THE ADEQUACY OF QUALITY MANAGEMENT WITHIN THE COMPANY STRATEGY: A WAY TO ACHIEVE BETTER CONTINUOUS IMPROVEMENT CASE OF MOROCCAN COMPANIES

Mohamed Amine M'BARKI
National School of Management/University Abdelmalek Essaâdi
MOROCCO
mbarkima@yahoo.fr

Sara RBILI
National School of Management/University Abdelmalek Essaâdi
MOROCCO
sara.rbili@gmail.com

ABSTRACT

An ever increasing number of certified companies, and the new tendencies brought by the 2015 version of the ISO 9001 standards which are clearly integrating the strategic aspect in the quality project supervision, bring up an ongoing debate. What is the mutual impact between the strategic reflection of the company and the quality process? And under which conditions? To fully play its role as a determinant of competitiveness, quality must not be taken as a set of techniques performed operationally. But it has become an inseparable part of the general guidelines of a company and fit into its strategy. Based on the organizational theories, the strategic schools, the key concepts of the TQM, and the contributions of 2015 version of the ISO 9001 standards we have proposed a performance-based unified theoretical integrative framework. From a methodological point of view, the coherence between the problematic and the data to which we have access and the nature of the studied phenomenon, has led us to prioritize a multi-method and sequential research approach. The purpose of this article is to demonstrate the importance of the adequacy of quality management within the company strategy and discuss its competitive components. This research provides a comparative analysis of business because it justifies the need of the contribution to the achievement of competitive advantage through Quality Management.

Keywords: Quality approach, Business strategy, relationship, competitive advantage, performance.

INTRODUCTION

Quality management is one of the most important research topics in organizational management. Dean and Bowen[1] (1994) highlight the increased level of interest in quality management in many sectors of the economy such as industrial, service, health care, education and government. Today, quality management is an organizational goal widely accepted for many businesses. It is now widely accepted that the underlying quality management practices are fundamental and essential for effective management and for competitive survival of organizations. Researchers define quality management as both a set of guiding principles and management style which are adopted by managers in organizations to improve competitiveness and organizational performance.

In an environment marked by fierce competition, with new forms of partnerships and a potential supply exceeds demand, all companies recognize the quality vector of competitiveness and key strategic variable.

[1] **DEAN, J. J. W., BOWEN, D. E.** (1994). *Management theory and total quality: improving research and practice through theory development*. Academy of Management Review 19 (3):

The company as an open system, is influenced both by its external and internal environment. The consideration of the quality management within the business system, allows to highlight the role of management and to review the strategic actions capable of transforming environmental constraints into opportunities.

To do this, a study framework is developed according to a comprehensive review of the literature on the relationship between business strategy and quality management as well as a temporal comparative case study of three Moroccan companies that adopt system quality management for the achievement and maintenance of their outputs.

The results of this research indicate that the establishment of a management system for quality necessarily involves achieving constant and continuous improvement, which affects all aspects of the business and which is oriented towards satisfying all stakeholders of the company. Moreover, the success and effectiveness of such Management System assumes a deep involvement of top management through a research of a strategic balance between the direction of the company and of the specific requirements of the system Quality Management.

LITERATURE REVIEW

In this time of globalization, quality has become a vital need for competitiveness and sustainability of enterprises. However, the quality of management practices have experienced profound changes, they depend on industrial developments, economic movements of history and maturity of societies.

The challenge is major, Moroccan companies must adapt to new market trends, align with the demands and pressure of contractors and develop new business models allowing them to focus on the core of their business and review their processes.

In this context, the establishment of a quality management system necessarily requires the achievement of continuous improvement and continuous, which affects all aspects of the business and that is geared towards the satisfaction of all stakeholders of the company. Moreover, the success and effectiveness of such a Management System assumes a deep involvement in top management through research to find a strategic balance between the direction of the company and of the specific requirements of the Quality Management system.

1. Implementation and dissemination of the quality direction in corporate strategy

Before demonstrating the importance of the adequacy of quality management within the company's strategy, it is first necessary to define the strategy and adhere to it in the formulation of Henri Bodinat and Vincent Mercier: "business strategy can be defined as a choice, given the competition and future environment, areas where the company will engage and determining the intensity and nature of its commitment ... the strategy is how the company invests its financial or human resources to modify in its favour or stabilize a competitive situation, in light of changes in the present and future environment. "[2]

In this context, it is inconceivable to conduct an independent quality strategy to the overall strategy of the firm; its integration into the company's project is a necessity that has resulted

[2] **BODINAT, H. & VINCENT, M. (**1975.) *L'analyse stratégique moderne*, Stratégie, Harvard-l'Expansion,. Revue des responsables. S.A. Groupe Expansion, Paris.

in recognition of the quality of products from the stage of strategic analysis. , In addition, it allows ensuring consistency of quality policies being defined in the main departments of the company, the general strategy of the company. This integration of quality in operational management or strategic management actually falls into two different time horizons:

The first, tactical decisions relating to daily operations while the second, strategic decisions affecting the long-term.

Making quality a competitive factor constitutes as a type of strategic decision involving the commitment of senior management and introducing effects at all levels and in all functions: research and development, marketing, manufacturing ... etc.
Thus, since the first strategic models from Harvard Business School and the Boston Consulting Group, to the Porter model of Strategic Planning Institute in Boston, the intrinsic quality of products / services and the quality perceived by customers have come to play an increasing role in the competitive advantage of companies. The relationships established in the 1970s by the Boston Consulting Group between the affect of experience, position- in terms of costs, market share and profitability showed the attractiveness of the market as the main component of the strategic capacity of business and left no room for quality. Through the Porter model, Product quality takes its place in competitive strategies and forces it to become the main component.

According to the international standard definition, the quality of a product or service is the set by intrinsic characteristics that gives it the ability to satisfy the needs or expectations expressed, usually implicit, or imposed, "If one refers to this definition, we perceive how this element has been crucial, since the beginning of industrialization in the seventeenth century, the success of a company, and how much it is even more so today given global competition affecting all sectors. However, beyond its standard definition, the quality of a product or service does not happen by itself. It can be considered as a social construction, an agreement at some point in the dominant criteria, a compromise between the various and sometimes conflicting demands of factors it involves. In the field of services, the definition of quality is even more uncertain, in part, due to the immateriality of elements and within the servuction process.

Moreover, by the fourth century B.C., Aristotle distinguished what he called the primary qualities and secondary qualities; it already laid the foundations of a theoretical opposition, very present in literature.

Management strategy and quality are too young disciplines, which have continued to attract the interest of stakeholders and practitioners.

Despite the relative youth, strategic thinking is already very apparent. It has evolved in a deep way, due to the transformations of the environment, these developments of strategy will be consistent with the development and evolution of quality and this parallel evolution will shed a particularly interesting light on quality.

2. Quality as a determining factor of strategic business profitability

The primary purpose of a company lies in the short term to "survive", that is to say meeting its financial commitments. In the short and long term, to be profitable, meaning it is able to generate profit.

Profitability is a general indicator of business health; it demonstrates its ability to create value, as in producing profits according to its means. An entrepreneur is always looking for good health, whether business is profitable or not, the will to improve and reach a level of comfort is one of its major concerns.

This obvious and indisputable premise once asked, the way to reach it is very complex. Indeed, it depends on the combination of many factors related to both the internal functioning of the company, its business, and the economic, social and societal context in which it operates. These factors should be identifiable, appropriate, relevant and all contributing indicators should be defined and controlled to enable business agility to achieve its performance objectives. The company must be organized and structured accordingly, and able to define declining strategy, and able to explain it to gain the trust, involvement and motivation of its human capital, its customers, suppliers and creditors

In this context, the strategy aims to bring together the organization and the competitive environment in which it revolves and how it should act appropriately in a given environment.
Quality can also be considered a determinant of profitability and competitiveness, it is however necessary to distinguish those who have discussed the impact of product quality, strictly speaking, and those who have tackled the impact of Quality Management. As well as, the impact on the quality of the costs of products, the authors indicate the existence of different results following their definitions given the concept. If quality is defined as conformance to specifications, quality and cost are inversely related as Crosby was able to support through the school of zero-defect quality costs as did BELOHLAV (1993)[3] who was able to argue through the Motorola case. On the other hand, if quality is defined as excellence, costs appear to be positively correlated with quality: obtaining goods and / or services requires great investments and expensive process.

Indeed, the work from the PIMS project shows that product quality was seen as an important substitute for market share, and other research such as CURRY and FAULDS[4] (1986) shows that the products and / or excellent services reduce ultimately the potential market share that the company could obtain.

Regarding the influence of quality management, Hackman and Wageman[5] consider that to date the "positive" impact on the company's performance is not yet scientifically proven, although the vast majority of work on the subject seems to confirm this. For Hackman and Wageman, too many limitations are associated with these researches: they usually present specific case studies (80% of the research conducted by the authors), and too many measurement problems are associated with it (performance measurement of the firm, exogenous factors that may obscure the relationship between two variables, response time factor). In addition, the undisputed success of several firms that have incorporated quality as the guide of their strategy and at the same empirical and theoretical analyzes findings were made regarding the many companies that have tried to implement the management principles of quality without having drawn the expected results can only confirm this doubt mentioned by Hackman and Wageman. In an article published in 1996, Lemak and Montgomery[6]

[3] **BELOHLAV, J. A.** (1993), "*Quality, strategy and competitiveness*", California Management Review, Vol. 35, No. 3,
[4] **CURRY, D., D. FAULDS.** (1986). *Indexing product quality: Issues, theory, and results.* J. Consumer Res. 13 1.
[5] **HACKMAN, J. R., & WAGEMAN, R.** (1995). *Total quality management: Empirical, conceptual, and practical issues*. Administrative science quarterly, 40.
[6] **REED, R., LEMAK, D. J. & MONTGOMERY, J. C.** (1996). *Beyond process: TQM content and firm performance*, Academy of Management Review, Vol.21 (1),

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provides explanatory hypotheses of this variable impact. Their words seem particularly interesting because they bring into perspective the influence of the firm's nature and environmental impact that can have a quality approach on the company's performance.

METHODOLOGY

1. Choosing the approach and methods of work

We opted for a monographic study in depth into three companies in the same industry.
This phase is therefore subject to three types of investigation: First direct observation to familiarize ourselves with our field research through consultation of periodic meetings PVs (including management reviews, which generally take place every six months) specific meetings such as those held with customers or suppliers, monitoring activities (launch of a new project, opening of a sales office ...) and finally through an analysis of the Quality management system (QMS). Secondly, indirect observation by analyzing documents and procedures. In the end, these two first investigations have allowed us to establish a maintenance guide of management and quality managers in order to consider the following components: The strategic direction of the company and other units of the company's quality certification itself including: Positives of the initial motivation, the negatives considered , and the last step was the subject of an interview with the entire management team of a company, 35 semi-structured interviews each lasting an average of one hour and a half.

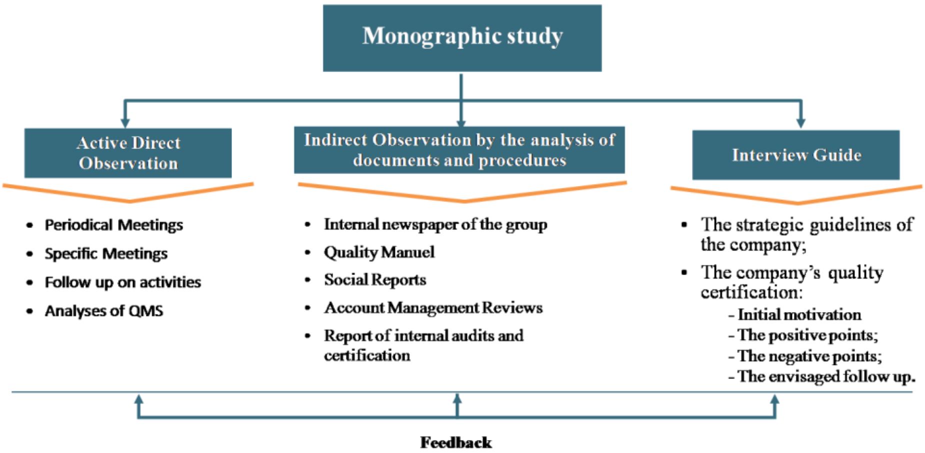

Figure 1. The working process

It is essential to verify and supplement the results obtained by looking through these different techniques.

The objective of this study is to prove the importance of the adequacy of quality management within the strategy of the company and discuss its competitive components

2-The context of research

Porter[7] defines the strength of the company through three modes of action, each constituting as a generic strategy, that is to say, a strategy that the company should focus its resources on: in the strategy of domination costs, the differentiation and the concentration. The success of the firm then lies in its ability to choose the generic strategy best suited to the market situation in terms of five basic forces characterizing its attractiveness. Through the Porter model, and the opposite of portfolio models, the strengths of a company, compared to the competition, are the major components of its strategic capacity; and Quality is then likely to play a role. However, this role is different in each generic strategy. Through a strategy of cost

[7] **PORTER M.E.** (1980), *Competitive strategy*, Free Press, New York.

leadership, quality is important in this as it is synonymous with increased efficiency in the production system, in the positive role of quality in a leadership strategy costs will be in play to the extent where quality is defined as conformity and not as excellence, which is generally the case in the context of a cost-based strategy. As for the differentiation strategy, it relies largely on advertising and promotional actions to value objective differences (performance, usage characteristics) between the products offered by the company and those by the competition. However, the valuation of differences with the client is shown as being as important as the gap itself, the differentiation strategy alone does not necessarily correspond to an improvement in the intrinsic quality of the product, even if it is accompanied in a general way. Moreover, such a strategy can be based on other factors, such as the time, safety or convenience. 8

Regarding the concentration strategy, it is to focus the company's operations on a specific market segment (individual clients, geographical area ...). It is based on the idea that the firm is able to serve its target more effectively than competitors who struggle in a wider area. As part of this strategy, improving the balance between supply and demand is mainly due to better knowledge of the needs expressed by customers.

From the late 1980s, the increasing instability of business and the economic environment highlights the limits of the Porter model, mainly the rapid and continuous changes in the nature of the five fundamental forces defining the attractiveness of the market and guiding this type of generic strategy to implement. The strategic capacity of a company is then assimilated to its adaptability to the environment. The idea is that if consumers are increasingly inconstant (volatile demand, based on different situations and moods of the moment), it is not necessarily a new menace for the company. Provided it is not detached from traditional typologies of its products or services.

The introduction of quality in to the company's strategy is directly dependent on the perception of the company, so the quality process is studied taking into account alternately different approaches although its role may evolve but it is important to question the stimulus of the evolution or its obstruction.

3. The choice of research criteria

The choice of our research problem is mainly based on two assumptions:
Initially, by asking as a starting axiom that companies use the Quality Management to improve their competitiveness and / or profitability for this, we propose a relational framework between the current strategic direction of the firm, associated components of TQM and the resulting performance.

[8]DEAN et BOWEN, 1994 : p.403

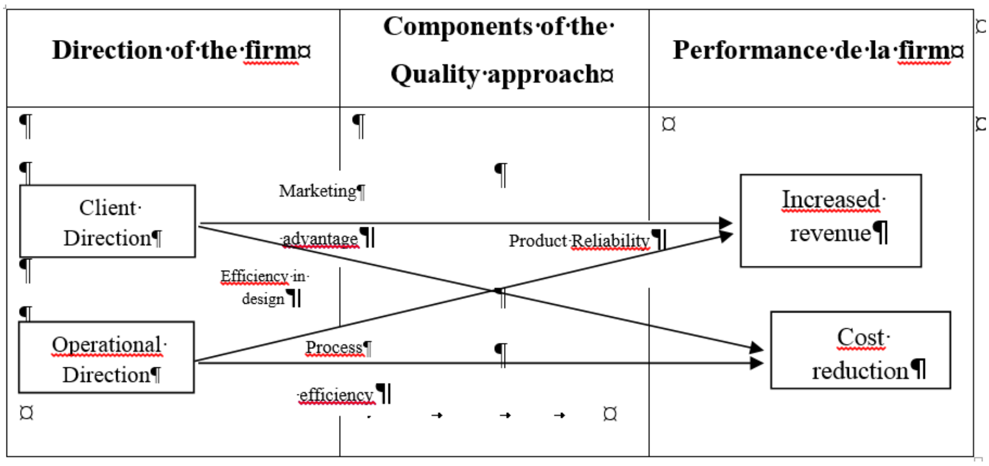

Figure 2. The strategic directions of the company

Secondly, offering four hypotheses based on the idea that the impact of the various components of a quality approach on the company's performance actually depends on the fit between the strategic direction chosen by the firm and the uncertainty of its environment:

		Level of the environmental uncertainty of the firm	
		Important	**Low importance**
strategic direction chosen by the company	**Client Direction**	*Hypothesis 1:* Impact of marketing advantage	
		Beneficial in relation to the increase in revenues	Damaging as in links to loss of income and / or increases in marketing costs
		Hypothesis 2: impact of efficiency in design	
		Beneficial in relation to cost reduction	Damaging in relation to expenses and additional administrative costs
	operational Direction	*Hypothesis 3:* impact of process efficiency	
		Disadvantageous because increased production costs	Beneficial because reduction in production costs
		Hypothesis 4: impact of product reliability	
		Disadvantageous because increased production costs	Beneficial because reduction in the revenue increase

The choices and strategic direction of the company determine the role played by quality and environmental aspects, its competitive position and the value of its assets and skills according to its degree of integration and competitive advantage. In this case the company is not exposed to being prompted systematically to all competitive pressure on the market, it can ignore certain quality requirements because it believes that its clientele is very sensitive.

RESULTS

This first qualitative step has enabled us to achieve a number of related lessons to bilateral contributions between strategy and quality.

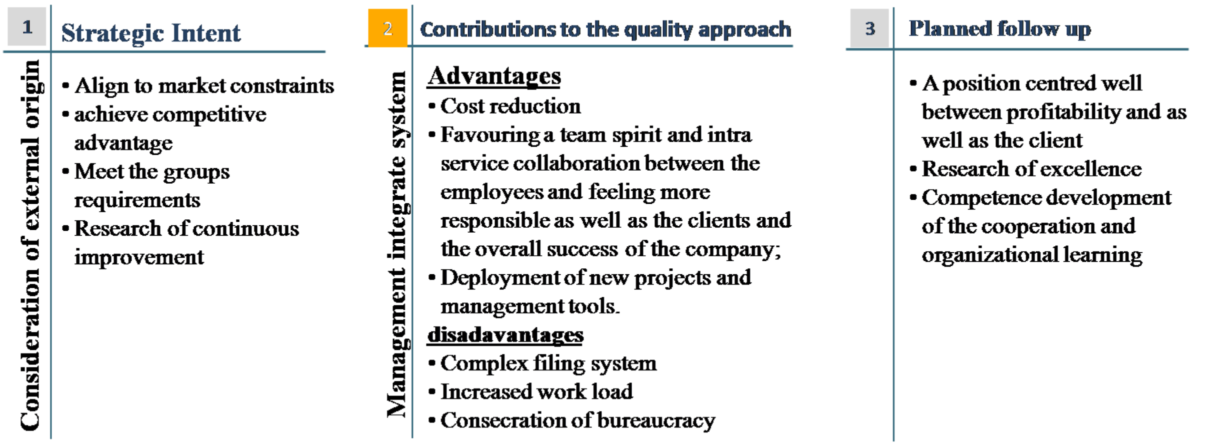

Figure 3. Preliminary results

Indeed, the overall quality approach emanates from considering external sources of the company; it is motivated by the need to align to market constraints, to achieve competitive advantage as well as compliance with group requirements which the company belongs. And in some cases, the quality approach is adopted in search for continuous improvement.

In terms of the contributions of this approach for the company we noticed the lack of consensus on goods made in quality. Indeed, despite the benefits of the certification mentioned by the interviewees including:

• Cost reduction

• Fostering teamwork and intra-department collaboration among employees who feel more and more responsible towards customers and the company's success

• Deployment of new projects and management tools

Others insist the bureaucratic nature of this approach induced a retrieval system too complex and increased the workload for employees.

Despite these dilemmas on the strategic opportunity of a quality approach, some companies are aware of the issues of strategic quality, wishing to lead to a reflection promoting the following:

• Positioning centered both on profitability as well as on the client

• The quest for excellence

• Skills development, cooperation and organizational learning

These early findings have allowed us to establish three types of choice of quality approaches to implement, according to the degree of involvement from top management.

At first a traditional-classical approach: Where quality is a necessity laid down by the market to strengthen the company's competitive position in its sector. This configuration allows certainty to increase the commercial value of the company but in detriment of the social climate within the company due to the absence of a staff incentive structure. This may lead to social conflicts in the long term and therefore a destruction of stakeholder value.

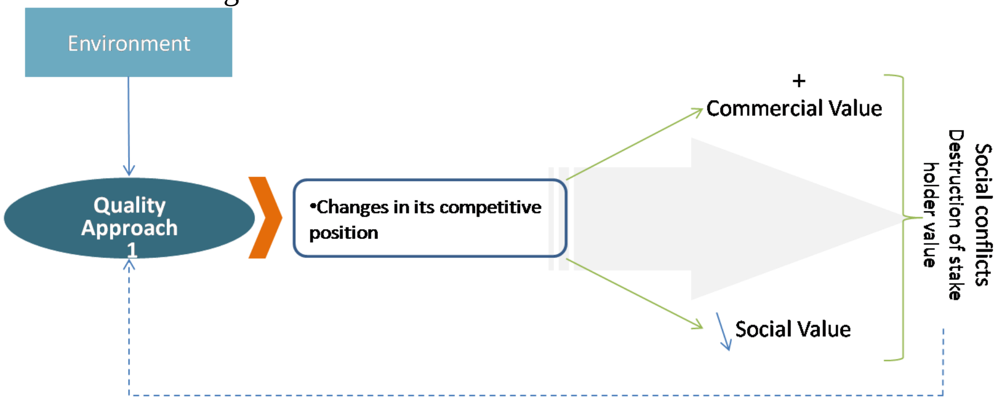

Figure 4. Configuration 1

The second configuration requires implementing a quality approach conforming to the groups norms.

Thus, the company has some expertise and resources to earn a comfortable competitive position and at the same time improve the organizational capacity of the company. This form allows the organisation to generate positive competitive value while maintaining the societal value of the firm and therefore its stakeholder value.

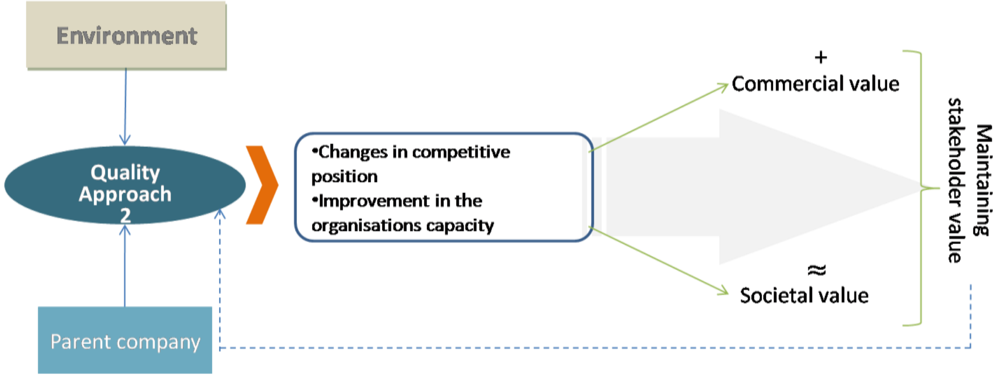

Figure 5. Configuration 2

A third approach which strongly involves the manager's direction to make the access of quality policies. This configuration allows, through the support of the group, to Change the competitive position and improve organizational capacity, in addition to staff training and deployment of new projects and management tools. This continuous improvement process allows both the creation of business, economic and societal value. And it is this configuration that is deemed most efficient to create stakeholder value.

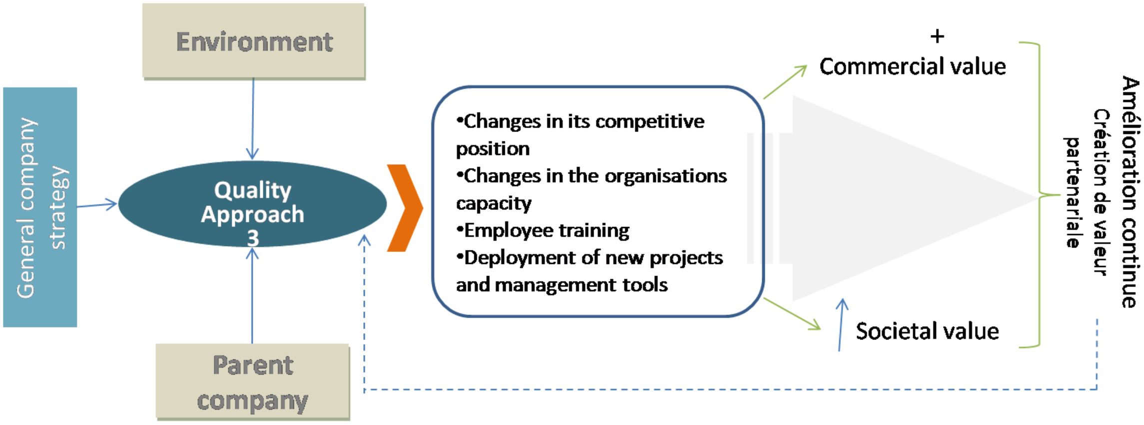

Figure 6. Configuration 3

Analysis of the resulting three configurations of our study allow us to conduct a comparative study on the level of involvement that quality has in the overall strategy of the company and its role in the profitability of the company.

The first configuration (figure4) shows that quality was introduced to the business strategy by exogenous influence, while quality (figure6) emerges from the will of the parent company. Also the approach of the parent company is at times pro active or reactive, it appears that the quality and value creation are regulated alternatively.

The fourth Quality approach changes the nature of value creation, but keeps the significance of the company and finds new commercial arguments.

The third quality approach, in turn is used to start new business value creation. For this, it relies on the composition of the economic value created in its organization. While the

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commercial value could be compromised within quality approach 2, it has been enhanced with the introduction of new quality insurance.

CONCLUSIONS

The major strategic challenge is to acquire and master the skills and resources enabling the organization to differentiate itself from its competitors, to develop its activities, to innovate or to have sufficient flexibility to adapt to changing requirements in the environment.
The principle of continuous improvement of quality improvements induced on other sources of competitive advantage, such as their position in terms of costs. For example, Quality Management may even transcend the strategy: if an organization implements a strategy of continuous improvement of quality, other strategic considerations are somehow of secondary interest.

Our research has helped to highlight the competitive elements of quality and show the impact of quality management on business performance which depends on the fit between the company's strategy and its environment, which has become increasingly more volatile and uncertain over the past two decades.

The strategy focused on resources, is contemporarily accepted as the strategic response best adapted to this variability of the environment, and appears as the most efficient strategy to maximize the impact of quality management on business performance.

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