THE RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND TOTAL QUALITY MANAGEMENT: A CASE STUDY IN THE THAI CONVENIENCE STORE

by

Anuchat chamchong
Doctor of Business Administration Program,
School of Business, University of the Thai Chamber of Commerce,
Bangkok, 10400, Thailand
Email: anuchat_c@hotmail.com

and

Phusit Wonglorsaichon
School of Business, University of the Thai Chamber of Commerce,
Bangkok, 10400, Thailand
Email: dr.phusit@gmail.com

ABSTRACT

The total quality management has become internationally interesting topic. Several research papers investigate the impact of total quality management on customer satisfaction in both service and manufacturing industries. Many research papers were done in developed countries, on the other hand, only a few study was done in developing countries. This paper wills closing the gap by examines the relationship between total quality management and customer satisfaction in the Thai service industry. The 200 questionnaires were sent to the customer of the convenience store in Thailand. The results are reported and confirmed that the total quality management has a positive relationship with customer satisfaction in service industry. The study also supported that customer participation and continuous improvement can increase customer satisfaction. In addition, the study finds that total quality management can be applied in the developing country. A discussion of the result is presented and directions for further research on total quality management.

KEYWORDS
Customer Satisfaction, Total Quality Management, Service, Manufacturing

INTRODUCTION

The increasing competitive in economic mode such as in the Thai convenience store industry makes the company improve the quality management practice to improve the company competitive advantage. Quality management practice included all kind of quality program that can improved product, service, reduce cost and customer satisfaction. The concept of quality management practice has been interested since the beginning of quality revolution in Japan in the 1950s. The quality management practice consisted of quality control, quality measurement total quality management and ISO 9000 quality system. Most existing research only concern on the relationship between quality management practice and business performance.

Mostly the empirical study about the impact of total quality management practice to the customer satisfaction has done in the developed countries such as USA, EU, Japan and Australia. However, there is little empirical study in Thailand and other Southeast Asian developing countries. The impact of total quality management on customer satisfaction needs to be investigated more extensively, because of the limitation of empirical research especially in Thailand. Do the total quality management has a positive impact to customer satisfaction in the Thai convenience store industry, need to be answered. It is vital for the Thai company to improve their customer satisfaction to cope with the higher competition by applying the total quality management practice. This study will focus the relationship between the total quality management and customer satisfaction in 7/11 in Thailand.
Literature Review and Theoretical Framework of the Study

History of Total Quality Management

The very first total quality management concepts was Deming (1986) 14 points which included creating of constancy purpose for improvement of product and service, adopt quality management as the new policy, stop dependence on mass inspection, ending the emphasizing on the production cost, constantly and forever improve the system of production and service, new method of training, new method of supervision, drive out of fear, cooperation between staff areas, elimination of numerical goals for the workforce, elimination of numerical quotas, removing the barriers that hinder the hourly worker, new program of education and training and top management involvement of quality managements.

The next total quality management concept belonged to Juran (1986), who explained that the management was responsible for establish a quality council, management also should establish the quality policy, the management has to included the time frame for quality goal and lastly management has to provided all necessary resource needed to achieve the quality goal.

Crosby (1984) also contributed to the development of total quality management by introduced the concept of zero defects, do it right at the first time, the system of prevention and the focusing on the measurement of quality.

Basing the idea of Juran and Deming, Ishikawa (1985) influenced the Japanese understanding of total quality management concept. Ishikawa concern on four aspects of total quality management, which included quality circle, continuous training, quality tools such as fish bone diagram and quality chain.

In the 1980s and 1990s, many company in the US, EU and Japan followed the quality management approach in order to improved their product and service. As the result, the companies that implemented the total quality management practice can save cost of production and service. Goldman (2005) noted that the customer’s need should be included to the development of product, process and service. There were a large number of literatures that study the relationship between customer satisfaction and total quality management practices.

Total Quality Management and Customer Satisfaction

According to Bernhardt et al. (1994), Eklof and Westlund (1998), and Geyskens et al. (1999), customer satisfaction was very vital to the profitability of the organization. Naumann (2001) pointed that customer satisfaction is a part of strategic planning of the organization. In addition, Augus (2000) said that implementing total quality management could improve the company’s customer satisfaction. Ingram and Chung (1997) explained that total quality management practices could increase customer satisfaction in health care industry. More over, Haisin (2001) added that total quality management can improved the competitive of the hospital in Thailand. Aghazadeh (2002) also agreed that a total quality management practice is absolutely important for business.

Many researches have study the impact of total quality management practices on customer satisfaction in the service and manufacturing industries. Al-Saggaf (1997) revealed that total quality management practice can improved customer satisfaction in electrical industry in Saudi Arabia. More over, Kanji et al. (1999) reported that total quality management can increased customer satisfaction in UK. Universities.

However, some researches such as Elmuti and Kathawala (1999) indicated that total quality management fails to improved customer satisfaction in service industry.
### TABLE 1
THE DEPENDENT VARIABLE AND INDEPENDENT VARIABLE IN TOTAL QUALITY MANAGEMENT RESEARCHES

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
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<tbody>
<tr>
<td>Employee participation</td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>Top management commitment</td>
<td>Quality of product</td>
</tr>
<tr>
<td>Training</td>
<td>Variety of product</td>
</tr>
<tr>
<td>Organization support</td>
<td>Quality of service</td>
</tr>
<tr>
<td>Customer focus</td>
<td>Cost of the product</td>
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<tr>
<td>Team work</td>
<td>performance</td>
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<tr>
<td>Continuous improvement</td>
<td>Customer expectation</td>
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<tr>
<td>Statistical tools</td>
<td>Knowledge transfer</td>
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<td>Supplier quality management</td>
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<td>Quality tools</td>
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</table>

### RESEARCH MODEL

**FIGURE 1**
CONCEPTUAL FRAMEWORK

![Conceptual Framework Diagram]

Figure 1 illustrates a conceptual framework of the relationship of total quality management practices and customer satisfaction.
HYPOTHESES DEVELOPMENT

H1. Team work in convenience store is positively correlated with customer satisfaction
H2. Solving problem by team work in convenience store is positively correlated with customer satisfaction
H3. Multi-functional employee in convenience store is positively correlated with customer satisfaction
H4. Customer focus in convenience store is positively correlated with customer satisfaction
H5. Customer involvement in convenience store is positively correlated with customer satisfaction
H6. Customer cooperation in convenience store is positively correlated with customer satisfaction of the variety of product
H7. Continuous improvement in convenience store is positively correlated with customer satisfaction
H8. Quality system improvement is positively correlated with customer satisfaction

RESEARCH DESIGN AND METHODOLOGY

This research is an empirical study that investigates the impact of total quality management on customer satisfaction of the convenience store in Thailand. To answer the research questions, the questionnaire consisting of 30 question items was developed in the study. The study begins by pre-test the questionnaire, the managers from the Thai Chamber of Commerce organizations member were asked to review the original questionnaire and improved it to enhance reliability and validity. This study uses a five-point Likert scale (1="totally disagree" to 5="totally agree") to measure all items. Samples of 150 customers of the convenience store were selected randomly. Each was asked to participate in the research. The questionnaire was administered in Thai. To ensure that the concept has the same meaning in Thai and English, the process of double translation was done. The responses were collected from July to August in 2010 in Thailand.

RESULTS

There are significant positive correlations between customer satisfaction and each of the independent variables, which included team work, customer involvement, and team work. In particular, one should note that there is high correlation between team work and customer satisfaction.

Regression analysis was employed to test the research hypotheses. For H1, the result indicated that the degree of team work in convenience store is positively associated with customer satisfaction (adjust r square = .529, p < 0.01). Therefore, H1 is confirmed.

For H2, the result show that solving problem by team work in convenience is positively correlate with customer satisfaction (adjust r square = .516, p < 0.01). As this result, H2 was supported. The multi-functional employee in convenience store has statistically significant associated with customer satisfaction (adjust r square = .198, p < 0.01). This implied that H3 is confirmed.

To explore the influence of customer orientation on customer satisfaction, propose in H4, H5, and H6, regression analyses were applied. The customer focus is statistically significant correlated with customer satisfaction, (adjust r square = .027, p < 0.05). More over, the result provided empirical support for effect of customer involvement on customer satisfaction (adjust r square = .027, p < 0.05). Similarly, the result also provided statistically significant data that customer cooperation in convenience is positively correlated with customer satisfaction. Overall, we can assert that the customer orientation have effected on customer satisfaction. This implied that H4, H5, H6 are particularly confirmed.

Lastly, the H7 and H8 also confirmed. Continuous improvements as well as quality system improvement have a statistically significant effect on customer satisfaction (adjust r square = .027, p < 0.01).

In summary, the results show that all of the total quality management practices have a statistically significant effect on customer satisfaction. This mean implementing total quality management practice can increase customer satisfaction.
This study examines the total quality management practices – customer satisfaction relationship. The study provided empirical evidence that total quality management practices have a positive impact on customer satisfaction. Besides, the result highlight the important of role of each total quality manage practices, which include team work, customer focus and continuous improvement, has a statistically significant direct link to customer satisfaction.

Evidences from this study support a strong relationship between the extent of total quality management implementation and customer satisfaction. The result is supported by the study of Anderson et al. (1995) and Forza and Filippini (1998), which explain that the out come of total quality management is customer satisfaction. Rungtusanatham (1998) and Choi and Eboch (1998) provide support for the total quality management have a strong impact on customer satisfaction. Additionally, the study associated with Das et al. (2000) that total quality management practices have a positive correlation with customer satisfaction.

This lead us to conclude that there is no merit arguing that total quality management practice can be successful only in developing countries. The total quality management can also be useful in developing country like Thailand.

Furthermore, the study found that total quality management can be equally effective in service industry. The results are in line with resent study (Mehra and ranganathan, 2008). In addition, the research reinforces Hasin et al (2001) assert that hospitals in Thailand can increase competitive advantage by applying total quality management practice.

From the manager’s perspective, the empirically validated the positive effect of quality management practices on customer satisfaction is encouraging for those manager who are consider implementing total quality management practice.

**MANAGERIAL IMPLICATIONS**

This study is applied able for manager of convenience store in many ways. First, it explained that total quality management practice, especially team work, is benefit to customer satisfaction. Managers should invest money as well as time to implement the total quality management practice to enhance the customer satisfaction.

Second, this implies that team work of employee is the most important part of total quality management program that can affect the customer satisfaction. Manager should encourage solving problem by team work as well as train employee to multi task.

Third, the manager should develop the customize skill of work force to more understanding customer need as well as let the customer to participate in product and service selection.

**LIMITATIONS**

The firm in this study were draw from 7/11 convenience store, the biggest convenience store in Thailand, and there for may only be generalized to that industry. Even though a sample size of 150 is adequate for statistical analysis, should be careful of generalizing the finding beyond associated hypothesis test. The research use self-rating scale to measure total quality management practices is likely to have higher value of mean.

**DIRECTION FOR FUTURE RESEARCH**

This study provides some direction for future research. The empirical study should examine the relationship between total quality management practice and customer loyalty. Besides, the future study should focus on the implementing total quality management in new economy market in Asian countries, like Thailand, Malaysia and Vietnam, whose economy is expanding nowadays.
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