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Ακαδ. Έτος 2017-18

Master Thesis

**Human Resource Management in the light of Total Quality
Management**

Διοίκηση Ανθρωπίνων Πόρων υπό το πρίσμα της Διοίκησης
Ολικής Ποιότητας

Giannoulis Panagiotis

Supervisor: Ioakimidis Marilou

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Διπλωματική Εργασία

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Management

Γιαννούλης Παναγιώτης

Επιβλέπουσα: Ιωακειμίδη Μαριλού

Διπλωματική εργασία υποβληθείσα στο Τμήμα Οικονομικών Επιστημών του Εθνικού και Καποδιστριακού Πανεπιστημίου Αθηνών ως μέρος των απαιτήσεων για την απόκτηση Μεταπτυχιακού Διπλώματος Ειδίκευσης στη Διοίκηση, Αναλυτική και Πληροφοριακά Συστήματα και Επιχειρήσεων.

Ο Γιαννούλης Παναγιώτης του Ιωάννη, βεβαιώνεται ότι η υποβληθείσα εργασία είναι προσωπική εκτός όπου γίνεται αναφορά σε εργασίες άλλων.

Abstract

The aim of this study is to review the concepts of Total Quality Management (TQM) and Human Resource Management (HRM) through an overview of international and Greek literature. Through these concepts, we will try to identify the main points that the modern administrative officer should focus on in order to manage the work of the company's staff by combining traditional management practices with the modern methods proposed by Total Quality Management. We will investigate TQM and the way in which staff management can be improved with the ultimate goal of increasing productivity, creating satisfied customers and other positive results in the company, and staffing the organization with competent and satisfied employees.

More specifically, in Chapter 1 a presentation of the concept of quality and its dimensions is made, and then a reference is made to the quality “gurus”. Additionally, we present the philosophy of Total Quality Management adopted by almost all organizations in the present era and it is attempted to be understood through the various definitions that have been formulated in the international literature and also through the critical factors that govern it as well. By closing the chapter, reference is made to the historical evolution of the TQM, that is, when, where and what form it had when it appeared and formed through the decades.

Chapter 2 gives an overview of bibliographic reports on Human Resource Management. Initially, we are talking about Personnel Management (PM). PM is practically the earlier version of HRM. At the same time, we try to identify the differences and the similarities between them and lastly, we refer to the historical development of the HRM - from social welfare officers to the Strategic Human Resource Management at the present time.

Finally, Chapter 3 describes the coexistence of HRM with the TQM philosophy within an organization, if it has been achieved to some extent and what adjustments the Human Resources Department needs to make for the successful implementation of the TQM. Next, we highlight the HRM practices related to the successful implementation of the TQM through a research of several studies in the international literature, which are Recruitment and Selection, Training and Development, and Incentive Compensations, and finally, the positive outcomes of common practices of TQM and HRM are presented on the employees of an organization and on the organization itself.

Περίληψη

Στόχος της παρούσας εργασίας είναι μέσα από επισκόπηση της διεθνούς και ελληνικής βιβλιογραφίας, να αναλύσουμε τις έννοιες της Διοίκησης Ολικής Ποιότητας (ΔΟΠ) και της Διοίκησης Ανθρώπινων Πόρων (ΔΑΠ). Μέσα από τις έννοιες αυτές θα προσπαθήσουμε να εντοπίσουμε τα κυριότερα σημεία στα οποία θα πρέπει να εστιάσει το σύγχρονο διοικητικό στέλεχος, προκειμένου να διευθύνει το έργο του προσωπικού της επιχείρησης, συνδυάζοντας τις παραδοσιακές πρακτικές διοίκησης, με τις σύγχρονες μεθόδους που προτείνει η Διοίκηση Ολικής Ποιότητας. Θα γίνει διερεύνηση της ΔΟΠ και του τρόπου με τον οποίο μπορεί να επιτευχθεί βελτίωση στη διοίκηση του προσωπικού, με τελικό στόχο την αύξηση της παραγωγικότητας, τη δημιουργία ικανοποιημένων πελατών, τη στελέχωση του οργανισμού με ικανούς και ικανοποιημένους εργαζομένους, αλλά και άλλων θετικών αποτελεσμάτων στην επιχείρηση.

Πιο συγκεκριμένα, στο Κεφάλαιο 1 γίνεται μια παρουσίαση της έννοιας της ποιότητας καθώς και των διαστάσεων που λαμβάνει και στη συνέχεια γίνεται μία αναφορά στους «πατέρες» της ποιότητας. Έπειτα, παρουσιάζεται η φιλοσοφία της Διοίκησης Ολικής Ποιότητας που υιοθετούν όλοι σχεδόν οι οργανισμοί στη σημερινή εποχή και γίνεται προσπάθεια να γίνει κατανοητή μέσα από τους διάφορους ορισμούς που έχουν διαμορφωθεί στη διεθνή βιβλιογραφία, αλλά και μέσα από κρίσιμους παράγοντες που τη διέπουν. Κλείνοντας το κεφάλαιο, γίνεται αναφορά στην ιστορική εξέλιξη της ΔΟΠ, δηλαδή πότε, πού αλλά και με τι μορφή ξεκίνησε και διαμορφώθηκε με το πέρασ των δεκαετιών.

Στο Κεφάλαιο 2 γίνεται επισκόπηση στις βιβλιογραφικές αναφορές σχετικά με τη Διοίκηση Ανθρώπινων Πόρων. Αρχικά, αναφερόμαστε στη Διοίκηση Προσωπικού (ΔΠ), η οποία πρακτικά θεωρείται η προγενέστερη μορφή της ΔΑΠ. Παράλληλα, γίνεται προσπάθεια να προσδιοριστούν οι διαφορές αλλά και οι ομοιότητες μεταξύ τους και τέλος, αναφερόμαστε στην ιστορική εξέλιξη της ΔΑΠ-από τους αξιωματούχους κοινωνικής πρόνοιας έως και στη Στρατηγική Διοίκηση Ανθρώπινων Πόρων στη σημερινή εποχή.

Τέλος, στο Κεφάλαιο 3 περιγράφεται η κοινή συνύπαρξη της ΔΑΠ με τη φιλοσοφία της ΔΟΠ μέσα σε έναν οργανισμό, αν αυτή έχει καταφέρει να επιτευχθεί ως ένα βαθμό και τι προσαρμογές πρέπει να κάνει το τμήμα Ανθρώπινων Πόρων για την επιτυχή εφαρμογή της ΔΟΠ. Στη συνέχεια, αναδεικνύονται τα στοιχεία της ΔΑΠ που σχετίζονται με την επιτυχημένη εφαρμογή της ΔΟΠ μέσα από μελέτη αρκετών ερευνών της διεθνούς βιβλιογραφίας, τα οποία είναι Επιλογή και Προσέλκυση, Εκπαίδευση και Ανάπτυξη, και Συστήματα αμοιβών και τέλος παρουσιάζονται οι θετικές επιδράσεις που έχουν οι κοινές πρακτικές των ΔΟΠ και ΔΑΠ τόσο στους εργαζομένους ενός οργανισμού όσο και στον ίδιο τον οργανισμό.

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Panagiotis Giannoulis

Introduction

This master thesis attempts to address the interaction of two complementary but also distinct scientific fields of modern business administration according to the business literature. Specifically, it attempts to analyze the interaction of Human Resource Management (HRM) with Total Quality Management (TQM). Both these concepts have been important themes in management and business research for the past few decades. Apart from the above, there is a growing interest in their outcomes on the organization and on the employees as well (Boon et al., 2007).

It is a perceptible perception in recent years that business obsession with profit generates customers unhappy and not loyal to a product or service. This has led many organizations to turn to the quality of products and services. There are several ways for a company to turn to quality. The implementation of a Quality Assurance System, Statistical Quality Control, etc., are methods that have been adopted in recent years by several organizations that want to turn to quality. Apart from applying the above methods, there is a tendency for the continuous improvement of quality of the whole organization, influencing the culture that prevails in it and involving all the employees. This trend is expressed through a new and constantly evolving management philosophy, which is named Total Quality Management. This concept focuses on continuous improvement, customer satisfaction and everyone's involvement in achieving the goals of an organization. It has been proven that total quality management is a tool of development and competitiveness in any organization or business having evolved from one Japanese approach of quality improvement in production management to one revolutionary human-based management philosophy.

A prerequisite for the successful implementation of Total Quality Management is the effort on the part of the leadership of an organization to convey to all employees the message that the effort for continuous improvement should be collective. Since the leadership of an organization has taken the decision to change its management and turn to quality, it should be clear and understandable that the commitment of quality leadership alone is a hovering step that may lead to a dead-end if not accompanied by the commitment of the rest of the workforce of the organization. Thus, a special mechanism of Human Resource Management of the company should be developed to inspire each employee in order to support this collective effort and to feel that through his / her individual work participates in the success of the organization as well.

As a result, we can assume that HRM is another pivotal business management practice that deals with the most vital resources of an organization. It has become more important, due to its role in enhancing performance, protecting and developing employee talents and enhancing cooperation between them to support organizational development (Elarabi and Johari, 2014).

Therefore, HRM practices should be integrated into the overall organization strategy to ensure effective use of people and improve performance.

According to the Jiménez - Jiménez and Martínez - Costa (2009), Total Quality Management has a positive impact on overall business performance. Applying TQM practices and techniques enables companies to improve their performance through a systematic approach in order to meet their customer expectations or develop new competitive products to their potential future demands. A review in Total Quality Management literature argues that the successful implementation of TQM is based on a number of HRM factors (Daily and Huang, 2001). As a consequence, TQM requires a constructive approach to HRM by upgrading its role and practices with a view to quality.

However, there is a high rate of failure in its implementation and the reason is the relatively low attention that organizations show in HRM. There is a need to utilize HRM systems versus individual practices and a strategic vision of Human Resource Management that will be in line with the goals of Total Quality Management and business quality objectives. In order for businesses to benefit from the successful implementation of Total Quality Management, factors such as recruitment and selection, training and development and incentive compensations should be strengthened and redesigned to achieve the goals of TQM. Apart from these factors, there are some more that have a positive influence on individuals like improved satisfaction, involvement, loyalty etc and on organization performance as well, like customer satisfaction, more profits, future investments etc.

Concluding, the role of the HR Department is no longer procedural since it has a broad organizational approach to quality and strategic objectives of the organization. Its role is upgraded by redesigning and strengthening existing practices, systematic education and training, and recognition and reward for employees. Also, the HR Department should act as a decisive factor for change, as an internal consultant for the other departments and as a facilitator in quality efforts, practices and programs.

CHAPTER 1 Total Quality Management

1.1 Definitions of Quality and the 8 Quality Dimensions

It is commonly accepted in the business literature that the organizations in order to improve their performance and competitiveness, they have to increasingly be more oriented toward quality. Better quality of a product or a service results in less waste, increased productivity and more satisfied customers (Garvin, 1984). Apart from Garvin, Y. Kondo (1999) also mentions that improving quality in creative ways reduces costs and raises productivity.

In order to fully understand the concepts of Quality and Total Quality Management, we should first be able to define these concepts. The complexity of their meaning is so great, at a point that there is no clear definition for each of them. First and foremost, there are many definitions for the concept of quality that have been formulated in the modern literature.

Several writers dealing with the concept of quality have proposed their own definition of this concept. The first one that we will examine is related to criteria based on the product and more specifically on its features, which, depending on how many they are, also determine the quality of the product or service (Evans and Lindsay, 1999). So, from this point of view, quality is seen as a specific and measurable variable.

Another definition of quality is based on the view that quality is determined by what the customer wants (Reeves and Bednar, 1994). Every customer, depending on his preferences and requirements from a product or service, sets his own quality data and, therefore, when a product meets his requirements better than any other equivalent, then this product is considered of high grade.

Tenner and DeToro have formulated the following definition: "A basic business strategy that provides goods and services that fully satisfy both internal and external customers, fulfilling their explicit and implicit expectations" (Tenner and DeToro, 1993). To be more specific, when we refer to internal customers of an organization we mean the employees of the organization. The above approaches clearly focus on customers.

In addition to the aforementioned widely accepted definitions, apart from the scholars and practitioners that have examined thoroughly quality, quality gurus (Deming, Juran, Feigenbaum, Crosby, and Ishikawa) have formulated their own definitions of quality. Despite the differences between their definitions, the definitions they suggest always relate to customer satisfaction. W. Edwards Deming defined quality as follows: Good quality means a predictable degree of uniformity and dependability with a quality standard suited to the customer (Deming, 1982). Joseph Juran claimed that quality: "means those features of

products which meet customer needs and thereby provide customer satisfaction and at the same time quality means freedom from deficiencies that result in customer dissatisfaction” (Juran, 1989). Feigenbaum in his book “Total Quality Control” states that the quality of products and services can be defined as the composition of features of products and services related to marketing, engineering, manufacturing and maintenance through which the product and service which will be used will satisfy the customer's needs (Feigenbaum, 1991). Crosby defines quality as “compliance with customer specifications” (Crosby, 1979). Last but not least, Kaoru Ishikawa insisted that quality improvement is a continuous process and can always go one step further, meaning that a customer would continue receiving services even after receiving the product (Ishikawa, 1985).

According to Garvin (1987), quality means also satisfying customers and it is not just a strategic “weapon” to compete on the market. Hence, an organization has to distinguish and then compete on one or more of the quality dimensions. More specifically these eight dimensions of quality and their definitions are (Sebastianelli et al., 2002):

The dimensions of quality
Performance: The primary operating characteristics of a product or service.
Features: The secondary characteristics of a product or service that supplement its basic functioning.
Reliability: The likelihood that the product will fail in performance over a specific time period.
Conformance: The extent to which the physical characteristics and product performance characteristics meet the design specifications.
Durability: The length of a product's life.
Serviceability: The convenience, speed, politeness, and competence of repair.
Aesthetics: How the product looks, feels, tastes, smells, sounds.
Perceived: Quality based on image, brand, or advertising despite the product features and, of course, quality is nonobjective evaluated.

Figure 1 The dimensions of quality

1.2 The Quality “gurus”

Quality was a major issue for organizations for several years. The early focus on quality has evolved from inspection to quality control and later to quality assurance (Dale, 1999). So, this early focus on quality and the development of intricate quality management systems was mainly influenced by only a few Japanese and American quality experts. These quality experts are called in the business literature as the quality “gurus”.

William Edwards Deming (1900-1993) was an American engineer, statistician, professor, author, lecturer, and management consultant. He is universally acknowledged as the leading management thinker in the field of quality. At the beginning of the 1940s Deming began to lecture on quality control in production environments across the United States. Nevertheless, the management of US industrial companies responded very reluctantly to Deming's efforts at that period. In 1947 he visited Japan for the first time and held seminars in which he developed and explained the idea of quality and economic production. His ideas were very well received by Japanese managers and engineers and led to a Japanese qualitative revolution. Manufacturers of Japan have created in honor of him the "Deming Prize" award, a prestigious prize presented every year (Volker Krüger, 2001).

Deming supports that improving quality can increase productivity, resulting in improved business competitiveness. Moreover, according to him, low quality means high costs which will result in a loss of the competitive position of the business enterprise in the market. Improving the quality of the company's work processes will lead to less restructuring and less waste of human resources, and also material resources and the number of errors will be reduced. Restructuring and defective parts can be avoided, which are very costly. Lower costs will allow the firm to have a stronger competitive position on the market (Deming, 1982). In order to achieve this goal, Deming developed an approach summarized in the 14-point program (Deming, 1986), as shown briefly below:

14 Points of Deming	
1. Consistency of purpose	8. Drive out fear
2. Adopt the philosophy	9. Break down barriers
3. Do not rely on mass inspection	10. Eliminate slogans and instigations
4. Do not award business on price	11. Eliminate quotas
5. Constant improvement	12. Pride of workmanship
6. Training	13. Education and retraining
7. Leadership	14. Plan of action

Figure 2 Deming's 14-point program of quality

Joseph Moses Juran (1904-2008) was a Romanian-born American engineer and management consultant. Like Deming, he also lectured in Japan during the 1950s. He was the first to expand the understanding of quality control, highlighting the importance of the management aspect. In 1951, he published the first edition of the “Quality Control Handbook” and it is still the standard reference work for quality managers. As a result of publishing the book, he received the original invitation to Japan by the Union of Japanese Scientists and Engineers. Its main contribution was: quality control must be handled as an indispensable part of the management function (Volker Krüger, 2001). The major points of Juran’s quality management ideas are embedded in Juran’s Trilogy as it is called. These ideas (Juran, 1989) are presented briefly below:

Juran's Trilogy
Quality Planning
• Set goals
• Develop products and processes
• Identify customers and their needs
Quality control
• Compare to goals and adapt
• Evaluate performance
Quality improvement
• Identify projects and teams
• Provide resources and training
• Establish infrastructure
• Establish controls

Figure 3 Juran's Trilogy of quality management

Armand Vallin Feigenbaum (1922-2014) was an American businessman and quality control expert. He can be named as the originator of total quality control. In his book Total Quality Control (1983), he develops his ideas for Total Quality Management, concerning aspects like management of quality, management strategies and quality, engineering technology and quality, statistical technology and control of quality at every stage of the business organization (Volker Krüger, 2001).

Feigenbaum defines a total quality system as: “The agreed company-wide and plant-wide operating work structure, documented in effective, integrated technical and managerial procedures for guiding the coordinated actions of the people, the machines and the information of the company and plant in the best and most practical ways to assure customer quality satisfaction and economical costs of quality.” He supports that quality costs can be

separated into prevention costs that include quality planning, appraisal costs that include inspection, internal failure costs that include waste material and rework, and external failure costs that include warranty costs and product recall (Bendell et al., 1995).

Feigenbaum's approach for total quality control (Watson, 2005) is present briefly below:

Feigenbaum's approach for total quality quality control
Quality is a company-wide process.
Quality is what the customer says it is.
Quality and cost are a sum, not a difference.
Quality requires both individual and teamwork fanaticism.
Quality is a way of managing.
Quality and innovation are mutually dependent.
Quality is an ethic.
Quality requires continuous improvement.
Quality is the most cost effective, least capital intensive way to productivity.
Quality is implemented as a total system connected to both customers and suppliers.

Figure 4 Feigenbaum's approach for total quality control

Philip Bayard Crosby (1926-2001) was an author and businessman who made a huge impact to management theory and quality management practices. Crosby has become known for his concept of “**Zero Defects**” and “**Do it right the first time**” (DIRFT), which he anticipates to be the sole standard of performance. He claims that any other acceptable quality levels (AQL) are not good enough (Volker Krüger, 2001). Crosby provides four absolutes and fourteen steps for the quality improvement process which are presented below:

Crosby's four absolutes of quality
Quality is defined as conformance to requirements, not as “goodness” or “elegance”.
The system of quality is prevention, not appraisal.
The standards of performance have to be “Zero defects”.
The measurement of quality is the price of noncompliance.

Figure 5 Crosby's four absolutes of quality

Crosby's 14 steps for the quality improvement procedures
1. Management commitment
2. Quality improvement teams
3. Quality measurement
4. Cost of quality evaluation
5. Quality awareness
6. Corrective action
7. Zero-defects committee
8. Supervisor training
9. Zero-defects day
10. Goal-setting
11. Error cause removal
12. Recognition
13. Quality councils
14. Do it over again

Figure 6 Crosby's 14 steps for the quality improvement procedures

Kaoru Ishikawa (1915-1989) was a Japanese organizational theorist. He studied and adopted the management concepts of Deming and Juran and affected the Japanese understanding of quality. He has been acknowledged for his approach on quality circles, the question of continuous training and the quality chain, but he is best known for the development of the concept of cause-and-effect diagram, which is also called as the fishbone diagram or “Ishikawa diagram” (Volker Krüger, 2001).

Ishikawa considers that the implementation of quality circles is an effective way of involving the production area in quality. The Quality Circle is a group of voluntary employees (6-8) from the same departments. They meet systematically to discuss issues of the direct work environment. The goal is to improve the working procedures for which these workers are responsible. As a result, the participation of all the employees in the organization’s problem solving procedures demands an endless education and training of every employee. According to Ishikawa Total Quality Management “begins with education and ends with education” (Ishikawa, 1989).

1.3 Total Quality Management and its definitions

Having defined the concept of quality and seeing briefly the dimensions it can take, let us look at what is meant by “Total Quality Management”. Hereinafter when we refer to Total Quality Management we will call it also TQM. Like the definition of quality, it has led to various disagreements among the quality experts until it has been formulated, so has the definition of TQM.

Total Quality Management is management approach designed to improve the effectiveness, efficiency, flexibility and competitiveness of an enterprise as a whole. It has to do with the organization and the commitment of all companies for quality in each section, each activity, each individual and each level. TQM is not just a way of reducing costs or improving productivity and should not be used as such. Although the results of a successful program will certainly include these benefits, TQM is primarily concerned with the change in the way of treatment and of the abilities, so that the way of the organization's thinking should concern the prevention of failure and the model of proper functioning with the first time (Oakland, 1994). There is no unanimous opinion about what Total Quality Management is and almost all organizations and scholars define it differently or use a different name from TQM (Bounds et al., 1994). There are several reasons for the different aspects of TQM. One reason for this “chaos” may be the growth and interpretation of TQM as a terminology over time from something like a philosophy to something like culture. Moreover, the quality gurus do not like the concept of TQM and there are many similar names for the same idea. But, the absence of

a clear and unique definition of Total Quality Management is probably the most significant negative factor (Hellsten and Klefsjö, 2000).

Proof of the above is, that Deming never did use this term. He claimed that “the trouble with total quality management, the failure of TQM, you can call it, is that there is no such thing. It is a buzzword. I have never used the term, as it carries no meaning.” (Deming, 1994). Moreover, Juran stated that “it is astounding how the term TQM is tossed about without defining what it means. To me, TQM consists of those actions needed to get to world-class quality. Right now, the most comprehensive list of those actions is contained in the Baldrige Award criteria...” (Juran, 1994)

In the United States of America, the term Total Quality Management, is used when referring to the management approaches developed in the era of Strategic Quality Management, while Japanese authors when referring to the TQM use the term of Feigenbaum “Statistical Quality Control”. Despite the fact that the term Total Quality Management is not widely accepted and that there is no generally accepted definition of TQM, several definitions have been formulated, which are discussed below.

Three of the most widely accepted definitions are the ones formulated by Kaynak, Rahman and Pfau based on quality gurus stating that, “TQM is a holistic management philosophy that strives for continuous improvement in all functions of an organization and it can be achieved.” (Kaynak, 2003) According to Rahman TQM is management approach for improving organizational performance that includes a variety of both technical and behavioral topics (Rahman, 2005). Pfau undoubtedly gives the most common definition of Total Quality Management as he defines it as “an approach for continuously improving the quality of goods and services delivered through the participation of all levels and functions of the organization.” (Pfau, 1989)

Another definition proposed for the TQM is: “A management philosophy that includes all activities through which the needs and expectations of the customer and society, and the organization's goals are met in the most cost-efficient and less costly way maximizing the potential of all employees in a constant effort to improve” (Dale, 1994). In other words, according to the above definition, TQM is collaboration between all employees in an organization and the processes involved, in order to produce products and services that meet the needs and the customer expectations. In other words, TQM is a management philosophy and a set of principles that an organization must follow to be managed effectively.

Oakland defines the TQM “as an approach to improving the effectiveness and flexibility of business as a whole, meeting customer requirements both external and internal to the organization. Basically it is a way of organizing and involving the whole organization, every department, every person at every level.” (Oakland, 1998)

Yang (2005) defines the concept of TQM as “an integrated management philosophy and set of practices that emphasize continuous improvement, meeting customer requirements, reducing rework, long-range thinking, increased employee involvement and teamwork, process redesign, competitive benchmarking, team-based problem solving, constant measurement of results and closer relationships with suppliers.”

Flynn defines TQM as “an approach to improving the quality of products or services through continuous improvement of all processes, customer driven quality, production without defects, focus on improvement of processes rather than criticism of people and data-driven decision making.” (Flynn et al., 1994)

According to Kanji, TQM is “the way of life of an organization committed to customer satisfaction through continuous improvement. This way of life varies from organization to organization and from one country to another but has certain principles which can be implemented to secure market share, increase profits and reduce costs.” (Kanji, 1990)

Ishikawa’s approach to TQM is very similar to what people today understand as TQM. He notes that, “Japanese quality control is a thought revolution in management. It is an approach representing a new way of thinking about management. To practice quality control is to develop, design, produce and service a quality product which is most economical, most useful, and always satisfactory to consumer. In order to meet this goal, everyone in the company must participate in and promote quality control, including top executives, all divisions within the company, and all employees.” (Ishikawa, 1985)

The last definition of Total Quality Management that we would like to mention is that of Feigenbaum, because he presents a more complete definition. He states that, “a total quality system is defined as one which embraces the whole cycle of customer satisfaction from the interpretation of this requirements prior to the ordering stage, through to the supply of a product or service at an economical price and on to his perception of the product after he has used it over an appropriate period of time.” (Feigenbaum, 1988)

1.4 The critical factors of TQM

Having studied the above definitions, we see that most authors support their own definition of TQM, since everyone emphasizes on different things: the management philosophy of the organization, customer satisfaction, the quality of the goods and services produced, the education and the methods used, etc. Despite the differences in definitions, there are many common points that most people agree formed by the following requirements (Claver et al., 2003). These requirements are customer focus, leadership, continuous improvement, quality planning, human resource management, learning, cooperation with suppliers, process management and organizational awareness.

Several authors have proposed through their studies which develop a reliable quality measurement instrument, their own critical factors of TQM. According to Saraph et al. (1989), Black and Porter (1996), Grandzol and Gershon (1998), Rahman (2001) and Conca et al. (2004) the elements of TQM are shown below:

Critical factors of Total Quality Management				
Saraph et al. (1989)	Black and Porter (1996)	Grandzol and Gershon (1998)	Rahman (2001)	Conca et al. (2004)
Role of divisional top management and quality policy	Teamwork structures for process improvement	Leadership	Leadership	Leadership
Role of the quality department	Supplier partnerships	Continuous improvement	Information & Analysis	Training
Training	Communication of improvement information	Employee fulfillment	Employee empowerment & involvement	Employee management
Product/service design	Customer satisfaction orientation	Learning	Strategy and planning	Information & analysis
Supplier quality management	External interface management	Process management	Employee training & development	Supplier management
Process management	Strategic quality management	Internal/External cooperation	Customer management	Process management
Quality data and reporting	People and customer management	Customer focus	Customer satisfaction	Customer focus
Employee relations	Operational quality planning	Product/service quality	Process control	Continuous performance
	Quality improvement measurement systems	Operational		
	Corporate quality culture	Financial		
		Public responsibility		
		Customer satisfaction		
		Employee satisfaction		

Figure 7 Critical factors of TQM according to some authors

Beside these requirements, there are standardized quality models used by organizations in practice as a guide for their implementation. The most significant quality models are the Malcolm Baldrige National Quality Award (MBNQA) model in the USA, the European

Foundation for Quality Management (EFQM) model in Europe and the Deming Application Prize model in Japan (Fonseca, 2014).

The MBNQA model enumerates in seven categories the critical factors and values in quality management: leadership, strategic planning, human resources orientation, process management, information and analysis, customer and market focus and business results (Tari, 2005). The EFQM model lists in ten categories the principles of TQM: leadership, employee management, alliances and resources, policy and strategy, process management, customer results, people results, society results and key results (EFQM, 1999). The Japanese model is grouped into ten categories: policies, organization, information, standardization, development and usage of human resources, activities ensuring quality, activities for maintenance and control, activities for improvement, results and future plans (Tari, 2005).

Based on the business literature review, and in accordance with some authors, TQM is much more than a sole set of factors, a network of interdependent components; it is a management system consisting of critical factors, techniques and tools (Hellsten and Klefsjö, 2000). They define TQM as “a continuously evolving management system consisting of values, methodologies and tools, the aim of which is to increase external and internal customer satisfaction with a reduced amount of resources.” In fact, techniques and tools are indispensable to support and develop the quality improvement process (Curry and Kadasah, 2002).

According to Hellsten and Klefsjö (2000), methodologies are “ways to work within the organization to reach the values” and a methodology “consists of a number of activities performed in a certain way”. They also define tools as “rather concrete and well-defined tools, which sometimes have a statistical basis, to support decision-making or facilitate analysis of data”.

Tools that are commonly cited in the TQM literature encompass the seven quality control tools: cause-and-effect diagram, check sheet, control chart, histogram, Pareto chart, scatter diagram and stratification or flow chart (Ishikawa, 1985), and the seven management tools: relations diagram, affinity diagram (KJ method), Systematic diagram (Tree diagram), matrix diagram, matrix data analysis, process decision program chart (PDPC) and arrow diagram (Mizuno, 1988). According to Evans and Lindsay (1996), the improvement cycle is also a common methodology to improve the business and is comprised of four stages: Plan, Do, Study and Act (PDSA).

Given the above, according to the business literature, the core concepts of TQM can be divided into two broad categories; the social or soft TQM elements and the technical or hard TQM elements (Prajogo and Sohal, 2004). The social/soft TQM elements are focused on human resource management and include: leadership, strategic quality management, employee management and involvement, customer focus, supplier management, process

management, information and analysis, continuous improvement, knowledge and education (Fotopoulos and Psomas, 2009). The technical/hard TQM elements are based on improving production methods and operations and seek to establish a working method through the establishment of well-defined processes to make possible the constant improvement of products and services to customers (Bou-Llusar et al., 2009). The technical/hard TQM elements include quality management tools and techniques such as flow charts, relations diagram, scatter diagram, control charts, Pareto analysis, quality function deployment, design of experiments and so on (Vouzas and Psychogios, 2007).

In his article Rahman in 2004, making an overview of the research of Saraph et al. (1989), Flynn (1994), Black and Porter (1996), Ahire (1996), Grandzol and Gershon (2001), presents the critical factors of Total Quality Management classifying them in “soft” and “hard”:

“Soft” and “Hard” TQM elements according to Rahman (2004)	
Soft	Hard
Leadership	Use of advanced production systems
Involvement of workers	Use of JIT principles
Empowerment of workers	Quality data and reports
Education	Quality management planning
Teamwork and Communication	Statistical Process Control
Strategic quality management	No mentality
Customer focus	

Figure 8 “Soft” and “Hard” TQM elements according to Rahman

Finally, as we notice, the two categories of the core concepts of TQM mirror all the issues that a manager has to be aware of in order to completely implement TQM. Hence, the implementation of TQM cannot succeed without the use of at least some of the quality management methods.

1.5 The Historical Evolution of Total Quality Management

TQM has appeared in recent decades, but its origins lie several years ago. Quality has been perceptible in human activities for as long as we can recall. The early version of quality management owed much to the circumstances on the 1940s in Japan. That is, low productivity and quality of their life. As a result, statistical control techniques and quality control education programs were launched (Soltani et al., 2008). In the 1950s, the USA rejected the

concept of TQM from Deming in contrast to Japan that adopted this philosophy calling it as “kaizen”. Juran also helped Japan to adopt TQM in the 1950s by giving lectures. Consequently, the Japanese made a notable progress in the field of quality, resulting in the insertion of USA market by Japanese products (Talha, 2004). For this reason, in the early 1980s, the USA started utilizing TQM concepts as “weapons” to compete with Japan.

Total Quality Management evolved through four stages in order to be “shaped” as it is now (Dahlgaard et al., 2002). These stages are:

- ❖ Quality Inspection
- ❖ Quality Control
- ❖ Quality Assurance
- ❖ Total Quality Management

The first stage of the development of TQM can be seen in the 1910s when the Ford Motor Company rolled off the production line one of its models. The company used some teams of inspectors in order to compare this specific model with the project standard at all the stages; from the production process to delivery of the car. The poor quality product found by the inspectors led the company to separate it from the good quality product and then it would be tossed, improved or sold as lower quality (Dahlgaard et al., 2002).

The First World War became the cause for the beginning of mass production and the need for industrial inspections. In the 1930s, the world's first book on quality control was published. The Second World War brought new developments to the field of quality. During the Second World War the US Army began to apply sampling checks. In 1946, about a thousand quality experts joined and founded the American Society for Quality Control (ASQC), which in April 1992 numbered 100,000 members (Dale, 1994).

Quality assurance contains both the previous stages in order to provide adequate confidence that the product or the service will fully satisfy the customers and their needs. Juran (1989) argues that, in general, prior to the 20th century, two principles for the quality assurance prevailed:

1. the inspection of products by customers, and
2. the idea of good craftsmen, according to which, buyers relied on the great abilities of well trained craftsmen.

The fourth stage, TQM involves the understanding and implementation of quality management principles and concepts in every aspect of business activities. TQM implementation is not an easy task, as it demands a whole change in organization culture, shifting of responsibility to management and continuous involvement of all in the quality improvement process and procedures. (Soltani et al., 2008) Finally, the TQM philosophy must be enhanced by the application of quality management tools and techniques.

CHAPTER 2 Human Resource Management

2.1 Personnel Management

Trying to define Personnel Management (PM) and Human Resource Management (HRM) and to examine whether there are similarities and differences between these two concepts, it may prove to be a difficult assignment. Over the last three decades, academics have been forcefully disputing over the examined terms, wondering whether HRM is really an enhancement to people management's theories and an evolution to the traditional PM practices.

Personnel Management emerged as a clearly defined field by the 1920s in the USA and it constitutes the earlier version of HRM according to some authors. As a result, it would be useful to examine first the concept of PM before examining the concept of HRM or the relationship between these two concepts.

Personnel management is the linear outcome of employment management but is engaged with a combined and broad-range of employment-related activities. It is a clearly designated part of the management team and focuses on functional activities like hiring or staffing, compensation, training, benefits and other similar employment areas (Kaufman, 2014).

In order to make matters clear we should first display some well accepted definitions for personnel management in the business literature.

Edwin B. Flippo claims that "The personnel function is concerned with the procurement, development, compensation, integration, and maintenance of the personnel of an organization for the purpose of contributing toward the accomplishment of that organization's major goals or objectives. Therefore, personnel management is the planning, organizing, directing, and controlling of the performance of those operative functions." (Flippo, 1986)

Another definition is presented by Maurice Cumming, as it was formulated by the Institute of Personnel Management and supports that: "PM is a part of the management that deals with people at work, as well as with their relationships within the business. Its goal is to unite and develop within an active business the men and women who make up the organization and, by showing interest in the well being of individuals and groups, to enable them to contribute as much as possible to the success of the organization. PM is interested in the human and social impact of changes in organizations and on working methods within companies as well as on economic and social changes in society." (Cumming, 1986)

Moreover, according to Torrington and Hall, Personnel Management "is concerned with practices which allow employer and employee not only to make a contract, but also to assure that the contract is pursuing." (Torrington and Hall, 1998)

Papalexandris, Chalikias and Panayotopoulou explain the concept of PM as follows: “Personnel Management deals with individuals and their life circle within the organization. In general, employees are recruited, trained, offer their services, assessed, paid and retired for one reason or another. Thus, the PM tools are: staffing and selection, education, pay and benefits to achieve satisfactory performance, and finally retirement, while contact and negotiations with trade unions to maintain labor peace are the main concern in larger companies. Often these operations are repeated without reviewing their effectiveness. In the context of this conceptual model, the organizational environment is taken for granted and Personnel Management is trying to harmonize its mechanistic tools without attempting to change, examine or link them to the company's strategic goals.” (Papalexandris, Chalikias and Panayotopoulou, 2001)

Dale Yoder's definition of PM, as it is cited in R. Jayaprakash Reddy's book Personnel Management refers that PM is “the phase of management which deals with the effective control and use of manpower as distinguished from other sources of power. The methods, tools and techniques designed and utilized to secure the enthusiastic participation of labor represent the subject matter for study in personnel administration.” (Reddy, 2004)

Finally, the International Quality and Productivity Center (IQPC) formulated the following definition for PM: “An operational function that deals with the execution of daily people management activities. PM is passive; the maintenance of personnel and administrative systems is what it is all about.” (IQPC, 2006)

Now that we have clarified the concept of PM, it should be useful to examine the concept of HRM, because a significant number of authors believe that HRM is an ostentatious renaming of what PM used to be.

2.2 Human Resource Management

In recent years, there has been a growing number of discussions around Human Resource Management and its meaning is far from clearly established in the literature (Kazmi and Ahmad, 2001). One of the main reasons is that work in organizations over the last decades has changed to a great extent, in such way that notions such as skills, career and employment have taken a different meaning (Beardwell and Holden, 1997). That's why Human Resource Management is one of the leading factors in the field of business.

Before looking at what is the meaning of HRM, we definitely have to examine what human capital means. Garry Dessler defines human capital as “the knowledge, education, training, skills and expertise of a firm's workers (Dessler, 2015). According to Hitt, Ireland and Hoskisson, human capital refers to the knowledge and abilities of the entire human potential of a business. From this point of view, employees can be seen as a capital resource that needs

investment (Hitt, Ireland and Hoskisson, 1999). Moreover, human capital can be defined as the knowledge, abilities and skills of individuals with some economic value in an organization (Sherman, Bohlander and Snell, 1998). We see, therefore, that according to this view the concept of human capital is also related to the economic factor.

According to Allen, a resource is “the means available to achieve an end, fulfill a function or a stock or supply that can be drawn on.” (Allen, 1996) The term “human resources” implies that people have the potential to drive organizational performance. Human resources are people who work in an enterprise to carry out certain tasks, works and functions, in return for salaries, payments and other awards (DeNisi and Griffin, 2001). Jackson and Schuler, claim that human resources are all the talents and the willingness to performance of all the people of an enterprise that can contribute to creating and completing its mission, vision, strategy and goals (Jackson and Schuler, 2000). In addition, Hill et al., supports that it is not the person that is the real resource, but the knowledge and expertise the person possesses (Hill et al., 2004).

Some writers argue that HRM should no longer be seen as a field of business that deals only with people, but the challenge of human resources must ensure that all activities focus on business needs. All activities should match each other as a system and should be aligned with the human resources strategies, which in turn should be aligned with the company's strategies. Initially, Human Resource Management is commonly defined as “the productive use of people in achieving the organization’s strategic business objectives and the satisfaction of individual employee needs” (Stone, 2009). There is a plethora of HRM definitions apart from Stone’s, which the most significant of them are presented below.

According to Poole, HRM is “viewed as strategic; it regards people as the most important single asset of the organization; it involves all managerial personnel; it is proactive in relationship with people; seeks to enhance organizational performance, employee “needs” and societal well-being.” (Poole, 1990)

Additionally, another definition that has been formulated by Storey in 1995 mentions that HRM is “a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques” (Storey, 1995).

N. Papalexandris and D. Bourantas define HRM as follows: “Human resource management is the administrative function of the enterprise that designs and implements all activities related to the management of the human potential of an enterprise, paying particular attention to the importance of the human factor as the main competitive advantage for achieving the objectives of the enterprise” (Papalexandris and Bourantas, 2003).

Edvardsson claims that “the core business of the HR function is to develop the employees in accordance to the business strategy, select and hire people, train and develop the staff, evaluate their performance, reward them, and create a culture of learning.” (Edvardsson, 2003) Also, Paauwe and Boon in 2009 stated that “HR departments and units in organizations are typically responsible for a number of activities, including employee recruitment, training and development, performance appraisal and rewarding” (Paauwe and Boon, 2009).

Furthermore, Johnason defines HRM as “a function in organizations designed to maximize employee performance in service of their employer’s strategic objectives” (Johnason, 2009).

A more comprehensive definition was offered by Watson (2010) as cited in “Armstrong’s Handbook of Management and Leadership for HR” in 2016: “HRM is the managerial utilization of the efforts, knowledge, capabilities and committed behaviors which people contribute to an authoritatively coordinated human enterprise as part of an employment exchange (or more temporary contractual arrangement) to carry out work tasks in a way which enables the enterprise to continue into the future.”

Finally, according to Armstrong HRM is defined as “strategic and coherent approach to the management of the most valued assets of organization- the people, who individually and collectively contribute to the achievement of organizations’ objectives” (Armstrong, 2016).

Jaap Paauwe states that we can view the concept of HRM as a new, special approach to Personnel Management which can be discriminated from the traditional conceptions of PM. As a result we may now examine the similarities and differences between these two concepts (Paauwe, 2009).

2.3 Similarities and Differences between PM and HRM

At this point, after defining the concepts of Personnel Management, Human Capital, Human Resources and Human Resource Management, it would be useful to spot the similarities and differences between the concepts of PM and HRM and why the second term has replaced the first. The change in the philosophy that governs the administration of employees and the new ways in which human resources are now managed within a business are the reasons that led slowly to the replacement of the first term by the second. Although these two concepts are often used interchangeably, as if they are identical, younger writers believe they focus on different points, not so much about their activities but about their philosophy. L. Chitiris argues that the term "Human Resource Management" is wider and emphasizes on employee management rather than simply controlling and rewarding them (Chitiris, 2001).

PM and HRM feature some common points, as they both emphasize on people and their inputs in order to achieve organizational goals. According to Zheng and Lamond, “the common ground for the above definitions (PM and HRM) is the fact that they see the people

and not the other resources in organization as most valued asset and thus treat the contribution of individual employee as key to organizational success” (Zheng and Lamond, 2009).

Armstrong (2006) presents a list of six similarities between these two concepts based on the belief that HRM is another name for PM and not a different concept. These similarities are listed below:

1. PM strategies, like HRM strategies, both flow from the business strategy.
2. PM, like HRM, recognizes that line managers are responsible for managing people. The personnel function provides the necessary advice and support services to enable managers to carry out their responsibilities.
3. The values of PM and at least the “soft” version of HRM are identical with regard to “respect for the individual”, balancing organizational and individual needs, and developing people to achieve their maximum level of competence both for their own satisfaction and to facilitate the achievement of organizational objectives.
4. PM and HRM recognize that one of their most essential functions is that of matching people to ever-changing organizational requirements, i.e. placing and developing the right people in and for the right jobs.
5. The same range of selection, competence analysis, performance management, training, management development and reward management techniques are used in both HRM and PM.
6. PM, like the “soft” version of HRM, attaches the importance to the processes of communication and participation within an employee relations system.

Having presented some of the most significant similarities between PM and HRM that are included in the modern literature, we should respectively display also the differences between these concepts.

The approach of Harvard School for HRM is based on the belief that the problems of historical PM can be solved only “when general managers develop a view point of how they wish to see employees involved in and developed by the enterprise, and of what HRM policies and practices may achieve those goals” (Armstrong, 2006).

Guest (1987) differentiates PM from HRM as follows:

Personnel Management VS Human Resource Management	
Personnel Management	Human Resource Management
Work forced centered.	Particular integrated approach to management of people.
Seen as functional specialist rather than the strategic manager.	Radical approach, viewing people as assets.
Relatively short term, interest achieving target.	Actively managed as long term interest of organization.
It is reactive.	It is proactive.
Has less power or status in the organization.	Has more power or status in the organization.
Control system is external.	Control system is self-controlled.
Can be found in organizations with a bureaucratic, mechanized and centralized structure and system.	Can be found in organizations with “organic” structure and a developed and flexible system.
Relatively low trust among the employees.	Relatively high trust among the employees.
Role is largely integrated into line management.	Role is specialist and professional.

Figure 9 The differences between PM and HRM according to Guest

Legge (1989) spots the following differences between the PM and HRM concepts:

1. PM is an activity aimed primarily at non-managers whereas HRM is less clearly focused, but is undoubtedly concerned more with the managerial staff.
2. HRM is much more of an integrated line management activity, whereas PM seeks to make influence to line management.
3. HRM emphasizes the importance of senior management’s management of culture whereas PM has always been rather suspicious of organizational development and related unilateral social-psychologically oriented ideas.

According to the international literature, as Papalexandris, Chalikias and Panayotopoulou (2001) inform us, the main differences between Personnel Management and Human Resource Management are:

1. While Personnel Management is presented as an administrative process aimed at subordinates, Human Resource Management emphasizes the importance of the development of employees and executives
2. The main goal of PM is to solve everyday problems such as absenteeism and dissatisfaction with work, while for HRM is the importance of the results achieved at the level of the whole organization, such as efficiency, quality and the connection to the strategic goals of the business.
3. HRM emphasizes the understanding and shaping of business culture by senior executives in a way that business culture harmonizes, promotes the values and visions of the business, and contributes to the integration of the employees into it, which does not seem to “worry” the concept of PM.
4. PM focuses more on individual work, narrowly defined tasks and hierarchy, in contrast with HRM, which tries to cultivate teamwork, performance management, and flexibility.
5. HRM reflects a complex psychological contract between two parties, the business and its human resources, increasingly dependent on one another.

Concluding, Armstrong (2006) has listed seven differences between PM and HRM which are presented below:

1. HRM treats employees as an asset and not costs.
2. HRM places more emphasis on strategic fit and integration.
3. HRM is based on a management and business oriented philosophy.
4. HRM attaches more importance to the management of culture and the achievement of commitment (mutuality).
5. HRM places greater emphasis on the role of managers as the implementers of HR policies.
6. HRM is a holistic approach concerned with total interests of the business - the interests of the members of the organization are recognized but subordinated to those of the enterprise.
7. HR specialists are expected to be business partners rather than personnel administrators.

Having mentioned the most significant similarities and differences for the concepts of PM and HRM according to a notable number of authors, we may now examine the historical development of HRM.

2.4 The historical evolution of HRM

During pre-historic times, there were unvarying methods for selection of tribal leaders. The practice of hunting with safety and protecting their health was passed on from generation to generation. From 2000BC to 1500BC, the Chinese used employee screening techniques while in Greece used an apprentice system. These actions recognized the need to select and train individuals for jobs (Tubey et al., 2015).

Along with the development of the theories of human behavior in organizations, the need for managing people was also highlighted so as to contribute more effectively to the success of the organization. The early version of personnel management originated in UK incidental to the Industrial Revolution. At the end of the nineteenth century and in the beginning of the twentieth century, welfare officers were appointed to the industry, that is, those who had the task of helping the workers with the problems they faced in their work, to visit them when they were sick and institutionalize unemployment and sickness benefits (Iordanoglou, 2008). For example, Rowntree and Cadbury, two cultivated capitalists appointed welfare officers for the reasons we mentioned above. These policies may began in UK, but they were also very obvious in North America. Moreover, things were getting severe with people getting organized in institutions such as, the Welfare Workers Institute (WWI) that was consisted of the Welfare Workers Association and the North Western Area Industrial Association, in 1919 (Bratton and Gold, 1999).

Consequently, given the bureaucratic organization of work (1920-1940), the human relations approach was welcomed by the preponderance of the organizations and the role of the bureaucratic-humanist emerges who has the duty to select staff, assign competences and train it appropriately, always taking into account the research findings that emphasize the need to motivate and satisfy workers so that they are more productive (Iordanoglou, 2008). In addition, during the same period, William F Taylor's scientific management theory made a huge impact in the foundation of the modern Human Resource theories. Taylorism was focused on productivity and employee performance, and how to effectively manage the accomplishment of the organization's activities (Bratton and Gold, 1999). This work led to the development of Scientific Management advocated by Frederick Taylor and others (Griffin, 2007).

After the World War II, in North America and Western Europe, personnel management became more formal because of staffing by qualified university graduates. Due to the strengthening of union and conflicting interests between employers and employees, the personnel manager also undertake the duties of negotiator-mediator (Iordanoglou, 2008). In 1946, the Institute of Labor Management (the prior WWI that changed name in 1926)

changed its name to the Institute of Personnel Management (IPM) which later developed and became the current Chartered Institute of Personnel and Development-CIPD (Henderson, 2011).

The terminology HRM initially originated in the USA; in contrast to PM which originally appeared in UK, first appearing in the business literature from the mid-1960s, but taking root a couple of decades later (Allen and Wright, 2007). Since 1980, PM has evolved in HRM, reflecting the treatment of staff as the capital of the business to which it can invest and utilize appropriately to deliver the expected benefits. This evolution was not rapid, since both terms were used interchangeably for quite some time (Thorntwaite, 2012). As a result, appears the role of human resource analyst-programmer who focuses his attention on planning the development and evolution of workers and on analyzing the labor market (Iordanoglou, 2008).

The 21st Century approach is that of Strategic Human Resource Management (SHRM) which aligns employee individual goals and objectives with business goals and objectives rather than impose rules or prescribe terms, acts as a facilitator and promotes a participative approach. The origins of SHRM are evidenced from the late 20th century (Philip et al., 2007). In the early 1990s, a discussion began on the need for HRM to participate in the company's strategy. The term SHRM highlights the growing importance of the human factor in achieving the strategy and goals of an enterprise and changes the role of HRM into a strategic-reformist (Iordanoglou, 2008).

Consequently, HR professionals will need to be more proactive in relation to issues like business ethics, corporate governance and the management of employees' work-life balance due to the globalization of enterprise. Communication and information technology changes will require the adoption of strategic HRM models implemented through radical new approaches to HRM strategies, structures, organizational cultures, HRM practices and employment relationships as a whole (Hunt, 2003). More specifically as Erwee (2003) explains: “. . . in the competitive process of globalization and complexity, it is becoming critical to manage sustainable multinational organizations more effectively by using SHRM, and to link this with strategic needs in the larger organizational context. . . . However, they must also work within the confines of their local environment as well as a range of laws, politics, culture, economies and practices between societies”.

Concluding, we have witnessed many stages over the centuries of HRM through its evolution, which is depicted along with the organizational scope of every period in the following figure:

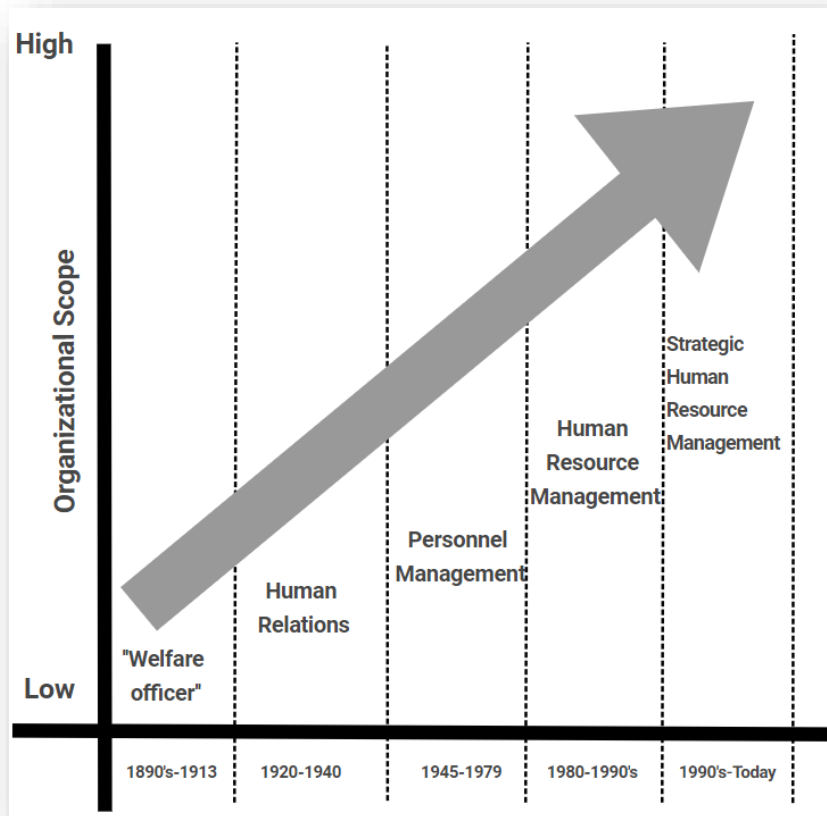


Figure 10 The evolution of HRM, source: own

CHAPTER 3 TQM implementation in organizations

3.1 Total Quality Management and Human Resource Management

During the past few decades, HRM and TQM have been in business and management research issues of high importance, due to their potential to impact an extent of individual and organizational performance (Ooi et al., 2007). Being in the 21st century, organizations globally experience continuous change processes. The challenges and threats that HR department has to face during the implementation of TQM in an organization require more effective decision-making based on various alternatives to increase competitiveness and productivity (Patro, 2013). Affected by the above changes, today's businesses endeavor to maximize profit goals and achieve growth. One of the ways to achieve these goals is to redefine the relationship between the business and its human resources. These challenges are:

Challenges & Threats of HR department implementing TQM	
1. Globalization	7. Lack of proper authority and leadership
2. Motivating knowledge workers	8. Inadequate resources
3. Employee satisfaction	9. Lack of customer focus
4. Communication barriers	10. Lack of proper planning
5. Vastness of organization	11. Lack of management commitment
6. Competitive markets	12. Deficiency of cultural dynamism

Figure 11 Challenges & Threats of HR department implementing TQM

Through the historical retrospection in the field of HRM, we saw the changes that have been made to this science over the years and how we have gradually passed from the stage of Personnel Management to HRM. In the last decades, however, there has been constant disputation about TQM and how this science can influence the practices and methods by which human resources are managed. Implementation of TQM may sound like a well-executed strategy in businesses, but it is not an uncompounded experience as far as the HR department is concerned (Patro, 2013).

It is commonly accepted from many business researchers and practitioners that TQM has a very high HR context and that this philosophy acknowledges the importance of HR and states a conceptual and well-defined concept that is related to human behavior and motivation. Additionally, the theories and practices of Total Quality Management related to Human Resource Management initially formed during the 1980s and 1990s (Trappey, 1995). Over the next few decades, there has been additional research on the field of HRM. As a result, these theories and practices are thoroughly studied and developed further.

Quality can provide an important opportunity for HR departments. Several authors, state that TQM is closely related to people management in its approach to personnel policy, and that it is consistent with a move towards a more strategic HRM approach (Hart and Schlesinger, 1991; Wilkinson et al., 1994). It is well accepted in the literature that in a TQM context, HR professionals play a pivotal role to the strategic management team, with direct contribution and influence to operational and strategic problems that affect TQM implementation (Hart and Schlesinger, 1991). If human resources can play a key role in improving quality, then they will be able to show their added value to the organization as well as other functions (Production, Marketing, Sales, etc.) and gain the prestige which accompanies the tangible evidence of a direct contribution to the performance of the organization.

Implementation of TQM in the organization requires support from top management and all staff members. Moreover, HR department needs to realize that TQM is a long-term business strategy (Patro, 2013). Involvement in quality initiatives can be seen as offering the HR department the possibility to become either a well-regarded “player” in strategic decision making (Vouzaz, 2004) or an outdated outcast, with duties taken over by the line management (Monks et al., 1997). As we mentioned earlier, TQM is a holistic philosophy that succeeds only when the organization is prepared to change, to discard outmoded management and work methods if necessary, and to make decisions based on the principal goal of satisfying customers’ needs. The role of the HR manager in improving quality can be important as it is a primary internal change. In developing TQM, management must commit itself to measuring the performance of a product in relation to its quality through customer surveys. This can help managers identify the design, construction or any other process related to the quality of a product or service, and therefore, provides an opportunity for continuous improvement (Patro, 2013).

The success and the progress of an organization massively depend on the combination of HRM and TQM. So, there is a growing interest in theory and practice, regarding the relationship between HRM and TQM, as well as the business strategy for achieving them both (Boselie and Wiele, 2001). HRM and TQM, including supplier and customer unification to improve products and processes, are two of the bulwarks of improved competitiveness (Huerta Arribas et al., 2005; Aragon-Sanchez and Esteban-Lloret, 2010). When businesses target Total Quality Management, they adopt a more constructive approach to HRM, by upgrading the role of human resources operations and by redesigning HRM practices to suit their plans and quality goals (Wickramasinghe, 2012). According to Usrof and Elmorsey (2016), they both are tactically and strategically essential for gaining competitive advantage through diverse factors.

It is clear that integration of people management and quality management seems to offer the best hope of an optimal outcome. As a result, in today’s business environment the integration

of these philosophies is used as a powerful tool to evaluate the way an organization operates (Boon et al., 2007). Dervitsiotis (1998) introduces some reasons why such concepts as people management and quality management strategies should be integrated:

Reasons to integrate people management and quality management strategies
Both aim to create a new culture in organizations that recognize the need to transform themselves.
Both strive to have organizations develop their human resources, as individuals and in groups, to the fullest extent possible.
Both insist on formulating and solving problems with information based on facts.
Both focus on satisfying genuine needs and expectations of all stakeholders.
Both emphasize the long term view rather than looking for a quick fix.
Both draw on vast reservoirs of knowledge from different scientific fields.

Figure 12 Reasons to integrate people management and quality management strategies

Graham Dwyer (2002), states that in business literature there are many similarities between quality management and people management. In both of them, there is a focus on unitarism and an important assumption of mutual benefit to employee and employer from the changes that occur in the organization.

TQM necessitates a particular approach to HR strategy if it is to be implemented successfully. The implementation of TQM is usually couched in terms of a need for changes in management style and the organization of work (Snape et al., 1995) and enables businesses to improve intrinsic capabilities, which is considered as a requirement to become competitive in the global marketplace (Lambert and Ouedraogo, 2008). As businesses endeavor toward a higher standard of quality and productivity through the implementation of TQM, their HR departments have to adapt and adjust to the essential changes in the way business is conducted (Martin, 1994). Williams et al., (1993) suggest that five main methods are commonly used by the management during the procedure of culture change:

Main methods used at culture change of the organization
1. Changing the people in the business, through selective recruitment and redundancy programs.
2. Moving people into new jobs to break up old sub-cultures.
3. Providing employees with training and management role models appropriate to the desired culture.
4. Training employees in new skills, thus influencing their job attitudes.
5. Changing the work environment, HR policies and management style generally.

Figure 13 Main methods used at culture change of the organization

However, experience shows a high failure rate in the implementation of TQM. According to Soltani et al. (2004) during their research, they found that multiple organizations fail to change their HRM systems to meet TQM expectations. This outcome is a result of the relatively little attention to HRM that is given by the organizations (Yang, 2006; Abu-Doleh, 2012). Many senior HR executives do not understand the concept of TQM well enough, so as to be able to appreciate the crucial role that human resources have in improving quality. In addition, most HR functions are specialized and detached from the rest of the organization, and as a result, the members of the department have no insight, which is a prerequisite for the application of TQM. Instead, these senior HR executives may see the demands of a complete process of qualitative improvement as a threat to their own well-defined field. Moreover, HR departments abide by the hierarchy, with strict definitions of responsibilities and authority. The participatory approach that is needed to implement TQM can be very difficult to accept in a department that works in such a way (Crosby, 1967). TQM as a holistic concept, demands the motivation and participation of all members of an organization to seek customer satisfaction. HRM can enhance human relationships and group consciousness, raise employee competence and achieve culture change. Therefore, it acts as an incentive for the successful implementation of TQM (Palo and Padhi, 2005). Hoogervorst et al. (2005) notes that:

“TQM hinges on the effective management of human resources.”

HR managers face the challenge of applying TQM principles that, in their traditional form, conflict with conventional theory and practice. TQM promotes the management of critical systems and processes and “minimizes individual differences between employees” (Carson et al., 1992). During the implementation of TQM the HR manager has to act as a democratic leader. The HR department should try to achieve the quality based on the customer expectation, and at the same time the employees’ interest as well. The manager should adopt a situational leadership style as well as a humanistic approach for leading the employees to fulfill the organization’s goals (Patro, 2013).

The application of TQM principles within the HR function may force the HR department to abandon its traditional role and move towards strategic HRM, as quality is a way of life and everybody should be responsible for (Wilkinson et al., 1991). Many academics and practitioners have affirmed that synergy and congruence among HRM practices have significant effect on the implementation of TQM. Once the HR department has learned to make quality a way of life within its own function, it can assume an expanded role; the support to TQM throughout the entire organization (Bowen and Lawler, 1992). Therefore, the role of the HR department is crucial to the success of TQM practices (Abu-Doleh, 2012). Marchington et al. (IPM, 1993) have suggested that HRM contributes to TQM in the subsequent three ways:

HRM contribution to TQM
1. Shaping the strategy of the quality initiative and developing quality facilities which take adequate account of people management.
2. Supplying technical and operational skills to TQM.
3. Demonstrating commitment to quality and enriching the individual and cooperative credibility of HRM employees by applying quality principles to their own activities.

Figure 14 HRM contribution to TQM

According to Herbig et al. (1994), TQM and HRM quest the same goal-productivity, profitability, a customer oriented company and a motivated workforce. TQM has become a major philosophy across all types of organizations and has significant implications for the effective management of people. In line with this view, many quality experts have asserted that HR issues are the core of the quality philosophy and that employee involvement and commitment is important for the successful introduction and implementation of quality initiatives, programs, or practices and techniques (Yang, 2006).

In the following section we will discuss about the impact of HR practices on the implementation of TQM according to the business literature and research. We will also mention the outcome of the TQM implementation on employees and on the firm performance.

3.2 Impact of HR practices in TQM implementation according to previous studies

HRM is a considerable facilitator of TQM implementation and quality management may change the way the functions of HRM operate, and it can cause readjustments and a modification of the HRM practices (Shahraki et al., 2011). In addition to the need for changes in management style that we mentioned in the previous section, HR practices play a substantial role in easing the implementation of TQM (Snape et al. 1995). As Izvercian et al. (2014) support, HRM practices are imperative of any TQM achievement because the integration of these practices will enhance the quality of the system of an organization as well as employee performance, towards managing exceptional status.

A plethora of studies have found that organizations redesign or introduce HRM practices, such as HR planning, recruitment and selection, performance appraisal, HR training and development and rewards and recognition in order to integrate with TQM expectations (Vouzas, 2004; Bou and Beltran, 2005; Soltani et al., 2006; Hassan et al., 2006). According to Vouzas (2004), businesses that aim towards TQM seem to “adopt more productive and

constructive approach to the management of HR by upgrading the role of HR function, redesigning and improving the existing HR practices to fit into the quality plans and objectives, providing systematic education and training, relating awards and recognition to quality and finally, establishing agreements with trade union”.

Waldman (1994), introduced a considerable literature review and notes that quality practices in the field of HRM consist of a careful and systematic approach to recruitment, commitment to training, performance and reward systems, unbiased work structures and the use of teamwork and solving group problems. Daily and Huang (2001) in their respective review of Total Quality Management, argue that the successful implementation of TQM is based on a number of human resources factors such as support for top management, selection, education, reward, employees’ empowerment and teamwork.

Moreover, Marchington et al. (1992), in order to emphasize the importance of HRM in the successful implementation of TQM claims that, “HR participation in TQM programs is not optional but it is an essential component if quality management is to reach its full potential”. In line with the above statement, Flynes (1999) supports that the absence of HRM practices can essentially undermine the successful implementation of TQM.

There have been several studies in the business literature that examine the effect of various HRM practices on the implementation of TQM. The majority of these studies have found that the greatest influence of the HRM practices which are presented in Figure 15 on the implementation of TQM are, “training and development”, “incentive compensation” and “recruiting and selection” (Bowen and Lawler, 1992; Boselie and Wiele, 2002; Yang, 2006; Abu-Doleh, 2012).

HRM Practices	
Human Resource Planning	Performance Appraisal
Recruiting and Selection	Incentive Compensation
Work Design and Analysis	Benefits and Profit Sharing
Training and Development	Employee Security and Health
Job Rotation	Employee Relations
Leadership Development	

Figure 15 HRM Practices

Consequently, all these total quality oriented HRM practices of Figure 15, whether they have the greatest influence on TQM implementation or not, they are all related to positive outcomes on employees and on firm performance. As reported by Boon et al. (2007), HRM and TQM both have been important issues in business and management research not only as

philosophies but also, as their potential to affect a variety of individual and organizational desired outcomes.

Generally, in theory TQM processes produce positive effects on employees by ameliorating their satisfaction and commitment and by improving their organizational efficiency. Unquestionably, many organizations that have adopted TQM practices have experienced enhancement in employees' satisfaction and commitment (Karia and Asaari, 2006). and this the main reason that in recent years increased attention has been given to employee satisfaction and loyalty in the business literature (Chang et al., 2010).

Furthermore, many studies have pointed out that loyal employees to the business represent value to the business and they are more committed to the constant improvement of quality. According to Chin and Saudah (2011), employee satisfaction is a critical factor of an organization's success and growth and additionally is the gratification or the pleasurable emotional state that results from the valuation of employees' job (Moorehead and Griffin, 1998). Traditionally is defined as "the emotional and intellectual fulfillment one receives from one's job" (Brief and Weiss, 2001). Other HRM/TQM outcomes are: employee motivation, employee retention, employee presence and social climate between workers and organization. All these outcomes have positive effect on the organization performance. For example, if the employees are not satisfied and from their job, it can result in lower productivity, and thus lower profits for the organization, as we can see in Figure 16. In Figure 16, there are illustrated the HRM/TQM activities which are related to the HRM/TQM results and the firm performance and is an adapted version of J. Paauwe and R. Richardson in 1997. The original model was presented in prior empirical studies in the field of HRM and performance (Boselie and Wiele, 2002).

Paauwe and Richardson (1997) gave a summary of relevant research on the relationship between HRM/TQM practices and performance, and made a clear distinction between their outcomes that we mentioned above and firm performance indicators such as profits, market value of the organization, market share increase in sales, productivity, product/service quality, customer satisfaction, development of products/services and future investments. Some of these HRM/TQM practices have a direct effect on firm performance. It should be appropriate to mention that there will be in some circumstances a reverse causality between HRM/TQM practices and business performance. For instance, an increase in sales which means and an increase in profits as well may result in a higher level of willingness to invest in HRM/TQM practices, such as recruiting and selection and training and development. Finally, Paauwe and Richardson support that some other contingency factors like the size of the firm or the level of technology that it uses as far as the organization level is concerned, and like the age, gender or educational level for the individual level, have an effect on HRM/TQM practices and outcomes and on firm performance as well.

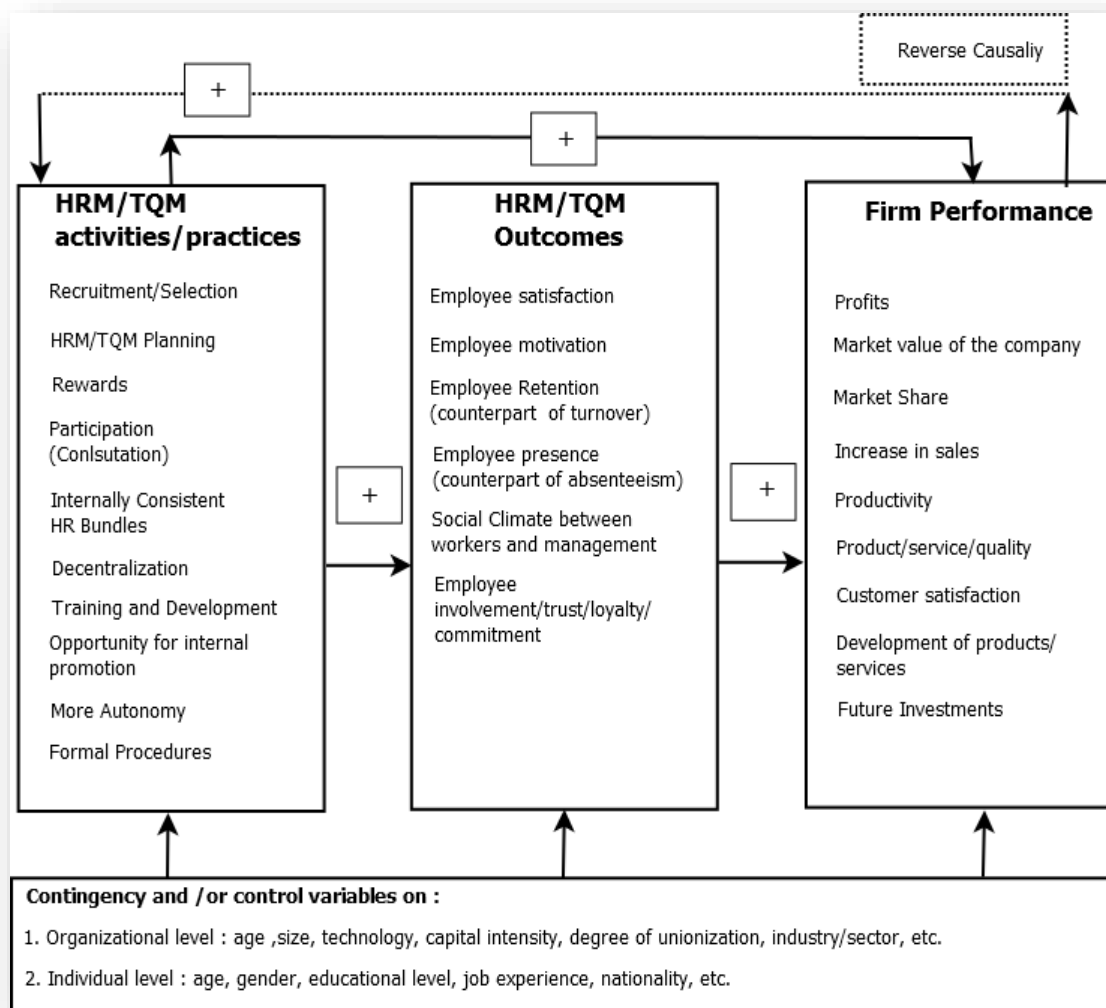


Figure 16 HRM/TQM activities in relation to HRM/TQM outcomes and business performance

In the following section we will discuss about the three HRM practices that have the greatest influence on the implementation of TQM which are mentioned earlier in this chapter that is, recruiting and selection, training and development and incentive compensations.

3.3 Recruitment and Selection, Training and Development and Incentive Compensations

3.3.1 Recruitment and Selection

First of all, we have to define the meanings of recruitment and selection before analyzing its processes. According to Rashmi (2010), recruiting is “a stage that attracts candidates who have interest in working for the organization”. On the other hand, selection is “the process of

decreasing the quantity of unsuitable application and pick out most relevant qualifications” (Usrof and Elmorsey, 2016).

It is the process that provides a set of stages which is jointly denoted to as the recruitment process life cycle. This cycle begins with the recognition of a vacancy and finishes when the successful candidate performs the job to an acceptable level of standard (French and Rumbles, 2013). TQM in HRM always recruits the right people to the right position and as result, everyone gets the right job according to its skills, personality and qualifications which in turn, augments the morale of the employees and benefits the organization in general. Recruitment and selection must provide the organization with employees who perceive the values and goals of TQM and can work with an efficient way towards these values and goals (Simmons et al., 1995).

For decades, human resource selection mechanisms, from tests (ability and personality) to interviews, were evaluated according to labor performance indicators that included both productivity and quality indicators. During these decades, studies have shown that quality can in fact be influenced by the human resource selection process (Bowen and Lawler, 1992). Recruitment and selection process is the first and more important step in order to implement TQM in an organization. Nowadays, the fact that the business environment is quickly changing demands a well-defined recruitment process which helps the organizations to respond to its human resource requirements in time (Patro, 2013). Durai (2010) indicated that the efficiency of recruitment and selection can be measured in terms of quantity and quality of the applicant pool. For this reason, recruitment requires to attract qualified candidates and not just applicants and encourage them to apply for a job position.

Formal recruiting processes may include advertisements, posters, network bulletins and human resource banks. In addition to these formal processes, there are some informal methods as well, like personal connections and introductions through teachers and other staff (Chen and Cheng, 2012). During the selection process organizations may demand from the applicant some documents like an application form, curriculum vitae, evidence of his/her qualifications and experience, cover letters and in some cases the organizations may require a criminal record from the candidates.

Moreover, many companies apply skill tests as a selection process. These tests often include personality assessment to determine whether the candidate is capable or tends to produce high quality products and services. The test skills must be approached differently by an organization that adopts a TQM philosophy. Such an organization needs individuals who can solve problems and know specific types of statistical analysis. These skills must be evaluated during the staff selection process so that we can be sure that these individuals can learn to use statistical and problem-solving methods that are part of the TQM.

In addition, due to the emphasis given by TQM on team processes (suggestion systems/ quality circles), it is necessary to identify employees who can work well in groups. This has led to a number of new selection procedures including team interviews and the use of assessment centers and other technologies to assess how individuals work within groups (Bowen and Lawler, 1992).

Finally, the emphasis that is given on the recruiting and selection process of human resources is not new and does not differ much from what has been traditionally pursued by HRM. What may differ from the usual practices is the emphasis on a quality-oriented organizational culture as the desired outcome of the selection process. This requires the organization to commit more resources to the process of selection and structuring the process in a different way so that it can make a good selection of candidates (Bowen and Lawler, 1992). According to Visa et al. (2015), the recruitment and selection process is a difficult task and really expensive especially when there are a lot of skilled and talented applicants. But, since the candidate employees have been selected through the processes that we mentioned above, it could turn into reality the mission and the vision of the business.

3.3.2 Training and Development

An essential part of the TQM programs is employee training and development. Many studies have indicated that training and development is the practice of HRM with the greatest influence during the implementation of TQM (Bowen and Lawler, 1992; Yang, 2006; Usrof and Elmorsey, 2016). It provides managers and employees with adequate skills in order to implement TQM successfully. Normally, training covers problem-solving technologies, problem analysis, statistical process control, and quality measurement. All these go far beyond distinct job skills (Bowen and Lawler, 1992). According to Choo and Bowley (2007), training and development are “the continuous efforts aimed to achieve individual growth and to engage in more efficient teamwork by providing employees with the needed knowledge and skills to perform their job.” Many supporters of TQM philosophy argue that its introduction will enhance the role and responsibilities of lower tier employees as decision makers and problem solvers (Simmons et al., 1995). Today’s vigorous work environment and intricate businesses require employees to have skills in performing various tasks in an efficient way.

A well organized training and development program provides employees with experience and continuous knowledge (Madanat and Khasawneh, 2017) and must be planned objectively and systematically (Kramar and Syed, 2012). It creates more favorable employee attitudes, enhances the loyalty towards the organization, helps to increase the job involvement of employees, facilitates the updating of skills, makes the employees feel like they belong to a team being useful and strengthens the organizations’ competitiveness (Acton and Golden,

2002). Moreover, training effectiveness may also be ascertained in the particular mention to the traits of the trainers. Such traits may be the comfort level with the subject matter of the trainers and the good relation with the trainees (Kramar and Syed, 2012).

Several studies have indicated that employees who receive training is shown to have increased levels of job satisfaction and commitment to the organization in relation to those who do not and the development of competencies through numerous training programs has a positive effect on employees' satisfaction (Saks, 1996).

As a result, the HR department needs to intensively train staff in order to understand the application of TQM methods and tools at all levels of management. Organizations need to realize the need and importance of the business training and development process because the main goal of training and development is to ensure the availability of a skilled and willing workforce in an organization (Patro, 2013). Additionally, the HR department should focus on the analysis of training needs and the preparation of the budget for each department. Patro (2013) also supports that providing training and staff development programs, using knowledge of the effectiveness of processes like demonstration on-the-job training, classroom training, conferences and meetings will assist in improving the efficiency of the employees in the business. Businesses that implement TQM invest totally in training employees at different levels, so as to be more productive. For example, organizations that have won Baldrige Award (more in section 1.4) emphasize a lot on training and back it up with suitable provision of resources (Mpofu and Hlatywayo, 2015).

TQM requires changes in the required skills of employees and managers. Within teams and greater operational integration, employees need to have a broad set of skills covering many different jobs. Decentralization of authority places demands on supervisors and middle managers, as they are in the role of mediator and coach. As a consequence, moving to this role can create increased pressure on mid-level managers (Shadur and Bamber, 1994), so leadership and management training should be provided to these managers to facilitate the transition.

Due to the growing complexity of the tasks and skills required in modern business environment, the development of effective training programs is of enormous importance (Lee et al., 2012). Many organizations have established broad and inclusive training programs to meet their expectations. According to Bowen and Lawler (1992), Motorola and IBM stand out as two companies that have made tremendous commitment to training. Both encourage extensive training for all employees, requiring a certain number of days per year for all employees. However, several studies have revealed that managers often find it difficult to create such programs. The reasons for the difficulty may be due to inadequate planning, lack of networking and technical skills, vague monitoring and review, and collapse to integrate the requirements required for success (Kilkelly, 2011).

Concluding, the great emphasis that is given by TQM on training and development is very important for the functioning of HRM in the organization. HR functions can add value to total quality efforts by increasing the level of employee skills in the organization as we mentioned earlier. Specifically, if the HR Department responds to training needs with a customer-oriented approach (Bowen and Lawler, 1992), a great opportunity is given to HRM to be associated with TQM.

3.3.3 Incentive Compensations

For a long time, the issue about incentive compensations was absent in academic papers. For employees, compensation is normally the most undisguised key subjects to think about when negotiating an employment agreement. According to Wiley (2011), 25 percent of employees claim that compensation is the most important thing they want from their business. In addition, Gilmore and Williams (2009) argue that it is an HR tool that intends to improve employee performance and behaviors. Moreover, it is common that every organization wants the best people available to work for it and does everything to augment its success in relation to its competitors. Thus, better compensation is imperative in order to attract the best employees and pull staff from the competitors (Irshad and Toor, 2008).

One of the beliefs and core values that is important on implementing TQM philosophy in an organization, is that compensation should be impartial. As a result, many TQM supporters claim that traditional compensation models can lead to non-functional competition among employees for increases and ratings. Traditional compensation systems were based on: pay for performance and pay for liability. Each of these is based on individual performance, which creates a competitive atmosphere among employees. If the choice of compensation criteria is focused solely on individual performance, an organization will find that initiatives to promote teamwork will fail (Ross, 2004). According to Vanagas (2008) every organization has some particular goals in creating an effective compensation system. These goals are present below:

Specific goals in creation of an effective compensation system
1. To help in achieving organizational values, standards and expectations.
2. To assist the implementation of organization's culture, processes and structure development programmers.
3. To help the implementation of organizational principal values: quality, customer satisfaction, teamwork, innovations, professional versatility, and proactiveness.
4. To stimulate employees to pursue organization's goals.

Figure 17 Specific goals in creation of an effective compensation system

The TQM concept emphasizes flexibility, lateral communication, group efficiency, and the responsibility of a whole process that has the ultimate effect for customers' satisfaction. A group-based compensation approach is a win-win situation or performance bonus for all employees. Group-based compensation is a management system in which an organization seeks higher levels of performance through the participation and involvement of its people. The approach is a team effort and enhances TQM to an extent, because it contains common elements such as participation and commitment (Hussein et al., 2016).

In addition, HR professionals are forced to review their own functions in order to assist on the successful implementation of TQM (Kennedy, 1993). Organizations that have moved from theory to the implementation of new compensation and rating models support an uncomplicated system that focuses on individual career development and fair rewards for all employees (Martin, 1994). Incentive compensations mostly include financial and non-financial rewards for employees who contribute to TQM efforts (Blackburn and Rosen, 1993). Several studies have indicated that compensation systems are perceived as one of the greatest incentives that motivate employees and it may be controlled to ameliorate quality, safety, creativity and many other outcomes that are crucial in a successful business environment (Johnson et al., 2015). Therefore, competent compensation system strategy in TQM should be based on the motivation of employees to seek quality. If employees receive higher salaries from the organization and this enhancement will not affect their behavior then, the system will not be efficient and the employees will not start working towards improving quality. So, it is essential to establish the compensation system in a way that will act as an incentive factor and will contribute to the implementation of the TQM philosophy to an organization which, as we know, is the firmness of competitiveness.

Finally, the importance of equitable remuneration for employees may also be seen from its relationship with a number of highlighted work and life outcomes, including employee involvement, work-related stress, turnover intentions, psychological and physical health, and life satisfaction. Undoubtedly, employees have to be properly managed and mobilized by offering the best remuneration and compensation according to business criteria. It will also serve the need to attract and retain the best workers as we mentioned above. In addition, when workers have an incentive, the level of job satisfaction will translate into improved customer service and job integration, which will benefit the organization through market share, profits, quality and overall competitiveness (Kabir and Parvin, 2011).

CHAPTER 4 Conclusion

In this study we reviewed the concepts of Total Quality Management (TQM) and Human Resource Management (HRM) through an overview of international and Greek literature. Through these concepts, we tried to identify the main points that the modern administrative officer should focus on in order to manage the work of the company's staff by combining traditional management practices with the modern methods proposed by Total Quality Management. We examined the TQM philosophy and the way in which staff management can be improved with the ultimate goal of increasing productivity, creating satisfied customers and other positive results in the company, and staffing the organization with competent and satisfied employees.

In chapters one and two, some basic concepts were examined, such as quality, Total Quality Management, Personnel Management and Human Resource Management. We tried to define what TQM means according to the most important definitions that have been formulated in the business and management literature, made a reference on the quality “gurus”, analyzed what management means based on the principles of Total Quality, made a historical review of its evolution and analyzed its dimensions. Subsequently, the term of Personnel Management was developed, its historical evolution and the way we gradually moved to the term Human Resource Management was presented. In addition, the similarities and differences between the two terms were identified.

To continue with, in this study we investigated the effect of individual HRM practices on the implementation of TQM and concluded that the practices of “recruiting and selection”, “training and education” and “incentive compensation produced the greatest influence on the implementation of TQM. TQM in HRM always recruits the right people to the right position and as result, everyone gets the right job according to its skills, personality and qualifications which in turn, augments the morale of the employees and benefits the organization in general. An essential part of the TQM programs is employee training and development. According to multiple studies training and development is the practice of HRM with the greatest influence during the implementation of TQM. It creates more favorable employee attitudes, enhances the loyalty towards the organization and helps to increase the job involvement of employees. The last of the three HRM practices with the greatest influence on the implementation of TQM is “incentive compensations”. For employees, this practice is very important, because it is normally the most undisguised key subjects to think about when negotiating an employment agreement.

Moreover, it is also found that the common practices of TQM and HRM such as recruitment and selection, HRM/TQM planning, participation, training and development, internally consistent HR bundles, decentralization, opportunity for internal promotion, more autonomy

and formal procedures, they all have positive outcomes on both individuals and on firm performance. There is increased employee, satisfaction motivation, retention, presence and commitment to the organization. Moreover, the social climate between employees and management is enhanced.

On the other hand, both HRM /TQM practices and HRM/TQM outcomes on employees have a positive impact on the performance of the organization. Many studies have indicated that the successful implementation of TQM benefits organizations with increased profits, market value of the company, market share, sales and productivity. Besides, the quality of products or services is improved, resulting in customer satisfaction which is the ultimate goal of TQM. Increased profits may lead to future investments of the organization, not only in other fields of interest but also on the specific HRM/TQM practices that play crucial role like, recruitment and selection, incentive compensations and training and development.

In conclusion, many studies have proved that HRM played a key role in the implementation process of TQM. Additionally, these two concepts combined improve employee and organization performance. Nevertheless, the effects of different HRM practices on the implementation of TQM are differentiated. Organizations have to define which HRM practices are critical to their business, and should prioritize these practices before they dedicate their efforts to the implementation of TQM.

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