

Are TQM practices supporting customer satisfaction and service quality?

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Abstract

Purpose – The purpose of this paper is to examine the relationship between total quality management (TQM) practices and customer satisfaction and also to investigate the association between TQM practices and service quality within the context of Malaysia's small service organizations.

Design/methodology/approach – The paper uses data from the perceptions of sales and marketing managers in 108 small service organizations in Malaysia. Data were analyzed by employing correlation and multiple regression analysis to test the relationship between TQM practices, customer satisfaction and service quality.

Findings – The results showed that TQM practices are significantly and positively linked to customer satisfaction and service quality of the small service business firms. It was further confirmed that the dimensions of customer focus and information and analysis were strongly linked to customer satisfaction and service quality.

Practical implications – The results of this paper can be used by marketing/sales managers to prioritize the adoption of the dimensions for TQM practices. For instance, those dimensions that are found to have positive influence on customer satisfaction and service quality can be recommended to marketing/sales managers so that they can allocate resources to improve these practices to achieve higher customer satisfaction and quality of service.

Originality/value – This paper identifies two dimensions of TQM namely, customer focus and information and analysis that can influence customer satisfaction and service quality in Malaysia's small service business firms.

Keywords Total quality management, Customer satisfaction, Service quality, Small service business firms, Malaysia

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

1. Introduction

The current business environment is more competitive and challenging than ever before. With advances in internet technologies, improved production capabilities, increasing complexity in customer's expectation. TQM, a concept originated from the manufacturing sector in Japan (Naoum, 2002) has brought many improvements in production efficiency. With multi-dimensional demand and challenges of globalization; organizations are forced to re-engineer their operations and systems to be more customer centric to improve the service quality to remain competitive (Yasin *et al.*, 2004; Rodie and Martin, 2001; Tan *et al.*, 2010).

Nevertheless, in today's competitive global economy, TQM has experienced a radical shift. The concept is no longer restricted to the manufacturing sector; in fact, it has been extended to service companies and non-profit organizations such as health care, government, services, education, and financial institutions (Sirvanci, 2004; Lakhe and Mohanty, 1995; Yaya *et al.*, 2011). Customers are the ultimate judges of service or product quality (Sakthivel *et al.*, 2005). Thus, the concept of TQM should apply not only in the manufacturing sector but also in the service industry.

While there is considerable body of knowledge in TQM in manufacturing environment, there is still lack of TQM studies in the service sector (Huq, 2005, Brah *et al.*, 2000; Samat *et al.*, 2006). Influx of service organizations is taking initiatives to implement TQM in order to harness its valuable benefits. The service sector represents about 53.4 percent of Malaysia's Gross Domestic Product (GDP) and is a very important

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