

Chapter 39

Total Quality Management Practices in Multinational Corporations

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ABSTRACT

This chapter introduces the practices of Total Quality Management (TQM) in multinational corporations, thus explaining the history, overview, concept, and the various components of TQM. TQM practices and organizational culture, TQM practices and organizational performance (in terms of quality data and reporting, supplier quality management, product and service design, and process management), and the practical application of total quality management in service and manufacturing sectors are discussed. This calls for a change on the part of organization stakeholders to adopt these new practices through an effective in-service training for managers and staff to adequately put these principles into practice and by adopting an effective utilization of human resources to initialize and maintain the attempts to create a dynamic quality system. The chapter argues that applying total quality management practices in multinational corporations will significantly enhance organizational performance and achieve business goals in the global business environment.

INTRODUCTION

Various studies have been carried out for the identification of the elements of successful quality management. Researchers have identified a number of tools and techniques for quality improvement that are necessary for TQM success. Managers need to know which aspects they must consider to successfully develop TQM in their firms. The rapid rate of change in global and niche markets has increased pressure in organizations to become more competitive (McAdam & Henderson, 2004), making it very important in today's business environment to adopt TQM principles, not only for profits, but survival (Yapa, 2012). Where the global environment compels companies toward being more responsive to customers and escalating requirements for higher quality (Iseri-Say, Toker, & Kantur, 2008), and almost every organization

DOI: 10.4018/978-1-5225-1913-3.ch039

engages in quality initiatives aimed at increasing the quality of processes and products (Uyar, 2009), TQM allows firms to obtain a high degree of differentiation and to reduce costs (Tari, 2005). Changing from detection to prevention of errors requires not only the use of a set of quality management tools and techniques, but also the development of a new operating philosophy that requires a change in the way companies are managed (Hafeez, Malak, & Abdelmeguid, 2006).

Kasemsap (2014) stated that establishing the management practices of Lean Production of just in time, total productive maintenance, TQM, cellular manufacturing, and human resource management helps an organization to gain better organizational performance. A firm's quality improvement is positively influenced by the adoption of quality practices by the top management as well as process and data quality management (Psomas & Fotopoulos, 2010). Organizations need to accommodate divergent goals by developing a system and structure that allows enough flexibility for adapting different (even contrasting) management styles, between control and flexibility and between internal and external orientations, so that they may gain benefits from the multiple dimensions of TQM (Prajogo & McDermott, 2005). Much has been written on the impact of TQM on organizational performance (Flynn, Schroeder, & Sakakibara, 1994). TQM practices (i.e., supplier quality management, process management, and quality data and reporting) are found to help to achieve the operational performance goals (Baird, Hu, & Reeve, 2011).

BACKGROUND

A critical part of the management of quality is the strategic and systematic approach to achieving an organization's vision, mission, and goals. TQM is a method by which management and employees can become involved in the continuous improvement of the production of goods and services. TQM is a combination of quality and management tools aimed at increasing business and reducing losses due to wasteful practices. TQM requirements may be defined separately for a particular organization or may be in adherence to established standards, such as the International Organization for Standardization's ISO 9000 series. TQM can be applied to any type of organization. When it is properly implemented, this style of management can lead to decreased costs related to corrective or preventative maintenance, better overall performance, and an increased number of happy and loyal customers.

TOTAL QUALITY MANAGEMENT PRACTICES IN MULTINATIONAL CORPORATIONS

History of Total Quality Management

TQM is a management approach that originated in the 1950's and has regularly become more favorable since the early 1980's. Total quality is a definition of the culture, attitude and organization of a company that strives to provide customers with products and services that satisfy their needs. The culture requires quality in all aspects of the company's operations, with processes being done right the first time and defects and waste eradicated from operations. Idris and Zairi (2006) stated that there is a need for more empirical research to clarify how the TQM evolutionary path is related to critical success conditions

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