UNIVERSITI PUTRA MALAYSIA

**EVALUATING THE PERCEIVED EFFECTS OF TOTAL
QUALITY MANAGEMENT (TQM) TRAINING PROGRAM
IN TENAGA NASIONAL**

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By

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Evaluating the Perceived Effects of Total Quality Management (TQM) Training Program In Tenaga Nasional Berhad.

By

KHALIDAH BINTI HARON

Semester July 1995

Supervisor   : Dr. Bahaman Abu Samah.

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Tenaga Nasional Berhad (TNB) was corporatized on the 1st. of September 1990. To help achieved its new corporate mission, total quality culture now forms a major aspect of TNB's strategic initiative. Management has turned to the training and development specialist to improve the organization's capabilities through TQM training program.

Before TNB was corporatized , training and development can be viewed traditionally as a discretionary expenditure. Now that it is a corporate body, for TNB to stay in business, they need to start rapid savings by reducing spending not directly related to improving their profit margin. If training cannot show positive, unambiguous results, organization will

relegate training to a fairly low status and it will be the first thing to be cut when the organization hits difficult times.

Purpose of this study was to determine the effectiveness of the Total Quality Management (TQM) training program in TNB. Specifially, this study aimed:

1. To determine trainee's reaction.

2. To ascertain trainee's perception on the effect of the training program.

3. To see the relationship between certain specific variable with the perceived effectiveness of the training.

Census were conducted on Tenaga Nasional Berhad's (TNB) Executives. Executives from four divisions were identified and the four divisions in TNB are Generation, Transmission, Customer Services, and the Support Services Division. Out of the 110 names listed, 84 responded to the questionnaire.

With regard to Objective 1, the overall reaction were very encouraging. Minor adjustments need to be done to make it better. As for the instructors and methodology used, the result was below the standard, respondent gave an average ratings for both.

Objective 2, was to uncover the respondent's perception on whether the effect was favorable or less favorable either in improving their job competencies, commitment to organizational goals or in improving themselves. Almost all responded very positively to the effect of training in all the three categories.

As for Objective 3; results differs, the relationship dpends on the variables. **Age** gives a negative correlation with slight relationship. **Tenure**, the maximum length of tenure in TNB was 25 years and the minimum was 2 years. The mean was 14 years. The only relationship found was a negative low correlation. Very slight correlation with regards to **Control Span**, the maximum number of subordinate at one time recorded under the control of the respondent was 500, and minimum was none at all, and mean 55.2. With significant level of 0.05, differences were detected with regards to **Departments, and Method Selected to Attend Program** in response to the effectiveness of training.

Base on this study, it can be concluded that, effectiveness of training program depends not only on the well designed program and the way it was conducted as normally perceived, it also depends on the socio demographic factor of the participants, the culture of the organization and most of all on the individual trainee themself.

Training is just a means to an end. It takes an integrated effort to make TQM a success in any situation in an organization.

Abstrak kertas kerja projek (tesis) yang dikemukakan kepada Senat Universiti Pertanian Malaysia sebagai memenuhi sebahgian daripada keperluan untuk mendapatkan Ijazah Master Sains.

Penilaian Kesan Program Latihan Pengurusan Kualiti
(Total Quality Management)
di Tenaga Nasional Berhad.

Oleh

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.

Tenaga Nasional Berhad (TNB) telah diperbadankan pada 1 September 1990. TNB telah mengambil langkah untuk menjadikan budaya kualiti sebagai strategi barunya.

Bagi membantu TNB dalam usaha mencapai halacara baru, pihak pengurusan telah meminta pakar pembangunan dan latihan untuk melaksanakan program-program latihan 'TQM'.

Sebelum TNB diperbadankan, perbelanjaan kos pengendalian program tidak begitu diambilkira oleh TNB. Walau bagaimanapun, perbezaannya sekarang segala perbelanjaan di TNB perlu dititik beratkan dan sebarang kos perbelanjaan yang dianggap tidak membawa hasil keuntungan kepada TNB, ianya perlu dikaji semula dengan teliti.

Adalah dengan itu, program latihan perlu dinilai keberkesanan hasilnya. Hasil latihan harus dapat memberikan kesan dalam usaha membentuk TNB dan menghasikan pulangan yang memadai.

Matlamat utama kajian ini adalah untuk menilai keberkesanan latihan 'TQM' di TNB. Matlamat khusus kajian ini ialah, (1) menilai reaksi peserta, (2) menilai persepsi peserta terhadap kesan latihan dan (3) melihat hubungan atau kaitan diantara umur, jangka lama bekerja, jumlah pekerja di bawah jagaan, tempat bekerja dan cara mereka dipilih menghadiri latihan dengan kesan latihan ke atas mereka.

Hasil kajian menunjukkan, (1) reaksi terhadap latihan adalah tinggi dan baik, kecuali terhadap jurulatih dan cara pengendalian latihan. Penilian diberi adalah sederhana saja. (2) bagi matlamat kedua, maklumbalas yang diterima menggambarkan kepuasan pencapaian yang tinggi. Latihan telah memberi kesan yang positif ke atas mereka. (3) hasil kajian bagi matlamat ketiga memberi keputusan yang pelbagai. *Umur*, memberi kesan perkaitan rendah dan negatif. *Lama bekerja* di TNB, hasil kajian menunjukkan, jangka maxima adalah 25 tahun dan minima adalah 2 tahun dan secara puratanya ialah 14 tahun dengan kaitan hubungan yang negatif dan rendah. *Jumlah pekerja di bawah jagaan* sesaorang memberikan kesan yang minima. Hasil kajian tiada menunjukkan kesan yang ketara diantara mereka yang mempunyai pekerja bawahan yang ramai sebagaimana dalam kajian ini, tertinggi 500 dan terendah, tiada langsung pekerja bawahan. Bagi mengesan sama ada *faktor tempat kerja* peserta yang berlainan dan *cara mereka dipilih* untuk mengadiri latihan, menunjukan perbezaan, hasil kajian

menunjukan ada perbezaan kesan di antara tempat kerja dan cara peserta dipilih untuk menghadiri latihan dengan persepsi keberkesanan latihan ke atas peserta secara keseluruhannya.

Dapat diputuskan bahawa, hasil kajian ini memberi gambaran bahawa keberkesanan latihan bergantung kepada berbagai faktor. Disamping perancangan latihan dan pengendalian latihan yang baik, faktor seperti umur, jumlah pekerja bawahan dan terutamanya faktor peserta atau diri sesaorang itu sendiri banyak mempengaruhi keberkesanan latihan.

Latihan hanyalah sebagai salah satu cara untuk mencapai matlamat. Usaha yang bersepadu dari semua pihak diperlukan bagi mempastikan kejayaan usaha ke arah kualiti.

CHAPTER I

"Was The Training Effective?"
Evaluating the Perceived Effects of Total Quality Management (TQM) Training Program In Tenaga Nasional Berhad.

Introduction

Tenaga Nasional Berhad (TNB) is a new corporate organization. It was corporatized on the 1st. of September 1990 and its corporate mission is, to provide an essential part of the national economic infrastructure by: a) continuously meeting customers' requirements for energy safely, reliably and economically, b) encouraging the growth of efficient enterprises to service the needs of the energy supply industry. In meeting the corporate mission, TNB will not ignore its responsibility in meeting the needs of all shareholders, employees and other stockholders.

Being a corporate body, TNB have to face competition. In this contact TNB either survives by being more cost-effective than its competitors, or that it develops a temporary monopoly advantage that allows it to set price, rather than being bound by the market price. With intensive deregulation, monopoly is a rare exception. This means that for a long-term excellence, companies have to be quality and productivity driven.

At the company level, there is a consensus that systematic and aggressive use of tools such as Total Quality Management (TQM) are needed to enhance productivity. A commitment to 'quality' is essential in any

attempt to meet the modern managerial challenge. Hence, to meet this challenge, TNB's chief executive declared that TNB is going to implement TQM in the organization.

Total quality culture now forms a major aspect of TNB's strategic initiative. The Quality Promotion Unit in TNB is the principal agent for the promotion and inculcation of quality culture in TNB. Specifically, the Unit's mission is to:

a) Ensure that quality improvement and management programs are implemented throughout the company based on a comprehensive plan and methodological approach of TQM,

b) Bring about the acceptance and commitment amongst all levels of managers towards TQM, and

c) Ensure the perpetuation of quality culture in the company.

Hence, in response to help meet the challenges and to make TQM a success in TNB, management has turned to the training and development specialist to improve the organization's capabilities through TQM training program.

Why TQM? We live in a changing world, if our businesses are to succeed well into the future, we too must change. In the past, TNB, as one of those utility companies, could simply believe they understood their customers needs, without ever asking them. After all, the customers wanted electricity. And as long as TNB gave it to them with few interruptions, TNB assumes that they are doing their jobs and, in exchange, the customers paid whatever rate was asked.

This approach is no longer valid in today's business environment. In many industries, profits are down and competition is up, companies are reducing their work forces, businesses like IBM are dividing into smaller units, and customers are no longer satisfied with doing business the old way. The 1990's has been referred to as the decade of the customer. Customers want service that exceeds their expectations and 'delights' them; they want 'Quality'.

Utility customers expect a reliable electricity supply that is secured for the least possible price. They want the lights to go on their living rooms every time they turn on the switch. They want the increased quality of life at home and work that the electricity brings, but, they are also concerned about the environment and their health. The achievement of quality service is a major challenge, but make no mistake, electricity is an essential commodity and if we cannot provide the required safe, reliable supply, someone else will.

Concept Of TQM

So, what is Quality? Leading businessmen have expressed the answer in a number of ways. Sir John Egan, Chief Executive of Jaguar cars has said " Quality is making money out of satisfying customers. Quality comes first." John F. Akers, Chief Executive of IBM says " Quality is everyone's job...Quality is essential merely to stay in the race." And Colin Marshall,Chief Executive of British Airways; " Quality is putting the customers first, every time."

Quality is all this and more. But the best which I would like to quote is from the success story, the radical turnaround achieved by Xerox Corporation. T. Kearns, the chairman and CEO of Xerox Corporation states: " Quality isn't just good way to do business, it's the only way. Quality is not just beating your competition, it's doing what your customers require, 100% of the time. Quality is not a program, it is not a speech, and it is not banners- it is business process."

TQM is a new way of thinking about organizations and how people should relate and work in them. It refers to efficient management of an organization, which in turn meets customer needs. Customers' satisfaction is the pivot of current business management philosophy. The reason for this is because, getting their confidence and loyalty is the key to business success.

The concept of TQM is a program in its own right. It involves a philosophical change to achieve excellent performance. Hopefully, by answering to two basic questions that are of important concern with regard to TQM, an overview of TQM and basic understanding on what this new approach to management is all about will be clear. The two questions are: 1) What are the basic ideas behind TQM? and 2) How is TQM different from traditional management?

The basic ideas behind TQM

In order to be clear on the underlying assumptions and guiding principles of TQM, it is important to have a solid understanding of the following concepts.

1. Organizations are made up of a complex system of customers and suppliers, with every individual executive, manager, and worker functioning as both a supplier and a customer; **the concept of internal customer.**

2. Quality-**meeting the customer's requirements**-is the priority goal and is presumed to be the key to organizational survival and growth. The concept is simply to succeed in delighting the customers, internal and external alike. By delighting the external customer they will bring others with them and the organization will flourish, and by delighting internal customers, they will perform more effectively.

3. **Continuous improvement is the guiding principle**. This goes for the product or service we produce and for our own competence on the job. TQM organizations are learning organizations and depend on their people to become increasingly competent and creative. In TQ Managed organizations, the standard operating procedure is to keep doing better. As long as things are not perfect, there is room for improvement.

4. **Teams and groups** are primary vehicles for planning and problem solving. When groups work well they will provide a level of satisfaction that energizes and inspires their members. TQManaged organizations recognize and reward teams. When a group achieves some goal, everyone celebrates, and as for setbacks or disappointment, it will be easier managed as a

member of a team. A final advantage of the team is the reduction of individual rivalry and distrust.

5. **Developing relationships of openness and trust** among members of the organization at all levels is the key condition for success. In TQManaged organizations, trust is a high priority and is nature in a variety of ways. It begins with the communication of organizational goals. Everybody knows what the targets are and how well they are being met. Barriers between divisions and departments are minimized, errors and problems are viewed as opportunities for learning, rather than as blunders to be punished.

Differences Between TQM and traditional Management

Schmidt and Finnigan (1993) provide a clear discussion on the differences between TQM and traditional management. The following chart which was prepared by Federal Quality Institute (FQI) (1991) based on the description of Schmidt and Finnigan illustrate the comparison.

In brief, TQM represents a major cultural change - a change in the way the organization defines itself, its priorities and values. Change in the way it deals with its personnel, its customers, and its suppliers, which in combination produce a very different way of operating an organization.

Quality Management is a holistic approach where quality of human resource stands in the forefront, interacting with quality inputs and process, to produce quality output.

Traditional	TQManaged
• The organizational structure is hierarchical and has rigid lines of authority and responsibility.	The organizational structure becomes flatter, more flexible, and less hierarchical.
• The focus is on maintaining the status quo(If it ain't broke, don't fix it)	Focus to continuous improvement in systems and processes (continue to improve it even if it isn't broken)
• Workers perceive supervisors as bosses of cops.	Supervisors perceived as coaches and facilitators. The manager is seen as a leader.
• Supervisor-subordinate relationships are characterized by dependency, fear, and control.	Relationships shift to interdependency, trust, and mutual commitment.
• The focus of employee efforts is on individual effort; workers view themselves as competitors.	Focus shifts to team effort; workers see themselves as teammates.
• Management perceives labour and training as costs.	Labour perceived as an asset and training as an investment.
• Management determines what quality is and whether it is being provided.	The organization asks customers to define quality and develops measures to determine if customers' requirements are met.
• The primary basis for decisions is 'gut feeling' or instinct.	The primary basis for decisions shifts to facts and systems.

Figure 1   Differences between TQM and Traditional Management:-

Federal Quality Institute (FQI) (1991)

Background of the Problem

TNB spent RM 5 million each year on training. Since an organization's human assets have been estimated to comprise from thirty-five to eighty percent of its total worth (Likert,1961), this five million appears to make good economic sense. But this was before TNB was corporatized , training and development can be viewed traditionally as a discretionary expenditure. Now that it is a corporate body, top management have realized, for TNB to stay in business, they need to start rapid savings by reducing spending not directly related to improving their profit margin. Hence unless training programs are integrated to form part of the corporate business plan, which is; 1) to provide total quality product and services, 2) quick response time to customer needs, 3) high productivity and efficiency to remain competitive, and 4) a higher standard of honesty, integrity and fairness to its employees, customers, suppliers and shareholders; it becomes a peripheral activity of the organization and is a luxury and dubious accessory in the corporate budget rather than being seen as part of the lifeblood of the company. In addition, if training cannot show positive, unambiguous results, organization will relegate training to a fairly low status and it will be the first thing to be cut when the organization hits difficult times.

As mentioned, TQM culture is to be a major aspect of TNB's strategic initiative. Being a new approach, it is often greeted with a combination of hope and skepticism. This is because 'new', means change, and change is always a challenge, bringing elements of hope and fear. To assist the anxiety facing change process, training will be one of TNB initiatives. TNB