



## **An Analysis of the Impact of Total Quality Management on Customer Retention at Maruti Suzuki Service Centre**

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### **ABSTRACT**

*The research is on the basis of “An analysis of the impact of Total Quality Management on customer Retention at Maruti Suzuki Service Station.” The purpose of this research is to provide an intermediate step to understand the complex relationship between total quality management, process innovation and customer retention. Using the service industry as a case study, the goal of TQM is customer satisfaction through quality delivery of services, operational performance and sustainability. This study examined the impact of TQM on customers’ retention with the services provided by the Maruti service centre.*

*In this research SATISFACTION INDEX method was used to compare between the two feedback methods CEI and CSI respectively. By comparing the results of the two methods it was found that Customers were happy on answering the new in-depth questions and have adapted the new process with ease and are more comfortable with it. This resulted in more satisfaction of customers and in turn the customer retention is increased.*

**Keywords:**—Total Quality Management (TQM), Customer Focus, Customer Retention, Measurement & Feedback, Customer Satisfaction Index, Customer Engagement Index.

### **I. INTRODUCTION**

Total quality management (TQM) is an integrated management philosophy aimed at continuously improving the quality of products and process to achieve better customer satisfaction. TQM has been well accepted by managers and quality practitioners as a change management quality approach. Studying the relationships between TQM and organization performance is necessary to provide a theoretical as well as a practical platform to the organizations in the efforts to gain sustainable competitive advantage. In order to bridge the gap and provide organizations with practical assistance in correctly managing and implementing the TQM practices to achieve firm performance, this study proposes a conceptual model of TQM implementation in relation to company performance particularly for Indian sector to examine whether the implementation of TQM practices result in an improvement of firm’s performance.

#### ***These eight principles of TQM are:***

Principle-1: Customer focus

Principle-2: Leadership

Principle-3: Involvement of people

Principle-4: Processes approach

Principle-5: System approach to management

Principle-6: Continual improvement

Principle-7: Factual approach to decision-making

Principle-8: Mutual beneficial supplier relationship

***Benefits of TQM are:***

- Cost Reduction and Increased Profitability
- Facilitates Productivity
- Reduces Redundant Activities
- Promotes Innovation Process
- Market-Specific Products/Services
- Holistic Approach to Management
- Promotes Continual Improvement
- Facilitates Competitive Edge
- Promotes Good-Will
- Facilitates Effective Communication and Employee Morale
- Facilitates Customer Satisfaction

**II. ABOUT MARUTI SUZUKI**

Maruti Suzuki India Limited, formerly known as Maruti Udyog Limited, is an Indian automobile manufacturer, based in New Delhi. It was founded in 1981 and owned by the Government of India until 2003, when it was sold to Suzuki Motor Corporation. As of September 2021, Maruti Suzuki has a market share of 49 percent in the Indian passenger car market.

They were born as a government company, with Suzuki as a minor partner, to make a people's car for middle class India. Over the years, its product range has widened, ownership has changed hands and the

customer has evolved. What remains unchanged, then and now, is their mission to motorise India. MSIL's parent company, Suzuki Motor Corporation, has been a global leader in mini and compact cars for three decades. Suzuki's technical superiority lies in its ability to pack power and performance into a compact, lightweight engine that is clean and fuel efficient. The same characteristics make their cars extremely relevant to Indian customers and Indian conditions. Product quality, safety and cost consciousness are embedded into their manufacturing process, which they have inherited from their parent company.

Right from inception, Maruti brought to India, a very simple yet powerful Japanese philosophy 'smaller, fewer, lighter, shorter and neater'.

***Product range of the company includes:***

It offers full range of cars– from entry level Maruti 800 & Alto to stylish hatchback Ritz, A star, Swift, Wagon R, Estilo and sedans Dzire, SX4 and Sports Utility vehicle Grand Vitara, Omni, Gypsy, Zen Estilo, Wagon R, Versa, A– Star, Ritz, SX4, Dzire, Grand Vitara, Ertiga, Celerio, Baleno, Ciaz, Ignis, Scross, XL 6, Vitara Brezza, Ertiga, Spresso.

The quality management system of the Company is certified against the ISO 9001:2008 standard. Re-assessment of the quality systems is done at regular intervals and re-certification assessments are done at every three years by an accredited third-party agency. Recently, the Manesar power train plant including the two-wheeler engine plant was added in the ISO-9001 certification scope in time with other plants of the Company. Also, the Company has an internal assessment mechanism to verify and ensure adherence to defined quality systems across the Company.

### **Total Quality Management in the Automotive Industry**

Total Quality Management (TQM) describes the culture, attitude, and organization of a company striving to produce high quality products and services that meet or exceed customer expectations. Originating in the 1950s, its popularity has increased since the 1980s, and its quality management concepts have been implemented by automotive companies such as Ford Motor Company, General Motors Company, and Toyota Motor Company.

But what, exactly, is total quality management and how does it work? We can gain a better understanding by examining the core concepts of the TQM Philosophy.

#### **Customer Focus**

This is the first and most important concept of the TQM Philosophy. Built upon the understanding that quality value of a product is reduced if it does not meet the customer's needs, the customer focus concept states that the client's wants and/or needs must be met or exceeded. But first, a company must first determine what those wants and needs are. To do this, they gather information through market studies, research groups, and client meetings. Benefits of achieving this concept include:

- Increased revenue
- Increased effectiveness
- Improved customer loyalty
- Continuous Improvement

Taking into account that customer expectations are always changing (and typically rising as quality management begins to provide results), the continuous improvement concept stems from a belief that mistakes can be avoided and defects can be prevented. It extends to all aspects of an organization, from the shop floor to the

marketing department to decision-making. One common approach used to ensure continuous improvement remains a core concept is the Plan-Do-Check-Act cycle. Its processes are as follows:

Plan: evaluate the current processes and make plans to resolve the problems found

Do: implement the plan and collect data for evaluation

Check: study data to determine if the plan is achieving the desired results

Act: Communicate results and implement the new procedure if successful

It is important to remember that, because this approach is a cycle, the entire process starts over once a new plan or procedure is implemented.

Total quality management is one of the measurements used in the automobile industry to ensure that the cars manufactured are reliable, satisfying the consumers at large and to ensure competitiveness in the market, as well as conformance to the international standard.

All the existing automotive industries have reduced costs, increased process efficiency and strive to improve the quality of their products and services by meeting the needs of the people they serve through the application of total quality management (TQM) principles.

As the competition is increasing globally quality management is gradually becoming important to the leadership and management of automotive industry. By implementing the following quality management tools, organizations will produce benefits for owners, employees, customers, suppliers and society as a whole.

Customer retention is the ability of an organisation to withhold its customers for a

long time. It encompasses all those activities which reduce the customer's defection rates of business. Higher customer retention rates means that companies are able to retain their customers for a long time.

### **Importance of Retention**

- Increases Revenue
- Reduce Promotional Expenses
- Reduces Competition
- Provides More Referrals
- Valuable Feedback from Customers
- Boost Employee's Confidence
- Enhances Brand Image

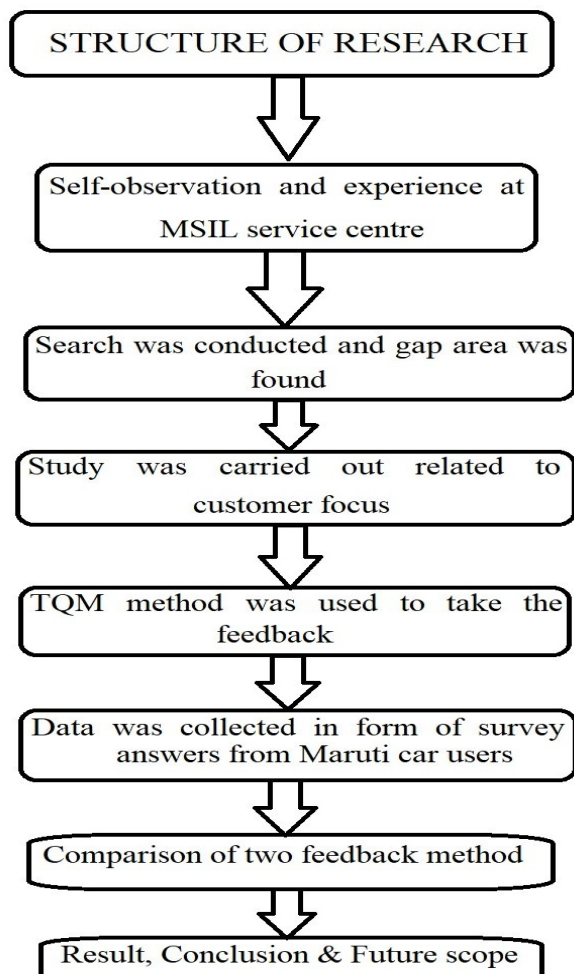


Figure 1: Structure of Research Flowchart

### **III. METHODOLOGY**

Research Methodology can be defined as a way to systematically solve the research problem. It may also be understood as a science of studying how research is done scientifically. The scope of research methodology is wider than that of research methods. This part of the research describes the method used and the calculation of the appropriate sample size for the study. The objective of this research was to describe the customer satisfaction towards the after sales services in the context of automobiles at Maruti Suzuki service centre.

Quantitative research is data oriented. There are two methods to conduct quantitative research and they are as follows:

#### **Primary Quantitative research:**

This method is the most widely used method of conducting market research. The distinct feature of primary research is that the researcher focuses on collecting data directly rather than depending on data collected from previously done research. Primary quantitative research design can be broken down into three further distinctive tracks, as well as the process flow.

#### **Secondary Quantitative research:**

This method involves already existing data or secondary data. Existing data is summarized and collated to increase the overall effectiveness of research. It uses collection of quantitative data from the existing data sources like internet, government resources, libraries, research reports, etc.

The sample design which is used in the study is convenience sampling. Respondents from Jabalpur were selected on the basis of convenience.

Sample size taken for the study is 70 respondents and all were considered for analysis.

### **Scoring for CSI Method**

5 pointer scale 1 to 5 was used. Here, 5 represented Excellent, 4 represented Very Good, 3 represented Good, 2 represented Average & 1 represented Poor

### **Rating & Scoring for CEI method**

Excellent (150) Very Good (100) Good (50)  
 Average (0) Poor (-50)

## **IV. CALCULATIONS**

$$CSAT = \frac{\text{Total Number of Positive Responses}}{\text{Total Number of Responses}} * 100$$

### **CSI Calculations**

Total 5 point responses = 9

Total 4 point responses = 13

Total 3 point responses = 19

Total positive responses = 9+13+19 = 41

Total No of Responses = 70

CSAT Score = 41 \* 100 = 59% 70

### **CEI Calculations**

Total Responses = 70

Total Responses for Excellent = 15

Total Responses for Very Good = 32

Total positive responses = 47

**Table 1: CEI Calculation**

|             | Responses  |           |           |      |         | Total Score | CEI Score Calculation |
|-------------|------------|-----------|-----------|------|---------|-------------|-----------------------|
| Questions   | Weight age | Excellent | Very Good | Good | Average | Poor        | (Score * Weightage)   |
| Performance | 15%        | 150       |           |      |         |             | 150                   |
| Preference  | 15%        |           | 100       |      |         |             | 100                   |
| Attributes  | 8%         |           |           |      | 0       |             | 0                     |
|             | 8%         |           |           |      |         | -50         | -50                   |
|             | 10%        |           |           |      |         | -50         | -50                   |
|             | 8%         |           |           |      | 0       |             | 0                     |
|             | 5%         |           |           |      |         | -50         | -50                   |
|             | 10%        |           |           |      |         | -50         | -50                   |
|             | 10%        |           |           | 50   |         |             | 50                    |
|             | 6%         |           | 100       |      |         |             | 100                   |
|             | 5%         | 150       |           |      |         |             | 150                   |
|             | 100%       |           | CEI       |      |         |             | 39.5                  |

$$CSAT = 47 * 100 = 67\%$$

70

## **V. RESULTS**

It clearly shows that the CSAT score that is the satisfaction score, the respondents are more satisfied in case of CEI as compared to CSI. In CEI the questions involved for feedback were more detailed and customers were happy to answer what they experienced.

The average score in terms of CSI was 59% were as for CEI it was 67%. The results were considered for 3-star, 4 star and 5-star rating for CSI and Excellent and very good remarks for CEI for calculating the CSAT score.

It is clearly found from the score that CEI has higher satisfaction than CSI.

## **VI. CONCLUSION**

The Maruti Suzuki cars are the best and fast-moving brands. Now a days the demand for the cars shows increasing trend, at the same time they expect easy handling, safety security, higher performance, quality service etc. which makes the advanced technologies and adopt new model.



This study was carried out to determine the impact of implementation of TQM procedures to retain customers by providing them better satisfaction within MSIL dealership. Two feedback methods CSI & CEI were used to capture the experience of same customers. It was found after the research that customers were more satisfied when they had answered the detailed questionnaire as it was exactly what they felt when they visited the workshops to get their car serviced. In case of CEI, the entire process right from pick & drop to rightly delivering the car with utmost quality. As TQM suggests that every step should follow its principles to achieve the goal, CEI has all those processes involved to a great extent.

Although the findings were encouraging but still some reasonable level of negativity persists between the customers. Majorly it is regarding the quality of service, if the quality is improved further surely the customer retention will increase. Implementing TQM in all aspects and for entire levels of management and employees will help significantly to improve the quality of service.

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