The Effectiveness of Leadership, Performance and Employee Involvement for Producing Competitive Advantage with a TQM Orientation: a Conceptual Framework

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Abstract *This paper endeavours at establishing the implication of TQM for achieving competitive advantage. The manuscript exemplifies the role played by three major facets with relation to TQM. These three foremost areas are effective leadership, employee involvement and performance management. TQM cannot be implemented suitably without the effective leadership provided by the top management. The top management is in charge for the strategic goal setting for the organization and to motivate the employees for implementing the goals. At the same time performance management is another vital area for TQM implementation as it manages and measures the performance of each employee relative to the corporate goals of the organization. Moreover without involving the employees in the decision making process TQM cannot be executed. Employees are the one who transform the written strategies into practical forms so involving them in the decision making will enhance their motivation and interest to perform the specific task. For successful TQM execution organizations need to focus on these three areas with respect of attaining competitive advantage in this dynamic business era and continuously evolving customer needs.*

Keywords: *Leadership, Employee involvement, Performance management, TQM, Competitive advantage*

Introduction

The business era today is totally different as it was in the past. Now the customers are becoming more demanding and their views are changing and moving. With the changes in the technology the needs of the customers are also evolving. Now the new products are launched in the market at very quick rate. The companies need to provide superior quality to gain customer satisfaction and customer loyalty. Continuous improvement to gain quality is the regular concern of the employees of result oriented organizations not a reaction towards competition (El-Khawas, 2001; Miven, 2005). Initially only selling product was important but now companies are achieving excellence by selling a unique brand image and then retaining the customer by providing fine quality services to fulfil the changing needs of the customers. Hence the organizational development hinges upon the work and the interest of the employees, the leader's capability to mould the internal organization according to external environment and the performance of the employees influencing the overall performance of the organization.

The importance of quality cannot be denied as it improves the entire functions and operations of the organization leading towards superior performance which eventually provides customer satisfaction enhancing the competitive advantage. Quality management should be there in each functional area with a 360º evaluation to maintain and provide quality at each step of the process. Therefore quality should not only be limited to products and services but must be ensured throughout the whole network involved in fabricating the products and the services with the complete involvement of top, middle and lower management (Drăgulănescu, 2007). It depicts that involvement of each department is mandatory in bringing into being the quality work, operations, services and products.

Process and performance improvement should be made on continuous bases and the fulfilment of performance expectations is quality. For this purpose performance should be managed and appraised. Performance evaluation provides many advantages (Cole, 2001; Evans and Lindsay, 2005) such as good team work, organizational development, risk mitigation and leads towards standardization of growth. The top management is responsible for decision making and providing leadership and guidance where as the middle

and the lower management are responsible for implementing and performing the tasks given by the top management. The task performance of the employees depend upon their level of satisfaction and motivation therefore the needs and the demands of the employees i.e. the internal customers must be fulfilled for better and improved performance which will trigger up the quality of overall work performance. Companies should understand that quality cannot be achieved until both the internal and the external customers are satisfied.

| MARKETING | → | EXTERNAL CUSTOMERS |

| TOTAL QUALITY MANAGEMENT | → | INTERNAL CUSTOMERS | EXTERNAL CUSTOMERS |
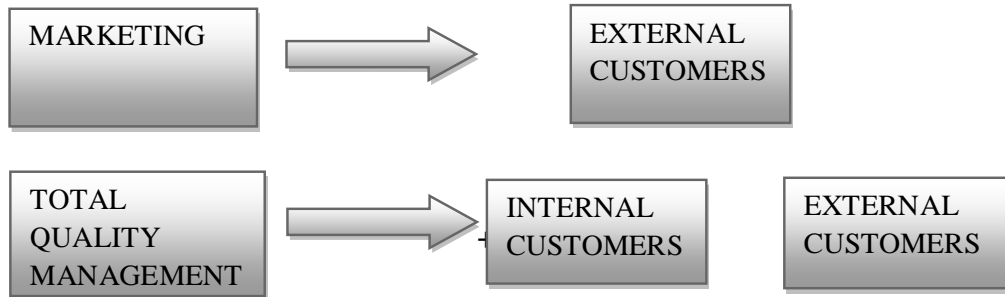
Through excellent and strategic leadership organizations analyses its strengths, weaknesses, opportunities and threats. Effective leadership influences the quality and the growth of the organization by bringing in new techniques, structural reformation, training and workshops to provide timely knowledge, skills and to pinpoint and immediate rectification of errors, empowerment, customer care and minimizing the risks to gain competitive edge. This competitive advantage can only be retained by continuous quality management and continuous improvement to make the customers satisfied and loyal.

TQM implementation is not possible without employee involvement because it is the employee who makes up the organization not the land, capital or assets. An organization would be as good and effective as the people it has employed. Unless the employees buy the ideas, are motivated and convinced they cannot work well for the organization. Employee involvement should not be cosmetic. Performance of the employees and the task achievement also hinges upon the extent to which they are involved in the decision making.

CUSTOMER SATISFACTION → COMPETITIVE ADVANTAGE → CONTINUOUS IMPROVEMENT → QUALITY → CUSTOMER SATISFACTION
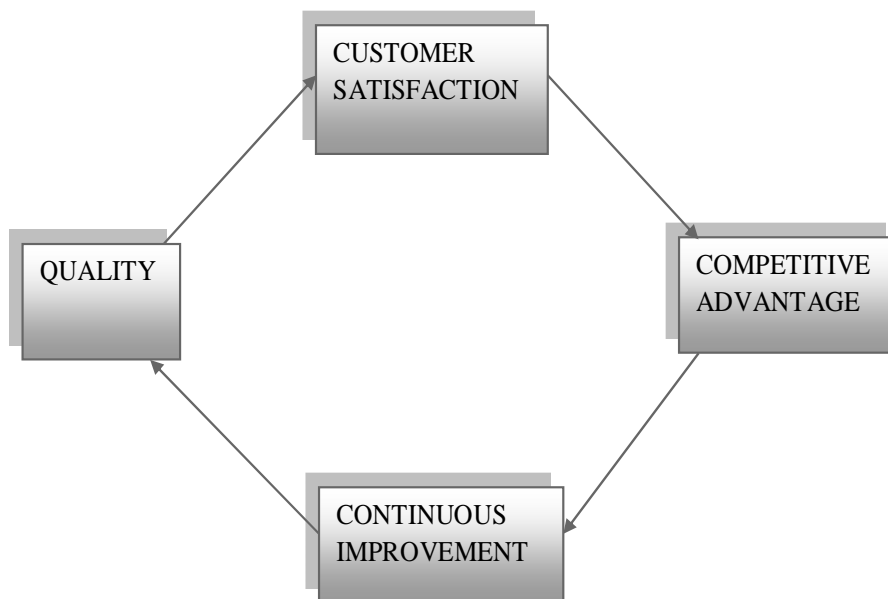
Quality actually results in an amalgam of continuous improvement and customer satisfaction and both these elements results in competitive advantage. Manufacturer is no one to decide what quality is. He just has to search the customer's opinion to produce a product meeting the customer's demands. Quality is therefore a customer definition of what a product or service should or should not be. Innovation, effective planning, continuous improvement, employee involvement and motivation are fundamental for producing quality. Quality is not a one way passage but deals in every level of organization and is maintained and managed at every point.

Literature Review

Enormous range of literature is found on the significance of leadership, performance management and employee involvement in context of TQM for gaining the competitive benefit. Constant, clear and quality leadership is necessary for success (Everett, 2002; Buch & River, 2002). Therefore it is required that quality leadership should be deemed as a strategic aim of the organization (Feigenbaum 1991). Quality in today's era is the continuous improvement therefore needs change at continuous basis. Change cannot be carried out without effective leadership which provides steadfastness and persistence against the confrontation to the change inside an organization (Thompson, 1967).

The importance of effective leaders is enhanced with the increasing trend of TQM as it is recognised by the quality awards, ISO and the quality gurus of the world. Quality gurus have different views regarding the leadership. Leader is the one who embeds leadership rather then just supervising in making over the business values (Deming, 1986), assume and drive in leadership in gaining quality and quality control (Ishikawa, 1985), personal grip, commitment and involvement in managing the quality (Juran, 1993; kano, 1993), who implants principles and ideas rather then controlling by swine forces (James, 1978), leadership can be learnt through experience and is learnable with a bulging outcome on quality (Crosby, 1997). Therefore leaders provide an encouraging atmosphere to perk up the performance and efficiency of the followers (Leiter & Maslach, 2002).

The most important way of recognising the real meaning of effective leadership is learning from the experience of successful organizations (Zairi, 1999a). Effective leadership requires five major characteristics described by Oakland (2000), mission statement, effective strategies, critical success factors, and apposite management structure and employee involvement. Therefore it is imperative for the organizations to maintain effective and visionary leadership to motivate its whole task force, promote and protect the organizational standards and reinforce the followers to attain the collective vision and goals.
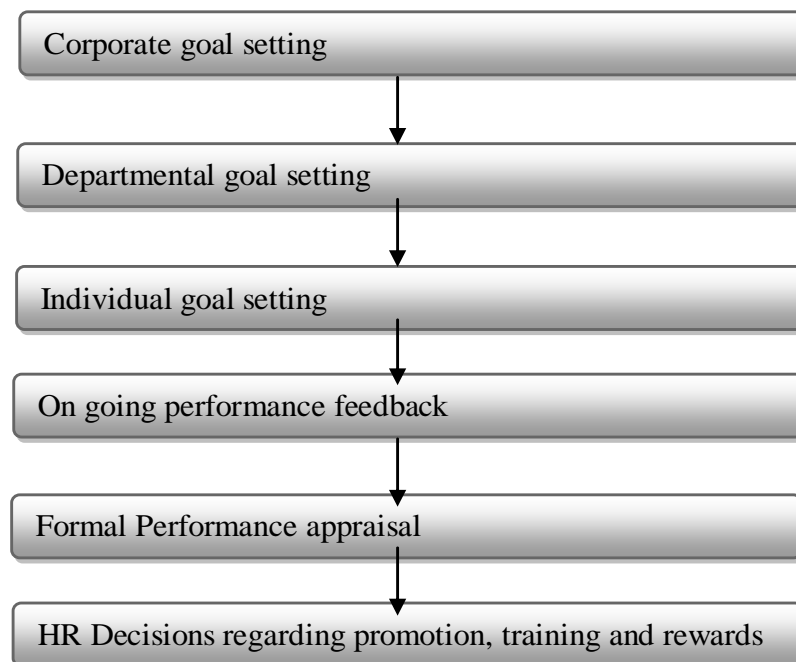
Performance management of the employees impacts the whole performance and the efficiency of the organization. What is performance and what is performance management, this a basic question which should be responded by the performance managers. Performance is considered as being undertaking the job and about the results being accomplished after performing some work (Otley, 1999). If you are unable to define the performance, then you are unable to manage it (Armstrong and Baron, 1998).

Different authors have different understanding regarding the term performance management. Organizing the work to attain the best outcomes, with this simplest of notion performance management cannot be regarded as system or tool rather an entirety of all the routine and daily activities of the managers (Fowler, 1990). Performance management is an interlocking array of strategies and exercises that focus on the enhancing the accomplishment of the corporate aims through concentrating on the individual performances (Storey & Sission, 1993). A more organizational version of performance management was provided by Fletcher & Williams (1992), the performance management aims at creating a shared vision for achieving the organizational goals while making the employees understands their contribution and at the same time managing, evaluating and enhancing the performance of the employees as well as the organization.

Performance is referred to as the result of work as it presents a strapping linkage to the strategic goals, the customer satisfaction and the profitable offerings (Rogers, 1994). Performance management is actually an

efficient, systematic and assimilated approach for improving the performance of the organization to attain the corporate goals and encouraging the organizational values (Edis, 1995). According to Rogers (1994), it is an integrated lay down of forecasting and re-examine the procedures cascading down throughout the organization to create a linkage among the individual goals and the overall corporate strategy. Performance management actually adds value to the organizational performance (Slater et al., 1998). Value addition is maximized through performance and quality management process as the primary expenditure surpasses the following benefits drawn after the deliverance (Horton and Farnham, 1999). Superior productivity that is a dimension of performance can only be gained through people (Handy, 1976). Therefore high performance should be rewarded and the employees should be motivated and poor performance should not be endured

Performance Management Approach

Corporate goal setting

Departmental goal setting

Individual goal setting

On going performance feedback

Formal Performance appraisal

HR Decisions regarding promotion, training and rewards

Employee involvement should be considered while decisions making as the employees have to implement the decisions. Managers should create a participative climate by sharing the information and involving the employees in decision making (Tesluck et al., 1999; Wanous et al., 2000). Encouraging the employees to express their ideas relating to work concerns is the practice of information sharing (Cabrera et al., 2003). Research suggests that perceptions of employees regarding a participative environment effect the job satisfaction and performance of the employee (Miller & Monge, 1986). When employees are involved in decision making process they recognize the underlying principle for them which results in high motivation and efforts (Wagner et al., 1997). Employee involvement results in superior quality decisions which produce encouraging organizational and personal outcomes (Parnell et al., 1992). Employee involvement in decision making focuses on fairness of authority in the workplace (Locke & Schweiger, 1979) and the perceptions of employees regarding fairness are enhanced by involvement in decision making (Korsgaard & Roberson, 1995), especially when the employees prefer to participate in decision making process (Tjosvold, 1985) when the decisions mainly have an impact on their respective positions (Gardell, 1977).This means that management must hand over some of its power regarding decision making giving the employees an opportunity to contribute and assist in determining the output (Strauss, 1998). Employee involvement depicts

the belief of an employee considering his individuality or value in the work assembly (Bandura, 1982, 1986; Stryker, 1986). Employee involvement is described in process orientation but it can be referred to as a motivational system (Leonard et al., 1995) or a participative organization (Scarselletta, 1999). According to Lawler (1986), employee involvement consists of four distinct processes i.e. knowledge, power, information and rewards. Rewards play a vital role when attached to the performance of the employee (Lawler, 1986; Vandenberg, 1996). Involvement appears to be an amalgam of diverse programmes such as total quality management (Bowen & Lawler, 1992).

According to European Foundation for Quality management (1999) the top management leadership, commitment, people management, policy and strategy, partnership, resource and process management are called the enablers of employee and customer satisfaction. Advancements in TQM concepts have been made by Saraph et al., (1989) whereas theoretical advancements on TQM and leadership are made by Waldman (1993). According to Sashkin & kiser (1991) TQM means that the culture of the organization should be defined by and support the customer satisfaction through integrated set of tools and techniques involving continuous improvement resulting in superior quality outputs. TQM implementation focuses on continuous improvement programmes and customer management systems without considering the organizational cultures which probably is not suitable for proper TQM implementation (Bushe, 1988; Garvin, 1986). TQM is an approach aiming at enhanced effort from every person in the organization to continually satisfy the customers (McAdam et al., 2002).

According to Stalk et al., (1992) TQM is related to the clarity of the quality objectives determining the efficacy of the organization whereas Kanji (1990) described TQM as to attain overall quality by engaging the commitment of every individual. According to Oakland (1993) TQM is an effort to perk up the entire organization's efficacy, competitiveness and structure. Dale (1999) believed that TQM is a joint collaboration of every person in the company and the related business activities for producing products and services meeting and exceeding the customer expectations. Successful TQM implementation is not possible without top management commitment Ramirez and Loney (1993)

According to Morgan and Murgatroyd (1997), the "total" component of TQM entails that each and every member of the organization is involved in quality improvement activities and practices. Moreover, Oakland (1989) points out that TQM is actually an approach or a way for organizing and involving the entire organization, each functional department, every process and activity and each individual working at any rank.

The relation between TQM and Competitive advantage cannot be denied as the companies successfully implementing the TQM approach are much likely to gain competitive advantage through customer satisfaction and are able to retain it through the process of continuous improvement. Woodruff (1997) suggested that companies should create a customer value hierarchy determined to line up their competencies with the looked-for worth the customer expect from the product or service. There are different causes of competitive advantage given in the literature. A firm can gain competitive advantage by having a good and healthy status (Hall, 1992), by describing commitment (Caves and Ghemawat, 1992; Ghemawat, 1991), by comprising superior quality knowledge and understanding of performing different business activities while eradicating the expenses (Teece et al., 1997; winter, 1987; Prahalad and Hamel, 1990), by having an approach of dynamic and vibrant capabilities (Teece et al., 1997) and through alignment of the organizational resources with the customers needs and demands (Seggie & Griffith 2008).

This vast array of previous literature depicts that organizations need to be very careful in providing effective leadership to their management and employees, involve all the employees in decision making and manage the performance of the employees with respect to the overall strategic goals of the organization for proper TQM implementation with the aim of achieving competitive advantage by providing superior value to the customers.

Theoretical Framework

Figure: 2   Researcher's Own Processing.
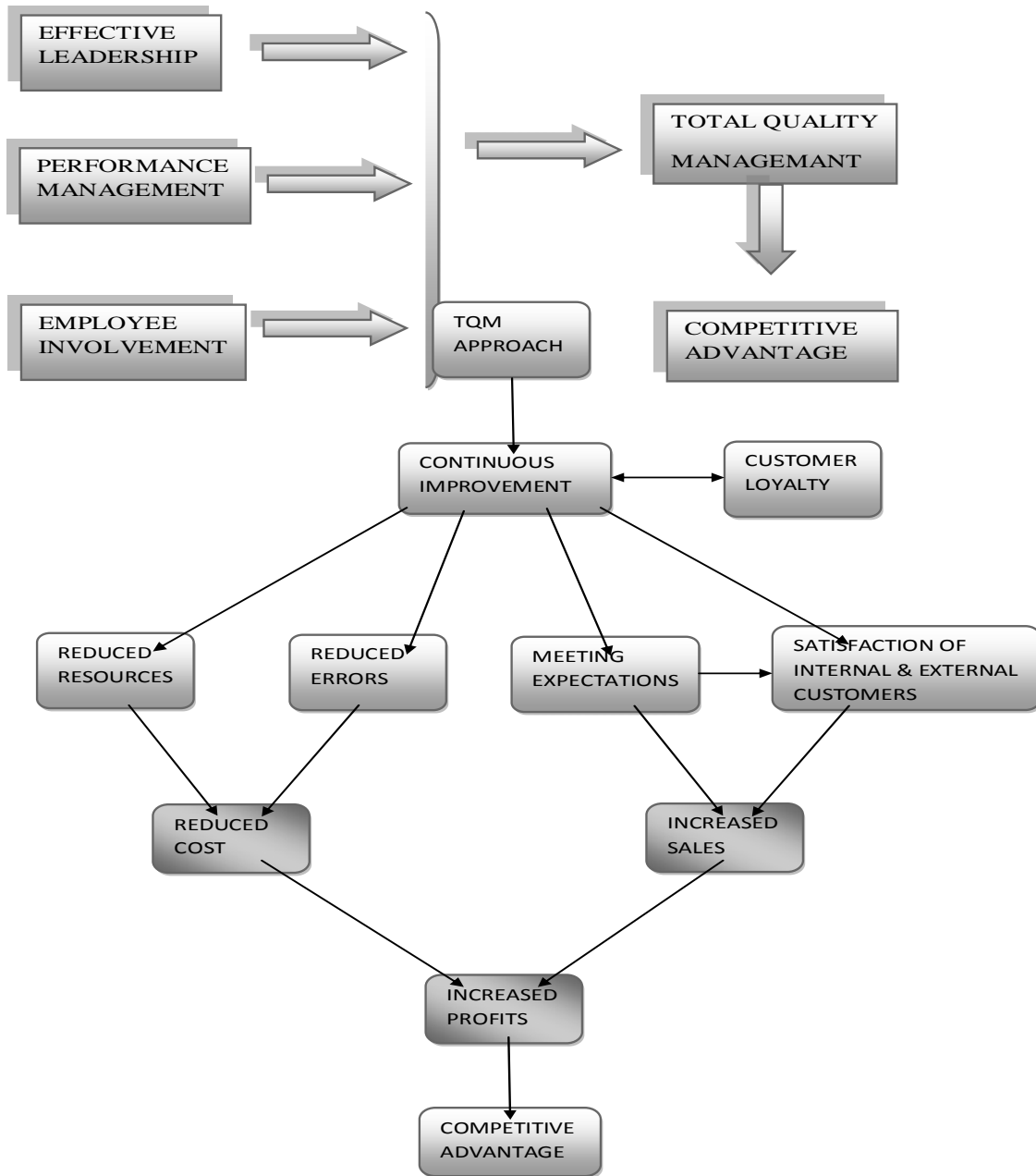
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