THE IMPORTANCE OF CUSTOMER NEEDS AND EXPECTATIONS IN ACHIEVING TOTAL QUALITY MANAGEMENT: A STRATEGIC VIEW FOR FUTURE TRENDS

Patsy Govender

Abstract

The study aims to assess the impact of customers (internal and external) on total quality management in a service organization. The measuring instrument, that is, questionnaires were distributed to three levels of managerial employees. Overall, whilst there is evidence of utmost focus on customer needs and expectations in this organization, there is also greater focus on external customers than internal customers. Yet, an added insight to the study is that internal customer needs and expectations are influenced by managers' current position. Hence the higher the managerial level, the stronger the perceptions that internal customer needs and expectations are met in this organization. In conclusion, the article reflects on scholarly views, recommends strategies and provides profound insight when probing into a similar field of study.

School of Management, Information Technology & Governance, University of KwaZulu Natal (Westville campus), Private Bag X54001, Durban 4000, South Africa
Tel: +27 31 2607335
Email: govenderpa@ukzn.ac.za

Introduction

A period of brutal recession, unemployment, the turbulence of change, customer demands, and competition compels a trend of customer-focused organizations. With a desperate surge in improvement initiatives, an organizational imperative is to continuously improve the quality, services and processes as customers evaluate both products and services. By balancing the focus on both internal and external customers, the resultant effect is organizational effectiveness.

The strategic intent of TQM provides a practical context for managing people (Schultz et al., 2003:12), to manoevre organizations to be effective and efficient (Schultz, Bagraim, Potgieter, Viedge & Werner, 2003) and emphasizes collaborations for process improvement and ultimate customer needs and satisfaction. By judgement, customers will favour products and services that reach high standards (Anyamele, 2005), as the broader definitions of quality is to meet requirements, including customer defined quality. This article unfolds a synergy of ideas so that contingency approaches can be taken when piloting processes. If one can improve a process, then the benefits of that process can be reaped each time a person performs that process (Canada, 2010). With a focus on "customers, continuous improvement, and teamwork" an opportunity for TQ success emerges as outlined in the "Baldrige National Quality Program

Criteria for Performance Excellence" (Evans, 2005:415).

Literature Review

TQM is a set of guiding principles to meet and exceed the expectations of external and internal customers (Bradley, 1993; Pike & Barnes, 1994 cited in Steyn, 2000). TQM is a "360 degree continuous improvement program of metrics, information, training, analysis, discretionary investments, process improvements, change and controls, that involve the entire organization" (Internet 1:2). Customer perceptions on the quality of products and services is a core element for both customer and organizational benefits. TQM, an integrated approach meets quality at all organizational levels, including quality expectations as defined by the customer. This includes how well products and services meet deadlines and targets (conformance to specifications). In contrast to product development, the product of a service is intangible. Often, the quality of services are associated with perceptions and responding to customer needs.

TQM necessitates that employees see themselves as customers of, and suppliers to other employees to enable them to understand their contribution within the organization, to the final end product and ultimately, to external customer satisfaction. Internal customers (employees) receive goods or services from

others in the organization. Internal customers make contribution to the organization's vision and mission and is dependent on the department's products or services in order to service consumers and external customers (Evans & Lindsay, 2005 cited in Brijball Parumasur & Govender, 2008). Accommodating their needs ensures external customer satisfaction (Bardakci & Ertugrul, 2004 cited in Okay & Akcay, 2010). Evans & Lindsay (1996) opine that any business consists of four goals: to achieve customer satisfaction, to obtain higher customer satisfaction than competitors, to retain customers and to gain market shares.

Employees are internal customers who receive inputs, goods or services from suppliers within the company. They contribute to the company's vision and mission and depend on the department's function to produce products or services to ultimately service consumers and external customers (Evans & Lindsay, 2005). From this viewpoint, an employer's task is to fulfil the needs of both internal and external customers, and failing to understand and meet the needs of the former can result in a product or service of inferior quality. This may have a detrimental effect on the external customer. Johnson (1993) found that a correlation exists between internal and external customers needs and that employees (internal customers) that are not treated correctly cannot be expected to treat external customers differently. With employee participation in the company's decision-making processes a positive attitude will surface. With job satisfaction, employees will perform better and treat customers better (Okay & Akcay, 2010).

When a customer complaints, the indication is that a requirement was certainly not met. Due to circumstances and events, customer needs may change. More companies do not give importance to internal customers (Okay & Akcay, 2010). If the aim is to keep external customers happy to increase their profits, then companies need to apprehend the internal customer concept better and make them happy (Simsek, 2004 cite in Okay & Akcay, 2010). Furthermore, competitors are soaring with improvement initiatives.

According to Hill and Wilkinson (1995) the three fundamental TQM principles are

- Customer orientation: The orientation of TQM is customer satisfaction (internal and external customers).
- Process orientation: Every process in the quality chain has a customer, extending from external customer to the many internal customers through the suppliers of the organization.
- Continuous improvement: Effective improvement occurs through the individuals who do the job to implement changes.

About 80 per cent of quality problems are due to poor management (Kelemen, 2003). Juran's methodology is commended for continuous improvement, the centrality of planning in the management of quality and acknowledging external and internal customers in the quality management process (Flood, 1993 cited in Kelemen, 2003). Internal customers who support the organization would be able to bring in new customers (Okay & Akcay, 2010), whereas external customers who are dissatisfied with the company may instigate negative propaganda (Taskin, 2000). Unless service employees are satisfied, customer satisfaction does not occur (Cinemre, 2005). Also, job satisfaction is complex with numerous 'affecting components' (Gui, Barriball & While, 2009), and it entails, for example, pay structures, working conditions and management, amongst others (Friday & Friday, 2003). If employees are not satisfied with these conditions, they will look elsewhere for better working conditions and environment.

Customer complaints indicate that a requirement was not met (Canada, 2010). Satisfying customer needs alone will not achieve success. Organizations must also keep and aim to keep abreast of the competition to exceed customer expectations. Hence, essential to high performing organizations, is the need for customer-driven quality and quality-driven leadership (Evans, 2005). To capture attention in a capitalist economy, customer needs and expectations must be identified and merged into action plans as part of the TQM approach to providing value for money, products and services. Companies may assess how well their products and services are satisfying customer needs. A simple approach is to ask customers directly (verbal response) or via a formal approach using imprint analysis, referring to a "collection of associations and emotions unconsciously linked to a word, concept or experience. The stronger the emotion, the stronger the imprint" (Evans, 2005:164).

Aligned with TQM principles, customer feedback via engaging employee participation who interact with them, and creating a culture of prioritizing customer needs and continuously improving these feedback channels. Secondly, feed back customer information into the design and features of the organization's products and services. The technique of quality function deployment may inform employees of how aspects of their products and services relate to customer satisfaction, thereby enabling them to make informed decisions about how their products may be improved. Evidently, collecting customer feedback on expectations and engaging in market analysis of needs and opportunities is insufficient. Instead, this information needs to be translated into strategies for improvement or even expanding the product line. Employees who interact with customers need to be recruited, selected, trained and empowered in order to fulfill and exceed the expectations of customers (Evans, 2005). With inconsistencies customers are frustrated, hence damaging the image of a firm (Evans, 2005). Juran's "quality planning map" consists of steps: identify who

the customers are; determine their needs and translate them into company language; create a product that responds to customer needs; optimize the product features to meet company needs and customer needs; develop a process to produce the product; prove that the process can produce the product, and transfer the process to operations (Kelemen, 2003). Every process in the "trilogy (planning, control, and improvement) is universal (inherent in organizations focusing on quality)"; and of relevance are customer identification, establishing measurements, and diagnosing causes (Suarez, 1992:17).

With long-term customer-focused quality, organizations will be able to anticipate and prevent problems. Total quality is characterized by "doing things right the first time", continuous improvement, customer needs, and a host of "associated practices" (Snell & Dean, 1992:470). It is the mutual co-operation of people, including business processes to produce products and services which meet and exceed customer needs and expectation. The difficulty in defining quality is to translate the user's needs into measurable features. Juran's definition of quality is "fitness for use". An alignment between product features and products free from deficiencies is needed, and meeting customer expectations is Juran's strong viewpoint (Suarez, 1992).

The shift to a customer-driven organization created changes in manufacturing practices, such as, product design and supplier relations (Evans, 2005; Evans & Lindsay, 2005). Customer perceived service quality is considered one of the main determinants of business performance (Sureshchandar, Rajendran & Anantharaman, 2002). Customers are delighted and manufacturers are focused on improved design for attaining quality and business goals (Evans, 2005). Studies show that more than half of the customers will conduct business with the organization if their complaint is resolved; and it takes six times more to obtain a new customer than keeping a current customer (Evans, 2005). The SERVQUAL models and their extensions (Parasuraman et al., 1988 cited in Chatterjee & Chatterjee, 2005) have tried to indicate factors that influence customer expectations, including customer perceptions, including attempts to quantify customer satisfaction by using service performance gaps. Yet, both customer needs and performance standards are difficult to measure (Evans, 2005). The customer indicates formal specifications for a product but for a service customers are not required to provide formal specifications (Chatterjee & Chatterjee, 2005). Acceptance of the product by customers is quantifiable, whereas with services customer satisfaction is difficult to quantify due to the behavioural aspects linked with the service (Chatterjee & Chatterjee, 2005).

Also, a site's design for e-commerce must meet the customers' requirements, and not the company's (Evans, 2005). Dot-coms have promoted customer relationships, extending beyond traditional service organizations. Also, information technology can increase speedy service, but quality can be adversely affected when customer satisfaction is decreased with less personal interaction (Evans, 2005).

Table 1 reflects the core areas of TQM, followed by focus on external and internal customer needs and expectations.

Objective of the Study

- To assess the impact of internal and external customer needs and expectations on TQM in a service organization.

METHODOLOGY

Respondents

The population comprised of all managerial staff in a public sector organization in Kwa-Zulu Natal, South Africa. The population comprised of 400 managers and a sample of 202 was drawn using the stratified random sampling technique to get representation of the different strata of managers, that is, top managers, senior managers and middle managers. The majority of the sample are middle managers (54.4%),

Measuring Instrument

The study utilized questionnaires as the main instrument for the study. Section A focused on biographical information. Section B, consisting of 55 questions focused on the dimensions of TQM.

Research procedure

Ethical Clearance was granted for the larger study.

Administration of the Questionnaire

The questionnaires were administered by a Section Head of the target organization, followed by electronic copies to the three categories of managers.

Analysis

Descriptive statistics (mean, standard deviation) were used to analyze the data. The data from the questionnaires were captured using Excel (Version 5) and processed via Simstat.

RESULTS

Table 1. Descriptive Statistics: Key dimensions of Total Quality Management

Statistic	Customer needs and expectations	Monitoring and controlling quality	Participative management	Teams and teamwork	Continuous top management support, training and learning
Mean	3.2882	3.1729	3.1634	3.0760	3.5571
95% Confidence Lower Bound Interval for Mean	3.2038	3.0887	3.0701	2.9769	3.4806
Upper Bound	3.3726	3.2572	3.2567	3.1752	3.6335
Variance	0.355	0.354	0.434	0.490	0.292
Std. Deviation	0.5961	0.5951	0.6590	0.699	0.5400
Minimum	1.50	1.40	1.09	0.00	1.79
Maximum	4.82	4.45	5.00	4.33	5.00

In this study, when assessing the extent to which the organization is fulfilling the dimensions and sub-dimensions of TQM, it was found that utmost focus on customer needs and expectations was second out of the 5 dimensions determining TQM. This implies that there is evidence of utmost focus on customer needs and expectations in this organization. However, against a maximum attainable score of 5, customer needs and expectations (Mean = 3.2882) reflects that there is room for improvement. Essential to high performing organizations, is the need for customer-driven quality and quality-driven leadership (Evans, 2005). Hence, both internal and external customer needs are important in assuring quality. One of Deming's principles of quality management is that if you cannot recognize your customer, you do not know what you are embarking on and you cannot learn to improve (Deming, 1986 cited in Anyamele, 2005). On the contrary, Foster (2004) asserts that a difficulty in satisfying customer needs is that with dynamism in an environment, the needs of customers are changing continuously.

Further descriptive statistics were conducted for the dimension of customer needs and expectations (external and internal customers) (Table 2).

Table 2. Descriptive Statistics: Utmost focus on customer needs and expectations

Statistic	Customer needs and expectations	
	Utmost focus on external customer needs and expectations	Utmost focus on internal customer needs and expectations
Mean	3.3078	3.2400
95% Confidence Lower Bound	3.2176	3.1473
Interval for Mean Upper Bound	3.3980	3.3327
Variance	0.419	0.442
Std. Deviation	0.64706	0.66512
Minimum	1.38	1.17
Maximum	4.94	4.67

In terms of customer needs and expectations, the focus was on external customers and internal customers. Table 2 indicates that in this organization there is greater focus on external customers (Mean = 3.3078) than internal customers (Mean = 3.2400).

Frequency analyses were computed to obtain greater insight into managerial perceptions. With regard to utmost focus on external customer needs and expectations, 61.4% of managers agree and a further 9.9% strongly agree that their organization strives to be competitive by exceeding customer expectations. Furthermore, 63.4% agree and 4.5% strongly agree that employees who interact directly with external customers are carefully trained.

However, 3.5% of the managers disagree that the needs and expectations of customers are identified by using a formal approach. In addition, 14.4% of managers disagree and a further 2.0% strongly disagree that employees who interact directly with customers are carefully empowered.

In this study, utmost focus on external customer needs and expectations significantly relate to internal customers at the 1% level of significance. Similarly, the research findings of Johnson (1993) reflects that a relationship exists between internal and external customer needs and that employees (internal customers) that are not treated correctly cannot be expected to treat external customers differently. Furthermore, employee satisfaction is a prerequisite to attaining customer satisfaction (Freiberg & Freiberg, 1997 cited in Vora, 2004). However, Dale (2003) cautions that it is imperative to identify the 'customer

chain or hierarchy', as each level will have certain 'needs and bias' and the needs usually reflect some aspect of conflict and 'a decision on a trade-off', if required, will need to be made.

Recommendation

In this organization, managers need to ensure that they use a formal approach to identify customer needs and expectations. Employees (internal customers) need to be empowered as they interact directly with customers.

A strategic point for managers is to use verbal or formal approach to assess how well products and services are satisfying customer needs and expectations. Improvement initiatives such as customer information can be fed back into the design of products and services. A compelling need is to empower employees who interact continuously with customers. In order to move into new domains organizations must take cognizance of internal and external customer needs.

The biographical data in this study reflects that internal customer needs and expectations are influenced by managers' current position. The higher the managerial level, the stronger the perceptions were that internal customer needs and expectations are met in the organization. Hence, of utmost importance is to communicate to lower levels of management and for them to understand that internal customer needs and expectations must be met because failing to understand and meet internal customers' needs can result in an inferior quality of product or service and this can have a detrimental effect on external customers. Managers need to empower employees to take ownership of weaknesses or opportunities and to institute improvements and decisions for long term organizational benefits. By focusing on the basic elements of improvement, quality focus and sustenance of the quality path will emerge despite ferocious competition. A salient point is that customer perceptions do change and with a strategic intent organizations can overcome obstacles in an environment dictated by ferocious competition.

Conclusion

Contemporary organizations are looking to produce more with less. Astute and effective managers need to communicate customer centric strategies, to monitor growth objectives and to engage in a customer-focused managerial philosophy. Customer focus is firmly anchored to TQM and the continuous monitoring of customer satisfaction leads to strategic goals and challenges. Inspiring superior performance in a climate that dictates quality and continuous improvement is imperative for any organization.

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