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Gaining Company's Sustained Competitive Advantage, Is Really a Necessary Precondition for Improved Organizational Performance? The Case of TQM

by

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Abstract:

During the last decades companies compete in a highly volatile globalized environment due to international competition and the development of new business approaches. Globalization has transformed the historic patterns of investment, production and distribution of firms and organizations. Enterprises, in order to facilitate their successful existence and improve the levels of their efficiency focus on maintaining and increasing market shares, as well as gaining and sustaining competitive advantage. Recent research reveals that over time competitive advantage has become significantly harder to achieve and moreover sustained. Under those circumstances, Total Quality Management can be considered as an organizational commitment and dedication to produce improved quality goods and services that meet or exceed customers' expectations through continuously improved processes.

The purpose of this paper is to explore the relationship between Total Quality Management and competitive advantage and discuss the possibility of a firm or organization not only to achieve such competitive advantage but also the dynamics to maintain it through the TQM approach. In addition, it will be clearly presented how Total Quality Management can be accepted as a necessary precondition for improved organizational performance.

Keywords*: Competitive advantage, Strategic Management, Total Quality Management, Competitiveness, Organizational performance.*

JEL Classification: *L10, L23, M11, L60, L20, M19*

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1. Introduction

Globalization, the internationalization of markets and organizations, has changed the way modern enterprises compete in an extremely unstable business environment. Thus, globalization is related to improved trade liberalization among nations that alter the historic patterns of investment, production and distribution of firms and organizations (Johansson and Yip, 1994). While enterprises are internationalized, strategic planning becomes an important tool for the growth of the enterprise, the improvement of competitiveness and the configuration of competitive advantage against other enterprises-competitors. Nowadays, the way in which customers, suppliers and enterprises interact has been seriously altered and so is the nature of competition.

The environment is, henceforth, more dynamic and very complex. Due to the continuously changing environment, enterprises need to develop strategic flexibility, be better organized, operate and respond rapidly to market's changes in order to immediately grasp emerging opportunities and react promptly to changes in consumers' preferences. The ideal international company is now strongly decentralized, designs and develops products and services that seriously take into account local cultures despite the fact that its focus is very centralized in order to facilitate the successful coordination of business initiatives all over the world. This ideally developed enterprise should be particularly focused on its core competencies, releasing and outsourcing all further activities in order to maximize the wealth or value of the firm. It is an organization that encourages innovations, supports lean organizational structure, promotes employee participation and enhances communication among colleagues. The aforementioned ideal firm has the ability to manage successfully several smaller industrial units that can be characterized by flexibility of production process in order to satisfy the new or developed consumers' preferences. Above all, the ideal enterprise needs to be located closer to the markets in order to facilitate deliveries and to respond immediately to the changing market conditions. That means that flexible and innovative firms, which operate at real time conditions, may have the ability to take advantage of the potential market opportunities sooner, better and possibly at a lower unit cost than competitors. In short, although all the above conditions are quite difficult to be satisfied, there is empirical evidence which confirms the positive relationship between ideal firms and improved organizational competiveness level (Salvatore, 2006).

The significance of organizational competitiveness refers to the degree at which an enterprise or a national economy can provide products or services that satisfy the criteria of national and international market and is also able to increase the real income of employees under free and fair market conditions (Cohen and Zysman, 1987).

Strategic planning can help a modern enterprise to successfully achieve its objectives that should result in the accomplishment of the organization's mission, i.e. the purpose of a firms' or organizations' existence. The appropriate counterbalance of the firm's internal environment's strengths and weaknesses with the opportunities and threats stemming from the external environment scanning, may lead to advanced organizational performance. According to Wheelen and Hunger, strategic management process is constituted by four basic elements: (i) environmental scanning, (ii) strategic formulation, (iii) strategic implementation and (iv) assessment and control, all of which can be considered as the most important elements for the future success of the firm.

Environmental scanning includes observation, assessment and dissemination of the key variables of a firm's external and internal environment. The aim of environmental scanning is to recognize the main strategic factors that may influence the future of the firm or organization. External environment scanning enables the identification of all possible Opportunities and Threats (O T), while the internal environment scanning contributes to the isolation of the possible Strengths and Weaknesses (S W). Researchers support the usefulness of environmental scanning and recommend the use of SWOT analysis, as it is empirically proved to exist a positive relationship between environmental scanning and enhanced level of organizational profits.

As far as the strategic formulation is concerned, it encounters the development of long-term plans for effective managing of all opportunities and threats of the external environment under the best possible consideration of the organization's strengths and weaknesses. Strategic formulation refers to a firms' mission, organizational achievable objectives, different level of strategies and policy guidelines (Wheelen and Hunger, 2006).

Furthermore, the implementation of the strategy is the process through which the strategies and the policies of an enterprise are placed into action and subject into program, budget and procedure restrictions. This process could also require complete modifications to the organizational culture, structure and administration system (Wheelen and Hunger, 2006).

Finally, the assessment and control is the last major element of strategic management and refers to the process through which the achieved operational activities and results can be compared to the desirable ones. In that stage, managers can critically, evaluate and control what is actually taking place, compared to what was initially designed in the formulation stage.

The strategic management process is rather useful to modern firms as it also embraces a feedback process, in a sense that each element can provide valuable information about the formulated and implemented strategy that could be revised or corrected in case that lower performance levels are revealed during the evaluation and control process.

Taking all the above into consideration, the purpose of this paper is to examine the relationship between Total Quality Management and competitive advantage and investigate the possibility of a firm or organization to create such an advantage by establishing the proper conditions to sustain it via a TQM oriented approach. Finally, it will be presented how a TQM approach can additionally contribute to enhanced organizational performance and dynamic competitiveness.

2. Sustainability of Firm's Competitive Advantage

Considering present volatile and turbulent business environment, questions emerge about the applicability and the value of traditional and rather static theories of strategy. More recent approaches of strategic management point out the importance of seeking and establishing a unique sustainable competitive advantage or even sequential transient competitive advantages (Ruhli, 1997).

In a case of two enterprises competing each other in the same market and supply the same purchasers, competitive advantage is acquired by the firm that achieves or has the possibility of achieving higher efficiency (Grant, 1998). Recent economic and strategic management literature exposes three distinct schools of thought, concerning the sustained competitive advantage paradigm, i.e. the neoclassical, the structural and the dynamic school of thought.

According to that, the neoclassical school of thought affirms that sustainable competitive advantage is impossible due to the fact that under perfect market conditions, the competitive dynamics of supply and demand gradually yet steadily eliminate any possible type of competitive advantage or advanced performance and hence, above-normal profits (Baaij et al., 2007).

On the contrary, the structural school of thought acknowledges the existence of sustainable competitive advantage. More particularly, 'industrial organization' and 'market-led view' of strategic management on one side (Porter, 1980, 1985) and 'resource-based view' (Barney, 1991) on the other side, accept the attitude that sustainable competitive advantage and the related advanced organizational performance is not only feasible but acceptable as well. Furthermore, the 'market-led view' to business level strategy suggest that firms and organizations may capture and keep competitive advantage by identifying and exploiting opportunities in existing and emerging markets, in market niches and also by aligning the firm's strategy to the best utilization of firm's basic resources and capabilities, i.e. core competencies. Firm's limited and valuable resources should be distinctive, uncommon and inimitable in order for those advantages to be sustainable over time. The sustainability of firm's distinctive competencies and strategic position is based on two necessary fundamental preconditions, i.e. durability and inimitability, both of which establish competitive advantage if environmental changes become limited and predictable.

The last school of thought refers to the new global market that has resulted to a more complex and dynamic form of competition, due to the dynamic capabilities' point of view (Eisenhardt and Martin, 2000) and the so-called hyper-competition. D'Aveni (1995) comments that hyper-competition is the consequence from the dynamics of strategic management among global and innovative competitors. Under these conditions of rapidly increasing competition in a turbulent and unpredictable business environment, 'Austrian economics', namely 'evolutionary economics', suggest that competitive advantages cannot be sustained. In highly competitive market conditions, enduring competitive advantages are not stemming from a well formulated single strategy, but from strategy agility i.e. a rapid and continuous adjustment of strategies faster than competitors, in order for a continuous flow of innovative advantages to be created (D'Aveni, 1999, Rindova and Kotha 2001). According to the third dynamic school of thought, all competitive advantages that may effectively exploit market imperfections will be transient in a way that enables firms and organizations to maintain their superior performance by concentrating only on temporary competitive advantages.

The ability of a firm to gain and maintain a competitive advantage is closely related to the firm's market superiority, because it could help firms and organizations to achieve unexpected profit levels. According to Wheelwright (1989), the critical characteristics that may comprise a strong competitive advantage are related to the ability of each company to:

- focus on customers' needs
- enhance business success
- be durable, lasting and inimitable by competitors
- be based on companies' core competencies
- promote a continuous improvement environment
- guarantee direction and inspiration to the whole organization

All the above characteristics are strongly associated with the term of quality, implying that quality can become a significant source of competitive advantage for all those firms and organizations that struggle to survive in the new hypercompetitive conditions. As far as the positive implications of quality improvements on business results, American General Accounting Office examined 20 companies, which included the highest score applicants of 1988 and 1989 Baldrige Award Competition. The vast majority of these companies succeeded in improved customer satisfaction, enhanced competitiveness and superior organizational benefits (Wheelwright 1989, US General Accounting Office 1991).

Hence, in the current extra challenging economic environment it is rather acceptable among firms and organizations that quality improvements consider to be a fundamental source of achieving competitive advantage and prevailing over their competitors.

3. Total Quality Management an Innovative Management Approach

Over the years, 'quality' has received many forms and interpretations. Thus, quality could be seen from different points of view taking into consideration different criteria of definition (Evans and Lindsay, 2005, pp.11). According to that, quality may well be presented through a vast number of alternative approaches, most important of which might be closely connected to: excellence, reliability, removal of defective products during production, speed of delivery and distribution, conformity with policies and processes, provision of first-rate useful product, necessity of doing everything correctly at the first time, pleasure and satisfaction of the customer, guarantee of continuous support to the customer. The alternative definitions that have occasionally been attributed to quality, contributed to the gradual formulation of a more clear depiction about the significance and the precise content of it. Such definitions were based on the following: transcendent perspective, product-based perspective, user-based perspective, value-based perspective and manufacturing-based perspective (Tamini and Sebastianelli, 1996). According to the ISO 9000 definition of quality, it should encounter all the possible characteristics of a product or service that can meet and properly satisfy or exceed the current or the future firm's internal and external customer expectations (Goetsch and Davis, 2002).

Apart from the aforementioned definitions, quality can also be defined according to the following two categories of key dimensions: the ones that apply to products and those applying to services. More precisely, the key dimensions of product quality can be identified as: performance, features, reliability, conformance, durability, serviceability and aesthetics. As far as the key dimensions of service quality are concerned, these may be perceived as: reliability, assurance, tangibles, empathy and responsiveness. However, it is important to become clear that while some of those dimensions are mutually reinforcing, others are not. That may well mean that a product or service can rank high on one dimension and low on another. In some cases in fact, an improvement in one of those dimensions can only be achieved at the expense of another.

As a consequence, the approach of Total Quality Management was presented in order to reinforce firms and organizations and enable them to achieve higher levels of performance. Specifically, Total Quality Management (TQM) is a Japanese-inspired approach of management that focuses on the entire organization's commitment to undertake initiatives of continuous quality improvements in both products and services. This approach is literally placing human factor in the center of its analysis and focuses the attention on pursuing customer satisfaction and subsequent cost reduction (Petrick and Furr, 1995). Moreover, TQM is considered to be a management system that functions horizontally and runs all the operations and departments of the organization. That requires the participation of every employee, despite his relative position according to the enterprise's administrative pyramid and is basically extended to every stage of the product chain, from supplier selection to customer service (Mergen and Stevenson, 2002). Finally, TQM approach considers continuous feedback, evaluation and customization to the ever-increasing changes of the market to be unavoidable demands for further managerial and organizational success.

Pentecost (1991) identifies and categorizes the key elements of Total Quality Management's approach as follows:

- Integrates all business processes and management units
- Focuses directly on customers' present and future needs
- Emphasizes on information management and data analysis, using modern technology techniques
- Focuses on controlling poor quality cost, by redesigning all inefficient processes

- Concentrates on the effective participation of human resources which is treated as the most important factor
- Encourages teamwork as the key enabler to resolve problems and meet customers' needs
- Promotes a supportive work environment that helps a creative way of thinking

Taking all the above into consideration, advanced quality is considered to be an important and decisive factor for the enterprise's enhanced market share and the consequent improvement of profitability rate. Moreover, enterprises that offer advanced quality products or services are positively related to higher performance indicators, such as return on investment, despite the increased price that is usually attributed to products or services of supreme quality.

Aalthough it is generally accepted that a management system that is based on advanced quality can achieve very promising financial results, it should not be ignored the fact that organizations who attempt to adopt the principles and philosophy of a TQM approach, often have to confront a number of problems and difficulties. According to this, there are seven crucial problems and difficulties that are related to the adoption of Quality Management (Singh and Smith, 2006): limited strategic value, reliability related issues, harmful internal competition, misinterpretation of the pure quality's nature, absence of a worldwide acceptable theory of quality, limitations occurring the implementation of quality management, comprehension and acceptance of all changes required.

Traditionally firms used to pay little attention on external customers' needs and expectations and even lees on internal customers' requirements. Modern firms, on the other hand, seem to acknowledge that issue and make significant efforts to redesign their methods and practices, in order to meet the ever-increasing competitive market conditions. TQM approach refers to a companywide quality control system that is based on the following fundamental principles:

- Focus on customer
- Focus on participation and teamwork
- Focus on process-based management, continuous improvement and organizational performance

However, despite the fact that all the above aspects seem to be rather realistic, they also appear to differentiate from the conventional management approach, thus the fundamental TQM principles need to be further analyzed (Evans and Lindsay, 2005, pp.18).

3.1 Focus on customer

The significance of meeting and exceeding customer's needs and expectations can become the basis of a strong competitive advantage that could lead to increased market share and advanced profitability rates. Customer satisfaction and customer dedication to the firm's products and services are similar but not identical notions, as "*satisfaction*" denotes a position while "*loyalty*" implies a behavior. Both of these terms are essential for achieving improved effectiveness, considering that the necessary precondition for creating dedicated customers is the satisfaction of their needs. Thus, loyalty is generally accepted to be an important factor for a firm's future success. According to Norman's study addition to some relevant statistical evidence, a typical firm tends to get only 65% of its business from existing customers, while it costs for the firm five times more to attain a new customer, than to maintain an existing one by keeping him contented and as a consequence, loyal (Norman 1998). A loyal customer is characterized as the person who stays with the company and gives positive recommendations. Despite the fact that a satisfied customer may as well refer to competitors due to convenience or other reasons, a loyal one is willing to stay devoted to the company, pay even more, suggest the company to other people and he finally proves to be the company's less costly partner (Sewell and Brown 1990).

Taking all the above into consideration, companies in every industry engaged a variety of customer-oriented practices in order to meet customers' current and future needs and expectations. To begin with, firms try to distinguish their most important customer groups and markets, evaluate their competitors in accordance to potential customers and finally, divide their customers in distinctive groups such as consumers, advertisers or other companies. Furthermore, firms try to comprehend the short-term, as well as the long-term customer needs and expectations by using efficient methods to in order to receive a continuous feedback from them. Moreover, firms attempt to effectively incorporate those customers' requirements in design, manufacturing and delivery processes. In addition to that, firms also try to create strong relationships with customers in order to promote a climate of confidence, loyalty and accessibility to valuable information which is combined with improved service levels. Also, firms support an effective complaints management process, in an effort to identify and handle them promptly.. Finally, successful firms tend to quantify customer's satisfaction, evaluate it against competitors' relevant results and then, advance all the internal processes as required. (Evans, 2005)

Nowadays, really outstanding companies promote closer relationships with customers in a way that enables loyalty to be controlled through customer relationship management systems. Customer relationship management, according to Zineldin (2005), focuses on building customer loyalty, ensuring customer retention, managing the complaints and formulating effective strategies for improving customer satisfaction. At this point, the information received by customers is of vital importance for the enterprise, because it helps them realize how satisfied its customers are , while they can also obtain valuable information about their competitors' relevant products and services.

3.2 Focus on participation and teamwork

Human Resource Management has made great advances in both practice and scientific understanding of human capital and is basically associated with employment, training, safety, rewards, performance appraisal, wage and salary, labor relations and recruiting (Kleiman, 1997). A successful TQM strategy is considered to cut across the organization with dramatic changes in traditional human resource management practices (Cardy and Dobbins, 1996). In the organizations that have adopted the principles of total quality management, human resource department develops policies and activities that enable employees to participate and have an active role in the continuous improvement of product quality and customer service. Human resources is the kind of resource that cannot be copied out, while is capable of offering a synergetic total effect, in the sense that the total output is greater than the sum of its parts. According to Deming, no firm or organization can survive without qualitative employees, who are constantly pursuing personal improvement.

As far as the importance of human factor within firms is concerned, Bank (1992) pays attention to the most significant goals every ambitious company has to fulfill in order to achieve quality. More precisely, he suggests that a successful implementation of a TQM strategy is mainly based on the of high quality standards considering the cost, promotion of effective training programs in accordance with teamwork and diffusion of systems and technology within employees. In addition to that, motivation, participation and commitment of staff under a positive and challenging environment, are also considered to be essential for a successful implementation of a TQM strategy.

The new human resource paradigm incorporates original practices of work in order to develop mutual supportive, creative, flexible and pioneering work conditions, all of which enable modern firms to realize their strategic goals that according to Blackburn and Rosen (1993) are categorized as follows:

- Communicate the significance of human participation in total quality
- Emphasize on quality promotion through teamwork and synergies
- Encourage both teams and individuals to achieve customer satisfaction and advanced quality
- Support employees' and teams' efforts to improve quality following financial as well as non financial recognition. (Evans and Lindsay, 2005)

The above mentioned strategic goals become clearly comprehended by following companies through specific practices. Fist, to take seriously into account the HR plans in the organization's strategic objectives. Second, to arrange and manage the workforce in order to support innovation, empowerment, flexibility and organizational learning i.e. establish rotation system, reduce repetitive stress injuries and advance learning. Third, to follow effective performance management systems by recognizing and rewarding human resource involvement so as to stimulate workforce and achieve better performance. Fourth, to support a team framework and free-flowing participation and interaction among the members of a team, in order that cooperation and partnership can be established among the internal customers. Fifth, to encourage both individual and teams to make their own decisions this may positively influence product and service quality as well as customer satisfaction. Sixth, to invest in continuous improvement approaches, such as training and education, that could be applied through sessions on quality, values, communication, problem solving techniques etc. Seventh, to create and sustain a work environment, in order that workers can be more productive and feel satisfaction and safety. Eighth, to evaluate the effectiveness of human resources' practices in such a way that enables key initiatives to be designed in order for continuous improvement to be achieved.

All the aforementioned practices should be carefully considered aligned to the overall organizational strategy. Under that precondition the new HR approach can help modern firms to create a rather supportive and pioneering work environment that recognizes the important role of employees in meeting and exceeding internal and external customer needs as well as achieving continuous organizational improvement (Armstrong Building Products Operations Malcolm Balbridge National Quality Award Application Summary, 1996).

3.3 Process-based management, continuous improvement and organizational performance

Process-based management comprises planning and controlling of a firm's critical activities in order to attain an advanced performance level in crucial business processes and also identify methods of enhancing quality, operational performance and customer satisfaction. Management based on process eliminates faults and errors, reduces waste and succeeds in achieving improved company performance. Finally, a successful process management approach is a disciplined attempt of taking into consideration total employees' participation. The most successful companies that are recognized as worldwide leaders in excellence and customer satisfaction achieve their goals by implementing specific practices. To begin with, successful firms try to transform customer requirements into carefully designed products and services, taking into account all the necessary specifications concerning not only product design and manufacturing or service process characteristics, but also supplier's competence as well as legal and environmental problems. In addition to that, they try to ensure that quality is really embodied into products and services, by following proper engineering and quantitative methods. Furthermore, successful firms follow the product's development process in order to improve cross-functional communication, minimize product development time and ascertain an unproblematic launch of new products and services. Leading global firms also specify performance requirements for their strategic suppliers and in case these requirements are satisfied, they encourage partnering relationships with most important suppliers and even other organizations. Moreover, successful companies establish measures and indicators to manage quality and operational performance of key processes i.e. they check any serious variations, make the necessary corrections and finally confirm the results. In addition to that, leading firms follow a continuous processes improvement in order to attain enhanced quality and superior operational performance. Finally, leaders tend to undertake innovative managerial approaches, such as benchmarking and reengineering, in order to achieve above average exceptional performance.

4. Total Quality Management and the Sustainability of Competitive Advantage

According to Barney (1991), firm's ability to establish a competitive advantage depends on a properly designed strategy, able to add value to the firm by differentiating it from the others, while sustainability is achieved when the firm manages to maintain this competitive advantage against the competitors' continuous efforts to exceed it. Top researchers like Reed, Lemak and Mero (1993), suggest that the accomplishment of competitive advantage derives exactly from the TQM concept, i.e. customer orientation and quality improvement, while sustainability is better related to TQM principles, i.e. leadership and commitment of top management, proper implementation of enterprise's culture, continuous training and development, communication and teamwork. Furthermore, they consider these components not only individually to predict every possible outcome, but also as an entire system in order to identify any short of complexity resulting from their interaction. Finally, they conclude that competitive advantage is capable of ensuring firm's sustainability because, according to 'resource based' theory, TQM principles can become the firm's most valuable resources that cannot be easily imitated by competitors.

Numerous research studies have followed in order to discover the relation between managerial skills, especially those occurring leadership and commitment of top managers, to be essential for advanced organizational performance. According to that, some researchers seem to support the idea that top management's vision can create the basis for competitive advantage (Collins, 1991; Hamel & Prahalad, 1994; Schoemaker, 1992). Puffer and McCarthy (1996), on the contrary, reject this statement and by using a leadership framework according to a TQM perspective, they suggest that only transformational leadership skills can be considered as a necessary precondition for advanced organizational performance. An additional study, carried out by Lado & Wilson (1994), recognizes that leadership experience is one of the most difficult concepts in business, which makes it rather hard to be codified and even harder to be imitated. Therefore, most researchers agree that commitment of top management and charismatic leadership have the ability to restrain imitation and so to establish sustainability in competitive advantage.

According to recent literature, occurring the discovery of any linkage between employee training and the firms' talent to create and sustain a competitive advantage, it has been identified a well-established relationship between training cost level and firm's organizational performance. In a relevant study conducted by Kimmerling (1993), concerning successful firms and organizations, it was found that about 3.3% of payroll costs were expended to training, while the recommended industry average was no more than 1.5%. Furthermore, in current TQM related literature, it is highlighted that training is essential not only for acquiring the skills and knowledge required for designing and producing high quality products and services, but for sharing the TQM philosophy as well. The same idea is also supported by Brown and Karagozoglu (1993), who examined a sample of hi-technology firms and concluded that training has been a key enabler for improved competitiveness for the majority of the firms examined. In addition, Pfeffer (1995) confirms the positive effects of improved training on quality level. Based on theoretical and empirical research, it is shown that training and education tend to generate barriers to imitation, which enables the sustainability assumption of competitive advantage.

Taking into consideration the ever-increasing competitive market conditions, modern firms need to become more efficient in order to achieve higher performance rates. In relation to that, recent literature supports the significant role of teams to the pursuit of advanced performance. More precisely, teamwork is proved to have major influence on performance rates, considering the fact that individuals working in teams tend to be more creative and innovative. Furthermore, heterogeneity in team composition is found to be positively related to both information availability and better decision-making about firm’s present and future problems. Finally, empirical evidences support the argument that teams have the ability to provide better solutions to modern firms, due to the synergetic effect which is tacit in nature and not easily imitated by competitors.

Apart from the aforementioned TQM practices, in order for Total Quality to truly succeed it must be properly defined the culture of the organization. Culture is the collection of firm’s fundamental values, beliefs, standards and expectations and must be diffused to all of its members. More precisely, culture is reflected by the management policies as well as every employee’s actions that conversely, are responsible for setting culture in motion. As identities, beliefs, expectations and philosophies are tacit in nature, it can also be suggested that culture will facilitate sustainability of a TQM-competitive advantage (Reed, Lemak and Mero, 1993).

Finally, theoretical as well as empirical studies based on TQM strategy support the idea that all its main principles and practices i.e. leadership, education and training, teams and culture, either as individual components which are tacit in nature or as a complex system, can create barriers for imitation, contributing this way to the sustainability of the attained competitive advantage.

5. Total Quality Management, Competitiveness and Organizational Performance

Total quality management is an innovative management approach which reflects the commitment of the entire organization to achieve better quality products and services. Specifically, Mullins (1999) supports that this management approaches can be described as ‘a way of life’ for an organization, which is committed to total customer satisfaction through a process of continuous improvement, with an active contribution and involvement of people.

Bank (1992), in his relevant research work, suggests that successful formulation and implementation of a TQM oriented strategy is basically aiming to the achievement of the highest possible quality standards, under the consumption of minimum cost. Furthermore, he also considers training initiatives, team working, motivation, commitment and participation of every employee under a supporting and challenging work environment, to be essential for the service of the aforementioned purpose.

According to the empirical evidences concerning the dispute of whether TQM approach causes positive economic effects and advanced operating performance to the firms, there are not only cases of success, but several disappointing remarks and criticism as well. In fact, according to Heller (1997), while there been a great number of firms and organizations who have implemented quality management procedures and achieved higher performance and return levels, others seem to present rather moderate economic results.

As it has been mentioned earlier in this paper, the American General Accounting Office (1995) carried out an empirical research based on 20 firms among the highest rate candidates in the 1988 and 1989 Baldrige Award Competition. According to that, General Accounting Office developed a model, widely known as "GAO Model", which described the effects of TQM programs on customer satisfaction, competitiveness and organization's benefits. As it came out, most of these candidates experienced: a) advanced customer satisfaction owed to improved overall level of satisfaction, higher customer retention rate and reduced complaints, b) improved competitiveness due to greater market share and enhanced profits, and c) advanced organizational benefits supported by improved employees satisfaction level, higher safety and health standards, enhanced productivity and finally cost and cycle time reductions. More specifically, the aforementioned improvement concerning customer satisfaction is supported by the enhanced product and service quality level, while the advancements in organizations' benefits are positively influenced by highly developed quality systems and total employ participation. Finally, GAO model suggests that successful executive leadership, which reflects a variety of behaviors and continuous improvement, can guide firms and organizations to accomplish their mission and achieve their ambitious goals.

The issue of whether the adoption of a TQM approach actually improves financial performance has been closely examined by a large number of researchers. Hendricks and Singhal (1997) explored this issue by using various statistical tests and concluded that firms who had received high quality awards showed better operating income-based measures. More precisely, they examined those firms through a ten-year period, which extended from the 6 years before acquiring the first quality award to the 3 years following that and they found that the operating income mean for the test sample was positively varied at a 107% in comparison with the control sample. Furthermore, although they discovered a strong positive relationship between qualities awarded firms and advanced sales growth, they got poor empirical support occurring the test sample firms' ability to successfully control their costs, in comparison with the firms included in the control sample. Moreover, their empirical results pointed out that firms who were included in the test sample enhanced their capital expenditures in a much greater extend than the firms of the control sample, occurring the period of time prior to quality prize. Finally, their study showed greater growth of percentage rate in employment and total assets level for the test sample in comparison with the control sample.

Some years later, Hansson and Eriksson (2002), followed an empirical study concerning Swedish firms who had won quality awards and compared various financial performance indicators of quality awards winners to those of their competitors'. The results revealed that the award-win firms showed much superior performance in most of the selected indicators in comparison to their competitors' relevant financial measures. Moreover, this study illustrates that firms implementing effective TQM approaches demonstrate even more advanced sales, employment and total assets growth rates.

Finally raises the important issue concerning the success of a TQM approach and its capability to be completely integrated in the business strategy of the firm adopting it. Fuentes et al. (2006) examined the relationship between strategic planning and TQM adoption in connection with the expectation of improved performance. Their study included several Spanish companies and concluded that firms with the best accordance between TQM principles and strategy formulation and implementation, are those with higher levels of organizational performance. In relation to that, they also noticed that the co-alignment between Total Quality Management and the business strategy may facilitate a number of firms to maintain or even develop their competitive situation.

6. Conclusion

The purpose of this paper was to discuss the relationship between Total Quality Management and the ability of a firm or organization to achieve a competitive advantage and establish the conditions necessary to sustain it via a TQM-oriented strategy.

In our attempt to expound the topic of sustainable competitive advantage, we initially focused the analysis to the three basic schools of thought concerning the sustainability of the advantage in discuss i.e. the neoclassical, the structural and the dynamic. More precisely, according to the neoclassical school of thought sustainable competitive advantage is considered to be unachievable. In contrast, the structural school of thought appears to support the existence of sustainable competitive advantage. Finally, the dynamic school of thought affirms that all competitive advantages that could effectively exploit market imperfections will eventually become transient and as a result, firms and organizations are able to maintain their superior performance only by concentrating on the exploitation of the temporary competitive advantages.

In the following sections of the analysis, we took into consideration the existing TQM literature in order to identify and comprehend its fundamental principles. As it was conducted, TQM is an administrational approach which actually places human factor in the center of its analysis and focuses the attention of the firm on meeting customer needs under the minimum possible cost. Furthermore, it was also clearly depicted that TQM is a management system that functions horizontally, runs through all the operations and departments of the organization, involves all the employees' participation and is extended at the whole length of the product chain.

According to this approach, a successful adoption of a TQM strategy is considered to be a rather complicated process that could not be achieved without the subsequent change of the traditional human resource management practices. As a consequence, modern companies should invest more in practices related to human resources' continuous improvement, such as training and education, if they are determined to achieve and sustain a competitive advantage. That can well be explained due to the fact that human resources are considered to be the only kind of resource that cannot be imitated by competitors, while the key practices of communication and teamwork are capable of offering a synergetic total effect that leads to enhanced organizational performance.

Another significant conclusion of this paper is that advanced product quality is identified as a crucial factor for the enterprise's enhanced market share and the consequent improved profitability rate. An also important factor in this case is the implementation of a TQM strategy based on carefully designed processes which could eliminate faults and errors, reduce waste and consequently, succeed in achieving improved company performance. In relation to that, raises the complementary issue of achieving customer satisfaction and loyalty which can become the basis of a strong competitive advantage, able to sustain increased market share and advanced profitability rates.

After having analyzed the key points of Total Quality theory, the focus of this paper was extended to the closer examination of the relationship between TQM philosophy and the sustainability of competitive advantage. According to this, the analysis was centered on the presentation of empirical evidence suggesting that a TQM approach can successfully contribute to enhanced organizational performance and dynamic competitiveness. Top researches, such as Hansson J. and Eriksson (2002), Hendricks and Singhal (1997) and Powell (1995), on their account, have verified the above statement by proving that the relationship between TQM and competitive advantage is rather strong. As it was clearly presented, in current challenging economic environment it is quite acceptable among firms and organizations that quality improvements are a vital and fundamental source for creating a competitive advantage and gaining successful and sustainable worldwide competition.

To sum up, through the total analysis of this paper, it can finally be concluded that the accomplishment of competitive advantage can derive exactly from the TQM concept, while sustainability is better related to the specific TQM principles. More precisely, according to the TQM philosophy, competitive advantage can be complementary characterized by sustainability, due to the fact that the key processes of a TQM approach can also be considered as the firm's valuable intangible resources that could not be easily imitated by competitors. In relation to this last conclusion, both theoretical and empirical studies on the subject seem to support the idea that TQM-oriented processes can successfully create barriers to imitation helping the sustainability of the attained competitive advantage.

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