

TQM Components as a Source of Competitive Advantage in a Beverage Organization: A Resource Based View

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ABSTRACT

This study reports on a case study of TQM adoption in searching for answers of why and how organizations adopt such approaches to gain competitive advantages within a Bangladeshi beverage company. It focuses organizational approaches to adopt TQM as a strategic option and the subsequent changes in organizational set-up. Moreover, using the resource-based theory, this study explores what TQM components help achieving competitive advantage. Findings reveal that due to the change in customer requirements in respect to tastes and quality; and increased price pressure led the case organization to adopt TQM. The result shows that the case organization has brought a series of changes in adopting TQM including appointing a consultant; encouraging a culture of continuous learning; developing a mechanism of communicating information; involving top management along with the employees in the improvement process; and emphasizing the use of teams. Following the resource-based view, findings show that the adoption of TQM helped the case organization in identifying its capabilities that facilitated the achievement of competitive advantage. The findings may help other organizations to learn lesson from the case organization through the identification of tacit resources that are generated by a TQM initiative.

KEYWORDS

Competitive Advantage, Resource -Based View, Total Quality Management, TQM

INTRODUCTION

Increased customer sophistication and the globalization of business activities are forcing organizations to re-engineer their cultures, operations and systems to support customer-focused and quality-driven competitive business strategies. Accordingly, organizations adopt quality management (QM) practices including total quality management (TQM) in support of strategic choices (Ferdousi et al., 2016; Flynn et al., 1995; and Prasad, 1998; Powell, 1995). TQM is a holistic approach directed toward continuous improvement of the quality of products and services as well as the processes in order to

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meet or exceed customer expectations (Baird et al., 2011; Prajogo & McDermott, 2005; Kiella & Golhar, 1997). It “is an approach for doing business that attempts to maximize the competitiveness of an organization through the continual improvement of the quality of its products, services, people, processes, and environments” (Goetsch & Davis, 1995, p. 6). In TQM, the search for improvement is a never-ending process. The continuous search for improvement requires the full participation and involvement of all stakeholders of the organization, including managers, employees, suppliers, and customers, without whose support the TQM effort would be fruitless (Mersha, 1997). Literature reveals that organizations adopt TQM to get various benefits including improved internal communication, better problem-solving, greater employee commitment and motivation, stronger relationships with suppliers, better understanding of customers’ needs, improved customer satisfaction, fewer errors and reduced waste, productivity improvements, cost reductions, minimization of defects, and improvements in quality (Haar & Spell, 2008).

While there are some studies (Ferdousi et al., 2016; Zhang et al., 2000; Ismail, 1998; Islam & Haque, 2012) that have focused on the adoption of TQM, there are some studies that have focused on identifying the components of TQM (Table 1).

However, a large number of studies have focused on the association between the adoption of TQM and organizational performance (Hung et al., 2011; Feng et al., 2006; Demirbag et al., 2006; Prajogo, 2005; Yusuf et al., 2007; Chong & Rundus, 2004; Kaynak, 2003; Samson & Terziovski, 1999; Terziovski & Samson, 1999). There are only few studies (Ferdousi et al., 2019; Ferdousi et al. 2018; Agus & Hassan, 2011; Shenawy et al., 2007; Douglas & Judge, 2001; Reed et al., 2000; Flynn et al., 1995; Powell, 1995) examined the association between TQM adoption and competitive advantage. However, some studies (Douglas & Judge, 2001; Reed et al., 2000; Flynn et al., 1995; Powell, 1995) focused on identifying the relationship between TQM components and competitive advantage. These studies have looked at the TQM components such as involvement of top management, adoption of a quality philosophy, an emphasis on quality-oriented training, a focus on the customer, a policy of continuous improvement that supports a successful quality philosophy, organizational culture,

Table 1. Literature on TQM components

TQM Components	Author’s and Year
Top management support Top management support	Ferdousi et al. 2019; Talib et al., 2013; Zehir et al., 2012; Abusa, 2011; Saleheldin, 2009; Pinho, 2008; Vijande & Gonzale, 2007; Feng et al., 2006; Hoang et al., 2006; Demirbag et al., 2006; Sila & Ebrahimpour, 2005; Sohail & Hoong, 2003; Sharma & Gadenne, 2002; Agus & Abdullah, 2000; Saraph et al., 1989; Powell, 1995
Employee involvement Employee involvement	Ferdousi et al. 2019; Fotopoulos & Psomas, 2010; Saleheldin, 2009; Sohail & Hoong, 2003; Sharma and Gadenne, 2002
Employee empowerment Employee empowerment	Saleheldin, 2009; Kapuge & Smith, 2007; Sohail & Hoong, 2003; Powell, 1995
Customer focus Customer focus	Ferdousi et al. 2019; Basu & Bholap 2016; Zehir et al., 2012; Kapuge & Smith, 2007; Feng et al., 2006; Sila & Ebrahimpour, 2005; Agus & Abdullah, 2000; Flynn et al., 1995
Training Training	Ferdousi et al., 2019; Basu & Bholap, 2016; Agus & Abdullah, 2000
Reward and recognition Reward and recognition	Ferdousi et al. 2019; Zhang et al., 2000
Culture	Baird et al., 2011; Pinho, 2008

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