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Total Quality Management and outsourcing : a new partnership for higher education

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Abstract

Colleges and universities are expected to satisfy many customers, including students, parents, communities, and employers. Institutions are being increasingly criticized for failing to produce a quality product for these customers; but for some reason, their customers continue to financially maintain the institutions. However, more than ever, many end-users (individuals who utilize an institution's services) suggest that the quality of the services offered and the graduates produced today are not meeting the minimum quality standards (Upcraft & Schuh, 1996).

TOTAL QUALITY MANAGEMENT AND OUTSOURCING:
A NEW PARTNERSHIP FOR HIGHER EDUCATION

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Introduction

Colleges and universities are expected to satisfy many customers, including students, parents, communities, and employers. Institutions are being increasingly criticized for failing to produce a quality product for these customers; but for some reason, their customers continue to financially maintain the institutions. However, more than ever, many end-users (individuals who utilize an institution's services) suggest that the quality of the services offered and the graduates produced today are not meeting the minimum quality standards (Upcraft & Schuh, 1996).

In order to combat this constant shortage of quality, institutions need to follow the lead of successful businesses that have implemented the use of outsourcing. Many companies have moved forward by outsourcing, creating a trusting alliance between the institution and a specific business or company. Many of these alliances are continually improving in order to maintain the pace of the business world. This alliance then could become a partnership based on the principles of Total Quality Management, assuring the alliance is satisfactory throughout. This philosophy has succeeded in the private sector and was created to solve the quality problem. Colleges and universities can solve the quality problem by allowing great leaders to apply simple business concepts to their organizations.

Total Quality Management has evolved over the years in many industrial nations across the world. One of the countries embracing this concept is the United States. Over the past two decades the concept of quality has changed dramatically in this country. As late as the 1970s, quality-related activities for most organizations were centered in a quality control department that made all quality decisions (Finch, 1995). Today, in many

successful organizations managers suggest and adopt a company-wide effort focused on satisfying the customer (Finch, 1995). This effort is known as Total Quality Management, or TQM.

Dr. W. Edward Deming has been given credit for revolutionizing quality with his principles of TQM. He stated that change must be made in order for quality to increase. He also taught that the major component in the changing process rests with the leadership of the organization (Finch, 1995). Realizing his beliefs, he constructed 14 principles to improve quality continuously. Deming stressed that only with the proper leadership and training can the principles result in an increase in quality.

TQM has found its function in the industry world, but has also recently emerged in the public education sector. This movement has caused drastic changes in the operation of many functions at various schools, but these changes are only the initial steps in a process to improve the quality of products, such as graduates and various student services offered on-campus.

Many different definitions arise when researching TQM. The following definition demonstrates true clarity in order to give a basis for further topic development:

TQM is a management-driven philosophy that encourages everyone in the organization to know the organizational mission and to adopt a quality philosophy to continuously improve on how the work is done to meet the satisfaction of the customer. (Bryan, 1996 p.4)

Another new business principle available to corporations and higher education institutions, with response to the rapidly changing economy and customers needs, is outsourcing. Outsourcing has become an enormous industry, projected total \$318 billion

by the year 2001 (Salopek, 1998). Many organizations outsource their training, benefit operations, and technology functions. Many individuals will define this function as a simple contractual agreement between two organizations, in order to provide supplies and/or services to those who cannot produce those products and/or services themselves. However, if outsourcing is to be successful, it must be defined as more than a simple contractual agreement for services. It should become a solution that involves partnerships or alliances, denoting cooperation between organizations in the production of superior results (Salopek, 1998).

With these concepts in mind, outsourcing becomes more relevant and realistic for solving some of the problems facing higher education. This process, which is sweeping the business industry, takes time and dedication to perfect and assure quality. Realizing the need for a system to assure this quality makes TQM principles applicable to outsourcing in today's ever-changing industry.

Higher education administrators are being faced with the issue of quality. They are becoming more aware of their dwindling resources. They are searching for ways to combat such shortages while continuing to maintain the drive for increased quality. The following question occurs daily: How do colleges stay competitive with shrinking budgets and increased demand? The following section describes each of Deming's principles and explains how higher education administrators can apply business principles in solving budgetary and quality problems, particularly when developing and managing an outsourcing alliance.

An Application of Dr. Deming's 14 Points to Outsourcing in Higher Education

(Deming, 1986)

Dr. Deming's points were created for business and industry; however, recent trends have led many higher education institutions to implement such principles. Trends in quality improvement and shrinking budgets have made higher education administrators search for better processes. One solution, with no implementation standards in higher education, is outsourcing. By utilizing TQM principles and outsourcing, a new partnership with standards and consistency will be formed for higher education institutions.

1. Create and publish to all employees a statement of the aims and purposes of the college or university, outsource firm, and outsource alliance.

If a statement of purpose is created and published for everyone involved in an outsourcing alliance, then the partners will ultimately achieve better results. Goals, mission statements, and common values glue a college or university together. This glue needs to be used when an alliance is formed with other companies. If the outsource company is to supply proper services to one's customers, they should clearly understand and know the purposes of the organization.

Outsourcing can create enormous problems if implemented inappropriately. Implementation begins with the first quality principal. When an alliance is created, a contract outlines services that are to be provided. This is an

important component to the alliance. However, how the services are to be offered and how they relate to other portions of the college or university is just as crucial.

Adhering to a constant mission when forming and developing the alliances will create greater quality assurance in the future. The development of these statements should include staff, faculty, students, and administrators (Bryan, 1996). Although many student affairs staff focus on student learning and the educational nature of their jobs, there is a need to develop a common thread among staff, students and administrators emphasizing quality. The thread also needs to continue when involving other outside organizations.

2. Learn the new philosophy, top management and everybody.

If outsourcing succeeds as a way of making efficient changes, then everyone involved must understand what outsourcing can produce. Outsourcing will be new to many higher educational institutions. TQM principles will become a new paradigm designed to increase productivity and quality at many higher education institutions. Many people in the academic world have not experienced what effective outsourcing using TQM principles can do for a college or university. To experience this, a philosophical shift will need to occur on the behalf of staff. Staff must change the way they think and implement innovative practices such as outsourcing to meet the new, higher expectations of their customers.

Changing certain philosophies is not an easy task. A philosophy is born by leaders creating paradigms. A paradigm is a frame of reference, a set of assumptions through which to interpret the masses of data that is apprehended

every day and make sense of them (Fried, 1995). Paradigms create a comfort feeling, that often becomes a danger zone, a zone that lacks creativity and productivity.

When the task to implement a new philosophy arrives, one must create a paradigm shift everyone believes in. Staff must also create a shift that exceeds customers' expectations (Bryan, 1996). These expectations are increasing every day and resources are not climbing at a similar rate. Realizing this, new philosophies to improve quality should be applied to outsourcing. When this occurs, the outsourcing firm should also understand the new philosophy and be held accountable for their services contracted in order to meet the new level of quality. By doing this, the organization will be assured that their departmental philosophy will be mirrored and represented by the outsourcing firm they are incorporating into their functioning offices and/or services.

3. Eliminate the need for inspection on a mass basis by building quality into the product in the first place.

If outsourcing is implemented properly, then colleges and universities on quality checks will spend little time. Outsourcing is an alliance to produce a service that is needed. When this alliance is developed correctly, quality will not need daily inspection. The agreement will provide for a common philosophy and an assurance of quality. This agreement will also allow employees the time to be more productive and efficient with core functions (Liebs, 1998).

Including this in the outsourcing process is vital to creating a successful outsourcing relationship. When providing services using outsource vendors, one

can be reassured of the highest quality only if they begin with the best product or service possible.

4. End the practice of awarding business on the basis of price tag. Instead, minimize total cost. Move toward a single supplier for any one item, on a long-term relationship of loyalty and trust.

If outsourcing firms and colleges or universities concentrate on the purpose and expertise, lower costs and long relationships will develop. Outsourcing firms will need to understand and apply this TQM ideal in order to maintain successful alliances with colleges and universities. This becomes a priority because budgets are becoming increasingly important in higher education. The skill to manage, utilize and balance a budget is required in many administrative roles on a college campus. Traditional ways of doing this process are becoming out-dated and new paradigms are becoming more realistic. Outsourcing was introduced to many businesses in order to lower costs. This is true in many cases, but only if the contractor is significantly better at the outsourced task (Mariotti, 1998). This decision should be made if it minimizes cost, which should be proportional to the quality gained. Therefore, if outsourcing is done and the cost is greater, but the quality exponentially increases over what was provided before, the decision should be made to outsource.

Once the decision to outsource has been made, a relationship should begin to form. This relationship should be based on trust, commitment, and loyalty, not just on the price tag. Building long-term relationships that invite inclusiveness and

recognize legitimate contributions to the work of higher education professionals and others involved will encourage the development of trust (Bryan, 1996).

5. Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly decrease costs.

If outsourcing can be improved and managed constantly then it will continually improve quality and decrease costs. In order to assure the improvement is occurring when outsourcing frequent conversation should exist. Conversation should become multi-directional, among all members of the outsourcer and the higher education institution, to produce the best possible improvements of quality. Tools mentioned previously can be utilized in the creation of this communication framework. Leaders, philosophies, and relationships all can be used to form the necessary communication to continuously improve quality of an outsourcer (Liebs, 1998).

One mistake that occurs in outsource alliances is when an agreement is met, but is never changed. When outsourcing is employed, the service is not eliminated from one's responsibility; it is just delegated, and still must be managed (Computer Weekly, 1998). Many managers can overlook this concept. To successfully manage an outsourced service, they must continue to monitor and change the alliance by creating a bond in order to protect the idea of continuous improvement.

Another advantage with TQM and outsourcing is lower costs. Lower costs will only occur with properly managed outsourcing. Higher education costs

are rising, but many budgets are not keeping pace. This lends itself to use quality outsourcing to eliminate various costs related only to full-time employees, such as benefits, uniforms, and support staff. With outsourcing, many of these costs are eliminated and the cost of outsourcing is offset by the increase in quality and time that can be focused on one's core competencies (Upcraft & Schuh, 1996).

6. Institute training on the job.

If the outsourcer is to reach the highest of quality, training on the job that is complete and efficient must be implemented. Training should be for everyone involved in the outsourcing process to assure consistency. Consistent training by the college or university receiving the outsourcing service will lead to constant levels of service and quality.

Training on the job is most effective because it requires those doing the task to perform the work while being trained. This concept is used by many businesses to assure quality performance. When outsourcing a service, the college or university officials should train the contracting company on how the service should be provided and details related to the service. If this fails to be completed, the outsource employees will develop their own performance levels, resulting in miscommunication and unfulfilled expectations.

7. Teach and institute leadership.

If outsourcing personnel can be taught to become leaders, instead of simply contract employees, the services they supply will be of greater quality. The aim for many managers today is to teach employees to become leaders

(Bryan, 1996). Those individuals will then be able to think on their own, manage their resources, and make effective decisions.

This principle becomes especially important in outsourcing at colleges and universities because the contract-company needs to be taught to be in the same mindset as the people they are working for. Often unique cultures exist on college and university campuses. A large component to this culture is how decisions are made. This greatly depends on the type of institution. It is different for each institution depending on its governance. Certain colleges and universities make decisions with students in mind, while others are driven solely by the bottom-line. These differences will affect the type of alliance that is created with the outsourcing company. The company also needs to become aware of the culture that is present, especially how decisions are made. If this is promoted, then they too will become leaders in the campus culture. However, if leadership and culture are not fostered and taught, higher than expected costs, poor service and many other problems will occur (Leibs, 1998).

Colleges and universities should view themselves as becoming holistic, an interconnected web where activity and every situation is related to, has influence on, and is influenced by many other activities and situations (Hoffman, 1995). This type of leadership requires that everyone involved is trained in a similar manner and style. By teaching outsource contract employees to become leaders on the job, they will begin to realize the importance of their positions and how they relate to the entire purpose of the organization.

8. Drive out fear.

Change is fearful to many people in organizations. Change often means downsizing, new policies, new managers, and more training; however, those fears must be eliminated if outsourcing will work.

Leaders of the college or university must create an environment that is free of barriers to allow for open lines of communication. It is important to be aware of how the decision making process works. Leadership is another form of communication (Hoffman, 1997) These communication pathways must be promoted throughout the organization. The college or university and the contract employee must have access to these communication lines to promote and trustworthy, honest relationships. Once this is promoted, an environment that lends itself to open debate will flourish, creating a channel to improve products and services continuously.

9. Optimize toward the aims and purposes of the company the efforts of teams, groups, and staff areas.

When introducing an outside company into a college or university, all barriers need to be eliminated. This will promote cross-functional teamwork, collaborating instead of competing with one another, resulting in better services and products. Leadership is necessary for this to occur. The leaders should promote an atmosphere where all are valued for their work and its importance in meeting the unit's mission (Bryan, 1996).

Once again leadership will greatly influence the success involved in this principle. One of the major barriers in many organizations is communication. It comes in a variety of forms and can influence reactions, decisions, moods, and

environments. Leaders must take action to assure that communication between the outsourcing firm and the organization is clear, concise, timely and meaningful. If this is done, the alliance will prove to be an effective partnership for all involved.

10. Eliminate slogans, exhortations, and targets for the work force asking for zero defects and new levels of productivity.

If outsourcing companies are to become successful for a higher education institution, they must be encouraged to always produce a quality culture. In most cases, problems are not produced by people but by processes. These processes create a company's culture and mission statements. Everyone should become involved in a quality culture and quality is everyone's responsibility. A quality culture depends on all community members assuming leadership in finding solutions to problems.

Slogans and exhortations only have meaning to individuals and do not effect the entire "system." They have no lasting effect on the quality of work, making them useless, especially when implementing a continuous quality plan. Realizing this, slogans and exhortations should be eliminated and more focus placed on the creation of a quality culture. The college or university and the outsourcing company must agree upon this culture. The outsourcing company's culture depends upon all individuals feeling as though they are a part of the big picture. This feeling will be created with a complete and successful contract, which welcomes the outsourcing employees into the college or university culture.

11. Eliminate management by objectives (MBO).

MBO is a management theory created to improve standards based solely on the end results (Bryan, 1996). It does not address the processes to reach the end. This lack of focus is the difference between MBO and TQM. TQM is a process as well as a philosophy, and it addresses every piece of the product and/or service cycle. With this in mind, if MBO is used to determine successful outsourcing, then the issue of total quality will be forgotten.

MBO has been introduced to higher education to provide concrete assessment tools for the profession. Many colleges and universities have used this concept resulting in benchmarking. It is useful knowing practices of comparable organizations in order to improve, strategize, and implement new processes (Upcraft & Schuh, 1996). It has given them benchmarks and standards of operation, but has not always provided the level of continuous quality demanded.

The establishment of numerical objectives and quotas does not contribute to quality improvement, because numbers do not explain the entire process, leaving questions of quality to be answered. Increased production does not equal quality because if the product is flawed initially, then making more of them will not correct the problem. Quality needs to be monitored throughout the production process. This will then answer more questions, eventually leading to higher production and services levels.

12. Remove barriers that rob people of pride of workmanship.

If outsourcing is to be successful in a college or university, all barriers that hinder people in taking pride in one's work must be eliminated. These barriers

include poor communication and exclusion from company's cultural and major events, such as annual picnics, meetings, and conventions. When an outsourced company arrives, some may fear a take-over and react so that those employees are excluded from the college or university's culture. Conversation and inclusion with the outsourced personal is necessary for these barriers to be eliminated.

Similar practices described in Principle 8 must implemented and continued throughout the partnership. Leaders, once again, must take responsibility in creating an environment free of such barriers. They must promote open communication, award positive behaviors contributing to the quality improvement, and encourage constant interaction and collaboration between professionals. By doing this, a work environment promoting empowerment will promote a sense of ownership for each employee.

13. Encourage education and self-improvement for everybody.

If outsourcing is to be successful, then those in the outsourced company should be encouraged to improve their knowledge and expertise continuously. Individual improvement should not be the sole responsibility of the higher education institution, but should be a shared responsibility with the outsourced company. Courses teaching diversity awareness, professional skills and/or personal growth issues should be offered to each employee. These classes should be offered as a benefit to the outsourced employees, but the outsourced company should also encourage and demand their employees to take advantage of such benefits. This shared responsibility will increase productivity and morale of the employees, resulting in the production of higher quality products and/or services.

14. Take action to accomplish the transformation.

Everyone in both organizations must make a commitment to provide strong leadership and vision to do whatever it takes to make the alliance productive. Outsourcing must begin with a movement, a movement encouraged and supported by all involved. Such movements are change mechanisms and they make enormous differences for organizations. These change mechanisms rely on everyone involved. Everyone, including leaders, workers, customers, and outside resources must make a commitment to the alliance. Outsourcing and alliances are not easy, and like cultures, they are not created overnight. They demand commitment and dedication by all, especially if the alliance is to produce a quality service and/or product. Realizing this, organizations, in order to form successful outsourcing relationships, must take action and develop a solid, believable change process towards outsourcing.

Discussion

There are many reasons to outsource. The reasons are different for each institution of higher education, though they tend to focus on five areas. Efficiency, expenses, expertise, effectiveness, and resources are questioned when outsourcing is considered as an option (Salopek, 1998). Colleges or universities want to increase efficiency and effectiveness, while lowering expenses. Within this question also lies the evaluation of in-house resources and expertise. The bottom-line analysis begins with the resource and expertise decision. A college or university must determine if they possess people, finances, and tools in the particular area to provide an exceptional service; they

must look to an outside vendor to gain the expertise and resources necessary to stay competitive.

TQM and outsourcing are not the cure all for the lack of quality and consistency in higher education. They also do not guarantee lower costs and increased efficiency and effectiveness. Outsourcing is not a strategic solution to every problem. Outsourcing can actually result in higher than expected costs, poor service, and other problems if it is not properly and continually managed by dedicated leaders (Leibs, 1998). Outsourcing is difficult to initiate and maintain, but even with its possible negative effects, outsourcing is becoming a more viable and stable option in higher education. Outsourcing appears not just healthy, but here to stay, despite the attention given to outsourcing deals gone bad. Seen as a fad only ten years ago, outsourcing is now emerging as a necessary strategic tool for business and organizations (Leibs, 1998).

Outsourcing is complex. However, if higher education administrators want to stay competitive and efficient they must understand and realize the importance and usefulness of contract services. Another aspect of competition giving organizations a leading advantage is creating a superior quality of services and/or products. Creating an outsourced alliance with TQM principles and extraordinary leadership will grant colleges and universities this competitive edge. Outsourcing and TQM have been used in the corporate world with success and failure. They both provide principles and ideals to improve quality, but both can also decrease customer satisfaction if not managed and controlled in the proper manner. The key to success is realizing and correcting the leadership weakness before implementation begins.

Leadership is vital to successful implementation of outsourcing based on TQM's 14 principles. Leadership determines the success of mission and culture development, alliance formation, and employee morale and motivation. Leaders (college or university presidents, department chairs, and division directors) who empower, trust, and motivate employees, will successfully implement outsourcing at higher education institutions utilizing Deming's 14 principles of quality. These 14 principles will become a framework for exceptional outsourcing only if the leader can create an environment where everyone involved believes success can occur. If institutions can breed and encourage these types of leaders, then their college or university will increase the quality of their services and/or products by implementing and managing successful outsourced services.

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