

## **ROLE OF LEADERS' BEHAVIORAL INTEGRITY IN DETERMINING SUCCESSFUL TQM IMPLEMENTATION AND ORGANIZATIONAL PERFORMANCE: A STUDY ON PUBLIC HOSPITALS OF PAKISTAN**

**Kamariah Ismail**

Management Department  
Faculty of Management and Human Resource Management  
Universiti Teknologi Malaysia  
E-mai: m-maria@utm.my, drkay147@yahoo.com

**Wafa Khurram**

MS-Student  
Department of Management Sciences  
COMSATS Institute of Information Technology  
Lahore, Pakistan  
E-mail: wafakhurram@yahoo.com  
Tel.no. 0060-137310867

**\*Syed Khurram Ali Jafri**

Ph.D. student  
Universiti Teknologi Malaysia, Malaysia  
Phone: 0060-137482267  
E-mail: khurramjafri1970@yahoo.com

### **ABSTRACT**

*Total Quality Management (TQM) has been documented as an inevitable success factor for organizations to endure today's competitive global arena. Where efforts to reinforce hard elements of TQM have ruled the literature and industry previously, the significance of the soft elements of TQM are being recognized lately. This study is an attempt to respond to issues regarding leaders' behavioral integrity in assessing TQM implementation and corresponding organizational performance in the public health sector of Pakistan. Taking the sample of 100 respondents from lower and middle management of public hospitals in Lahore city, the study was carried out by using simple random sampling technique. Findings revealed strong moderating role of Leaders' Behavioral Integrity in the relationship of both TQM philosophy and successful TQM implementation and TQM implementation and organizational performance. Implications and future research suggestions are also discussed.*

**Key Words:** Behavioral Integrity, Organizational Performance, Total Quality Implementation, Total Quality Management.

### **1. INTRODUCTION**

Total Quality Management is a buzzword for the organizations to safeguard their growth and sustainability in today's strongly competitive and turbulent global scenario (Al-Swidi, 2011; Fasil & Osada, 2011). Total quality management refers to dealing with the strategies for refining the quality of products and services by the organizations to meet and treat the customers' requirements and satisfaction. The recurrent changes in the environment, technology, social and personal attitudes have also enforced the organizations in the developing countries like Pakistan to engross the importance of proper quality management program and its implementation as growth imperative and for its sustainability also (Shabbir et al, 2010).

TQM philosophy and implementation has been numerously found to increase the performance of the service organizations (Khamalah & Lingaraj, 2003) and hospitals (Counte et al, 1995; Kozak et al, 2007) specifically in terms of customers' attraction, satisfaction, retention, greater intra-organizational exchanges, problem rectification and fewer errors. It is strongly argued in the literature that health sector needs to retain its customers by providing excellent quality services with minimum or no defects (Lim & Tang, 2000; Zineldin, 2006). Studies related to customer's inclination towards choice between public and private hospitals showed their greater tendency towards public hospitals which may be a factor of their low incomes and trust (Shabbir et al, 2010). It is argued by Hasin et al, (2001) that public hospitals are supposed to give importance to quality improvement or their customers may switch over to private hospitals.

This calls for special interest and efforts of the top-management of public hospitals to disseminate the TQM philosophy of continuous improvement, continuous learning, and customer's satisfaction across the whole organization to ensure its successful implementation (Yadav, 2007). The importance of considering the behavioral issues related to TQM philosophy also rather than stressing upon the cost and performance related strategies has also been numerously discussed (Sommer & Merritt, 1994; Carmen et al., 1996; Lau & Idris, 2001; Antony et al., 2002). Furthermore, the employees' trust on the TQM philosophy as espoused by the top-management greatly determines the practicability of its successful implementation (Brah, Tee & Rao, 2002; Kozak et al, 2007) and any incongruity between the espoused and enacted TQM strategies may lead to inappropriate results from it (Douglas & Judge, 2001). The defining role of TQM implementation in predicting better organizational performance of health sector and lack of this empirical research specifically in Pakistan urged us to explore the relationship of TQM philosophy, TQM implementation and organizational performance and role of leader's behavioral integrity in defining these relationships.

## 2. CONCEPTUAL FRAMEWORK

In today's escalating global competition the organizations opt for providing and maintaining the absolute quality of products and services to get a competitive edge on their competitors (Ishikawa, 1972; Fiegenbaum, 1983; Douglas & Judge, 2001). TQM is recognized as an effective tool for organizational growth and sustainability in this scenario (Fasil & Osada, 2011). TQM philosophy involves the continuous improvement of products and services, continuous learning and improved customer satisfaction. The proper adoption of TQM philosophy and TQM implementation not only leads to add new customers but also to retain them in the long run. Whereof, the inefficient way of implementing TQM may result in the retrenchment of the customers, wasted costs and loss of sales (Douglas & Judge, 2001). Furthermore, It has been found to be significantly related to high customer satisfaction (Samson & Terziowski, 1999) and organizational performance (Huang & Chen, 2002; Khamalah & Lingaraj, 2003).

Following the rationale, we hereby put the hypothesis:

**H-1:** TQM philosophy (TQMP) is positively related to organizational performance (OP) of public hospitals.

Researchers argue that the effective and efficient use of the strategic implementation of the TQM philosophy in the organizations can lead to fruitful results regarding TQM program (Leonard & McAdam, 2002) and organizational performance (Demirbag et al, 2006). Once quality program is planned the issue regarding the strategic implementation of this program jumps in, which, in literature, is demonstrated as the backbone of the successful TQM program (Douglas & Judge, 2001). It is found that the technical tools of quality improvement may be well developed, but its theory and practice lag far behind. Companies often misconstrue the strategic planning of total quality management and its implementation (Hansson & Ericsson, 2002). Organizations that faced failure in total quality management are found to have ignored focusing upon the key factors for implementing the TQM in their organizations. One of the major factors regarding this failure is that the organizations do not comprehend the distinctiveness of implementing the TQM strategy in an organization according to its mission, vision, structure, culture and processes (Douglas & Judge, 2001; Hansson & Ericsson, 2002).

Where emphasis for TQM is laid on the manufacturing sector in Pakistan, its considered necessity in the service sector is plausibly overlooked (Awan et al, 2009). The health sector is also being affected by the growing customer education about alternate health facilities in this competitive world (Andaleeb, 1998) and the public hospitals of Pakistan specifically are in a dire need for the proper and successful implementation of the TQM philosophy (Shabbir et al, 2010). Counte et al (1995) discussed the potential effects TQM strategies may have on the performance of health care organizations. Shabbir et al (2010) elucidate the importance of customer retention through quality improvement in Public hospitals of Pakistan due to more reliance and trust of customers on public healthcare services in Pakistan.

Having ample support for the significance of TQM implementation in TQM philosophy and organizational performance, we propose that:

**H-2:** successful TQM implementation (TQMPI) is positively related to the organizational performance (OP) in public hospitals.

**H-3:** Successful TQM implementation (TQMPI) mediates the relationship of TQM philosophy (TQMP) and organizational performance (OP).

Even though the documented worth of strategic implementation of the TQM for the growth of an organization is given in the literature, yet the researchers have found serious pitfalls in planning for implementation of TQM and practically executing it to get the prolific results (Hackman & Wageman, 1995). Earlier studies regarding configuration of the TQM policy depict the inclination of researchers towards evaluating the importance of hard elements of TQM such as cost, tools and techniques only (Ishikawa, 1972; Fiegenbaum, 1983).

Later on it was realized that soft elements of the TQM philosophy are duly important for the successful implementation of TQM philosophy as Antony et al (2002, p 1 ) wrote: “The primary focus of TQM philosophy is on the hands and minds that employ the tools and techniques rather than the tools and techniques themselves”. However, considerations regarding soft elements which are related to organizational culture comprising of trust, training & development, employee empowerment & retention etc. were somehow ignored from the TQM literature thus making the proper implementation of the TQM philosophy difficult and liable to fail (Carmen et al., 1996; Lau & Idris, 2001; Antony et al., 2002; Fasil & Osada, 2011). The objectivity of this dilemma necessitates the leaders’ competencies (Das et al, 2011) and serious consideration of management and leaders in terms of keeping the culture of openness, trust, integrity and understanding in all layers of management for better acceptance and realization of TQM philosophy (Yadav, 2007) as it directly affects the organizational learning, continuous improvement and innovation (Fasil & Osada, 2011). Nevertheless, the trust in the policies defined and their strategic implementation stems out from leaders’ behavioral integrity and the value a leader holds for it to generate sense of acceptance and achievement of this TQM philosophy for better performance outcomes (Brah et al, 2002).

From research of Douglas & Judge (2001), it is found that leaders mostly provide only lip service for quality improvement whereof their actions do not support it, thus reducing the successful implementation of TQM and beneficial results of this implementation. Sommer and Merritt (1994) and Rad (2005) also argued on the need for leader’s thoughtfulness to TQM strategies as they significantly relate to employees behaviors towards TQM implementation. The discrepancy in formulating and implementing TQM policy is more pronounced when it comes to the implementation of TQM and consequent organizational performance in service sector (Al-Swidi, 2011).

Hence it is hypothesized that:

**H-4a:** Leader’s Behavioral Integrity (LBI) positively moderates the relationship between TQM philosophy (TQMP) and successful TQM implementation (TQMI).

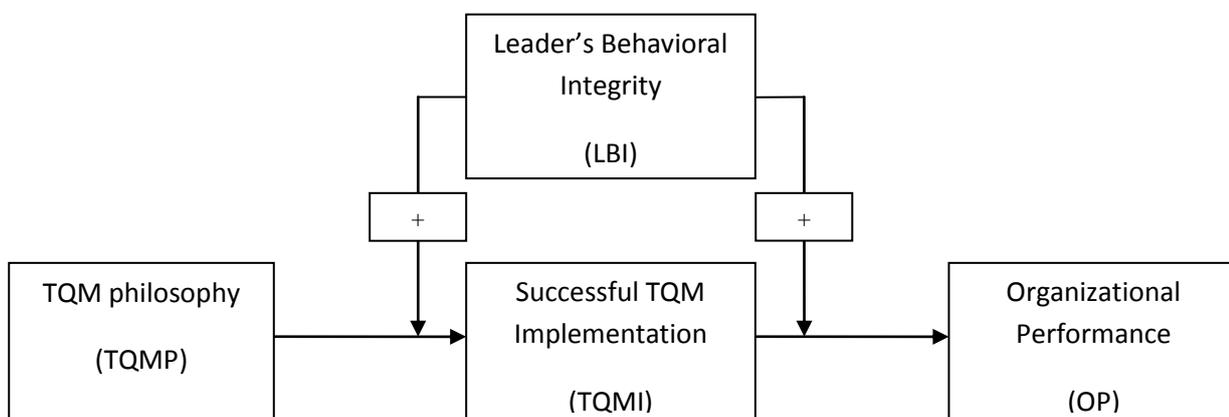
Dilber et al (2005) discussed role of leader as a strong predictor to TQM and organizational performance in Turkish health sector. It is strongly suggested that leaders should facilitate their employees by resource allocation and supportive culture of learning and improvement to ensure organizational performance. Kaluarachchi (2009) found intermediary role of CEO’s personal attributes of open communication, moral and practical support in fostering TQM strategy implementation in Public hospitals of SriLanka. Awan et al (2009) argues on the need of leaders support and due consideration in effective and successful implementation of TQM in Pakistani service organizations.

Nwokah & Ezirim (2009) studied role of integrity and trust relationship in total quality bank marketing and found integrity as a strong predictor of the better performance of Banks in which integrity is exhibited. However, there is no evidence of research on leaders’ behavioral integrity, TQM implementation and organizational performance relationship done in public hospitals.

Thus it is hypothesized that:

**H-4b:** Leader’s Behavioral Integrity (LBI) positively moderates the relationship between successful TQM implementation (TQMI) and organizational performance (OP) in public hospital

**THEORATICAL FRAMEWORK (FIGURE-1)**



#### 4. METHODOLOGY

##### 4.1. SAMPLE SELECTION

The sample of 100 employees was taken from the public hospitals of Lahore (Capital of Punjab Province of Pakistan) for study using simple random sampling technique. Total questionnaires distributed were 160, out of which 60 were discarded for being unfilled/semi-filled leaving 100 behind with 62.5% response rate. Simple Random sampling technique was used to select the sample. The data was collected from the employees from lower and middle management only by using mail survey method.

##### 4.2. RESEARCH INSTRUMENT

For the development of research instrument valid scales for all the variables under study were used. All the items were given the response range of 5-point Likert's scale ranging from (1) strongly disagreeing to (5) strongly agree except for items of TQM implementation. For TQM implementation scale including almost never (1), Sometimes (2), Often (3), Very Often (4) and Almost Always (5) was used. For TQM philosophy 5-items given by Douglas & Judge (2001) in TQM practices scale was used. For TQM implementation scale modified by Fei & Rainey (2003) was used constituting of 9 scales altogether on management support (6-items), employee suggestion (5-items), use of data (4-items), suppliers relationship (4-items), quality supervision (3-items), team effectiveness (6-items) and customer orientation (5-items). For Organizational Performance 5-items from scale developed and used by Islam & Siengthai (2009) was used. For leaders' behavioral integrity scale of Simons (2003) for behavioral integrity (8-items) was used. The reliability of the scale was confirmed by Cronbach's Alpha ( $\alpha=0.866$ ) (Table-1, See Appendices).

##### 5. RESULTS

Linear regression was applied for the statistical analysis of the proposed hypotheses. Table-2 (See Appendices) shows the Model significance with an overall F-value of 17.15 ( $p<0.05$ ). Results from regression analysis supported our entire hypotheses. Moreover, the direction of the hypothesized relationships was also the same. Results shown in Table-3 (See Appendices) of coefficients regarding all variables show that TQM philosophy was positively related to Organizational Performance ( $p=.000$ ) and TQM implementation was positively related to Organizational Performance ( $p=.000$ ). TQM implementation was also found to have strong indirect mediation in the relationship of TQM philosophy and Organizational Performance ( $p=.000$ ) as the beta coefficient of TQMP ( $\beta=.436$ ) in model 1 reduced to  $\beta=.221$  in model 3 when TQMPI was added to the regression model as mediator. Furthermore, the beta coefficients of the two predictors (TQMI and TQMP) show that TQMI ( $\beta=.540$ ) contributes more to the variance in the response variable OP than TQMP ( $\beta=.436$ ). Results in model 4 and 5 of Table-3 (See Appendices) show moderating effect of Leader's Behavioral integrity on TQM philosophy and TQM implementation and TQM implementation and Organizational Performance showed its significant effect as ( $p=.000$ ) and ( $p=.034$ ) respectively. Descriptive statistics showed that most of the respondents in our study were young with age ranging from 20-35 approximately and with experience less ranging from 5-10 years.

##### 6. DISCUSSION & CONCLUSIONS

The central idea of the study was to identify the importance of TQM implementation in the organizational performance of public hospitals of Pakistan and the role of leader's behavioral integrity in this regard. Our results are in line with most of the studies done in developed nations on the role of TQM in elevating organizational performance and customer satisfaction (Counte et al, 1995; Kozak et al, 2007). Moreover, the leader's integrity was found to strongly moderate this relationship which also supports the argument by Douglas & Judge (2001) who noticed the lack of successful TQM implementations in organizations even after having TQM philosophy as their strategic tool due to leader's inefficiency to bring alignment in the espoused and enacted TQM strategies. Moreover, our results are comparable to comparative studies of soft and hard elements of TQM where the soft elements concerning leadership issues have the prime importance over the hard elements (Fotopoulos & Psomas, 2009). Although, behavioral integrity is considered to be related to and effected by past experiences (Simons, 1999) the descriptive analysis on age and experience shows that even the young and less experienced employees of public hospitals in Pakistan are more susceptible to accept TQM philosophy and work for its successful implementation more if they perceive their leader's integrity more. This may be due to more value for integrity of top-management is given by the employees from public health sector of Pakistan due to more uncertain and frequently changing governmental policies (Shabbir et al, 2010). The top-management of Public Hospitals in Pakistan is therefore required to attain word-action alignment in their TQM strategies for more fruitful performance results.

##### 7. LIMITATIONS AND FUTURE RESEARCH SUGGESTIONS

The present study with all its significance to the successful TQM implementation and consequent organizational performance of public hospitals in Pakistan has some limitations also.

The data was collected from the public hospitals of Lahore city only thus the results cannot be generalized to the overall Public Health Sector of Pakistan. Moreover, the construct of behavioral integrity is developmental in nature and may change with the course of time. Thus future research by longitudinal study on the performance of Public Hospitals in terms of TQM and leaders behavioral integrity is suggested to bring in more knowledge about this relationship. A similar comparative study of public and private health sector of Pakistan is also suggested for future research due to large differences of culture of Public and Private sector.

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**APPENDICES**

**TABLE-1  
RELIABILITY ANALYSIS**

Cronbach's Alpha	N of Items
.866	29

**TABLE-2  
MODEL SUMMARY**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.555	3	12.518	17.155	.000 <sup>a</sup>
	Residual	70.056	96	.730		
	Total	107.611	99			

a. Predictors: (Constant), TQMP, LBI, TQMI

b. Dependent Variable: ORGP

**TABLE-3  
COEFFICIENTS**

PREDICTOR VARIABLES ↓ DEPENDENT VARIABLES →	MODEL-1	MODEL-2	MODEL-3	MODEL-4	MODEL-5
	OP	OP	OP	TQMI	OP
TQMP	.436*		.221*	.325*	
MEDIATOR TQMI		.540*	.429*		.216*
MODERATOR LBI				.424*	.419*

\*p<0.05