### **Features of Quality Audit**



### **Subject matter of audits**

For simple products the range of audits is also simple and is dominated by product audits. For complex products the audit is far more complex. In large companies even the division of the subject matter is a perplexing problem. For such companies the programs of audit use one or more of the following approaches for dividing up the subject matter

- 1) **Organizational units:** Large companies comprise several layers of organization, each with specific assigned missions: corporate office, operating divisions, plants, etc. Such companies commonly use multiple teams of quality auditors, each reviewing its specialized subject matter and reporting the results to its own —clientelel.
- 2) **Product lines:** Here the audits evaluate the quality aspects of specific product lines, (e.g., printed circuit boards, hydraulic pumps) all the way from design through field performance
- 3) **Quality systems:** Here the audits are directed at the quality aspects of various segments of the overall systematic approach to quality such as design, manufacturing, supplier quality, and other processes. A system-oriented audit reviews any such system over a whole range of products
- 4) **Specific activities:** Audits may also be designed to single out specific procedures that have special significance to the quality mission: disposition of non-conforming products, documentation, instrument calibration, software

### **Types of audit**

An organization is subjected to quality audit both internally and externally. Accordingly, there are two types of audits-internal and external

Internal audit is an examination of the quality system within the organization and is called first party audit External audit is an evaluation of suppliers, contractors and sub-contractors and is classified as second-party and third-party audit. Second-party audits are those that are performed by suppliers on their sub-contractors or by purchasers on their suppliers. Third-party audit is conducted by those who are not party to either the supplier or purchaser and is normally performed by a certification agency or statutory body

- 1) **First-party audit:** This is an audit carried-out by a supplier on his/her own system to evaluate its performance. The organization's own personnel, drawn from functions independent of the one being audited conduct the audit. It can also be carried-out by an outside agency on behalf of the supplier. Internal audit

## KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT

---

confirms that the quality management system is working effectively. It provides control mechanisms for the management and help to institute corrective action for non-conformities

**Second party audit:** This audit is conducted by an organization over the one that has contracted to buy goods or services. The purpose is to give the purchasing organization a level of confidence in the supplier's ability to provide goods and services of agreed quality. This also assists suppliers to improve the quality system and gives a better understanding on quality system requirements. Through this audit, the purchaser comes to know of the weak areas of the supplier's system.

This helps in instituting better surveillance. Second-party audits can be carried-out by the purchasing organization or by an agency on its behalf. The main emphasis in second-party audit is normally on areas of the auditee's business, which directly affects the supplied goods or services and tends to ignore other areas. It is, therefore, often not a comprehensive audit.

- 2) **Third-party audit:** This is conducted by an organization on a quality system, which is neither retained under its direct control nor within its organizational structure and in the outcome of which it has not interest. This is generally conducted by organization certification agencies for the purpose of certification. Certification provides an assurance to an organization that it is successfully complying with the requirements of quality system standards and to customers that the products or services are of consistent quality. To ensure that regulatory requirements are being met, regulatory authorities also conduct this audit.

Quality audit can also be classified on the basis of the area of coverage as – system audit, process audit or product audit.

- 1) **System audit:**

A quality system audit is an examination of the quality system of an organization to establish by objective evidence that activities are carried-out according to the requirement specified in the documented system and procedures. It is used to demonstrate whether the audited organization is meeting its obligation on the quality system and whether management controls on the products or services meet the specified requirements.

Quality system audit may be performed externally or internally. Internal audits are conducted on portions of an organization's quality system that is under its (organization) direct control and within its structure. A system audit is conducted

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

prior to the award of the contract in order to evaluate the ability of the potential supplier to provide products or services, which meet the requirements

### 2) **Process audit:**

It is designed to evaluate the manufacturing or processing activity. The process control area is an essential part of system audit and is, invariably, audited during a system audit. Process audit is a verification of manufacturing or test operations against documented procedures and standards to measure the conformance of a process to the standards and effectiveness of the procedures. It may involve special process such as heat treatment, soldering, plating, welding, painting, etc. Process audit is a check for adequacy, suitability, and effectiveness of process controls over equipment and operators as stabilized by procedures and process specifications. This audit may be performed internally or externally

### 3) **Product audit:**

It is conducted to measure the level of product conformity to the specified standards of workmanship performance and quality. It is an indicator of quality going to the customer. The audit may involve checking the accuracy of equipment and test procedures, including calibration of equipment. It also takes care of environmental and regulatory requirements to which the product or its function is required to conform

Product audit may be conducted internally, prior to delivery at the customer's site, or with the final consumer. It may be conducted at the final stage of processing to see that outgoing products such as refrigerators and washing machines, meet the specified requirements. Installation also becomes an important factor in the case of complete assembly products such as a milk tanker. In this case, complete assembly is evaluated to verify that it meets the specified requirements

### 4) **Adequacy audit:**

This determines the extent to which the documented system reflected in the quality manual and associated procedures meets the requirements of the applicable standards. The documented system is the translation of criteria requirements enunciated in ISO standard models or any code or documents against which the system is audited. This is an office exercise in which each requirement is compared with the provisions made in the documented system to establish whether the documented system precisely reflects the criteria requirements

### 5) **Compliance audit:**

This audit seeks to establish the extent to which the documented system is implemented and observed by the personnel of the organization in their various

## KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT

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activities. Actually evaluating the system and observing compliance by examining documents, and investigating and witnessing the different operations in various activities do this. This establishes that the documented system is adequate, suitable and effective

### **Stages of an audit**

The audit should have a number of planned stages. These must be rigorously applied to external audits but they can also be beneficially applied, modified as necessary to internal audits. These stages are as follows:

- Information gathering
- Preparation
- Open Meeting
- The Audit Process
- The closing meeting
- Audit Report and Completion
- Corrective action and followup

These stages are described as follows:

#### **1) Information gathering:**

It can be done by means of letter, telephone, questionnaire, visit or any other means. The information collected should include the following

- i) The size, complexity, and scope of organization to be audited with respect to location, workforce and range of products
- ii) Organization's own perception of how well it meets the requirements of the quality system standard in question
- iii) Any existing second and third party approvals of the organization holds

For external audit, it would be preferable if a copy of the company's quality manual is made available to permit an adequacy audit prior to the team's visit to the organization. If this is not available, then auditor should allow sufficient time at the start, to check with them for adequacy and prepare checklists to use to seek objective evidence for compliance

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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### 2) Preparation:

Using the information, thus, collected the team leader should set about this very important phase of the audit. As a part of preparatory activities, the auditor

- i) Decides how much work is involved. The team should not generally take more than 3 days for it
- ii) Nominates other team members. One of the considerations is that the person selected as a member (auditor) is acceptable to auditee.
- iii) Fixes dates with auditee which ensures availability of all parties. For external audits, notices are required to be given
- iv) Briefs the team-members of all details of the logistics, scope, objectives, and methods for the audit
- v) Allocates tasks to team members
- vi) Ensures that team members are fully prepared
- vii) Chairs the opening meeting

### 3) Opening meeting:

It is the first activity of audit which is chaired by the team leader. The team leader should:

- i) Introduce himself/herself and the team mates
- ii) Explain the scope of audit and details of the depth of audit
- iii) Confirm the standard to be used
- iv) Give details of allocation of work of team-members
- v) Explain what a discrepancy or non-compliance is, the method of reporting it and any grading of it as major, minor, etc.
- vi) Agree to the status of the company's documented system that will be used
- vii) Ensure that regular team liaison meetings take place, including meetings with auditee's representatives
- viii) Confirm that all domestic arrangements for office accommodation, etc., have been made
- ix) Verify that organization's staff has been informed about audit
- x) Arrange a tour of the site or a map of it for audit team

**KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES**  
**BA 5107 TOTAL QUALITY MANAGEMENT**

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- xi) Explain the details, timing, and purpose of the close-down meeting
- xii) Invite and answer any questions about the audit

When the above activities have been completed, the team should adjourn to their office for a final briefing and to arrange times at which they will reassemble for audit meetings and reviews with the organization's representatives

**4) Audit process:**

As a part of the audit process

- i) Clear and precise discrepancy reports are raised
- ii) All discrepancies are based on sound and objective evidence
- iii) Regular liaison meetings are held
- iv) Audit is run to schedule and should cover entire scope, as planned
- v) If major/minor discrepancy system is used, the organization's representatives are informed as to what would be a major discrepancy and what would be a minor one.

**5) Closing meeting:**

Though it takes place at the end of the audit, it may also take place on occurrence of a major discrepancy unless the major discrepancy results from an amalgamation of several minor ones. It is preferable to involve same set of people in close meeting as were present in opening meeting. In preparation to call the closing meeting, the team should meet to:

- i) Permit each member of team to relate his/her findings to others
- ii) To evaluate and review these findings
- iii) To decide on the course of action to be taken on the basis of these findings
- iv) To categorize major / minor discrepancies, if followed
- v) To draft the final report

The final meeting is then held to close the audit in a conclusive and professional manner, to agree dates for the completion of any remedial action required and to establish any subsequent surveillance action. This meeting is chaired by lead-assessor and best conducted as follows:

## KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT

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- i) Thinking the organization for their help and cooperation
- ii) Giving a brief resume of the scope of the audit
- iii) Re-introducing the team for those not present at the opening meeting but present at closing meeting and clarifying the objective of the audit
- iv) Highlighting only discrepancies even though many things might be in compliance and also all discrepancies that exist but might not be identified
- v) Requesting a presentation about discrepancies from each team-member of his/her findings in the area audited
- vi) Answering questions and discussions at the end of presentations
- vii) Giving an overall summary and conclusions, including actions which the assessor would recommend to the organization
- viii) Inviting auditee's representatives to discuss specific points Stipulating dates for remedial actions, if necessary
- ix) Explaining surveillance actions to be taken, if applicable
- x) Handing over copies of individual discrepancy reports and final report

### **6) Audit report content:**

The final report presented at the closing meeting should contain only factual statements of discrepancies supported by objective evidence. The audit report may contain:

- i) Identification of the reference documents against which the audit is conducted (quality system standard), company's quality manual, etc.
- ii) Observations of non-conformities
- iii) Audit team's judgment of the extent of the auditee's compliance with the applicable quality system standard and related documentation
- iv) The system's ability to achieve defined quality objectives

Audit documents should be retained by agreement between the client, the auditing organization and the audited and in accordance with any regulatory requirements. The audit is completed upon submission of the audit report to the client.

### **7) Corrective action and follow-up:**

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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The auditee is responsible for determining and initiating corrective action needed to correct non-conformity or to correct the cause of non-conformity. The auditor is only responsible for identifying the non-conformity. Corrective action and subsequent follow-up audits should be completed within a time period agreed to by the client and the auditee in consultation with the auditing

### 1. Quality auditor

A quality auditor is a person who has the requisite qualifications, temperament and authority to perform all or any portion of a quality system audit. A good auditor is distinguished by the way he/she applies the appropriate skills, training and professionalism

These attributes and skills are discussed in detail as follows:

### 2. Personal attributes

- a. Communication skills
- b. Power of observation
- c. Tact and sense of proportion
- d. Flexibility
- e. Perseverance
- f. Objectivity
- g. Decisiveness

### 3. Professional attributes

- a. Independence
- b. Appearance
- c. Punctuality
- d. Preparedness
- e. Fairness
- f. To be polite and calm

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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### 4. Technical ability

- a. Knowledge of technical standards and regulations
- b. Ability of quality and cost analysis
- c. Ability to use statistical techniques
- d. Ability to use diagnostic techniques

### 5. Professional status

- a. Accreditation
- b. Code of ethics, and
- c. Professional expertise

## **TQM culture**

Culture is —the sum total learned beliefs, values, and customs that serve to direct the consumer behaviour of members of a particular societyl.

According to mead, —culture is a body learned behaviour, a collection of beliefs, habits and traditions, shared by a group of people and successively learned by people who enter societyl. The culture of an organization must accommodate total quality management. This includes aspects such as teamwork, recognition for work done, job security, fairness and ownership A TQM culture is based on certain values and leadership vision. A TQM culture includes everyone and excludes no one. If there is a union then it must be involved in the TQM effort. Total quality management related not only to the quality of the final product, but also to the interaction between employees and the company. Therefore total quality management has a strong impact on the company culture

More and more organizations are beginning to implement total quality management (TQM) to sustain their competitive edge in industry. Implementation of TQM calls for a complete change in the behaviour of people working in the organization

### **Fostering TQM culture**

Sashkin and kiser describe eight elements that are essential for fostering a culture of total quality management:

1. **Use of information on performance and quality:** Information must be gathered continually. This information must be used to identify and understand problems, and also to

## KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT

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develop and implement solutions. It must be made available to people who can use it to improve quality and performance. This information must never be used to judge individual performance

2. **Authority:** employees who are responsible for work must also have the authority to act on the basis of information about performance and quality. They must be empowered to control their own activities rather than wait for orders. At the same time, employees must be able to use their empowerment successfully by applying their knowledge, skills and tools

3. **Rewards and recognition:** achievements must be recognized and employees must be rewarded for their results. These rewards must be given for improved quality and problem-solving. The rewards may be both symbolic and material. Employees will probably expect material reward, but regardless of the form of the reward, it is important for them to share in profits

4. **Teamwork:** teamwork is essential. Employees must work together, and not compete against each other. At the same time, the group must have the authority required to fulfill its responsibilities. The reward system must focus on the individual, the team, and the entire organization

5. **Job security:** employees must know that their jobs are secure. They must realize that job security is based on company performance rather than individual assessment. Where employees make mistakes, they must be trained rather than discharged. It is important to share financial information with employees. They must understand the consequences of their own actions and be able to make informed decisions

### **6. Fairness:**

Employees must perceive a culture of fairness, which must be reinforced by the actions of managers. Managers must:

- i) Share useful information with employees;
- ii) Act consistently, both within and outside the workplace
- iii) Be honest with themselves and their employees
- iv) Observe agreed ethical guidelines
- v) Indicate clearly to employees what is expected of them
- vi) Ensure that employees are given equivalent rewards for similar performance
- vii) Ensure that standards are clear, just and adhered to
- viii) Demonstrate respect towards employees; and
- ix) Ensure that procedures are open to public scrutiny

- 1) There must be equitable compensation across organizational level. This means that the ratio of the chief executive officer's salary to that of the lowest paid employee must not be greater than 1: 20
- 2) Employees should have ownership in the organization

### **Cultural change for implementation of TQM**

Following the principles of TQM, implementation of total quality strategy does require some changes and reorientation of an organization's thinking and attitudes. Some of these re-orientations are related to change of culture, values and principles, and others relate to the structure and processes. Important changes are as follows:

#### **Culture of communication:**

TQM is a customer-focused, people driven process to attain a company's stated vision, mission, and strategic goals. Therefore, the company must have

- i) Clear 'vision' as to where it wants to go or what it wants to become, and by when
- ii) Clear 'mission' as to what business it wants to be in, why it wants to be in that business and what role it wants to play at large

Clear strategic goals as to what must be achieved, by how and when It is the function of strategic planning and leadership to clearly define and communicate the vision, mission and goals. What is to be emphasized for cultural change is the culture of communication within the organization. To draw the people into the TQM processes, they should be given a clear view and understanding of the company's vision, mission and goals, and what roles they are expected to play. People should understand what are guiding the happenings in the organization and why. Prior to TQM implementation, the company must define these strategic elements and carefully explain them to all employees in an unambiguous manner. These strategic elements should relate and focus on its customers, and role of employees in this direction should be clarified. Communication and collaborative decision making influences both customers and employees and facilitates smooth induction of TQM systems

#### **2. 'Customer first' attitude:**

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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This is inculcating a work-culture where each person knows and values what the next-in-process customer wants, and commits to fulfill. This essential step forward for building-in customer-first attitude in the company is an important attitudinal jump.

### **3. Transparency in the organization:**

This ensures that key decisions are made, communicated, and carried-out in the organization based upon shared values, vision and customer expectations. Actions and behavior of top management must not raise any misgivings in the minds of people about the management's motives, ethics, or practices. It is vital to develop trust and confidence between management and people, as it cements bonds, and fosters commitment and motivation towards common goals. This is a quantum cultural jump for leadership, but it has to happen fast in today's changing scenario

### **4. Empowerment of people:**

Leadership system should be such that it encourages teamwork, creativity, and empowerment of people to get best out of every individual and group. To empower people, people's skills, knowledge, and understanding of various process techniques must first be enhanced through intensive training and development programs, and then people should be encouraged to apply their knowledge. The whole process demands close attention of top management and their periodical review for improvement actions. This is an attitudinal change towards people in the organization

### **5. Continuous improvement and 'learning':**

This should be part of daily routine and any approach to problem-solving. Learning should be encouraged by training, interactive group formation, free discussions, seminars and workshops, and freedom to apply this knowledge on the job. This is a change of work culture for achieving superior performance in all activities

### **6. Customer-focused horizontal processes:**

Conventional organizations run vertical processes. TQM demands processes with direct view of customer needs for delivery of results as per commitment. This means horizontal customer-focused processes that run across the conventional structure of functions and their vertical boundaries be managed by empowered cross-functional teams. This provides opportunity for direct customer contact ownership of the process for meeting customers by the teams. Such horizontal processes involve structural change as well as change of work culture

## **Leadership**

### **Meaning and definition of leadership**

Leadership is the process of influencing the behaviour of others to work willingly and enthusiastically for achieving predetermined goals. It is the ability of a leader to induce subordinates to work with confidence and zeal. Leadership changes potential into reality. It is the final act that brings to success or the potential, i.e., in an organization and its people. Thus, leadership is the ability to influence a group toward the achievement of goals

Leadership, as a process, shapes the goals of a group or organization, motivates behaviour towards the achievement of those goals, and helps define group or organizational culture. It is primarily a process of influence.

According to Alan Keith, —Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen.

According to professor Kenneth Clark, —An activity or set of activities, observable to others that occurs in a group, organization or institution involving a leader and followers who willingly subscribe to common purposes and work together to achieve them.

### **Importance of leaders in TQM**

□

Leaders establish plans and goals for the organization. If the plans and goals do not include quality or, worse yet, are antithetical to quality, the quality effort will die.

Leaders help to shape the culture of the organization through key decisions and symbolic actions. If they help to shape a culture that puts convenience or short-term benefits ahead of quality, it will die.

□

**Leaders distribute resources. If resources are showered on programs that cut short-term costs while quality is starved for resources, quality will die. Virtually everything that an organization needs to succeed in meeting its customer expectations-goals, plans, culture, resources-can either be helped or hurt by leaders. Characteristics of quality leaders**

The leadership should create order that is coherent, consistent, and controlled. The leader anticipates and identifies the impediments and removes them. They motivate others to achieve excellence

Essential characteristics of a quality leader may be summarized as follows:

- 1) Specific vision: clarity in thought
- 2) Enthusiasm: motivation of the self
- 3) Integrity: Self-knowledge, self-control and unbiased

## KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT

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- 4) Commitment: commitment to quality achievement
- 5) Curiosity: willingness to learn
- 6) Courage: willingness to take calculated risk
- 7) Empower: delegate rather than direct the employees
- 8) Recognition and reward the teamwork: Empower and develop the people to achieve the quality goals. Collaboration with mutual understanding rather than competition is favored. Teams should share willingly the information. The leaders devote their efforts to train the human resource rather than supervise and control
- 9) Sense of honor: pride in his/her duty and clarity of purpose
- 10) Communicative: communication is the vital link that holds TQM efforts together

### **Seven habits of highly effective people**

Our character is a collection of our habits, and habits have a powerful role in our lives. Habits consist of knowledge, skill, and desire. Knowledge allows us to know what to do, skill gives us the ability to know how to do it, and desire is the motivation to do it.

#### **Habit 1: Be proactive:**

Being proactive is more than just taking action. In this first habit, Stephen Covey tells us, people are responsible for their reactions to other people or events. People are response-able and have response-ability because they have the ability to consciously choose how they respond to any situation. Stephen Covey makes the point that humans can think things through and do not need to be caught-up in simple stimulus-response patterns like Pavlov's dogs. To be proactive is to choose one's response rather than relying on instinctive reactions.

#### **Habit 2: Begin with the end in mind:**

It is this metaphor that Stephen Covey used to describe habit 2, Begin with the end in mind. It is a simple idea really and is about making an effort to start with a clear understanding of one's destination and where one is going.

This is essentially about planning so that people know where they are going all the time instead of being busy with day-to-day activities that actually take them nowhere. Taking the time to see the bigger picture, to plan where they are heading, leads to personal effectiveness.

'Begin with the end in mind' is based on the principle that all things are created twice. There is a mental or first creation, and a physical or second creation to all things.

Stephen Covey makes the point that everything is created twice, first in the mind and then in reality.

**Habit 3: Put first things first:**

Stephen Covey recommends that one should do first things first. One should identify what is important to do in order to keep on heading towards one's destination. Things which matter most must never be at the mercy of things that matter least.

**Habit 4: Think win-win:**

It is the first of the habits dealing with what Covey calls interdependence – working effectively with other people. In describing each habit, Stephen Covey shares powerful insights and —Think win-win is no exception.

Stephen Covey makes the point that the habit of effective interpersonal leadership is Think win-win. This is the habit of always looking for a solution that benefits a person and the other person or group. What is fascinating is that the solution is usually unexpected. —Win-win is a belief in the third alternative. It is not one's way or other's way; it is a better way, a higher way.

**Habit 5: Seek first to understand, then to be understood:**

Stephen Covey believes this principle is the key to effective interpersonal communication. Seek first to understand, then to be understood, this habit is about communicating with others. It is about developing the habit of listening carefully and really understanding the other person before giving one's own thoughts.

**Habit 6: Synergize:**

—Synergy is everywhere in nature. The word synergy comes from the Greek word *synergos* meaning working together. According to Stephen Covey, synergy involves:

- 1) Interaction of two or more agents or forces so that their combined effect is greater than the sum of their individual effects
- 2) Cooperative interaction among groups, especially among the acquired subsidiaries or merged parts of a corporation, that creates an enhanced combined effect  
The word synergy comes from the Greek *synergos* meaning working together

According to Stephen Covey, —synergy is everywhere in nature. In this habit, Stephen Covey directs the attention to the power of effective relationships. As a result of the relationship that exists between people or groups the whole becomes greater than the sum of its parts. People can achieve so much more when they engage in effective relationships with others than if they acted alone.

Stephen Covey notes that synergy is difficult for many people as independence is promoted as a strong value in the world today. Many people have been trained or have

## **KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT**

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learned that other people cannot be trusted. Achieving synergy requires high trust and high cooperation and can lead to better solutions than anyone thought of alone. People can get a sense of the way in which habits 4, 5 and 6 work together to discover the creative solutions and third alternatives. And synergy is possible when people have the support of all five previous habits.

### **Habit 7: Sharpen the saw:**

This habit is about looking after oneself. People are the greatest asset for themselves; they have to learn to take time to look after themselves. Stephen Covey suggests, people pay attention to four areas in their lives:

- 1) Physical : Exercise, nutrition, stress management
- 2) Spiritual: Value clarification and commitment, study and meditation
- 3) Mental: Reading, visualizing, planning, writing
- 4) Social / emotional: service, empathy, synergy, intrinsic security

### **Roles of leadership in continual quality improvement:**

The roles of leadership in continual quality improvement are explained as follows:

- Identify the customers focus and needs
- Plan the framework for quality
- Educate, train, empower, and develop the employees
- Getting the employees' involvement and commitment
- Improvement in the process
- Measurements and use of statistical tools

### **Roles of managers in TQM**

There are interpersonal roles (figurehead, leader, and liaison), informational roles (monitor, disseminator, spokesperson), and decisional roles (entrepreneur, disturbance handler, resource allocator, and negotiator). Each of these roles is likely to be played by managers practicing total quality, although the relative importance of the roles, and the ways in which they are played, may differ from more traditional organizations:

**Role of  
Managers in  
TQM**

**Interpersonal  
Roles**

**Information  
Roles**

**Decision Roles**

- 1) **Interpersonal roles:** the figurehead role, which involves the ceremonial or symbolic tasks of managers, is certainly played in TQ organizations. A manager presiding at a recognition ceremony for a team's quality accomplishments would be fulfilling role.

The leadership role would obviously be important for TQ oriented managers, but the directing and controlling aspects of this role would be downplayed

- 2) **Informational roles:** The informational roles of management would continue to be played, but non-managerial personnel would be more involved in these activities, rather than looking to managers as the source of all information. Employees involved in benchmarking, e.g., would play an important part in monitoring and disseminating information. Whereas top managers would retain an important role as spokesperson, this role also would be increasingly shared with people throughout the organization. By now, probably hundreds if not thousands of non-managerial personnel have stepped-up to the microphone to share their teams' accomplishments with the world
- 3) **Decisional roles:** Many of the behaviors leaders use to initiate and support a TQ program are characterized by the entrepreneurial role, one of the decisional roles. In this role, managers try to improve their organization by identifying problems and instituting processes to solve them. The disturbance-handler role in which leaders resolve conflicts among sub-units-should be diminished, atleast in the long-run, as people take on a more holistic view of the organizational mission. The resource-allocator role continues to be key as TQ will not succeed unless leaders are unswerving in their commitment of resources to continuous improvement and customer satisfaction. Finally, the negotiator role will still be played, but it will be difference, as companies try to create long-term, win-win arrangements with

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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suppliers, unions and customers.

### **Duties of senior management:**

The duties of senior management may be as follows:

- 1) **Management by moving-around:** Senior management must adopt, 'management by moving around' methodology. They should visit customers, suppliers, departments within the organization and the plants outside the organization. MBWA reduces the paperwork and ensures the first hand information, and facilitates immediate solution.
- 2) **Commitment by senior management:** The TQM expert should discuss the priorities of the company before initiating specific TQM plans. After a few discussions, a TQM strategic plan with objectives, metrics of excellence, and benchmarking are developed are projected. Thus, the senior management inculcates commitment in the people to execute better
- 3) **Familiarization:** senior management must familiarize with the developments in knowledge on quality improvement by referring books, journals and attending seminars
- 4) **Management resource planning:** provide the organizational structure including the steering committee, group level, department level and the resources to implement and for improvement
- 5) **Quality policy dissemination:**
  - i) The policy is to be communicated to all the employees for their understanding, acceptance and commitment to quality, by lectures at suitable functions. Articles, in-house magazines, circulars, notices, use of utility items with a message or slogan on quality, messages on letter heads and other stationery items, are the means of propagating the importance of quality, to the employees
  - ii) Unofficial grapevine channels of employees are also effective
  - ii) Communication externally, with suppliers, customers, the media, and quality experts are also effective
- 6) **Competency development:** Training and group meeting of the trainers on TQM program, development of soft skills for team work, development of communication skills and the knowledge and applications of analytical methods and statistical techniques are essential

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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- 7) **Review on goals:** review the appraisals, improvements, establish or revise the recognition and reward systems of the efficient and effective functioning of the teams

Through these steps, the senior managers should be able to develop faith and confidence and remove the impediments such as fear, anticipate, and demolish the resistance to change and effect a change in the corporate culture

### Quality council

Quality council is mainly set-up to provide overall directions and guidance. Quality council consists of the chief executive officer, senior managers of design, marketing, finance, production and quality departments, a labour union representative, and a coordinator. The coordinator will report to the chief executive.

The coordinator builds the two-way trust, reports the team needs to be council, gives back the council expectations to the team and briefs the council on the team's progress. The coordinator assists the team leaders, discusses on the problems and shares their experience through regular meetings.



The duties of quality council members are as follows:

1. They identify the core values; establish the vision statement, mission statement, and quality policy statement.
2. Draft the strategic long-term plan with goals and periodical quality improvement programs with objectives.
3. Install education and training plans
4. Monitor the cost of non – conformance, continually
5. Decide on the performance metrics for the organization, approve and monitor them
6. Continually identify the problems and plan to improve the processes, especially the ones, which lead to external and internal customer satisfaction
7. Install cross-functional schemes and departmental teams and regularly monitor their progress
8. Install or update the recognition and reward system, to keep motivating the people constantly

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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In the quality council meeting, the following matters are normally discussed- progress report on teams, customer satisfaction report, progress on goals achievement, new project teams, if any, and benchmarking report

### **Core values, concepts, and framework**

Unity of purpose is the key to a leadership system. Core values and concepts provide that unity of purpose. The core values and concepts enable a framework for leaders throughout the organization to make right decisions. They foster TQM behaviour and define the culture. Each organization will need to develop its own values.

Following are the core values, concepts and framework for the Malcolm balding national quality award which can be used as starting point by an organization to develop its own:

#### **1) Visionary leadership:**

An organization's senior leaders need to set directions and create a customer orientation, clear and visible quality values, and high expectations. Values, directions, and expectations need to address all stakeholders. The leaders need to ensure the creation of strategies, systems, and methods for achieving excellence. Strategies and values should help to guide all activities and decisions of the organization. The senior leaders must commit to the development of the entire workforce and should encourage participation, learning, innovation, and creativity by all employees.

#### **2. Customer-driven excellence:**

Quality is judged by customers. All product and service characteristics that contribute value to the customer and lead to customer satisfaction, preference, and retention must be the focus of an organization's management system. Customer-driven excellence has both current and future components-understanding today's customer desires and marketplace offerings as well as future innovations. Value and satisfaction may be influenced by many factors throughout the customer's overall purchase, ownership and service experiences. These factors include the organization's relationship with customers that help to build trust, confidence, and loyalty.

Customer-driven quality is thus a strategic concept. It is directed toward customer retention, market-share gain, and growth. It demands constant sensitivity to changing and emerging customer and market requirements and the factors that drive customer satisfaction and retention. It also demands awareness of developments in technology and of competitor's offerings, and rapid and flexible responses to customer and market requirements

#### **3. Organizational and personal learning:**

Achieving the highest levels of performance requires a well-executed approach to

## **KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT**

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organizational and personal learning. Organizational learning refers to both continuous improvement of existing approaches and adaptation to change, leading to new goals and approaches. Learning needs to be embedded in the way the organization functions. Learning must be:

- 1) A required part of the daily work
- 2) Practiced at personal and organizational levels
- 3) Directed at solving problems
- 4) Focused on sharing knowledge throughout the organization; and
- 5) Driven by opportunities to effect significant change and to do better. Sources for learning include employees ideas, research and development (R&D), customers' input, best practice sharing, and benchmarking

Organizational learning can result in:

- 1) Enhancing value to customers through new and improved products and services
- 2) Developing new opportunities
- 3) Reducing errors, defects, waste and related costs
- 4) Improving responsiveness and cycle time performance
- 5) Increasing productivity and effectiveness in the use of all resources; and
- 6) Enhancing the organization's performance in fulfilling its public responsibilities and

Thus, learning is directed not only toward better products and services but also toward being more responsive, adaptive and efficient-giving the organization marketplace sustainability and performance advantages

#### **4. Valuing employees and partners:**

An organization's success depends increasingly upon the skills, knowledge, creativity, and motivation of its employees and partners. —Valuing employees means committing to their satisfaction, development and well-being. Increasingly, this involves more flexible, high-performance work practices tailored to employees with diverse workplace and home life needs. Major challenges in the area of valuing employees include:

- i) Demonstrating the leaders' commitment to their employees success
- ii) Recognition that goes beyond the regular compensation system

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## BA 5107 TOTAL QUALITY MANAGEMENT

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- iii) Development and progression within the organization
- iv) Sharing the organization's knowledge so that employees can better serve the customers and contribute to achieving the strategic objectives, and
- v) Creating an environment that encourages risk-taking

Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect. Partners should address the key requirements for success, means for regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective method for employee development

### **5. Agility:**

Success in global markets demands agility. All aspects of e-commerce require and enable more rapid, flexible, and customized responses. Organizations face ever-shorter cycles for the introduction of new and improved products and services, as well as for faster and more flexible response to customers. Major improvements in response time often require simplification of work units and processes and the ability for rapid changeover from one process to another. Cross-trained and empowered are vital assets in such a demanding environment

A major success factor in meeting competitive challenges, is the design-to-introduction cycle time. To meet the demands of rapidly changing markets, organizations need to carry-out-stage-to-stage integration, such as concurrent engineering of activities, from the research concept to commercialization

### **6. Focus on the future:**

Focus on the future requires understanding the short- and long-term factors that affect an organization and the marketplace. Pursuit of sustainable growth and market leadership requires a strong future orientation and willingness to make long-term commitments to key stakeholders. An organization's planning should anticipate many factors, such as customers' expectations, new business and partnering opportunities the increasingly global marketplace, technological developments, the evolving e-commerce environment, new customer and market segments, evolving regulatory requirements, societal expectations, and strategic moves by competitors.

### **7. Managing for innovation:**

Innovation means making meaningful change to improve an organization's products, services, and processes and to create new value for the organization's stakeholders.

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

---

Innovation should lean an organization to new dimensions of performance. Innovation is no longer strictly the purview of research and development departments; innovation is important for all aspects of your business and all processes. Organizations should be led and managed so that innovation becomes part of the culture and is integrated into daily work

### **8. Management by fact:**

Organizations depend on the measurement and analysis of performance. Such measurements should device from business needs and strategy, and they should provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance management. Performance management should include customer, product, and service performance; comparisons of operational, market, and competitive performance; and supplier, employee, and cost and financial performance

A major consideration in performance improvement and change management involves the selection and use of performance measures or indicators. A comprehensive set of measures or indicators tied to customer and / or organizational performance requirements represents a clear basis for aligning all activities with your organization's goals. Through the analysis of data, measures or indicators themselves may be evaluated and changed to better support an organization's goals

### **9. Public responsibility and citizenship:**

An organization's leaders should stress the need to practice good citizenship. Basic expectations to adhere to business ethics and protection of public health, safety, and the environment should be maintained. Protection of health, safety and the environment includes an organization's operations, as well as the lifecycles of products and services. Also, organizations should emphasize resource conservation and waste reduction at the source. Planning should anticipate adverse impacts from production, distribution, transportation, use, and disposal of products. Effective planning should prevent problems, provide for a forthright response if problems occur and make available information and support needed to maintain public awareness, safety and confidence

For many organizations, the product design stage is critical. Effective design strategies should anticipate growing environmental concerns and responsibilities. Organizations should not only meet all local, state, and federal laws and regulatory requirements, but they should treat and related requirements as opportunities for improvement —beyond mere compliance.

### **10. Focus on results and creating value:**

An organization's performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders-customers, employees,

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## BA 5107 TOTAL QUALITY MANAGEMENT

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stockholders, suppliers and partners, the public, and the community. By creating value for key stakeholders, an organization builds loyalty and contributes to growing the economy. To meet the sometimes conflicting and changing aims that balancing value implies organizational strategy should explicitly include key stakeholder needs and avoid adverse impacts on any stakeholders.

### 11. Systems perspective:

The core values form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organizations-specific synthesis and alignment. Synthesis means looking at an organization as a whole and builds upon key business requirements, including strategic objectives and action plans. Alignment means using the key linkages among requirements given in the baldrige categories, including the key measures/indicators

### 12. Strategic planning

Strategic may be defined as, —the coordinated, coherent and sustained efforts, to achieve one's long-term goals

The steps involved in quality planning are as follows:

- 1) Study on the market share, customer needs and expectations and aspirations
- 2) Decide on objectives such as, the customer needs, and satisfaction, and customer supplier partnership

### 13. Alignment:

- i) Resource planning – design the required organization structure as estimated for the present and for the projected future scenario. Provision of necessary and sufficient resources, for effective implementation and improvements
- ii) Design methods of policy implementation and communication so that all employees understand, accept and commit themselves to realize the objectives

### 14. Deployment:

- Training to develop team spirit, in communication skills, and analytical and statistical techniques for performance and continual improvement
- Install appraisal, metrics of performance, recognition and reward system

### **Employee involvement**

A fundamental TQM concept is that employees must be involved and empowered. Employee involvement means every employee is involved in running the business and plays an active role in helping the organizations meet its goals. Employee empowerment means employees and management recognize that many obstacles to achieving organizational goals can be overcome by employees involvement and empowerment, one has to recognize the individual motivations and create an environment that allows individuals to satisfy these motivations

The aim of the organization is to involve maximum number of the people in the decision-making process of all the work aspects of the organizations. The employee involvement helps to increase in ownership and commitment, retention of the employees, create a hormonal environment, achieve the employee satisfaction. It is one of the most factors that help to promote team building

#### **Benefits of employee involvement**

Employee involvement improves quality and increases productivity, because

- 1) Employees make better decisions using their expert knowledge of the process
- 2) Employees are more likely to implement and support decisions key had part in making
- 3) Employees are better able to spot and pinpoint areas for improvement
- 4) Employees are better able to take immediate corrective action
- 5) Employee involvement reduces labor / management friction by encouraging more effective communication and cooperation
- 6) Employee involvement increases morale by creating a feeling of belonging to the organization
- 7) Employees are better able to accept change because they control the work environment
- 8) Employees have an increased commitment to unit goals because they are involved

#### **Aspects of employee involvement**

Aspects of employee involvement are:

**Motivation:** The term ‘motivation’ is derived from the word ‘motive’. Motive refers to the needs, wants, drives, impulses within individuals. Motivation may also be defined as the process of stimulating people to action, to accomplish desired goals. It involves arousing

needs and desires in people to initiate and direct their behaviour in a purposive manner

According to Likert, —it is the core of management which shows that every human being gives him a sense of worth in face-to-face groups which are most important to him. A supervisor should strive to treat individuals with dignity and recognition of their personal worth.

### **Maslow's need theory**

There are two types of needs—basic and secondary or acquired. Basic needs are important for survival whereas acquired needs are not so important. We know various needs are felt by a man but do not know about their preferential order.

A.H.Maslow solved this problem and presented a theory on priority order of needs. Some important propositions of Maslow's need priority model are as under:

- 1) Man is wanting animal
- 2) A satisfied need is no longer a motivator, and
- 3) Needs have hierarchy of importance

### **Need hierarchy**

Maslow has presented the hierarchy of needs in the following order:

- 1) **Basic physiological needs:** The needs that are taken as the starting point for motivation theory are the so-called physiological needs. These needs relate to the survival and maintenance of human life. These needs include such things as food, clothing shelter, air water and other necessities of life
- 2) **Safety and security needs:** After satisfying the physiological needs, people want the assurance of maintaining a given economic level. They want job security, security of source of income, provision for old age, insurance against risks, etc
- 3) **Social needs:** Man is social being. He is, therefore, interested in conversation, sociability, exchange of feelings and grievances, companionship, recognition, belongingness, etc. Non-satisfaction of this level of needs may affect the mental health of the individual
- 4) **Esteem needs or ego needs:** Egoistic needs can take inward and outward orientations. Inward directed ego needs embrace such things as self-confidence, independence, achievement, competence, knowledge and success.

## KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT

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They have to be earned by the individual himself through his intelligence and hardwork. They lead to earned recognition' by the society. Outwardly directed ego needs are concerned with prestige, status and other marks of respect because of some position in the organization or control over economic, social and political power.

- 5) **Self actualization needs:** The final step under the need priority mode is the need for self-fulfillment or the need to fulfill what a person considers to be his mission in life. It involves realizing one's potentialities for continued self-development and for being creative in the broadest sense of the work. After his other needs are fulfilled, a man has the desire for personal achievement. He wants to do something which is challenging and since this challenge gives him enough dash and initiative to work, it is beneficial to him in particular and to the society in general. The sense of achievement gives him psychological satisfaction

Maslow suggested the following points:

- i) There are five levels of needs
- ii) All these needs are arranged in a hierarchy
- iii) A satisfied need is no longer a need. Once a need or a certain order of need is satisfied it ceases to be a motivating factor.
- iv) Once one level of need is satisfied, the next level of need will emerge as the depressed needs seeking to be satisfied.
- v) The physiological and security needs are finite but the needs of higher order are infinite and are likely to be dominant in persons at higher levels in the organization
- vi) Maslow suggests that various levels are interdependent and overlapping. Each higher level emerging before the lower level need has been completely satisfied. Even though a need is satisfied it will influence behavior because of interdependent and overlapping characteristic of needs

Maslow has further classified the needs as lower needs and higher order needs. First two needs in the hierarchical order are lower needs and rests three are higher order needs

**Herzberg's motivation hygiene theory / two factor theory**

Herzberg in the late fifties developed a motivation theory known as motivation hygiene theory or two-factor theory of motivation. For this purpose, he conducted a study and interviewed some 200 engineers and accountants and asked them to think of a time when they felt good at their jobs and a time when they felt bad at their job and then to describe condition which led to such feelings. Researchers concluded that factors responsible for job satisfaction are different from factors that led to dissatisfaction. Job satisfaction and job dissatisfaction are not opposite to each other. Absence of job satisfaction does not mean job dissatisfaction but it is no job satisfaction. The factors so identified were classified by him into two categories

- 1) **Motivational factors:** These factors are related to the nature of work (job content) and are intrinsic to the job itself. These factors have a positive influence on morale, satisfaction, efficiency and higher productivity. Some of these factors are achievement, recognition, work itself, responsibility, advancement, and possibility of growth.
- 2) **Hygiene factors / maintenance factors:** hygiene factors do not motivate people. They simply prevent dissatisfaction and maintain status quo. They produce no growth but prevent loss. The absence of these factors leads to job dissatisfaction. The elimination of dissatisfaction does not mean satisfaction and these factors simply maintain a —zero level of motivation.

For example, if a person indicated —low pay as a cause of dissatisfaction, it would not necessarily identify —high pay as a cause of satisfaction. Some of these factors are company policies and administration, work conditions, salary, personal life, status, relationship with peers, relationship with supervisor, relationship with subordinates and job security. **Increasing employee motivation**

Motivation in employees can be increased by the following:

- 1) **Job enlargement:** This involves expanding the job of an employee that has them doing more work of a similar nature to what they already do. This may be allowing them to complete the whole task instead of just part of it. For example, packaging the products as well as manufacturing them. This process ideally removes the boredom out of the job by eliminating the repetitiveness out of tasks and allowing them to complete the whole process, further increasing their responsibility
- 2) **Job rotation:** This involves allowing employees to change the nature of their job

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periodically. For example, you may give the employee administration duties one week, marketing the week after, and then back to their original jobs of sales the following week. This cycle will then be on going. The purpose of this is that the employee, again is satisfied by reduced boredom and also motivated by the achievement of increased skills. The business owner gains from cross-training and the potential for feedback and improvement ideas

- 3) **Job enrichment:** similar to job enlargement, you can enrich an employee's job by expanding their tasks to give a higher level of responsibility in the nature of work they do. For example, they can be given the responsibility of ordering materials and making delivery arrangements instead of just manufacturing the products. This will not only expand their skills, but also give them an increased challenge.
  
- 4) **Job re-design:** Designing a better fit between workers and their jobs:
  - i) Combining tasks
  - ii) Forming natural work groups, and
  - iii) Establishing client relationships
  
- 5) **Modified work schedules:**
  - i) Work share programs
  - ii) Flextime programs and alternative workplace strategies, and
  - iii) Telecommuting and virtual offices
  
- 6) **Others:** it includes
  - i) Positive reinforcement / high expectations
  - ii) Effective discipline and punishment
  - iii) Treating people fairly
  - iv) Satisfying employees needs
  - v) Setting work related goals
  - vi) Re-structuring jobs, and

## **Empowerment**

Empowerment of employees is one of the latest management techniques deployed to result in continuous improvement in the organizations. Empowerment means involvement of all the employees for improvement of processes on continual basis. It is a new concept, which matches well with TQM

Empowerment means that employees at all levels of an organization should be given responsibility and authority for most day-to-day decisions. Within broad limits it must be up to the employees to decide what they can decide and what must be pushed up the ladder to higher management. The difference between this concept and the earlier concept of participative management lies mainly in the reasons behind the concepts rather than any major divergence in the concepts themselves. The need for participative management comes from management's desire to make employees more satisfied on the assumption that this would make them more productive

Empowerment means transfer of responsibility of satisfying customers to employees. It means that the employees own the process of satisfying the customers. They conduct themselves as if they are the owners of the process who know that they cannot get profit if the customers, both internal and external, are not satisfied. The initiative for improvements have to be taken by employees themselves and they should not wait for the management to initiate. For this purpose, they have to identify the best course of action

According to Xerox corporate management institute, —empowerment is an organizational state, where people are aligned with business direction and understand their performance boundaries, thus enabling them to take responsibility and ownership while seeking improvements, identifying the best course of action and initiating steps to satisfy customer requirements

### **Prerequisites to empowerment**

The prerequisites to empowerment are as follows:

- 1) **General facilitators and barriers:**
- 2) **Dobbs suggests that the prerequisites to empowerment are participation, innovation, access to information and accountability. Likewise, it has been hypothesized that delegation (which involves the distribution of power) is more truly empowering people than participation (which involves only sharing of power. Building empowering leadership:**

Empowering leadership can be built for empowering people as well as liberating

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organizations. Efforts may be made to develop leaders who understand the strengths and weaknesses of people and support them, so that they make full use of all their latent talents and skills. In conjunction with empathy, they are also required to have situational sensitivity to prevent any physical or social disabilities which hamper everyone performance.

- 3) **Developing empowering attitudes:** An empowering attitude can be developed by causing a basic shift in management thinking: expecting the best (rather than the worst) from people, realizing that there is no right (rather than only one) answer and perceiving unity (rather than separation) of brain and hand. Accordingly, efforts may be made to develop an attitude which stresses the value of trust and positive expectations, and the most effective way of motivating people
  
- 4) **Building skills of empowerment:** In conjunction with the development of a mindset conducive to empowerment, —attempts must be made to educate people in the new order to develop a repertoire of empowerment skills through continuous training workshops. Thus, efforts may be made to develop a series of core skills relating to effective listening, effective communication, supportive behavior and kaizen. There is also need for developing human resource skills for specific purposes. These skills include influencing and negotiating, coaching and counseling, conducting appraisal interviews, and leading discussions and meetings

### **Essentials for the success of empowerment**

The essentials for the success of empowerment are as follows:

- 1) **360 degree feedback:** In order to get a complete picture of their performance, employees need feedback from a variety of sources, not only their boss

**Variable rewards with some group component:** In order to discourage excessive competition among members the empowered organization needs a reward system in which the awards available to everyone individually depend upon the performance of the groups as a whole

- 3) **Error tolerance:** Empowered organization needs to let employees learn from their honest mistakes and the mistakes of others. This means that unless an error is malicious or repeated the empowered organization is typically tolerant
  
- 4) **Enhanced communication:** decision-making requires information and an organization in which decision making is widely distributed should likewise have widely distributed information. The presence of electronic mail, internet newsletters, well-stocked libraries regular staff meetings and periodic cross-functional conferences signify the organization's attempt to make information available.

- 5) **Generalist managers and employees:** The empowered organization tends to use more generalist employees people who are trained in a variety of skills and who are expected (and expect) to move around the organization, filling in where needed and growing through —horizontal promotions. These people have a broad view of the organization and of their role in it.
  
- 6) **Trust and support of management:** Empowerment rests on the trust of top managers. Hence it can be destroyed in moments when top managers lose trust and become uncomfortable with shared control and grab back the authority they had delegate

### **Empowerment and TQM**

A sound total quality management (TQM) implementation process should be concerned with more than just the mechanical aspects of the change. Instead, it should focus on improving the more indirect value characteristics of the organizations such as trust responsibility, participation, harmony and group affiliation. Empowerment, the most important concept in TQM, is many things, since employees must be empowered in make the necessary organizational changes. The concept of empowerment is based upon the belief that employees need the organization as much as the organization needs them and that leaders understand that employees are the most valuable asset in the firm

A TQM strategy is deemed to fail if empowerment of employees is absent. Quality starts with engaging the people responsible for processes the people who know the processes the best. The people whom critics argue are unable to understand the holistic aspects of the organization. However, participative management has proved very successful in fostering responsibility, motivation, and belongingness in organizations with high autonomy and flexibility

### **Benefits of employee empowerment**

Benefits of employee empowerment are as follows:

- 1) **Improved productivity:** Because empowerment gives employees a say in work processes, productivity usually risks.
- 2) **Better employee morale:** companies that empower their workers end up with improved employee morale. Instead of working in a setting where upper management hands down every decision to the working mass, regular employees are given a voice and are able to give their input on decisions that affect them. Some companies allow employees to vote on benefits and take part in hiring decisions
  
- 3) **Less turnover and absenteeism:** employees are less likely to quit a job or call in to work when the company stresses empowerment. According to website —Thomas net newsl, businesses that embrace the philosophy of empowerment have a higher

## KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT

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degree of employee involvement, which results in better attendance and less turnover. **Greater freedom for managers:** when employees are empowered to work independently, they do not need constant supervision. Managers have more time to devote to more important, —big picture issues, rather than constantly monitoring day-to-day tasks. With empowered employees, the manager can step back to provide general oversight and assistance when needed

### Recognition and reward

In a TQM environment, it is important to recognize achievement of employees, customers and suppliers. Every employee or supplier is to meet requirements to satisfy his customers. However, there would be a few teams, and few suppliers, which will excel in their contributions. Meeting customer requirements is not enough for recognition. Exceeding customer requirements or satisfying customers, whether internal or external, can be considered to be an achievement. Such achievements, if they are recognized and appreciated, should enable the achievers to perform with more interest, enthusiasm and by putting in more efforts. If achievement is not recognized then they may drop from the normal level of performance. Recognition has to aim at transforming each employee as a performer and an achiever, as this is an important step towards achieving the goals and objectives of the organization. Should rather motivate others to improve their performance and qualify for an award.

- 2) Recognition should be delivered personally
- 3) Recognition should be valuable
- 4) Recognition should be a direct reinforcement of one desired behavior

### Five most important tips for effective recognition

- 1) Establish criteria for what performance or contribution constitutes reward-able behavior or actions'
- 2) All employees must be eligible for the recognition
- 3) The recognition must supply the employer and employee with specific information about what behavior s or actions are being rewarded and recognized. Anyone who then performs at the level or standard stated in the criteria receives the reward
- 4) The recognition should occur as close to the performance of the actions as possible, so the recognition reinforces behavior the employer wants to encourage

**Do not design a process in which managers —select the people to receive recognition. This type of process will be viewed forever as —favoritism or**

## KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES BA 5107 TOTAL QUALITY MANAGEMENT

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**talked about as —it's your turn to get recognized this month. This is why processes that single out an individual, such as —employee of the month, are rarely effective. Rewards**

Reward can be anything that attracts a worker's attention and stimulates him to work. An employee reward system consists of an organization's integrated policies, processes and practices for rewarding its employees in accordance with their contribution. Skill and competence and their market worth. It is developed within the framework of the organization's reward philosophy. Strategies and policies and contains arrangements in the form or processes, practices, structures and procedure which will provide and maintain appropriate types and levels of pay, benefits and other forms of reward

Rewards can be

- 1) **Financial** : financial rewards are direct monetary rewards encompassing the payment of cash compensation to employees for work accomplished or efforts explained. For example, salary, wage, incentives, commission, etc.
- 2) **Non financial:** non-financial rewards are indirect monetary rewards and include those items of financial value the organization provides to employees that do not result directly in employee's receiving spend able cash. For example, medical insurance, life insurance, subsidized canteen. Subsidized transport, free uniforms, interest-free loans, etc.

the plan for the subsequent quarters. The performance against various tasks is to be assessed. Some may adopt a scale of one to five to indicate the quality of performance of the task. Some may use terms starting from unsatisfactory to

excellent. A suitable performance evaluation form has to be designed by each organization. The quarterly review need not be kept confidential from the employees. In 90 per cent of the cases, this may not pose any problem. However, there may be cases, where the employee may be agitated that he has been treated unfairly.

Such disputes are to be resolved tactfully. However, the supervisor should also be trained on evaluation the performance in an objective manner. The performance of each employee should be reviewed on a quarterly basis and the reports submitted to the management

Such reports should be used by the management, for various purposes as:

- 1) Promotion

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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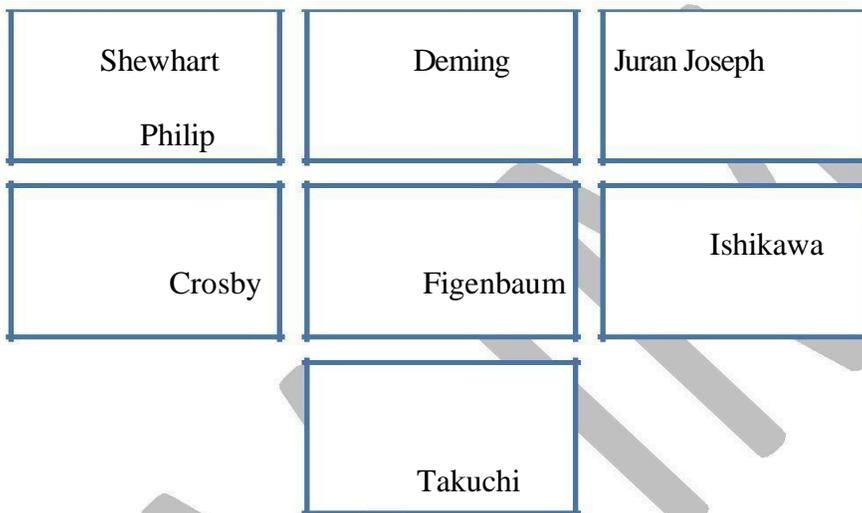
- 2) Granting of additional increments
- 3) Training the employees, and

Reallocation of duties, etc. The performance appraisal is a formal activity carried-out by the supervisor for each employee. Innovative techniques can be used for motivating the employees, based on performance appraisal.

It must be ensured that the performance appraisal in no way demotivates the employees. The most important requirement for carrying-out performance appraisal is giving awards and continuing it successfully.

### TQM Framework

#### QUALITY GURUS



#### TOOLS AND TECHNIQUES

- Benchmarking
- Information technology
- Quality management systems
- Environmental management system

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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- Quality function deployment
- Quality by design
- Failure mode and effect analysis
- Products and service liability
- Total productive maintenance
- Management tools
- Statistical process control
- Experimental design

### 1. Taguchi's quality engineering Benchmarking

Benchmarking is the systematic comparison of elements of an organisation against those of other organisations, usually with the aim of mutual improvement. Benchmarking is the process of determining who is the very best.

### 2. Information technology

Information technology is defined as computer technology (either hardware or software) for processing and storing information, as well as communications technology for transmitting information.

Computers play an essential role in the quality function. They perform very simple operations at fast speeds with an exceptionally high degree of accuracy. A computer can be programmed to execute these simple operations in the correct sequence in order to accomplish a given task. Computers can be programmed to perform complex calculations, to control a process a test, to analyze data, to write reports, and to recall information on command.

### 3. Quality management systems

The quality systems are the organisational structures, responsibilities, procedures, processes, and resources for implementing quality management. The quality should function in such a manner as to provide proper confidence that:

- 
- The system is well understood and effective
- The products or services actually do satisfy customer expectations
- The emphasis is placed on problem prevention rather than dependence on detection, after occurrence.

### 4. Environmental management system

- Environment is defined as the global surroundings in which an organization operates and includes air, water, land, natural resources, humans and their interactions.
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## BA 5107 TOTAL QUALITY MANAGEMENT

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Environmental aspect is defined as an element of an organization's activities, products, or services that can interact with the environment.

Examples are waste water discharge, air emissions.

### 5. Quality function deployment

Quality function deployment may be defined as a system for translating consumer requirements into appropriate requirements at every stage, from research through product design and development, to manufacture, distribution, installation, marketing, sales and service.

QFD is a systematic & organised approach of taking customer needs & demands into consideration while designing new products & services.

### 6. Quality by design (or) concurrent engineering

□

Concurrent Engineering (CE), also known as Design for Manufacturing (DFM), intends to integrate and combine product development and production in the early stages of product development. This management approach is focusing on a simultaneous development of products and production processes, so that products can be effectively produced, and so that product development takes the strengths and the product. The company's production processes into account during the design of

Concurrent Engineering approach therefore tries to clarify and resolve any problems within the relationship between product design and manufacturing processes. New products will thus potentially arrive faster to the market, because the product has been designed to be effectively produced by the resources and technologies available in the company. limitations of

### 7. Failure mode and effect analysis

Failure is an engineering technique used to define, identify and eliminate known or potential failures, problems, errors which occur in the system, design, process and service before they reach the customer.

### 8. Product and service liability

Every manufacturer has a responsibility for damage and injuries that a product causes to people and property.

The reasons for product injuries fall generally into three areas – the behaviour or knowledge of a product user, the environment where the product is used, and whether the factory has designed and constructed the product carefully using safety analysis and quality control. Due to the varying environments and product users capacities and habits, it is difficult to devise an adequate safety program to reduce injury. Changing human behaviour and environments, although not impossible, is more difficult than changing manufacturing

design and improving quality control.

### **9. Total productive maintenance**

Total productive maintenance is all about preserving the function of physical asset. Total productive maintenance is the systematic execution of maintenance by all employees through small group activities

### **10. Management tools**

- Affinity diagram – this tool is for collecting ideas
- Relationship diagram – this tool is for finding causes to the problem
- Tree diagram – the tree diagram shows the paths and tasks to achieve a goal
- Matrix diagram – the matrix diagram tool is used for comparison
- Decision tree – it is used for planning
- Arrow diagram – it is a planning tool for determine the critical path of a process or a project

Matrix data analysis diagram – it is for producing numerical results.

### **10. Statistical process control**

**Statistical process control (SPC)** is the application of statistical methods to the monitoring and control of a process to ensure that it operates at its full potential to produce conforming product. Under SPC, a process behaves predictably to produce as much conforming product as possible with the least possible waste.

While SPC has been applied most frequently to controlling manufacturing lines, it applies equally well to any process with a measurable output. Key tools in SPC are control charts, a focus on continuous improvement and designed experiments

### **11. Experimental design**

Experimental design is one of the most powerful techniques for improving quality and increasing productivity. Through experimentation changes are intentionally introduced into the process or system in order to observe their effect on the performance characteristic or response of the system or process. Any experiment that has the variables of a process to observe the Knowledge of the process is essential objective.

### **12. Taguchi's quality engineering**

# KV INSTITUTE OF MANAGEMENT AND INFORMATION STUDIES

## BA 5107 TOTAL QUALITY MANAGEMENT

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The essence of the loss function concept is that whenever a product deviates from its target performance, it generates a loss to society. This loss is minimum when performance is right on target, but it shows gradually as one deviates from the target.

### PRINCIPLES AND PRACTICES

#### People and relationships:

- Leadership
- Customer satisfaction
- Employee involvement
- Supplier partnership

#### **Leadership**

Leadership is the process of influencing others towards the accomplishment of goals. Leader triggers the will to do, show the direction and guide the group members towards the accomplishment of the company's goal

In order to become successful, leadership requires an intuitive understanding of human nature—the basic needs, wants and abilities of people.

#### **Customer satisfaction**

The key to an effective TQM program is its focus on the customer. An excellent place to start is by satisfying internal customers. We must listen to the —voice of the customer‖ and emphasize design quality and defect prevention.

#### **Employee involvement**

Employee involvement is the backbone of a TQM movement. An effective TQM effort requires the total involvement from every person at all levels in the organisation. Employee involvement leads to meet the organisation goals and objectives. It also improves the quality and productivity at all levels of the organisation.

#### **Benefits, awareness and obstacles of TQM**

These benefits areas include:

Motivating employees through recognition is one of the most effective and cost-efficient means to reinforce an organization's culture. Recognition improves employee's performance. It rewards the individual behaviours that collectively help a company attain its financial objectives and retain its top performers

Employee recognition is not just a nice thing to do for people. Employee recognition is a communication tool that reinforces and rewards the most important outcomes people create for organization.

### **Principles of recognition**

The best execution is one that follows four principles

- 1) Recognition should be immediate
  - 1) Better employee retentions
  - 2) Improved operational performance
  - 3) Greater customer satisfaction
  - 4) Increased financial performance

#### **1. Better employee retentions:**

One of the most important features in implementing a successful TQM system is attaining a highly involved and motivated workforce. Leading companies are using several key indicators to measure the extent to which their focus on quality leads to improvement in employee job satisfaction, attitudes, and behavior. These key indicators include employee satisfaction, employee attendance, employee turnover, safety and health, and number of suggestions made to improve quality and / or lower costs.

#### **2. Improved operational performance**

Organizations operational performance indicators measure the quality and cost of their products and services. Leading companies are using their measures to assess the impact of quality management on their operations. These measures include reliability, timeliness of delivery, order processing time, production errors, inventory turnover, quality costs and cost savings

#### **3. Greater customer satisfaction:**

Many leading companies have changed their traditional view that quality involves merely meeting technical specifications. They now recognize that the customer defines quality and that companies must focus on meeting customer needs and expectations. Customer satisfaction is defined in terms of new customer referrals, fewer customer complaints, and high customer retention.

#### **4. Increased financial performance:**

The impact on a company's —bottom line or operating results was measured by several ratios. One important measure used is market share. Companies that build market share on the basis of improved product / service quality and value, believe it is the route to increased profitability. Other measures include productivity and profitability expressed as sales per employee, and sales per a comparable retail store; return on assets; and return on sales

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### Awareness Of TQM

TQM upgrading is a continuously evolving process. The business problems and issues involved are complex. Mere exposure of the top management to the tools and techniques, though necessary, is not enough. In designing and conducting the awareness program, several aspects have to be carefully considered. The main questions to be kept in constant focus in working-out the package are as follows?

1. What is the ongoing status and state-of-the-art of quality management in the company?
2. How and where precisely does TQM upgrading help the top in moving towards company goals and mission?

Two techniques are frequently used in order to be aware about the TQM which are as follows:

- 1) **Status survey:** This would be desirable before conducting the awareness program. The results would form the basis for formulating specific issues and chalking out a road map for follow-up exercises. This could provide the material for a technical session in the awareness program
- 2) **Opinion survey:** Frequently a rapid and less taxing opinion survey of all persons of the rank of managers and above in the company would bring – out gut issues and improvement projects of a short-term nature. The results would provide the basis for short-term action plan

### 5.10.4 Obstacles of TQM

The obstacles to implement TQM seem endless. They show themselves in all business sectors – manufacturing, services, government, and even education. The obstacles that plague organizations most often are as follows:

Lack of top management commitment and

vision Company culture and management style

Flavour of the month attitude

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Department based thinking & actions

Poor appreciation of the concepts and principles of TQM.

1. **Lack of top management commitment and vision:** When the senior officers of the firm company are not committed TQM cannot be implemented. The strength in the commitment is manifested during periods of trouble
2. **Company culture and management style:** When TQM is to be introduced; it needs adjustments in work practices and culture of the organization. Changing the company culture takes a long time. This can be achieved easily by taking the departments and a person into confidence
3. **Flavor of the month attitude:** TQM is a continuous process. It is making quality improvement a habit. There is no end-point to it, so TQM should not be considered as the flavor of the month or year, this attitude should change.
4. **Department based thinking and actions:** TQM implementation plan should cover all the departments. There should be enough communication between departments. Companies should shed their department based thinking style in order to implement TQM effectively.
5. **Poor appreciation of the concepts and principles of TQM:** TQM has been effective in bringing about a good change in many companies. The experiences of the senior managers from these companies can be shared, so that TQM concepts and principles can be appreciated by all. Poor appreciation of the concepts and principles of TQM stands as an impediment in the implementation of TQM.