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# TOTAL QUALITY MANAGEMENT IN HOTEL SYSTEMS WITHIN THE FRAMEWORK OF GLOBALIZATION

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**JEL CLASIFICATION: M10, M16, M21, Z32.**

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**ABSTRACT:**

*There is a great difference between modern hotel management and the earlier forms of development of hotel systems. The hotel industry is a constant backbone of growth and development of tourism in a particular location, especially because of the volume of business tasks involved. Therefore, there is an emphasis of research on the total quality management in the hotel system. In strategic plans in large hotel systems, process implantation, controls, and advancement of the entire quality of business all play a crucial role. Through all hotel operations, and in all departments, it is vital to maintain standards. The subject of research in this paper is the concept of total quality management, within the framework of current trends. The aim of the research is to present the philosophy of managing quality in hotels. The purpose of the paper is to highlight the impact of globalization trends in the view of total quality management. Considering the fact that modern tourism makes up ten percent of the total world GDP, the trends in growth in tourism are noticeable. As tourism is one of the main drivers of economic activity on the global level, and the framework of tourism is created by hotel systems, the need for research such as the one presented in this paper is ever more necessary. Total quality management means investing in all segments of a hotel, implementing various activities, maintaining control,*

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*analysis, as well as forming suggestions for the improvement of the total quality of the hotel business.*

**KEYWORDS:**

**HOTEL MANAGEMENT, TOTAL QUALITY MANAGEMENT, HOSPITALITY, GLOBALIZATION.**

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# 1. INTRODUCTION

In the last decade, the issue of implementing, controlling and improving the overall quality of business and maintaining standards in all hotel departments has occupied a special place in all strategic plans. Certainly, there are certain specifics regarding the management of complete quality in the service segment in relation to other activities, and consequently the two systems, service quality management and complete quality management, are substantially diversified. As the preferences and needs of contemporary guests are changing much faster than ever due to various events, it is important to systematically monitor developments in the tourism market and thus be one step ahead of the competition in terms of accommodation offers. As a rule, hotel guests always expect more than what they get. The quality of service management ensures that the expectations and the satisfaction of hotel guests are met, but complete quality management ensures that the hotel is one step ahead of the competition.

Strategic considerations include the abbreviation *SQM*, or *Service Quality Management*. As the market changed, over time, a new abbreviation *TQM* has begun to be used in tourism terminology, which stands for *Total Quality Management*, which is especially characteristic of large, worldwide hotel chains. The first part discusses the definition and characteristics of the quality and importance of total quality management, the impact on the hotel system and the development of quality management concept, ensuring the implementation of it, and the method of control for the purpose of maintaining and improving the standards hotel offers. In addition, part of the research is related to the analysis of contemporary business trends and the specifics of hotel industry management in a global context. It shows the impact of these trends on the implementation of planned activities. The research starts with a study of the literature and theoretical knowledge in these fields, and then a descriptive analysis is made, using the scientific method of compilation, the descriptive method and drawing conclusions about the concept. International hotel management is focused on guests on the one hand and competition on the other, as both guests and competitors partly form a further direction for the growth and development of the tourism market. It is inevitable in the modern hotel industry that knowledge and implementation of global trends in the quality management of a hotel organization will be necessary in order to be able to compete on a global scale.

## 2. TOTAL QUALITY MANAGEMENT – DEFINITION, APPLICATION AND ROLE

The philosophy of total quality brought a completely new way of looking at quality<sup>3</sup>. Quality is closely linked to standards. There are various definitions of the term quality, depending on the field in which it is studied. As this is a very broad term, the starting point for the research for this paper can be based on the following definition. Quality is the level of satisfaction of the needs and demands of consumers, that is, compliance with

their increasing demands and expectations<sup>4</sup>. Therefore, quality is something necessary to meet certain challenges and achieve the set goals<sup>5</sup>. Quality is a means to achieve a goal, and the goal of every hotel is to achieve and maintain a successful business. It is made up of a variety of factors for the products and services offered at the hotel. The higher the demand, the greater the pressure on the holders of the tourism supply. The differentiation of hotel demand influences the innovation of the holder of the offer of hotel products and services. Tourism requires a “quality chain” made up of many connections: tour operators, travel agents outside and inside the destination, carriers, hotels and other providers of tourism services<sup>6</sup>. In order for quality to be implemented in the hotel business, standards should be mentioned. The standard has two characteristics: it defines, that is, prescribes quality, but at the same time it is a measure of achieving the prescribed quality<sup>7</sup>. Hotel standards are implemented to achieve quality. The success of the business depends on the quality, and the main goal of the hotel management is to make a profit. To maximize profits, standards are implemented, quality is achieved, and future mistakes are minimized by control. All this is combined with the systematic management of complete quality. The quality of service, in general, is measured through several dimensions of service and represents the most critical requirements of customers<sup>8</sup>. In order for standards to be implemented successfully and thereby achieve business quality, it is necessary to have a concept developed. The concept of quality explains the extent to which and how long a product / service fulfills consumer requirements<sup>9</sup>. The concept of quality management achieves business success, which is compared to the basic comparative size. They represent standards and conclusions are drawn as to whether a certain level of quality has been achieved and what remains to be maintained. This is the approach that leads toward an increase of competition, effectiveness, and flexibility of the entire company<sup>10</sup>.

However, it can be complemented by definitions of other authors. TQM in the hotel is the way business organizations, according to certain principles, are focused on customers, processes, employees and the management of the hotel. These principles are related to: leadership, focus on the customer, continuous improvement, process approach and the participation of all employees<sup>11</sup>. TQM, the idea of a modern quality system and thus of modern quality standards, was conceived and realized in the early 1950s in Japan (1951), known as the Deming Prize<sup>12</sup>. The Deming Philosophy, known as Dr. Deming’s “theory of management” and later his “System of Profound Knowledge,” represents a holistic approach to leadership and management<sup>13</sup>. What is important in this part is to define the concept of standards in two aspects, that is, from the aspect of product and service, and from the aspect of consumer or guest. As the author Avelini Holjevac explains, the standard is a regulation of how something should look and what it should contain, that is, a regulation of the characteristics that a material, product or service

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4 Avelini Holjevac (2002), p. 4.

5 Ibidem.

6 Rudančić (2016), p. 72.

7 Ibidem, p. 105.

8 Yassine, et. al. (2019), p. 64.

9 Barković (2011), p. 185.

10 Oakland (2003), p. 2.

11 Kanji (2002), p. 10.

12 Karamarko (2009), p. 143.

13 Retrieved from <https://www.deming.org/deming/the-deming-philosophy>, accessed 15.1.2020.

should have or satisfy<sup>14</sup>. This would refer to the first mention of the product and service aspect. From another point of view, the standard is what the consumer - the customer is looking for, wants and expects<sup>15</sup>. The highest level of implementation of standards is quality, which can only be said to exist when standards have been fully implemented. Standards are benchmarks of comparable magnitude by which business performance is evaluated, and their exemplary quality is achieved, whereby it is evident that both concepts are closely related and form part of the quality management process. In search of new solutions to improve competitiveness and follow the trends of the world tourism market, a new concept of full quality tourism destination management (TQM) has been established, which has emerged in response to real changes in tourist demand behavior and differentiation resulting from new influences on all segments of life<sup>16</sup>.

## 2.1. Application of standards and quality control in the hotel industry

Over time, various standards have been formed, and their application in the hotel industry is particularly related to the most famous hoteliers, who have developed the hotel industry and set modern trends in the quality of hotel chains worldwide. Willard Marriot, Ralph Hitz, Howard Dearing Johnson, Kemmon Wilson, Ernest Henderson, Conrad N. Hilton, Ellsworth Statler and Cesar Ritz stand out among them. The Ritz-Carlton hotel chain prides itself on being the first hotel chain to receive the *Malcolm Baldrige National Quality Management Award (TQM)* established by the US Congress<sup>17</sup>. It is well known that this hotel chain is also the first to start implementing *Total Quality Management (TQM)*. The Baldrige Award, established by the US Congress, is a major project of the US Government and Industry. They have defined the basic categories and assigned them certain points, and this program has been in operation since 1988. The following table shows the rating categories and the number of points awarded.

▶ TABLE 1. BALDRIGE AWARD: POINTS ON CATEGORY

CATEGORY	POINTS
Information and analysis	60
Strategic quality analysis	90
Leadership	100
Human resources usage	150
Quality assurance of products and services	150
Quality results	150
Consumer satisfaction	300
Total	1,000

Source: Barković, D. (2011). Uvod u operacijski management, II. dopunjeno izdanje. Osijek: Ekonomski fakultet, Sveučilište u Osijeku, p. 189.

14 Avelini Holjevac (2007), p. 63.

15 Ibidem.

16 Rudančić Lugarić (2014), p. 323.

17 Avelini Holjevac (2007), p. 65.

The Ritz-Carlton has, in addition, introduced standards and developed a quality system in the fields of luxury decoration, cleanliness, elegance, staff discipline, and was once called “the artist of communication”. This is based on the fact that Cesar Ritz knew how to attract guests, meet their expectations and the satisfaction they experienced. In addition to the aforementioned Ritz-Carlton, Ellsworth Statler stands out for saying “*The guest is always right* “. He introduced new services to his hotels by providing dentists and doctors as part of his hotel offer. In addition, he was known for streamlining his business, and he also promoted awareness of the importance of hotel staff, thus first introducing codes of conduct, uniforms, and establishing a foundation for the education of hospitality professionals and scientists. He made the largest financial contribution to the world-renowned educational institution *Cornell Hotel School*, today one of the largest university institutions in the field of tourism and hospitality. There’s also Ernest Henderson<sup>18</sup>, who is known for pointing out that profits can also be made while respecting high standards of business ethics. He introduced free parking at the hotel, and made a special contribution to quality control through the introduction of a questionnaire for hotel guests. He invested in profits rather than the prestige of the hotel<sup>19</sup>. In contrast, Ralf Hitz introduced guest communication standards and developed a hotel advertising system. He also set up a guest club, and the hotels he managed had the highest turnover on the market. Howard Dearing Johnson is well known in the restaurant industry for standardizing the way food is prepared, thereby reducing costs in hotel restaurants while developing and standardizing the food industry from preparation to serving. Willard Marriot has also developed a system that has become part of the world’s hotels by designing and implementing a system of organized advertising and promotion. Kemons Wilson<sup>20</sup> is unique in that he implemented construction standards into hotel standards in terms of hotel equipment, so that each hotel had to have a swimming pool, and hotel rooms had to have telephones and televisions. It can be stated that over time, quality has become the most important part of any organization and a prerequisite for overall success. Defining the concepts of quality and standards makes it easier to define the concept of overall quality. Total quality could be defined as a business approach that seeks to maximize an organization’s competitive ability by continuously improving the quality of its products, services, people, processes and environment<sup>21</sup>.

## 2.2. The role and stages of total quality management

Quality is a reflection of continuous investment in all areas of business, in order to achieve business success. Accordingly, during the second half of the last century, the concept of management of total quality was placed at the center of research. Quality management must be tailored to the specific business so that it can reduce, prevent and eliminate deficiencies in the quality of products and services<sup>22</sup>. Quality management should at the same time meet the expectations of both parties, on the one hand, consumers and guests, and on the other, hotel management. By promoting and continuously innovating the positive characteristics of products and services, a new business policy and strat-

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18 Ernest Henderson is a founder of the worldwide hotel chain *Sheraton*.

19 Avelini Holjevac (2007), p. 68.

20 Kemons Wilson is the founder of the largest international hotel chain at the time *Holiday Inn*.

21 Barković (2011), p. 31.

22 Stipanović (2006), p. 208.

egy has emerged - Total Quality Management (TQM)<sup>23</sup>. It can be defined as a systematic search for quality in the narrower and broader sense, i.e. the search for short-term economic improvement and long-term local development<sup>24</sup>. Also, quality management means engaging all those involved in business processes, overseeing them, providing guidance for action and continuous performance analysis, and comparison in compliance with certain standards. It could be said that total quality is actually a philosophy about quality that seeks to involve the organization in the search for quality<sup>25</sup>. In order to achieve quality, certain standards are required, which are implemented according to a particular protocol and at certain stages. The main steps to achieve quality in the hotel system are outlined below. The stages of implementation of quality management systems in hotel and tourism companies are<sup>26</sup>:

- Informing - determining the reasons for decision-making, the management informs all employees about the quality system project;
- Defining - definition of all requirements related to the quality management system (policy, goals, programs, models, organizational structure);
- Analyzing - drawing up action plans and analyzing activities related to quality and improvement;
- Formation - construction of quality assurance documentation;
- Realization - realization of all planned activities and measures related to the implementation of the quality management and quality assurance system;
- Certification - internal and external assessment of the compliance and effectiveness of the quality management system;
- Maintenance and improvement - internal judgment, management reports, management boards.

The implementation of the total quality management system achieves more competitive advantages. Thus, some of the advantages are related to increasing the competitiveness and overall market power of the hotel in the market. Therefore the level of satisfaction, motivation and productivity of all hotel employees increases, which leads to an increase in the overall quality of hotel services. This also increases the overall image of the hotel in the market, and therefore the total value. Knowledge and quality management will have a common goal, which is evident in the creation and use of key knowledge, and the consequence should be continuous improvement in various spheres of business<sup>27</sup>. In addition, the profitability of the hotel also increases, while the operating costs decrease. TQM is in fact a unique and ongoing cyclical process, in which planned implementation undertakes standards, monitors and evaluates performance, to provide guidance for further improvement, which is elaborated in detail through repeated planning. With the completion of one phase, one moves to another, the cycle never ends. It is important to have a quality plan that contains the entire thoughtful and prescribed standard. It is vital to train the employees of the hotel, invest in their education for the successful implementation of the standards and realization of the plans. It is equally important to perform constant control, ie supervision, in order to eliminate all deviations and standards. improved for the next cycle. On the European level, the well-known criterion under the European Excellence

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23 Stipanović (2006), p. 208.

24 Cetinski (2005), p. 79.

25 Barković (2011), p. 31.

26 Vujić (2000), p. 25.

27 Črnjar, Vrtodušić Hrgović (2013), p. 68.

Model (EFQM Excellence Model) is in use. This model can be guided by the development of hotel staff quality, and human resource management can be realized in many ways. HR management is accomplished through: identifying, classifying and supporting the knowledge and competencies of employees with the needs of the organization; developing and using training and development plans to ensure that employees have the capability that will meet the current and future needs of the organization; designing and promoting individual, team and organizational learning opportunities; development of employees through work experience, alignment of individual and team goals with the goals of the organization; evaluating and assisting employees in improving their performance<sup>28</sup>. The categorization of hotels in Croatia is in line with the classification of hotels in the EU Member States. The ordinance provides in advance all the minimum requirements that must be applied to all hotel facilities, as well as the categorization of those facilities, so that guests can know what to expect in which hotel by the star rating. The categorization process is to determine the quality level of the most important elements that the hotel offers, which are common features of a particular type of hospitality facility based on the prescribed quality standards<sup>29</sup>. The purpose is to ensure that guests are able to recognize the quality of hotels and offers, compare them with other hotels of the same category and get value for their money. Ensuring quality means getting employees to better do all those useful tasks that they would normally have to do<sup>30</sup>. Therefore, implementing and ensuring or managing the overall quality is nothing more than forcing employees to do better and to make their work useful. Crosby has particularly distinguished himself in the field of quality research with his principle - doing things the right way the first time and every time. Apart from the star rating, hotel restaurants also have an up-to-date implementation of modern HACCP standards, which is a system of implementation, supervision and control of the entire restaurant process, from the process of meal preparation to serving and storage. It is a European system of management of complete control, based on modern standards, and has been implemented in Croatia since 2006, although it has already been previously included in the Food Law, adopted by Parliament. Also, there are ISO quality certificates, 9000, 9001, 9002, 9003 and 9004, which are valid for three years and must be renewed. The *European Foundation for Quality Management (EFQM)* operates in Europe. This European organization, together with the *European Organization for Quality (EOQ)*, is active in the field of research and guidance on quality assurance. Various national organizations in European countries are involved in their work and are also awarded the umbrella European Prize, modeled on the American *Malcolm Baldrige National Quality Award*, known as the *EQA - European Quality Award*. It is important to implement a high quality TQM in the development strategy, which is a link between demand and employees, with the aim of continuous optimization and creation of new value, to provide a maximum tourism experience<sup>31</sup>. Today, there are two basic functions in terms of total quality management. The first function is quality assurance. It requires specifying the procedures to be used and the type and frequency of checks within the system to ensure that the system meets the specification embedded in the product form / service<sup>32</sup>. This would mean planning and harmonizing all the procedures in stages, detailing the method of implementation, purpose, location and time, and then defining and detailing the method and timing of internal control, to meet all the standards and specifications.

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28 Wongrassamee, Gardiner (2003), p. 29.

29 Stipanović (2006), p. 212.

30 Crosby (1996), p. 25.

31 Stipanović (2010), p. 248.

32 Barković (2011), p. 186.

Likewise, this would also mean noticing some possible deviations and minimizing them in the future. The second function is quality control. It deals with the actual verification or completion of the various tasks involved in the quality assurance procedures defined by the quality assurance function<sup>33</sup>. This indicates a realistic control, which must be permanent, which ensures the successful implementation of the various specifications, which are implemented for the purpose of quality assurance. Only quality assurance is specific as it relates to operational levels, i.e. the departments in which the operations are carried out, for example in the reception, marketing and sales departments and others. The quality control itself is performed by well-trained middle management, which monitors, records, directs and ensures that certain errors do not occur in the future, that is, that subsequent cycles maintain the planned quality level. This approach also explains the major drivers, content and participants of each stage<sup>34</sup>.

### 3. ANALYSIS OF THE IMPACT OF TOTAL QUALITY MANAGEMENT IN THE HOSPITALITY INDUSTRY

The hotel industry links transport, energy, communications, food and industrial goods industries, people and services. Due to its huge volume of business and impact on the economy of a particular country, the term hospitality has been replaced by hotel industry<sup>35</sup>. Today's hotel management has its own peculiarities, by which it can separate itself from the general approach to understanding management, and this is supported by the following definition. Hotel management is a system of the process of creating, directing and coordinating all the factors that affect the creation of hotel services and in which individuals effectively accomplish the pre-set goals of the hotel business<sup>36</sup>. The management of the hotel industry must meet the needs of guests on the one hand and be responsible for the business and the requirements of the owner on the other<sup>37</sup>. Quality management is based on the work and knowledge of the employees, implements technological achievements in the current business, is responsible for multiple sides and levels, and is sensitive to any turbulence in the system. There are different levels of management in the hotel system<sup>38</sup>. In order for each subsystem of the hotel to function, that is, to make the strategic, tactical and operational levels more productive and connected, it is essential to have a functional and therefore high quality information management. To maximize profits, standards are implemented, quality is achieved, and future mistakes are minimized by control. All this is combined by systematic management of complete quality, as an example of how globalization has integrated into the hotel management business. To achieve this, it is necessary to apply information technology that will facilitate and accelerate communication, both inside and outside the hotel<sup>39</sup>. With modern information systems and web portals they cover all relevant information, updated on time. The next step in

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33 Barković (2011), p. 186.

34 Rudančić Lugačić (2014), p. 317.

35 Galičić, Šimunić (2006), p. 10.

36 Cerović (2010), p. 82.

37 Bruža, Rudančić (2017), p. 122.

38 Bruža, et. al. (2019), p. 36.

39 Bruža, Rudančić (2018), p. 13.

creating a tourist destination is networking of various tourist services, production, cultural and historic tourist sources through information technology and information systems<sup>40</sup>.

The hotel industry is specific because hotel companies monitor and implement technical information solutions that are appropriate to the size and complexity of the functions performed. Data arrives outside and inside the system, is processed and delivered as information inside and distributed outside the system. Information systems, which have evolved under the influence of globalization and represent the trend of communication and networking at the global level, play an important role in the implementation of the system of complete business quality. The implementation of information management in the business of the hotel industry achieves competitiveness, since a large amount of information and data is collected, which can be processed and utilized to the best of our ability only with the help of modern information systems for decision support. This is supported by the research of author Bakarić. As globalization is ubiquitous and inevitable, it is important for every management company to embrace and make the most of it. In order for international management to survive, it is essential to take full advantage of globalization and minimize its disadvantages. The following table lists all the advantages and disadvantages of globalization. It is important to look at them in the context of hotel management, in order to more easily identify the positive and negative impacts of globalization through the implementation of quality management systems in hotels. Difficulties arise from the lack of plans<sup>41</sup>.

▶ **TABLE 2. IMPACT OF GLOBALIZATION ON HOTEL SYSTEMS**

POSITIVE INFLUENCES	NEGATIVE IMPACTS
New and bigger markets	New competitors
New development opportunities	New market conditions for business
New investment opportunities	The complexity of the business
Access to new technologies, new labor markets, capital, raw materials etc.	A big logistical problem
Higher productivity and organizational success	Absence of universal practices and approaches
Harnessing economies of scale	Unpredictable changes

Source: Adapted from Bahtijarevic-Siber, et al. (2004). *Suvremeni menadžment*. Zagreb: Školska knjiga, p. 475.

If a comparative analysis were made between the positive and negative impacts of globalization in the general context with the development of international hotel management, it could be concluded that the trends and “consequences” of globalization flows are quite noticeable and related to the development direction of the global hotel chains. In the context of the development of quality systems in hotels, the impacts of these trends can be outlined, as shown in the following table.

40 Bakarić (2010), p. 32.

41 Rudančić, et. al. (2019), p. 979.

▶ **TABLE 3. THE INFLUENCE OF TRENDS ON THE QUALITY OF THE HOTEL SYSTEM**

POSITIVE INFLUENCES	NEGATIVE IMPACTS
Emergence of new development opportunities and development of existing quality systems	The emergence of new, stronger and "aggressive" hotel competitors
Improving the networking of worldwide hotel chains	Reducing the impact of previously known management practices and approaches
Increase capital investment in the implementation and control of quality systems	New incomprehensible business conditions for the hotel system
Higher productivity of international hotel management and organizational success at all levels	Increasing the complexity of international hotel management
Improving quality standards in hotels	Unpredictable situations and system hacking
Unifying the system of monitoring quality	Emergence of new logistical challenges

Source: Authors' research, 2020.

One of the most commonly used approaches for the implementation of systems of management of quality is the international standard ISO 9001: 2008<sup>42</sup>. If Total Quality Management in the modern hotel system is based on standards, it must be implemented in all hotel departments. All processes ensure the achievement of the main goals, i.e. the absence or minimization of obstacles and delays, the reduction and absence of errors, the absence of unnecessary supplies and materials, the reduction and absence of redundancies and the development of good interpersonal relationships among current employees and the promotion of teamwork and spirit. There are rules and procedures for implementing standards for each department, as well as a control system, implemented by an authorized person, who is trained for the job at the hotel. The purpose of control is to establish a level of business quality for hotel employees, most often by an authorized person, who is professional and ethical, both in approach and in essence. All hotel system employees adhere to the principles, applicable operations, and positions. Each department manager must familiarize his or her employees at the operational levels with the regulations and how the standards are implemented, and they are accountable to the hotel management for their work. The quality of service management ensures that the expectations and the satisfaction of hotel guests are met, but complete quality management ensures that the hotel is one step ahead of the market, both in competition and in terms of the expectations of its guests. The implementation of the total quality management system achieves more competitive advantages. Considering that a complex system of activities is in every company and that the efficiency of performing activities can be partially compared to other companies, managing activities in the company is not a simple task<sup>43</sup>. Quality management system in a hotel implies a permanent process, which is measurable and comparable, and activities are carried out at all levels, in all departments, with the involvement of all employees.

In the course of the research, there were some insights into the benefits of applying the principles of TQM. Thus, some advantages relate to increasing the competitiveness and overall market power of hotels in the market. Therefore the level of satisfaction, motivation and productivity of all hotel employees increases, which leads to an increase in the

42 Čmjar, Vrtodušić Hrgović (2013), p. 75.

43 Rogan (2018), p. 78.

overall quality of hotel services, and thus increases the overall image of the hotel, hence the total value. The concept of quality management achieves business success, which is compared to the basic comparative size, which are the standards and conclusions are drawn as to whether a certain level of quality has been achieved. For the sake of quality work, certain confidential information is also provided by the hotel management. It is the duty of the employees to preserve the confidentiality of the information, in order to protect the interests of the hotel. This standard seeks to prevent uncontrolled appearances in front of the media regarding anything by employees, and breach and non-compliance with this standard is punishable by termination. The most important standard of the modern hotel system is the protection of guests' privacy. There are standard operating procedures for how to behave around and treat guests, especially at the front desk, where employee contact with guests is most common.

As an example, there are regulations and provisions on sick leave, overtime, accidents at work, vacations and paid leave for employees, as well as salary supplements. Since the concept of total quality management is broad and complex, it is important to emphasize that for each department there are specifications and procedures for implementing standards. They share these steps with other hotels within the hotel group, and are mandatory for all. Non-implementation of the standards creates a decline in hotel quality, as seen through a decrease in hotel profits due to reduced guest satisfaction. There are maintenance department standards, ISO certifications, HACCP standards, as well as room layout and equipment standards, marketing activity standards, finance department standards, such as USALI, then Opera reception desk standards, and many more. Only by implementing them, the concept of quality management can be maintained.

### 3.1. Performance indicators of Total Quality Management

In order to highlight the importance of TQM and its susceptibility to globalization trends, an interpretation of contemporary indicators is outlined. The European Commission initiates implementation of Strategic Impact Assessment (SIA) and Environmental Impact Assessment (EIA)<sup>44</sup>. According to the European Commission, general indicators are taken into account, which are compared in the complete quality management process. These are economic indicators, hotel guest satisfaction, cultural indicators and social indicators. In hotel systems, various techniques are used to evaluate and monitor the application of standards, through basic economic indicators of business excellence (quality). The most important indicators of quality improvement in hotels are: investing in employee education and training, measuring and evaluating guest satisfaction, market research, defined rules and procedures for hotel company activities, a reward system for the best employees, receiving and handling customer complaints, and comparisons with competing hotels, a teamwork system, supplier rating system, measurement and evaluation of employee satisfaction, employee involvement in defining the goals of their departments<sup>45</sup>. Amongst the above mentioned, in all global hotel corporations, the most important indicator relates to employees. A prominent example is the *Radisson Hotel Group*, which implements a system of employee satisfaction monitoring through the *Yes I can* program, which indicates the recognition of this part as a precondition for the successful imple-

44 Mrkaić Ateljević (2019), p. 85.

45 Črnjar, Vrtodušić Hrgović (2013), p. 76.

mentation of TQM. It implies a series of adjustments in the hotel, for example, changes in organizational culture, changes in the attitude of employees towards their work and their role in the company, the assumption of team work in relation to the individual, creating an environment characterized by creativity, confidence, and openness<sup>46</sup>.

▶ **TABLE 4. MODERN INDICATORS OF TQM IN THE HOTEL BUSINESS**

INDICATOR TYPE	MEASUREMENT METHOD
Stakeholder satisfaction	The satisfaction of guests (the ratio of the total number of complaints and the total number of guests)
	The ratio of the number of overnight stays and accommodation capacity
	Criticism and praise in the media (television, radio, websites, etc.)
	Structure of domestic and foreign guests in percentages
	The satisfaction of employees in the hotel
	The satisfaction of residents in the local community (cooperation with local residents)
Efficiency	profit margin, thriftiness, productivity, liquidity, investment economy, breaking even
Effectiveness	Indicators of the relation between the cost of the accommodation and value (value for money), the value of the hotel facility and usability through a longer period
Cultural	The relation of the size of the accommodation capacity to the number of the local population, the intensity of the total traffic (number of nights according to the number of inhabitants)
Social	The share of employed staff in relation to the number of inhabitants, the share of tourism in GDP

Source: author's, based on research by the authors Mrkaić Atelević (2019) and Avelina Holjevac, Črnjar, Vrtodušić Hrgović (2013).

Each indicator must be constantly analyzed, monitored and measured, on the basis of which proposals are made to improve the hotel system. Vertical TQM integration maintains quality across all value chain activities. Vertical integration may also be the only way to ensure the expected quality of products and services<sup>47</sup>. Each department's involvement contributes to the full implementation of TQM. The foregoing indicators in future research will contribute to the quantitative investigation of the contribution of individual elements to the overall quality of hotel systems. The recommendation for conducting a full quality management performance analysis in hotels is to consider both qualitative and quantitative indicators, application of the SRVQUAL statistical model, conducting various surveys, in-depth interviews, analysis of operational and tactical management opinions, comparison of financial statements, etc.. This is the only way systematic TQM can be implemented.

## 4. CONCLUSION

Today's hotel systems have specific business characteristics. In doing so, it can be separated from the general approach of management understanding. The impact of globaliza-

46 Ibidem, p. 79.

47 Renko (2009), p. 380.

tion, as part of the economic process of creating a free world market, which is dictated by trends in all other spheres, there is a need for systematic implementation of the quality system. In order to understand the concept of managing the complete quality of a hotel system, it is important to discern what trends, dimensions and impacts globalization is having on the world. It is inevitable in the modern hotel industry to know and implement global trends in hotel businesses, whether it is a hotel within a large hotel chain or a hotel that exists as an individual unit. There are various definitions of the term quality, depending on the field in which it is studied. Quality is a way to achieve a goal, and the goal of every hotel is to achieve and maintain a successful business. The concept of quality management achieves business success. This is compared to the size, in which standards and conclusions are drawn as to whether a certain level of quality has been achieved and what should be maintained. Total Quality Management in the modern hotel system is based on standards, which must be implemented in all hotel departments. Researching the application of the concept of total quality in a hotel, it was concluded that there are many more positive impacts on the business than negative. The development of information systems, the continuous education of hotel employees and the implementation of globalization trends in the strategic policy of the hotel, facilitates the overall quality control process and the implementation of standards in all hotel departments and hotel operations. The Total Quality Management model covers every part of the business. Although the process of implementing the model can be expensive, thanks to globalization trends, new sources of capital investment have been created. In order to continue to develop the full quality model, research needs to be continued.

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