KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2018/2019

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BBA 831: TOTAL QUALITY MANAGEMENT

DATE: FRIDAY 29TH MARCH 2019 **TIME: 5.30 P.M. – 8.30 P.M.**

INSTRUCTIONS

Answer Question One and any Three other questions

Question One

Read the case Below and answer the questions following it.

SERVICE QUALITY AT THE RITZ-CARLTON HOTEL LIMITED

Caesar Ritz defined the concept of a luxury hotel in the 1890s. In 1992 The Ritz-Carlton Hotel Company became the first hospitality organization to receive the Malcolm Baldrige National Quality Award; in 1999 they became the second company to win the award a second time, a testament to their continuous journey of improvement. The hotel industry is a very competitive business, one in which consumers place great emphases on reliability, timely delivery, and value. The Ritz-Carlton focuses on the principal concerns of its main customers and strives to provide them with highly personalized, caring service. Attention to employees' performance and information technology are two of the company's many strengths that helped it to achieve superior quality.

The Ritz-Carlton operates from an ~~easy-to-under~~stand definition of service quality that is aggressively communicated and internalized at all levels of the organization. Its Steps of Service, Motto, Employee Promise, Credo, and Basics are collectively known as the Gold Standards and instilled in employees through extensive training approaches. They allow employees to think and act independently with innovation for both the benefit of customers and the company. The company's approaches for selecting and training employee is crucial in quality development.

The Ritz-Carlton uses many sources of information to understand its customers. These includes alliances with travel partners such as airlines; credit card companies; focus groups and customer satisfaction results; complaints, claims, and feedback from the sales force; customer interviews; travel industry publications and studies; and even special psychological studies to understand what customers mean, not what they say, and how to appeal to the customer in the language they most understand.

A formal strategic planning process sets business directions to achieve the company's long-term vision: "To Be the Premier Worldwide Provider of Luxury Travel and Hospitality Products and Services." Upper managers at the corporate and hotel level conduct monthly performance reviews of the strategic plan, focusing on key indicators that reflect employee pride and joy, customer loyalty, financial performance, and process performance. Quarterly reviews focus on opportunities for improvement and innovation. A variety of comparative data on competitors and other world-class organizations is used to evaluate and improve their practices. For example, data revealed that front desk turnover was higher than usual. The company found out that certain airlines were paying higher wages and attracting their employees. The Ritz-Carlton reevaluated its compensation policy to match the airlines and actually reduced its total costs by eliminating a supervisor who was required to constantly monitor new employees.

The Ritz-Carlton gathers and uses customer-satisfaction and quality-related data on a daily basis. Information systems involve every employee and provide critical, responsive data on guest preferences, quantity of error-free products and services, and opportunities for quality improvement. They track a set of service quality indicators (SQI), which represent the 12 most serious defects that can occur during regular operations. Each day an index is computed and disseminated to the workforce and reviewed by hotel managers.

Each production and support process is assigned an "executive owner" at the corporate office and a "working owner" at the hotel level, who are responsible for the development and improvement of these processes. They have the authority to define the measurements and determine the resources needed to manage these processes. The "GreenBook," a handbook for employees, describes a nine-step quality improvement process to guide the design, control, and improvement of all processes, and is emphasized during new employee training and continual development. The Ritz-Carlton even has a process to overcome cultural resistance to change: stress the importance of the change, express confidence that the change can be made, provide a reason why people should make the change as a group, and allow time to find an accommodation to the change.

REQUIRED

i) Based on the facts of this case what are the **quality** issues of Litz Carlton Hotel Limited? (12 marks)

ii) Distinguish between a **service** and a **real product** and discuss the **dimensions** of service quality using facts of organizations within the Hotel Industry. (12 marks)

iii) The role of **employee empowerment** is critical in quality management. Discuss the aspects of this principle as seen in the above case and outline the importance of this principle to quality management. (8 marks)

Question Two

a) According to **Philip Crosby**, quality performance is zero defect. Discuss his contributions to quality management and explain if it is possible to achieve this standard for firms within the manufacturing industry in Kenya. (5 marks)

b) Outline the **four** quality **costs** as suggested by the quality gurus. (5 marks)

Question Three

a) There is a growing concern for environmental management in today's organizations. Discus the major causes of this paradigm shifts and explain the key aspects and benefits of **ISO 14000** environmental management standards (5 marks)

b) Discuss the main **benefits, principles** and any six elements of ISO 9000 quality standard (5 marks)

Question Four

a) Discuss the process, types and limitations of benchmarking as a quality management practice. (5 marks)

b) "Instead of benchmarking, firms should consider Business Process reengineering (**BPR**)". Outline **the process, principles and benefits to firms** within the manufacturing industry in Kenya (5 marks)

Question Five

a) Quality management practices are difficult to implement in today's organizations, **Discuss** this statement and outline the benefits of quality to customers, employees and organizations in general. (5 marks)

b) Discuss the Juran **Trilogy** and its relevance to quality planning. (5 marks)