RELATIONSHIP BETWEEN TOTAL QUALITY MANAGEMENT PRACTICES AND PROFITABILITY: CASE OF SMALL HOTEL SECTOR LONDON (UK)

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ABSTRACT: The rise of competition has inclined various small-scale businesses to incorporate a robust strategy in order to increase profitability. Therefore, in the contemporary enterprise sector, exceptional importance has been given to the concept of Total Quality Management by both local and multinational organisations, considering the associated benefits of continuous improvement, increased efficiency, and the overall efficacy of the organisation. Thus, the main aim of this study is to assess the impact of TQM implementation into small scale hotels in terms of financial growth (profitability); and to develop a comprehensive and feasible quality framework for managers to adopt the best TQM practices that enhance profitability through quality improvement and to achieve expected results. The researcher has applied quantitative method by recruiting 141 participants (managerial level) to achieve the overall aim and objectives of this study, Therefore, survey questionnaires by using Likert scale has been conducted leading towards descriptive, correlation and chi-square analysis of the data collected. The results showed that various TQM practices have positive impact on the profitability of small hotels, such as continuous improvement, quality improvement, role of top management, training and education, employee empowerment and technological innovation. Finally, this research makes an original contribution in the academic and practical field as it enhances the knowledge of TQM among the managers and quality practitioners. Besides presenting some recommendations for small hotels, the study also puts some suggestions for future research in this area with limitations.

KEYWORDS: total quality management, quality management, critical success factors, customer satisfaction, competitors, small hotels, profitability, performance.
INTRODUCTION

In the era of globalisation, total quality management has gained a lot of attention over the years (Al-Ababneh and Lockwood, 2012; Al-Dhaarfi and Al-Swidi, 2015; Bouranta and Psomas, 2016). However, the main focus of the literature has remained on the manufacturing industries. This means that the majority of information is related to manufacturing industries, and very limited information is available regarding the service industry (Bouranta and Psomas, 2016). In this regard, the focus of the study is to evaluate the impact of total quality management in the hospitality industry. According to Fatchur and Solimun (2014) and Bouranta and Psomas (2016), hotels have given special attention to the concept of total quality management due to its being effective for satisfying customers, as the service quality delivered to customers of hotels is the only key for organisational performance in the service industry, more specifically hotels.

Further, the number of studies carried out in the service sector but with respect to total quality management in hospitality are very few (Anil and Satish, 2016; Bouranta and Psomas, 2016; Iqbal, et al. 2017; Lahap, et al. 2017), therefore, this study tends to investigate the influence of TQM in the small hotel industry of the UK. At one end, the limited information about total quality management in the hospitality sector would be increased as the study has presented in-depth analysis about the underlying factors of total quality management and their impact on the overall profitability of the hotels. This will eventually expand the availability of information for future researchers. Since the research study has highlighted the importance of total quality management on hotels’ profitability, the study can be used by small and medium sized hotels operating in London to ensure that they achieve the desired level of performance and profitability. Moreover, the study of (Shanka, 2012) has highlighted that it can transform the mind-set of managers and other employees towards offering the customers superior quality services, which could eventually lead to an optimal level of satisfaction. Likewise, the small and medium hotels can also use this research study to improve their product quality, while focusing extensively upon continuous improvement to the different level of service offered by the company as compared to competitors in the business environment (Benavides-Velasco, Quintana-García and Marchante-Lara, 2014).

Another expected contribution of this study is the investigation of the dependent variable in the study that is profitability, because there has been a limited number of studies that have investigated the impact of total quality management on the profitability of the company (Idris, 2011). It is important to study the hospitality sector due to the significant contribution of service quality to profitability and growth in the hotels industry (Milovanović, 2014). Moreover, researcher have not focused much on providing insights on using total quality management in the hospitality industry. However, it has been argued that total quality management is required specifically in the hospitality industry in which hotels exist (Pereira-Moliner et al., 2012). Customer service quality has been debated to be the most important factor in the hotel industry because most customers expect premium service quality to be delivered to them as their satisfaction is purely based on the quality of service they receive from the hotel and staff (Amin et al., 2013). The study has been significantly aimed at providing key findings to hotel owners in UK in order to implement practices of total quality management in improvement of profitability for small hotels in UK. The overall aim of this study is to develop a quality (TQM)
framework for small hotels to improve the quality of services through examining the impact of Total Quality Management on the profitability in the small hotel industry of the UK.

LITERATURE REVIEW

Concept of Total Quality Management
During the 2nd World War, quality was considered to be amongst the foremost considerations, and it shifted from qualitative to more statistical and quantitative in nature (Sabet et al., 2012). This implies that statistical sampling techniques were continually used for the evaluation of quality, and quality control charts were continually in use for monitoring the production processes. The evolution of TQM was first capitalised by companies like Toshiba and Sony, where both the companies penetrated the markets based on their capabilities of offering quality products at lower prices; thus pressuring the local and international companies, especially American companies, to focus highly on the training and development of their personnel and hiring the external consultants to improve the quality of their offered products.

In the present era the importance of quality is globally accepted (Subedi and Maheshwari, 2007) and Total Quality Management in organisations has been increased significantly in the past two decades due to global competition among organisations (Sule et al. 2016; Obeidat et al. 2019). In accordance to (Prajogo and Sohal, 2001; Deres et al. 2009; Al-Ababneh and Lockwood, 2012; Misra, 2014; Jonah et al. 2018; Obeidat et al. 2019) it had been determined that there is no significant concrete definition and uniform approach of the notion of Total Quality Management, it has been defined by different authors in different ways (Demirbag et al. 2006). Kannji, (1996) stated that “TQM is a continuous improvement process for individuals, groups and whole organisations. What makes TQM different from other management processes is the concentrated focus on continuous improvement” (p. 1)

This element was also evident in the case of the hospitality industry i.e., airlines and hotels, which implies that the businesses were pressurised to upgrade their services for the convenience and easiness of their guests (Misra, 2014). Moreover, in the present business era, organisations are operating in a highly competitive environment as there has been the continuous introduction of new competitors in the industries. Therefore, quality becomes an important issue, which not only needs to be addressed, but considered also as a competitive edge within the hospitality sector (Sin and Jusoh, 2019) which can improve market share, profitable outcomes and the operational performance of any company (Talib and Rahman, 2013; Sin and Jusoh, 2019).

2.2 Critical Success Factors of Total Quality Management
The concept of critical success factor was determined by Ronald Daniel in the sixties, a decade later John F. Rockart took it up and made several research studies on it. Rockart, (1979). Ostrom et al., (2015) provided the following definition; it is the limited number of areas in which results, if successful, will ensure a competitive and successful operation for the organisation. Since then it has been widely used as an effective technique in the implementation of certain organisational strategies (Ostrom et al., 2015; Costen and Salazar, 2011). According to (Sila, 2005; Al-Ababneh and Lockwood, 2012) CSFs of TQM can be described as “the best practices of TQM implementation”
Further, Saraph, et al. (1989) defined critical factors as “critical areas of managerial planning and actions that must be practised to achieve effective quality management in business unit”. The main objective of the technique of CSF is to determine the main activities in which a company must focus its attention. Other additional objectives would be to assist in the planning of activities and resources, as well as to delineate the key areas by facilitating the assignment of priorities within it (Talib and Rahman, 2010). Further, in the contemporary business era, companies need to identify and evaluate the key quality factors of total quality management before its implementation because successful TQM implementation often associated with CSFs, is responsible for achieving business excellence (Shahbazipour, 2007; Talib and Rahman, 2010; Al-Ababneh and Lockwood, 2012; Hietschold, et al. 2014; Anil and Satish, 2016).

Moreover, a variety of critical success factors was proposed in relation to total quality management, while relating the critical success factors to both the service and manufacturing industries. However, the majority of the CSFs proposed after 2011 were linked to the previous studies; thus, indicating that the new CSFs were based on the findings of earlier scholars and authors. For this reason, the current study has selected six common critical factors that were based on the previous literature and were common in previous empirical studies, to see the impact of these factors on profitability, particularly in small hotels which is lacking in the literature (Milovanovic, 2014; Bouranta and Psomas, 2016; Lahap, et al. 2017; Sin and Jusoh, 2019). The critical factors selected for this study are as follows: Quality Policy, Top Management Commitment, Continuous Improvement, Quality Improvement, Training and Education, Employee Empowerment.

This study aims to prepare a precise and reliable quality framework applicable in the small hotels for quality improvement, which eventually helps to improve profitability. Further, most of these factors were discussed by TQM gurus and found as common aspects of their studies in the literature, this is also one of the reasons to select the following factors for this study. However, there is no single solution for every situation, each company has its own culture, practices, policies and service delivery process. So, the quality strategy will vary from company to company and accordingly to the situation.

![Figure 1: Conceptual Framework](image-url)
The above conceptual framework comprises of six critical factors selected from both manufacturing and service industries, by keeping in view the wider concept of hotel businesses, based on these factors, the remaining research will move on. As per researcher opinion, each factor is directly or indirectly relevant to the hotel industry business and other service sectors as well, where customer service and satisfaction is concerned. Each factor is directly impacting on performance and quality management implementation process.

Hypothesis and Variables

**Independent Variables:** TQM Practices (Quality Policy, Top Management Commitment, Continuous Improvement, Quality Improvement, Training and Education, Employee Empowerment)

**Dependent Variable:** Profitability

**Hypothesis**
There is positive and significant relationship of TQM practices with the profitability of the small hotels

The hypotheses have been taken to test the independent variable, which is TQM practices, against the dependant variable, profitability of small hotels of the study. It has been adopted from the study of Patiar, Davidson and Wang (2012) and Milovanovic (2014) in order to identify the relation in the research. The hypothesis can be defined as an assumption that is made on the basis of a limited evidence or information and is further investigated through empirical data.

**Quality Policy**
In the contemporary business environment, successful implementation of TQM has become significantly important; therefore, companies are more interested in developing TQM practices that could increase their effectiveness and efficiency (Aggett, 2007; Bouranta and Psomas, 2016: Anil and Satish, 2016). With this in consideration, the factors are often regarded as the culture of quality, where customer information, job security, teamwork and collaboration between the employees and leaders are considered to be significantly important (Milovanovic, 2014). The quality policy of any organisation should be compiled or formed by the top executives based on customers’ feedback and should be approved by the quality department. It is a complete guide for all employees in the organisation on how to provide the best possible product or service to the customers to achieve quality goals and customer satisfaction (Ali and Khatoon, 2016; Bouranta and Psomas, 2016). Further, a quality policy is also a main requirement of ISO 9000 standard (Ali and Khatoon, 2016). Moreover, by developing a clear and long-term quality policy which integrates with other operational strategies, quality goals and growth can be achieved (Dale, 2003; Bou-Llusar, et al. 2008).

**Top Management Commitment**
In the contemporary business environment, leaders influence the employees by focusing extensively on leading by example (Foster, 2008; Sahoo and Yadav, 2018) and leaders are described as completely responsible for the successful implementation of TQM in the organisation with a long-term vision (Yunoh and Ali, 2015; Bouranta and Psomas, 2016; Sahoo
 Leaders have continually encouraged the employees to develop the willingness to follow them, instead of opposing them in every direction. In the case of TQM, leaders focus on helping the employees to fully grasp the importance of quality while helping them to become proactive with respect to quality (Al-Ababneh and Lockwood, 2012; Baird et al., 2011; Juneja et al., 2011; Khanna et al., 2011). The rationale behind the selection of ‘top management commitment’ is because of these reasons. First, it is recognised as one of the main factors of TQM implementation in the literature (Yunoh and Ali, 2015; Amin, et al. 2017), secondly it is the mostly used factor in the previous studies by the researchers, thirdly it is one of the common factors found in the literature, applicable in both the manufacturing and service sector (Al-Ababneh and Lockwood, 2012).

Continuous Improvement
“TQM is a never-ending process nor is it a destination” (Misra, 2014). Further, in the literature it was mentioned that the key message of TQM is that “it is a long-term process” that requires nearly 5-10 years process to achieve high quality goals (Terziovski and Samson, 1999). Further, the first hotel company that received a quality award (MBNQA) was the Ritz Carlton Hotel, based on three years’ implementation of TQM practices (Holjevac, 1996; Patiar and Davidson, 2012). Therefore, in the intense competition of the industry, there is a need for continuous improvement to achieve the high-quality goal in all departments of the organisation by involving everyone (Terziovski and Samson, 1999; Dale, 2003; Al-Dhaarfi and Al-Swidi, 2015; Yunoh and Ali, 2015; Anil and Satish, 2016; Haddioui and Jahidi, 2017). In pursuance of continuous improvement of products and services, quality is a key factor in contemporary businesses (Antony and Preece, 2002; Al-Ababneh and Lockwood, 2012; Obeidat, et al. 2019). Chen, et al. (2010) defined the continuous improvement “continuous identification and elimination of waste” (p. 1070).

Quality Improvement
In the service organisation, TQM has been agreed as a unified philosophy that encourages the organisation to work towards the quality management system to ensure that all the departments, units and objectives of the organisation are directed towards meeting the demands and requirements of the customers by providing excellent service, which ultimately would result in the optimal level of satisfaction amongst the customers (Bon and Mustafa, 2013; Goetsch and Davis, 2014). This implies that service organisations have continually engaged in sustaining an optimal level of customer satisfaction by continuously improving the quality of services and to improve the overall performance of the organisation. In the hotel industry, customer satisfaction plays a crucial part since it is all dependent upon the quality of services provided.

Training and Development
In light of the literature, it has been indicated that training and development not only focuses on increasing the efficiency of the employees, but also provides them with sufficient knowledge to help them achieve the desired goals and objectives of the company in the most profitable manner (Feng et al., 2006; Aggett, 2007; Milovanovic, 2014; Bouranta and Psomas, 2016). Furthermore, it has been suggested that offering employees sufficient training and development opportunities increases their efficiency, followed by information, through which the value and interest of the organisation are improved in the intensely competitive business environment (Milovanovic, 2014; Suwandej, 2015; Anil and Satish, 2016; Sahoo and Yadav, 2018).
Considering this, (Kim, et al. 2012; Talib and Rahman, 2013) have argued that training and development have played an influential role in the successful implementation of TQM, as the skills and knowledge of the employees significantly increases, which ultimately reduces the concerns and issues associated with the implementation of TQM. Education and training are considered as one of the basic elements of total quality management because it suggests the best possible way to improve personnel efficiency on a continuous basis. Moreover, through training and education, employees not only learn how to work hard but also how to work smart (Goetsch and Davis 2010: p. 11).

**Employee Empowerment**

This is also a common factor of TQM found in the literature, applicable in both industries, manufacturing and service. This factor is also selected eighteen times out of fifty-one previous studies published between 2006-2011 (Wahjudi, et al. 2011). As mentioned in the earlier section, employees are the most valuable asset of an organisation because ultimately, employees are responsible for quality reputation (Alcudia and Carmen, 2015; Amin, et al. 2017; Obeidat, et al. 2019). In the contemporary business environment, companies are more able to compete against their rivals based on the qualified and skilled workforce, rather than on the basis of profitability and performance (Al-Ababneh and Lockwood, 2012; Zakuan et al., 2012; Yeng, et al. 2018). Further, study of (Milovanovic, 2014; Haddioui and Jahidi, 2017) suggests that TQM implementation is a complex process that demands commitment from all employees in the organisation. Taking this into consideration, it has been revealed that companies that have actively engaged their employees in the implementation of TQM have experienced positive outcomes in comparison to those organisations, where the decisions are taken by the management (Haddioui and Jahidi, 2017).

**METHODOLOGY**

In this study, quantitative method (141 self-administered, survey questionnaire) has been used to gather the opinion of the employees (manager level) of the small hotels, on the predictor variables, which are important for the study in which data is collected from primary sources. According to Saunders et al. (2016), commonly quantitative research is associated with the positivism philosophy, particularly when data collection techniques are predetermined. Therefore, with respect to the nature and scope of the study, the researcher has chosen the positivism research philosophy. *The positivism research philosophy highlights the factual knowledge that is achieved by carrying out varied numbers of tests and procedures on the domain study* (Neuman, 2014; p. 100). Further, deductive approach has been applied to see the impact of TQM on profitability, which is most appropriate and used when the existing information is limited, and it initiates with logical inference. In a deductive approach, a theoretical and conceptual framework is generated or predetermined and then tested through empirical evidence, it moves from the general to the more specific (Collis and Hussey, 2003; Adam, Khan and Raeside, 2014). Moreover, in this study, the existing theories are presented in order to test the generated hypothesis.

**Sample Size**

The target population in this study was employees and managers in the small hotel industry in the Hammersmith area, UK. The total number of hotels in London is in thousands, as per Statista (2019) therefore, to remain within the available resources and time, 220 independent
small hotels (categorised as 3 stars by the Office for National Statistics) were selected in the Hammersmith (London) area as the target population (ONS, 2019). Sample size required for the survey data is 141 after calculating the sample size. Further, it was not possible for the researcher to ensure that all employees and managers in all small hotels in Hammersmith get equal probability/opportunity to participate in the research, thus the non-probability (convenience sampling) sampling method was adopted to recruit (141) participants for this study. The non-probability sampling method is appropriate, as it provided the researcher ease of gathering the data and the cost and time involved in the usage of this sampling technique is also substantially low as compared to probability sampling methods (Adams, Khan and Raeside, 2014; Collis and Hussey, 2014).

**Reliability**

Reliability is associated with the consistency and stability of the results that are obtained in the research (Saunders, et al. 2016; Sekaran, 2016; Collis and Hussey, 2014; Ghauri and Gronhaug, 2010; Bryman and Bell, 2015) and also with the ‘goodness’ of measure (Sekaran, 2013). Cronbach’s Alpha has been used to determine the reliability of the survey questionnaire.

**Table 1: Reliability Analysis of the Variables of the Study**

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
</tr>
</thead>
</table>
| Cronbach’s Alpha       | 0.860  
| N of Items             | 30     |

With respect to the reliability statistics obtained from the SPSS using Cronbach Alpha testing, 30 items have been used in total. Moreover, the statistics were computed to be 0.860. The study conducted by Bhatnagar, Kim and Many (2014) asserted that the minimum threshold for the statistics to declare reliability is 0.7 otherwise, if the value is below the mentioned values then the variable is questionable or should be dropped from the final analysis.

**RESULTS**

Quantitative analysis mainly depends on the study’s aim and objectives, where the aim of the analysis is to get information regarding the situation of the study as in this study. Therefore, descriptive and inferential (Chi-square and correlation) analysis were conducted in this study.

**Descriptive**

This study used descriptive analyses to show results of the questionnaire survey by using frequency tables and pie charts. It is further stated by (Adams, Khan and Raeside, 2014; Gray, 2017) that descriptive analysis “helps us to understand and summarise the data” (p.171) and it also termed as univariate analysis where only one variable included and the data can also be presented in charts, graphs and tables (Collis and Hussey, 2014; Neuman, 2014; Lee and Lings, 2008).

This section has aimed to provide the demographic dynamics and characteristics of the sample chosen for conducting this study and the differences in the perceptions of the respondents. The sample size for the survey questionnaire had included 116 respondents amongst which male respondents were 61.21% while the remaining 38.79% were the females. It indicates that the
male proportion in the small hotels is higher than the female proportion. The sample characteristics have also included the age of respondents and identified that around 43.1% of the participants were aged less than 35 years; this also indicated that most of the people working in the small hotels are less than 35 years. In terms of experience, 68.1% had less than 8 years, while professional experience of 24.4% was between 8-10 years, and professional experience of 3.4% was more than 10 years. Therefore, respondents having 8 to 10 years’ experience were likely to give more appropriate and sound information about TQM implementation in the hotel industry because they had a higher level of experience. The longevity of their services also allowed them to gain a wealth of information, as well as the level of profitability it can help to achieve within small hotels.

**Inferential**

In order to assess the relationship between TQM practices and profitability, this study conducted inferential statistics by applying chi-square association and Spearman rank correlation analyses.

**Chi-square** In the current study, Chi-square was used to find the association between dependent and independent variables. This analysis becomes handy when the nature of data is categorical and used to see the association between two categorical variables (Tabachnick and Fidell, 2007: Adams, Khan and Raeside, 2014; Laerd Statistics, 2018; Bergin, 2018). Further, this test is powerful and widely used to see the association between variables measuring nominal or ordinal scales (Neuman, 2014; Oakshott, 2016; Schindler and Cooper, 2008).

**Table 2: Chi-Square of Quality Policy and Profitability**

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>31.506</td>
<td>6</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>31.925</td>
<td>6</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>12.235</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>116</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 2 cells (11.7%) have expected count less than 5. The minimum expected count is 2.00.

The table of chi-square association of quality policy with profitability has a chi-square statistic of 31.506 with p-value of 0.000. This implies that the tested association is significant statistically. However, for examining the magnitude, Cramer’s V can be seen as follows:

**Table 3: Magnitude of the Association of Quality Policy and Profitability**

<table>
<thead>
<tr>
<th>Symmetric Measures</th>
<th>Value</th>
<th>Approx. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal</td>
<td>Phi</td>
<td>.521</td>
</tr>
<tr>
<td></td>
<td>Cramer's V</td>
<td>.369</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td></td>
<td>116</td>
</tr>
</tbody>
</table>

The value of Cramer’s V is computed to be 0.369 and is moderate, which means that improving the quality policy of small hotels would result in improvement in their profitability.
In the table presented above, the association of continuous improvement has been tested with the profitability of the small hotel sector of the UK using Chi-square. It has been deduced that the association is insignificant at 5% because 0.07 > 0.05.

### Table 4: Chi-Square of Continuous Improvement and Profitability

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asym. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>16.550a</td>
<td>9</td>
<td>.077</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>13.988</td>
<td>9</td>
<td>.123</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>5.033</td>
<td>1</td>
<td>.024</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>116</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* a. 2 cells (16.3%) have expected count less than 5. The minimum expected count is 2.00.

In terms of Cramer’s V, the association is computed to be weak because the value is 0.211 and is below 0.3. Another aspect is quality improvement which tested with profitability as follows:

### Table 5: Magnitude of Association of Continuous Improvement and Profitability

<table>
<thead>
<tr>
<th>Symmetric Measures</th>
<th>Value</th>
<th>Approx. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal Phi</td>
<td>.356</td>
<td>.077</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.211</td>
<td>.077</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>116</td>
<td></td>
</tr>
</tbody>
</table>

The association of quality improvement with profitability is highly significant because the p-value is computed to be 0.000 and below 5%. In addition, the magnitude can be seen as below:

### Table 6: Chi-Square of Quality Improvement and Profitability

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asym. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>65.659a</td>
<td>6</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>58.716</td>
<td>6</td>
<td>.000</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>31.120</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>116</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* a. 2 cells (11.7%) have expected count less than 5. The minimum expected count is 3.43.
The association is computed to be moderate in terms of Cramer’s V as the statistics is 0.532. In addition, the association of top management commitment with the profitability can be seen as follows:

**Table 8: Chi-Square Testing of Top Management Commitment and Profitability**

<table>
<thead>
<tr>
<th>Test</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>26.151*</td>
<td>9</td>
<td>.002</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>27.141</td>
<td>9</td>
<td>.001</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>12.596</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>116</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a.* 3 cells (12.5%) have expected count less than 5. The minimum expected count is 2.02.

The association is statistically significant between the UK’s hotel sector’s profitability and its top management’s commitment. The magnitude of the relationship can be determined as follows:

**Table 9: Magnitude of Association of Top Management Commitment and Profitability**

<table>
<thead>
<tr>
<th>Symmetric Measures</th>
<th>Value</th>
<th>Approx. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal</td>
<td>Phi</td>
<td>.475</td>
</tr>
<tr>
<td></td>
<td>Cramer's V</td>
<td>.274</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td></td>
<td>116</td>
</tr>
</tbody>
</table>

On the basis of Cramer’s V, the association is weak because the value is computed to be 0.274. Furthermore, the association of training and education with profitability is tested and the obtained results have been displayed below:
The association is computed to be significant on the basis of asymptotic significance (p-value < 0.05). Therefore, this aspect is contrary to the Spearman’s results which were insignificant. However, the magnitude can be analysed as follows:

Table 10: Chi-Square Testing of Training and Education with Profitability

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>18.900</td>
<td>0</td>
<td>.026</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>16.724</td>
<td>0</td>
<td>.053</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>1.439</td>
<td>1</td>
<td>.230</td>
</tr>
</tbody>
</table>

N of Valid Cases 116

a. 3 cells (12.5%) have expected count less than 5. The minimum expected count is 3.07.

The computed magnitude is 0.233 in accordance with the Cramer’s V; therefore, the association is weak. The last TQM’s dimension considered in this study is employee empowerment which has been tested with profitability as follows:

Table 11: Magnitude of Association Testing of Training and Education with Profitability

<table>
<thead>
<tr>
<th>Symmetric Measures</th>
<th>Value</th>
<th>Approx. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal Phi</td>
<td>.404</td>
<td>.026</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.233</td>
<td>.026</td>
</tr>
</tbody>
</table>

N of Valid Cases 116

Table 12: Chi-Square Testing of Employee Empowerment with Profitability

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>28.962</td>
<td>9</td>
<td>.001</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>25.813</td>
<td>9</td>
<td>.002</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>15.888</td>
<td>1</td>
<td>.000</td>
</tr>
</tbody>
</table>

N of Valid Cases 116

a. 2 cells (12.5%) have expected count less than 5. The minimum expected count is 3.02.

This association is significant also with employee empowerment of the small hotels’ sector with the profitability for the same reason (p-value < 0.05). However, the magnitude can be seen as follows:

Table 13: Magnitude Testing of Association of Employee Empowerment with Profitability

<table>
<thead>
<tr>
<th>Symmetric Measures</th>
<th>Value</th>
<th>Approx. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal Phi</td>
<td>.500</td>
<td>.001</td>
</tr>
<tr>
<td>Cramer’s V</td>
<td>.288</td>
<td>.001</td>
</tr>
</tbody>
</table>

N of Valid Cases 116
In terms of magnitude, the value is obtained to be 0.288 of the Cramer’s V, therefore, the link is weak between the said variables.

**Spearman rank Correlation** is a bivariate analysis that is used to measure the relationship or strength of relationship between two or more dependent and independent variables of the study (Sekaran, 2013; Oakshott, 2016; Collis and Hussey, 2014; Curwin, Slater and Eadson, 2013). The current research has employed **Spearman rank correlation** as the inferential statistical method, as the current study relied on a non-parametric test and ordinal data type. Jamieson, (2004) and Gardner and Martin, (2007) argued, that a Likert scale is an ordinal ranked order nature and non-parametric is the only test to produce valid results. Therefore, in that situation non-parametric tests are thought to be more suitable for Likert scale to conduct a reasonable calculation of these parameters and where distribution is non-normal (Curwin, Slater and Eadson, 2013).

**Table 14: Spearman Correlation**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>QualityPolicy</th>
<th>Continuous Improvement</th>
<th>TotalManagementCommitment</th>
<th>Training/Duration</th>
<th>Employee Empowerment</th>
<th>TIM and Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman’s r</td>
<td>1.00</td>
<td>0.391</td>
<td>0.324</td>
<td>-0.05</td>
<td>0.29</td>
<td>0.01</td>
</tr>
<tr>
<td>N</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>ContinuouImprov</td>
<td>Correlation Coefficient</td>
<td>0.005</td>
<td>0.116</td>
<td>0.116</td>
<td>0.116</td>
<td>0.116</td>
</tr>
<tr>
<td>N</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>QualitryPolicy</td>
<td>Correlation Coefficient</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>TopManagEmpComm</td>
<td>Correlation Coefficient</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>TimEmpower</td>
<td>Correlation Coefficient</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>TIM and Profitability</td>
<td>Correlation Coefficient</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
<td>116</td>
</tr>
</tbody>
</table>

**In accordance with the study conducted by Harrell (2015)** the association can be negative or positive whilst the magnitude is between -1 and +1 showing how intensive the association is. In this concern, the values lower than 0.3 are deemed as weak while lower than 0.75 are deemed as moderate and the association greater than 0.75 are referred to as strong (Downey, 2014). However, the sign of the coefficients represents direct or indirect proportionality.

The correlation of the UK’s small hotel sector’s profitability with the quality policy is positive. This implies that when quality policy is enhanced, the profitability can be improved as well. In addition, the association is found to be significant as well because the sig value is computed to be lower than the threshold of error, which is 5% (p-value=0.00< 0.05). Besides, the dimension of continuous improvement is computed to be 0.228 which is also weak yet positively associated with the profitability.

The association is significant as well on the basis of the rule of thumb (p-value< 0.05). Given this, the correlation of quality improvement with the profitability is calculated to be 0.589, which is asserting moderate association. Its further entails that the relationship is evidently
positive implying that, with the increment in the quality of the services in the small hotel sector, the potential for profitability improvement is significant (p-value< 0.05). Another dimension considered in the study is top managers’ commitment, which is also positively correlated with the performance of the hotel sector of the UK. Further, the relationship is additionally computed to be significant and weak (p-value< 0.05). Moreover, employee empowerment is also computed to be positively and moderately linked with the profitability because the value is computed to be 0.410 with p-value lower than 0.05. Hence, giving more autonomy to the employees of small hotels of the UK and empowering them more would result in profitable performance. On the contrary, the association of training and education conducted in the UK’s small hotel sector with the profitability is insignificant which infers that education might not be profitable for the small hotels of the UK.

DISCUSSION

This section has aimed to provide the demographic dynamics and characteristics of the sample chosen for conducting this study and the differences in the perceptions of the respondents. The sample size for the survey questionnaire had included 116 respondents for the final analysis, amongst which male respondents were 61.21% while the remaining 38.79% were the females. It indicates that the male proportion in the small hotels is higher than the female proportion. The sample characteristics have also included the age of respondents and identified that around 43.1% of the participants were aged less than 35 years; this also indicated that most of the people working in the small hotels are less than 35 years. In terms of experience, 68.1% had less than 8 years, while professional experience of 24.4% was between 8-10 years, and professional experience of 3.4% was more than 10 years. Therefore, respondents having 8 to 10 years’ experience were likely to give more appropriate and sound information about TQM implementation in the hotel industry because they had a higher level of experience. The longevity of their services also allowed them to gain a wealth of information, as well as the level of profitability it can help to achieve within small hotels.

The objective of this study is, to find the impact of total quality management on the performance and profitability of small hotels. For this purpose, Chi Square analysis and Spearman’s rank correlation has been adopted in order to find the relationship and strength of relationship between the variables. The dependent variable in this study is profitability, whereas the factors that drive change in TQM are quality policy, top management commitment, continuous improvement, quality improvement, training and education and employee empowerment. Chi Square analysis has illustrated a positive impact of TQM on performance and profitability, except on the continuous improvement factor which is statistically less significant. According to Osman and Sentosa (2013, p.25), the major impact of total quality management is on customer satisfaction in the hotel sector. This is because the strategies in a TQM framework are customer-driven which might also mean that customers are at the centre of the strategy.

TQM has helped the companies, both manufacturing and service, to reduce the costs associated with their operations, followed by the significant development of the staff. However, the primary findings of this study have argued that organisational profitability can be increased by TQM to some degree because the cost of certain processes and procedures can be reduced, such as a supply chain process. Further, Sabella, Kashou and Omran (2014) stated that TQM is associated with certain practices and agendas, as well as certain arrangements, which are
extremely prerequisite for the management to integrate in order to make sure that the customers are delivered with unsurpassed and quality-driven services as per their expectations. Furthermore, form the last three decades, the concept of TQM has emerged as one of the most important organisational practices, which ensures the high level of company performance in the modern economies (Mwaniki and Okibo, 2014). Similarly, the study of Munizu (2013), argues that companies by ensuring the high level of quality are likely to increase customer satisfaction, which ultimately plays a positive role on a company’s financial performance.

Moreover, the study of Iqbal et al. (2017), provides empirical evidence from Pakistan’s manufacturing companies by showing the positive impact of TQM on companies’ financial performance. The same study argues that effective TQM practices enable the organisations to improve their performance in employee relations, customer satisfaction, business performance, and quality of a product. The study findings of O’Neill, Sohal and Teng (2015), reveals that in Australia companies by engaging in quality management activities experienced statistically important financial advantages over those companies who do not involve in TQM practices. The study of Aziz, Maria and Rahayu (2017), provide empirical evidence from the Indonesia small and medium-size firms by identifying the positive relationships between TQM practices and different components of financial performance including profit to revenue ratio, return on asset, net profit, and revenue growth. In contrast, the study of Dipasupil and Dipasupil (2018), finds no significant relationships between TQM practices and financial performance, which implies that TQM cannot be the only areas of concern for companies to achieve high financial performance. Therefore, the overall findings of the previous studies are indicating the high level of significance of TQM practices with regards to the company’s financial performance.

The primary findings have also shown that TQM has been associated with the measures that can ensure high-quality services for the customers and hence, a higher profit to the firm. Therefore, the primary findings have been justified by the literature (Barah, 2000; Kaynak, 2003; Mwaniki and Okibo, 2014; Benavides and Velasco, 2014; Bouranta and Psomas, 2016; Iqbal et al. 2017; Aziz, Maria and Rahayu, 2017) and the objective of the study has been achieved. Finally, it can be concluded that the overall impact of TQM practices on profitability is positive as per the Chi-Square association test and Spearman’s rank correlation analysis.

1. This study has prominently contributed towards the theoretical background and knowledge of the examination of the impact of total quality management practices on profitability taking the case of the small hotel sector of London. The empirical findings of the study contributed to the idea that small hotels are facing tough competition from the luxury hotels in terms of quality, which reduces the chances of gaining profit. It is therefore important for small hotels to focus on total quality practices.

2. To the best of the researcher’s knowledge, this is the first attempt to develop a precise and comprehensive quality framework (consists of factors selecting from both manufacturing and service sector) for the small hotel industry which certainly contributes to overcome the lack of availability of such a framework. This study contributes towards the aspect that training and development is also required to maintain the quality of the services provided by the organisation. The research has inspected that profitability can be affected by quality management and its practices.
5. The developed framework would also be highly beneficial for the determination of the factors for the companies operating in the given sector. The outcomes deduced from the research can work as a tool in terms of implementing TQM which is not limited to just the small hotel sector but also to the large-scale hotel sector.

6. The research findings revealed that the implementation of TQM has been widely accepted in the manufacturing industries, but service industry remains limited in TQM implementation, particularly small hotel sector. The conceptual framework is provided to facilitate TQM implementation in the small hotel sector, which will produce positive results in return on overall performance. TQM has played an influential role in the hospitality industry, though the concept has been perceived to be only applicable in the manufacturing industry. The implementation of TQM, in the hospitality industry, has presented companies with a variety of benefits. For instance, it has been found that effective implementation of the concept of TQM results in an optimal level of customer satisfaction as the customers are being offered with superior quality products and services, which eventually increases and enhances their loyalty. As a result of increasing satisfaction and loyalty, the companies that have adopted and implemented the concept of TQM have observed a significant increase in the generation of repeat business, which eventually leads to the attraction and retention of prospects as well as existing customers. Subsequently, it is evident that the TQM practices will produce positive results within the small hotel industry.

**Future Studies and Limitations**
This study has been carried out to find the impact of total quality management (TQM) on profitability in the small-scale hotel industry of the UK. While findings have been deduced in this regard, the study has been limited to the hotel sector of London. For future studies, the impact of TQM practices could be assessed in varied geographic locations in order to better understand if the implications vary from those of this study or not. The internal and external conditions of every business are different from each other and so the results may also differ in some respects. Moreover, the sample size for quantitative findings can be increased for more reliable results. Time constraint was one of the limitations that was faced by the researcher when conducting the research. Another limitation was the inability to cope with the expensive budgets that had been laid out to conduct the research. This study can be replicated or used by researchers in other sectors as well.

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