

Total Quality Management in Achieving Competitive Advantage

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Abstract

This study aimed to examine the relationship between total quality management (TQM) and competitive advantage in order to expand previous research and knowledge in this field. The researcher examined TQM from the aspect of continuous improvement towards executive abilities and differentiation. Descriptive analysis and statistics methods have been applied for this study. The sample of the study comprised managers from various banks in Jordan. The research hypotheses were tested using linear regression. The study concluded that a relationship exists between the variables. Executive abilities was the first factor affected by the continuous improvement. A number of aspects have been found, for example, banks in Jordan are aware of the importance of the improvement in a functional environment. Besides, the executive abilities aspect of the banks showed that the managers have abilities that allow them to share TQM; they know their job very well. A number of recommendations were mentioned in light of this, and one is that managers should follow up their routine performance by paying more attention to their managerial process, especially those who are related to the customer section for achieving competitive advantage.

Keywords – TQM, Continuous Improvement, Executive Abilities, Differentiation.

Introduction

Recently, the environmental changes, challenges, and turbulence in today's business world have raised deep concerns in the contemporary business landscape, especially towards organizations.

These aspects have created an environment full of challenges at all levels within any organization that seeks progression and success. Furthermore, customers are increasingly aware of their wants and what is provided in the markets. As a result, organizations started to improve their situation by adopting modern managerial aspects for achieving their vision, mission, and objectives (Srivastava et al., 2022). Also, organizations started to elect a suitable track in their managerial process for gaining competitive advantage, which was seen through TQM (Elhawi & Zyadat, 2021). Recently researchers have become interested in the benefits of TQM in particular in terms of competitive advantage, where quality exists between the managerial aspects, such as top management support and employee involvement towards competitive advantage (Ferdousi et al., 2019). This paper presents TQM as a key source towards competitive advantage in contemporary business. It examines the relationship between TQM and organizational

competitive advantage. Further, the paper focuses on the factors of TQM through continuous improvement affecting organizational competitive advantage through differentiation and executive abilities together with as an outcome of competitive advantage. Therefore the study aims to answer the following questions:

- Is there an influence between TQM, continuance improvement and competitive advantage?
- Which aspect of competitive advantage as mentioned in the study is affected the most by continuous improvement,

Background

a. Total Quality Management

Researchers have focused on identifying aspects of total quality management (TQM). First of all, it is a philosophical concept of managerial; it is a system that shows the relationship between all the managerial factors and the participants (Wang et al., 2019).

It is also a set of principles that are characterized by the basis, standards, and principles that reflect the success of organizations to ensure survival (Worlu et al., 2019)

TQM is a practice that meets the continually improved performance to meet market

demands (Obeidatetal., 2018)and every stakeholder should understand and participate and be committed to the high standard of work for continuous improvement(Oke&Oke, 2014).

one of the effective factors regarding the quality of production and organizations' profitability that lead to economic growth is TQM (Kantardjieva, 2015). It helps to enhance organizations' prosperity and create competition Chen etal. (2018) . On the other hand it is an interdisciplinary task that can control processes in the functional dynamic environment to exceed customer perceptions. It is a wide broad system that exists at all levels in the organizations.

Past studies have revealed a lot of conceptual frames for TQM. For example, one study stated that TQM is about top management commitment and countenance product improvements, while another study discussed TQM in the context of supply chain quality management (SCQM) (customer focus, human resources management and process approach). Another study showed TQM in leadership countenance improvement, customer satisfaction, employee empowerment, and strategic planning. Another study showed TQM in customers focus, external/internal corporation, continuous improvement, employee fulfillment, learning, and process management. This actually showed that TQM is a philosophy in which organizations adapt according to their objectives and goals. The concept of competitive advantage primarily relates to strategic management; it is the value-creating thinking and cannot be owned by any organization (Hamdoun& M. Zouaoui,2017), From the perspective of several studies.

b. Competitive Advantage

Competitive advantage is the ability of any organization to improve its position in the market through value creation provided to customers to distinguish its product or service(Chaghooshietal., 2015) . Organizations are able to achieve and maintain competitive advantage if efforts are followed in each case and in every progress. It is the ability of organizations to stay ahead and sustain their progress, especially when organizations manage their resources in a

proper way Chen etal. (2018). Numerous studies have introduced the concept of competitive advantage as falling under cost leadership, differentiation, teamwork, control, customer satisfaction, customer loyalty, executive abilities, price cost quality, time to market, and feedback.

c. The Relationship between Continuous Improvement and Competitive Advantage

As long as TQM is a philosophical approach that imposed organizations to work on a particular direction and apply new techniques for business expansion. Competitive advantage is also a creative approach of the applied standards by this philosophy: TQM. Both of these concepts aim to enhance and create value within organizations. And thus, TQM focuses on the updated processes which are coming from the top management, and these processes need to be developed continuously this actually will enhance the sustainability (Sainis etal., 2022) On the other hand, competitive advantage mostly relates to developed processes. In that sense, value creation can be affected by the developed process of TQM, and this can be noticed when organizations express rejection of their competitors, and they start working on improving their products and services to confidently enter a competitive situation in the market. And this indicates that successful organizations start to work on creating new processes and developing the old one in order to compete.

In today's contemporary orientation, the competition is not at the level of business only, but also among competitive advantage and the level of the value creation, which the customer could gain from both services and products. TQM is the approach that strives towards continuous development by developing and integrating processes. Successful organizations in this situation need to be followed by TQM and to integrate the process within the organizations with each other and grow and improve their work at all levels, especially in terms of competitive advantage. As mentioned earlier, competitive advantage is the ability of the organization to stay ahead and compete, while staying ahead is the art of managing all the levels within the organization and it requires employees to contribute to achieving improvement and

business activities. Recently with the intractable demands and challenges, organizations increasingly working on innovation aspect, meanwhile, organizations try to create value for multiple stakeholders and developing new products and services that can improve conditions for customers, By that, the creation of TQM philosophy within an organization may lead to value creation for a competitive advantage in any organization (Wade & J. Hulland, 2004; Bacq&Aguilera, 2022).

Based on the above-mentioned studies about the aspects of TQM, the researcher decided to focus on continuous improvement (CI). This aspect is able to sustain an organization's capability. It is a bundle of routines and it is about understanding organizational behaviour. There are three sets of routines for CI; the first one concerns maintaining, the second one is to improve the existing process, and the third one is transforming changing. We have chosen the below table for Bessantetal., (2001) regard the routines which may improve the process and lead organizations towards competitive advantage

Table (1) shows the key routines associated with CI and can build behaviour within the organization.

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<i>The Ability</i>	<i>The Behaviour</i>	<i>Developed</i>
To articulate values	Employees contributing to and involved in improvement	are
Generate sustained improvement	Employees use appropriate tools to support CI	use
To link CI to strategic goals	Employees use the organizational strategic goals and objective to focus on improvement	use the
To lead and support	Managers support the CI process through allocation time, money, and resources	support the CI process through
To create consistency	Employees review whether the processes and CI system remain	review whether the processes and CI system remain

To move activity across organizational lines	compatible The employee is oriented towards external and internal customers during their CI activities
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Many studies with different perspectives have found that TQM has an impact on competitive advantage. It means using quality processes and practices that meet customer needs and increase competitive advantage.

However, competitive advantage is a bundle of tangible and intangibles processes. The latter reflects the behaviour within the organizations that can't be imitated. In other words, what makes an organization competitive is not the location and the equipment it uses, but the quality of the behaviour. A competitive advantage can lead an organization to create a new product or service, a new process, structure or managerial system. For example, competitors and customers of an innovative organization perceive the organization as being able to utilize the latest version of administrative processes and introduce any new ones. This would, directly and indirectly, create a vital climate full of challenges that will make it difficult for the competition to catch up. In that sense, differentiation is the ability of an organization to focus on its core offering and the degree to which a customer considers an organization as a perfect provider, which would capture the customer's loyalty and support. Moving to the services differentiation, it represents the orientation of the competitors. Competitors' orientation involves gathering intelligence on competitors to understand the competitive situation (Gebaueretal., 2008).

The Relationship between Continuous Improvement and Executive Abilities

A good strategy can lead to a brilliant competitive map, or at least, powerful and solid employees will help put you there so you move towards the next challenge (Neilson et al., 2008). The execution framework is based on the customer, stakeholder, the outcomes of the objectives, activity, and resources. Execution is about interrelated activities to convert business into action. These activities include information flow and value creation.

Studies mentioned that there is a relationship between TQM and leadership. They found that TQM has an effective relationship with transformational leadership at the level of employees' fulfillment and learning (Worlueta., 2019; Chen et al., 2018).

As long as TQM is a management philosophy emphasizing organizations' willingness to change, as well as employees for value creation and improvement in the competitive market, we assume our study hypotheses would be:

1- Total quality management (TQM) positively impacts competitive advantage (CA)

- Continuous improvement (CI) positively impacts executive ability (EA)
- Continuous improvement (CI) positively impacts differentiation.

2. Methodology and Statistical Methods

In this paper, we are going to examine the relationship between TQM and competitive advantage. TQM includes the independent variable (continuous improvement) where competitive advantage includes the dependent variable (differentiation and executive abilities). The study will examine competitive advantage in Jordanian banks, as it is one of the most important sector among the financial level (ASE).The study will also select employees who are expected to participate in the decisions of the TQM because we assume

that they may have more information about TQM for our study. So the sample included the managers of the branches, which means that our sample is a purposive sample. The researcher managed to contact 10 banks out of 15. In our research, we used a questionnaire and it was distributed to the study sample. The questionnaires were sent to the human resources department of each bank in order to get them filled in by the concerned party. We received 230 completed questionnaires out of 500. The "SPSS" program was used to analyze the collected data, as well as reliability tests such as Cronbach's alpha test, means and standard deviations, and linear regressions. Cronbach's alpha test was used for the TQM. For the continuous improvement factor, a five-point Likert scale was used, ranging from 1, "very low", to 5, "very high". The value is 0.90 for the questionnaire. The value was accepted as it is more than 60%.The dependent variable for the competitive advantage, which is differentiation and executive abilities, was measured based on variance. The variance inflation factor (VIF) values for each variable is less than 10, with tolerance ranges between 0.400 and 0.500. This means that there is no occurrence of any multi-collinearity problem.

Results

a. Demographics

Table 2 presents the sample personal characteristics of branch managers in Jordan's banks according to category (age, gender, qualifications, and years of experience).

Table (2).The sample personal characteristics of branch managers in Jordan's banks.

Variable	Category	Percentage
Age	Under 30	15.7
	30 to 40	56.5
	40 to 50	16.1
	Above 50	11.7
	Total	100
Gender	Male	55.4
	Female	44.6
	Total	100
Qualifications	High school	2.1
	Bachelor	70.4
	Master	27.5
	Total	100
Year of Experience	2 to 4	3.9
	5 to 7	18.7
	6 to10	38.5
	More than 10 years	37.9
	Total	100

In regard to gender, the majority of the answers were males (55.4%), and the ages of most of the managers who worked in the Jordanian banks were between 30 and 40 (56.5%). For the qualifications, the majority of the respondents (70%) have a bachelor's degree, and the percentage of managers shown in the table that had between 6–10 years of experience was 38.5%. The results show that those aged between 30–40 represented half of the sample, most held a bachelor degree and most respondents had 6–10 years' work experience. As most of the sample were also male, we can assume that males have more background and time to practise and apply the TQM concept. Moreover, this may suggest that these managers or groups recognize the importance of TQM practices in gaining a competitive advantage.

b. Mean and Standard Deviation

The means and standard deviation according to Likert's highest and lowest indications were used for the TQM variable (continuous improvement). The highest rank indicated was a mean of 4.322 while the SD = .5225. According to the variable of continuous improvement, "To articulate values: Employees are contributing and involved towards improvement," and the mean = 3.77, while "Generate sustained improvement: Employees use appropriate tools to support CI" had a lower mean of 3.22.

The competitive advantage variables, which were differentiation and executive abilities, indicated that the executive abilities have a mean of 4.433 while the SD = .532555. The most items cited in the executive abilities variable was "I can finish what I set out to do", which had a mean of 3.77, While "I routinely evaluate my performance and use method for improvement" had a lower mean of 3.222.

The differentiation factor ranked second with a mean of 4.401, and the highest item was "Top management keep improving the work environment" with a mean of 3.55, while the item "Following on the going process regularly regards customers" ranked the lowest with a mean of 3.24.

c. Hypothesis Testing

A regression model was employed to test the relationship between TQM and competitive advantages at a significant level (0.05). The study revealed that there is a positive and

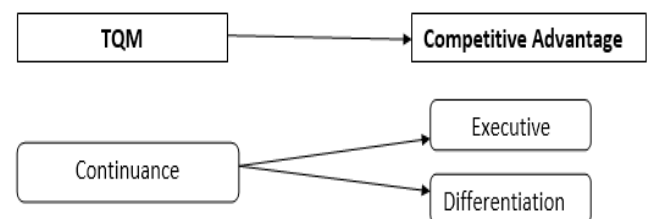
significant relationship between TQM and competitive advantages as seen in figure (1).

The value of the standardized beta coefficient of TQM toward competitive advantages presents as 0.608.

As for the second hypothesis, we found a positive relationship between continuous improvement (CI) and executive abilities. The standardized beta coefficient between the two factors presents 0.714.

The third hypothesis also indicated a positive relationship between continuous improvement (CI) and differentiation, and a standardized beta coefficient presents 0.582.

Figure (1) shows the results of the linear regression



Discussions

This study investigates the relationship between TQM and competitive advantage. According to the results, the study found a relationship between TQM and competitive advantage in the banks of Jordan. This means that the principles and the practices of TQM can affect the performance of an organization and lead it towards progress and prosperity.

More specifically, the study found that continuance has a relationship with executive abilities. As mentioned, TQM has been defined as the ability of any organization to move towards success by continually improving its activities, through its ability to articulate the values and link all the goals with the planned strategy to enter competitions in the markets confidently (Bessantetal., 2001). And thus, executive abilities for the item "I can finish what I set out to do" indicate the abilities of the employees in the banks in Jordan to understand and manage their job perfectly. In other words, employees in the Jordanian banks can imagine and articulate the vision of their work, they understand what it requires, and they are aware of their job tasks and duties. This is because they are well aligned with the required goals. This refers to the activities of the continuous

improvements as it is one of the TQM that stands on linking the process of the job and aligns all the work aspects towards the required goals.

The study also found a positive relationship between continuous improvement and differentiation. The item “Top management keep improving the work environment” can be explained by the ability of the banks in Jordan to continually improve and update the job environment and move towards the systematic approach to build customer loyalty, and provide what they expect from the production or the service. The work environment of any successes the organization needs to be dynamic and provide a quick response to its customers because customers are always looking for the best services. In other words, this result showed that banks have the ability and capability to build a functional atmosphere full of enthusiasm and excitement.

From this study, we can find the TQM process from the point of continuous improvement, which means constantly moving towards improvement, updating, encouraging and supporting the change in the workplace and not neglecting the consistency between processes. This challenge of an organization requires moving from the essential step in each stage of growing and progressing towards a more creative place and design. As a result, the organization will be able to create a solid workforce that is able to articulate its job vision, duties, tasks and responsibilities. In that way, employees will be able to focus on the most important task, and seldom leave the task to the last moment. By practising TQM and improving the jobs, organizations will be able to create value and achieve a competitive advantage in terms of differentiation.

Conclusion

TQM has been seen as a philosophy by which organizations can operate their processes and systems. It also has become an essential point and the main request for any organization that wants to be on top. TQM organizations can compete in the global business markets. Based on that, TQM is considered as the main aspect for an organization's success and progress. Organizations that are adopting this philosophy will be able to face and compete confidently.

According to the results of the study, employees of the Jordanian banks are able to articulate their job vision. They demonstrate shared values and beliefs; they are also able to share holistic views. In other words, they know their job tracks, process, and goals. Moreover, they have a timeline to finish what should be done at a particular time. Although executives' abilities factor recorded the first factor affected by the continuous improvement, it has recorded low attention in the item of “employees following up their routinely performance and keep evaluating performance”. We can say that the managers in the banks of Jordan are better at following their daily tasks continuously. This is because by following daily tasks, employees will be able to avoid job accumulation and goal deviations. As for the differentiation factor, the study found that the branch managers are not following their customers' issues regularly; specifically, they don't follow their customers' wants on a daily basis. According to the study, we can match the aspects of the two variables by paying attention to the examined factors. For example, in our results we noticed that employees – executive abilities – are not following their routine performance, and we also found that in differentiation, employees are not following their ongoing duties regarding customers. This can lead to the conclusion that daily duties are the customers' needs and wants. And employees in the banks in Jordan should pay attention to this part in order to ensure continuous improvements in their job so that they are not doing something in vain. Therefore, managers in banks are advised to keep following their customers' issues to meet their expectations, which would build customer loyalty in the shadow of improvements.

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