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**IMPLEMENTATION OF A QUALITY MANAGEMENT
SYSTEM IN LUXURY COMPANIES:**

An Empirical Investigation on Shoes in Italian and Turkish Firms

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ABSTRACT

This study discusses the trends in the adoption of quality management organization structure, system and practices in Italian and Turkish luxury shoes firms and highlights the emerging problems during the implementation of such practices. Furthermore, this paper examines the major possible impacts of contingency factors on quality management organization structure, system and practices in both Italian and Turkish firms. This research is conducted based on exploratory approach and case-study methodology. The data is collected by face to face semi-structured interviews with seven case studies. The present thesis represents that there is no common quality management organizational structure accepted by all luxury shoes firms in Italy and Turkey, however; the importance of quality are perceived by most of the companies for existing long-term in a market. In addition, the linkage between the company size and adoption of quality management department shows that while the large enterprises consider quality management department as a single entity, small-medium ones see that as a sub-function under the other departments. Meanwhile, there is an inadequate cultural dynamism towards the quality consciousness and it is hard to adapt innovative changes all across the organizations. It has been also apparently indicated that the technology variables influence significantly quality management implementations by contrast to the literature findings. In the current research, company size and technology variables are found as the most affected contingent factors. In particular, the overall findings of the study indicate that the structure of quality management in luxury shoes industry in both Italy and Turkey needs to be configured effectively and there are some problems related to quality management implementations that need solution. This study is one of the first attempts towards the investigations on quality management implementations in luxury shoes companies in two different countries. The findings provide strong evidence for the importance of several factors' impacts for luxury shoes companies who try to form structured quality management system in their organizations.

Keywords: quality management, luxury shoe industry, critical success factors, contingency factors, quality management implementation problems

ASTRATTO

Il documento analizza le tendenze nell'adozione di una struttura organizzativa di gestione della qualità, nonché i sistema e le pratiche di gestione della qualità nel settore calzaturiero di lusso per quanto concerne le aziende Italiane e Turche. Mette poi in evidenza quelli che sono i problemi che nascono durante l'attuazione di tali pratiche. Inoltre, il presente documento esamina i principali impatti possibili dei fattori di contingenza sulla struttura organizzativa di gestione della qualità, sui sistemi e le pratiche in entrambe le realtà, sia quella Italiane che Turca. Questa ricerca è condotta sulla base di un approccio esplorativo e lo studio di case-studies. I dati sono stati raccolti attraverso interviste faccia a faccia e tramite sette case-studies. Lo studio dimostra che non c'è una comune struttura organizzativa di gestione della qualità adottata dal settore calzaturiero in Italia e in Turchia. Tuttavia, l'importanza della qualità sono riconosciuti dalla maggior parte delle società come un fattore chiave per una permanenza di lungo termine nel mercato. Inoltre, comparando la dimensione aziendale e la propensione ad adottare un sistema di gestione della qualità si evince che, mentre le grandi imprese considerano il dipartimento di gestione della qualità come un'entità a se stante, quelle piccole e medie invece, la vedono come una sotto-funzione di altri dipartimenti. Inoltre, c'è un dinamismo culturale inadeguato verso la consapevolezza sulla qualità ed è difficile implementare cambiamenti innovativi in modo trasversale all'organizzazione. In contrasto con quanto riportato nella letteratura è stato rilevato che le variabili tecnologiche influenzano significativamente l'implementazioni di un sistema di gestione della qualità. La ricerca mostra che le dimensioni dell'azienda e le variabili tecnologiche si sono dimostrate i fattori contingenti. I risultati complessivi dello studio indicano che la struttura di gestione della qualità nel settore calzaturiero di lusso sia in Italia che in Turchia necessita di essere configurata in modo efficace e che ci sono alcuni problemi relativi all'implementazione che richiedono soluzioni. Questa ricerca è uno dei primi tentativi di indagine sulle implementazioni di gestione della qualità nel settore calzaturiero di lusso in due diversi paesi. I risultati forniscono una forte evidenza sull'importanza di diversi fattori impattanti le aziende operanti nel settore che cercano di formare un sistema di gestione della qualità nelle loro organizzazioni.

Parole chiave: gestione della qualità, settore calzaturiero di lusso, fattori critici di successo, fattori di contingenza, problemi di attuazione di gestione della qualità

EXECUTIVE SUMMARY

1. Introduction

Growing economy all around the world leads to the increase of global luxury market expenditures significantly. In 2014, the market of luxury goods, according to Bain & Co. research, has reached €850 billion regarding a reasonable growth rate. What is more, the luxury market of personal goods amounted to €223 billion in the same year which means the size of that market has tripled during the previous twenty years (Bain & Co., 2014).

The rapid growing performance of luxury industry is also attracted the researchers' attention and the number of papers on luxury industries' branding, marketing and social aspects are increased. In recent years, not only companies have realized the importance of producing long lasting products in order to become existing in the luxury market but also customers who ask for the value of the money they pay. Alongside of the other aspects, premium quality became one of the most important success factors for the companies that are dedicated to always delivering the best possible quality in order to attract attention and interest of their consumers. Accordingly, the well managed quality within the organization became the crucial issue for the luxury companies to achieve the competitive advantage. Only a few previous researches are conducted about quality management implementations in luxury industry and the contingent factors' effects on the successful quality management implementations (e.g. Kaynak, 2003; Brkic et al., 2011). What is more, they were carried out in specific sectors and specific countries. According to all those statements, this study aims to analyze the organizational structure, system and practices of quality management and the effects of contingent factors on quality management variables within both Italian and Turkish luxury shoes companies.

In order to reach these objectives, seven in depth case studies, two from Italy and five from Turkey, have been carried out. The paper is arranged as follows. Section 2 presents a general overview of the literature that addresses both luxury industry and quality management. In Section 3, the research goals with the defined research questions and the framework of the study are clarified. Section 4 introduces the research methodology by presenting the features of sample companies, whereas in Section 5, the case study findings evaluated by cross-case analysis are indicated. Finally, concluding remarks, limitations and achievements of the study with suggestions for the future researches are given in Section 6.

2. Literature Review

An in-depth literature review has been carried out regarding two main aspects in order to clarify the framework of this study. At first, luxury is examined generally and luxury industry, specifically. And then, the quality management system and practices are investigated extensively and given in Section 2.1 and 2.2, respectively.

2.1. Brief overview of the luxury and luxury industry

The term of “luxury” has always been associated with various aspects like the way of life, sense of taste, exclusivity, uniqueness, excellence, symbol of status or the passion of enlistment to beauty. Luxury is a quite broad and subjective concept which makes it harder to generalize unique and universal definition. According to the roots of “luxury” term, it comes from the Latin word “luxus” which represents exaggerated life, indulgence, glorious, comfort and wealth (Dubois et al., 2005) or comes from the Latin word “luxuria” which means excess or extras of life (Danziger, 2005).

Until the 14th century, the luxury term remained its negative image because it is viewed as the potential danger due to the strong belief of a charming feature would affect people in a bad way (Brun and Castelli, 2013). The luxury gained its modern meaning at the end of the 19th century by the help of 2nd industrial revolution (Onkowo, 2009). In the 20th century, customer expectations and superior quality became the core factors for luxury sectors and also new trends appeared towards the mass production due to the increasing demand for luxury goods (Ward, 2011). Nowadays, while some brands prefer to exist in the market by selling low-cost items and reaching large number of consumers thanks to the mass production, the others are trying to find a way to offer unique and best quality luxury items with an unforgettable shopping experience for the privileged luxury consumers.

The most acceptable and clear classification of luxury “3 A’s” consist of three main layers (Bain & Co., 2007). This classification helps to allocate brands according to their luxury positioning in the market. The larger category is Accessible Luxury which is more affordable and reachable than the others like Burberry coats or Chanel perfumes. The second one is Aspirational Luxury which carries recognizable and distinctive features like Gucci or Louis Vuitton offering exclusive experience to their customers. The smallest segment represented with Absolute Luxury which is the synonym of elitism, heritage and uniqueness like Hermes or Harry Winston (Bain & Co., 2007).

Furthermore, based on the analysis of many investigations, there are some critical factors distinguish luxury goods from ordinary ones and represent luxury goods’ different dimensions. These characteristics can be provided as follows: Luxury goods are more than necessary and ordinary contains premium quality, high level of price, extraordinariness, aesthetics, ancestral heritage, scarcity and uniqueness and poly-sensuality (Heine, 2012).

In recent years, luxury market has grown with a rapid and significant growth rate and has become one of the most relevant economic factors all over the world (Atsmon et al., 2010). Besides the increasing demand of luxury goods, the main reason of the great expansion is that luxury industry spread over the manufacturing areas which have a very extensive product portfolio such as automobiles, yachts, wines and spirits, fashion, cosmetics, technology, furniture, hospitality and so on (Silverstein and Fiske, 2003). Moreover, excessive development in the internet has increased the luxury goods sales and has made digital shopping more popular (Bain & Co., 2014).

Within that competitive area, companies started to find a way for achieving the competitive advantage. To let a company become well-known and favorable among its competitors, some determinants called “critical success factors” are identified (Rockart and Forster, 1989). Based on the deep literature review premium quality, recognizable style and design, country of origin, emotional appeal, global brand reputation, heritage of craftsmanship, lifestyle creation, uniqueness, exclusivity and superior technical performance and innovation are found as the most crucial ones for the luxury industry (So et al., 2013; Bellaiche et al., 2010; Brun et al., 2008; Jackson and Shaw, 2009; Brun and Castelli, 2013; Kort et al., 2005; Caniato et al., 2008; Erdtman and Hedinge, 2010; Mahyari, 2013; Okonkwo, 2007; Hoffmann and Coste-Maniere, 2012; Nueno and Quelch, 1998; Hanna, 2004; Aiello et al., 2010; Dahlhoff, 2013; Daurtz and Tochtermann, 2012; Amatulli and Guido, 2011). Together with the increasing consumer awareness on the importance of their money, the premium quality that is the main focus of that research became the most important indicated issue for the luxury good industry.

Examining the luxury industry in a consumer perspective, it has been observed various behaviors for years. Today’s luxury consumer is quite different than the consumers having lots of money in the past and it became too hard to understand their behaviors and answer every need. They would like to be more surprised, impressed, fascinated or charmed by the exclusive shopping experience and unique product designs. Therefore, companies started to provide their peerless value in a more creative way and advanced their brand image. Globally, the luxury consumers give more attention to the quality, exclusivity, craftsmanship, made in label and word of mouth in their purchasing decisions (Achille, 2015).

Luxury market is mainly evaluated under the nine segments that are personal luxury goods, luxury cars, designer furniture, fine food, luxury wines and spirits, luxury cruises, luxury hospitality, yachts and private jets shown in Figure 2.4 (Bain & Co., 2014).

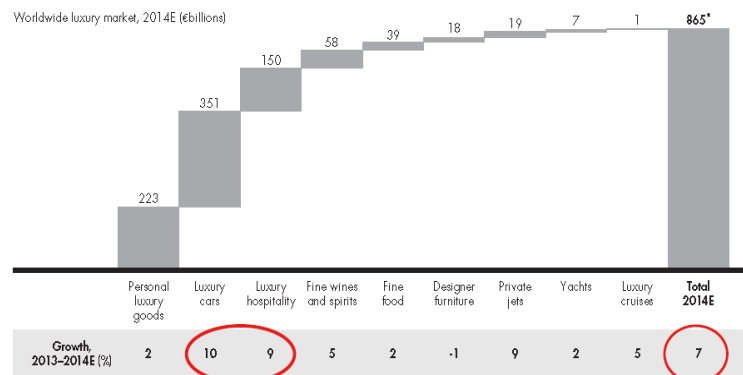


Figure 2. 4. WorldwideLuxury Market, 2014E (€billion)
Source:Bain&Co. (2014)

There are many studies carried out in the past in order to display the inevitable relation of fashion and luxury. The value of luxury fashion came from its reflection of culture, social, economic and artistic status characteristics (Ward and Chiari, 2008; Arnold, 2001; Evans,

2007). Nowadays, luxury fashion is distributed all over the world and the global spending of personal luxury goods has reached incredible amounts. Among all luxury market segments given in Figure 2.4, personal luxury goods segment became the core of the market and has the significant share among the whole luxury segments. Inside the personal luxury segment, there are mainly four categories which are accessories, apparel, watches & jewelry and perfumes & cosmetics presented in below Figure 2.6.

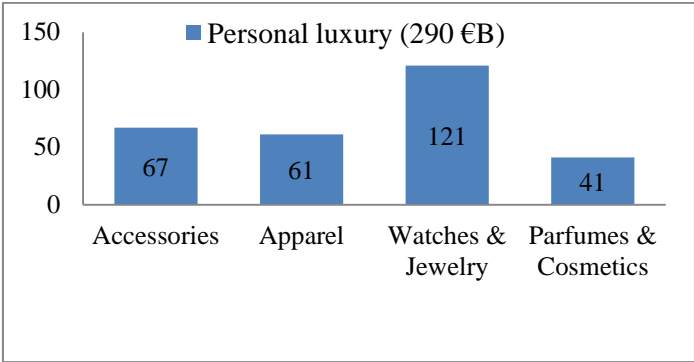


Figure 2. 6. Worldwide Sales of Personal Luxury Goods, 2014E (€billion)
Source: Bain & Co. (2014)

Among the all personal luxury goods types, accessories which include the luxury shoes and leather goods have obtained the highest growth rate between the years of 2011 and 2014 as it is shown in Figure 2.8 (Bain & Co., 2014).

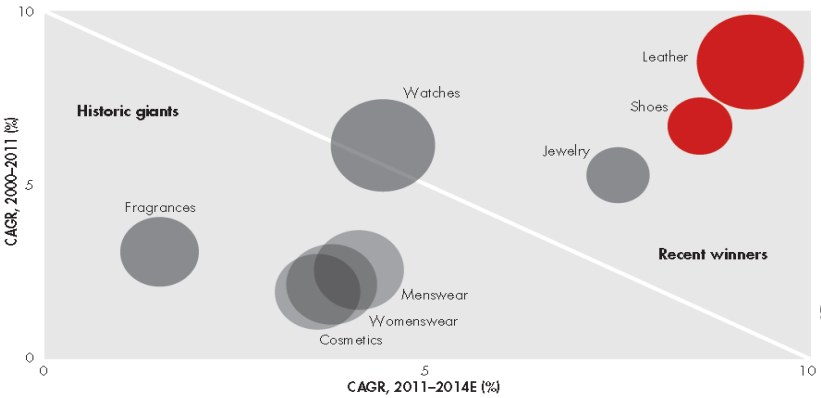


Figure 2. 8. The Compound Annual Growth Rate of Global Personal Luxury Category, 2000-2014E
Source: Bain & Co. (2014)

The luxury shoes industry is increasing more than luxury leather good in every year as the shoes are more affordable and eye-catching than bags. In 2014, while the leather goods growth rate was 3%, the shoes achieved 5% growth (Bain & Co., 2014). As it was highlighted by the most popular shoemakers, the luxury shoes industry success directly related to the success of fashionable design, craftsmanship, technical skills, creativity and premium quality (Nguyen, 2004; Digital Luxury Group, 2011). This industry includes many significant brands that luxury

shoes have been sold at premium prices that indicate the superior quality, unique design, beauty and elegance. When it is looked at the overall luxury shoes industry “Made in” label, traditional craftsmanship and quality can be considered as critical success factors in order to gain success in that market. The main feature of luxury shoes industry is being extremely competitive and fragmented due to the low entry barriers and also this industry has shorter cycles, price deflation and offshore sourcing (Nguyen, 2004).

As a matter of fact, Italy is well-known with their premium quality shoes all around the world considering artisan craftsmanship and “Made in Italy” label. At the same time, Turkey is one of the most rapidly growing economies in Europe and luxury spending has been increasing with a very high speed. As the reason of that, those two countries are examined to get more precise consequences about the quality management in their luxury shoes industry. In Turkey, luxury shoes industry has been expanded significantly with the help of latest technology manufacturing facilities, high quality materials, unique design products and high educated and skilled employees. With the motivation of being the 3rd place in Europe and 9th place in the world of footwear production, the country is trying to introduce its branding and design in the international footwear market. Turkey has the domestic market oriented manufacturing structure and its footwear imports are higher than its exports because of the removing tariffs for European countries. Furthermore, Turkish government supplies worthy incentives for the evolution of footwear industry; however, some differences are observed between the regions having higher tax rates for the cities where the luxury shoes are manufactured. As stated before, Italy is seen as the fatherland of the best shoes in the world with the features of unique style, cutting-edge fashion and superior quality. The world’s most famous and rooted brands are originally Italian and Italy has been always preferred place by both Italian and foreign investors in order to produce shoes. The secret glamour of Italian shoes comes from the artisan craftsmanship, specialized shoemakers, excellent creative design and Made in Italy labelling. Italian luxury shoes have the second highest share in terms of export and place in the first position in the list of the average export price. In those days, Italian footwear industry has been impacted negatively from the economic crises domestically and has decreased their sales in the main export countries Russia and Turkey. In terms of incentive system, Italy is applying incentives based on a regional administration. The main incentives are provided to the less developed south cities of Italy in order to revive the production in that part of the country. Moreover, Italian government implements tax credit incentives and incentives about patents, which diverse Italy from other countries, in the regions where luxury production concentrates.

Lastly, the other issue that should not be ignored by the luxury shoes companies is the importance of sustainability. Nowadays, all around the world, consumers’ awareness of environment has increased and sustainability practices became an important aspect to gain competitive advantage (Business Insider, 2010; Rassart, 2012; Bigwood, 2013). On the other hand, luxury shoes industry has a negative impact on environment since the production process and delivering the goods require high amount of energy consumption. Furthermore, the shoe making business model relies on the usage of leather and precious skins which

contribute climate change, land destruction, pollution and water supply contamination (PETA, 2014). Unfortunately, only a few of leading luxury shoes companies started to implement sustainability practices like using environmental friendly materials or eco-manufacturing production process. The remaining ones are doubtful and unwilling to integrate sustainable practices into their manufacturing processes. The awareness could be increased by adopting simple practices in those luxury shoes companies such as putting paper recycle bin in every office or warnings on how to use less energy. It is obvious that those practices cannot be enough to become sustainable company; they could include sustainability actions in their business strategies at very first stage.

2.2. Brief overview on quality management literature

Recently, quality management (QM) has become a popular business strategy in luxury industry because of enhancing the performance of companies. Accordingly, many researches have been studied on QM and their results evince that the quality improvements such as high service levels, rapid response and premium quality of products and services are extremely vital to generate a successful conclusion at competitive market (Brun and Castelli, 2008; Brun et al., 2009).

Considering the luxury shoes industry, premium quality is seen as the most important critical success factor and in last several years, it is associated with not only craftsmanship in production part but also every area in company. Therefore, quality management system must be explicitly defined to spread the quality throughout organization and to increase company performance.

In order to gain competitive advantage, quality has to depend on a system perspective. (Dean and Bowen, 1994). Moreover, quality management which is a management system in order to develop practices such as leadership, people management, planning, information and analysis, process management, supplier management, focus on customers/stakeholders and design to reduce costs and to increase the company efficiency (Noir, 2006; Molina-Azorín et al., 2015).

According to Forker et al. (1997), the quality department could be an independent unit within the organization's structure to achieve the quality performance. However, in many companies its function is limited with controlling and inspection rather than expanding quality boundaries throughout every area (Hoyle, 2009). In short, QM department is required to obtain corporate culture among employees for increasing the quality responsibilities and then the success implementation of QM can be achieved. Regarding that determination, lots of studies have referred to the effect of quality management department's position on QM inside organization (e.g. Irani et al., 2004; Brun and Morretto, 2014).

Moreover, the companies conduct different approaches to achieve success in implementation of QM and that practices can result in decreasing production costs, boosting organizational improvement and continuous improvement (Lee and Whang, 2005; Prajogo and Sohal, 2006). In fact, the companies cannot always succeed in implementation of QM due to the impacts of

several contingency factors. For this purpose, various studies have conducted to enlighten their effects within organization. Some of them have indicated the significance of top management commitment and leadership (Chin et al., 2002; Kaynak, 2003), when others have argued the importance of corporate culture and employee involvement (Prajago and McDermott, 2005; Valmohammadi and Roshanzamir, 2015; Adebajo and Kehoe, 1999; Reger et al., 1994). Besides, education, training and customer focus have rarely investigated (Chin et al., 2002; Black and Porter, 1995; Kaynak and Hartley, 2008). Recently, many authors have focused on the effect of supply chain quality management (Sohal and Terziovski, 2000; Kaynak and Hartley, 2008; Brun and Moretto, 2014).

During implementation of QM, Total Quality Management (TQM) and International Organization of Standardization (ISO) are the most common used methods in order to enhance quality management in every area of company (Talib et al., 2010). Hereby, the complex system thinking about QM can be overcome inside the organization.

Especially, TQM is the most popular and widespread management term in various business sectors. Many authors have described TQM as an approach to enhance effectiveness, flexibility and competitiveness to meet customer's needs (Oakland, 2003) and a source to develop organizational success through continuous improvement in organization's activities (Claver-Cortes et al., 2008). In other words, TQM is driven by the customer so that it results in a certain success for businesses in the market. By the effective implementation of TQM, the involvement and motivation of employees increase (Adebajo and Kehoe, 1999; Reger et al., 1994) and also; the quality consciousness is obtained in all departments of organizations so that productivity and profitability can be boosted (Laszlo, 1999; Hellsten and Klefsjo, 2000; Chin et al., 2002; Kaynak, 2003; Prajago and McDermott, 2005; Valmohammadi and Roshanzamir, 2015). On the other hand, the various contingency factors influence dramatically the success of TQM within different organization as mentioned above so that these factors and their impacts on performance are always an attractive research topic for several authors.

Additionally, the companies need some standardization to determine quality specification for total characteristics and features of product or service in a universal framework. Thus, the ISO standards have formed an environment for quality improvement and implementation of TQM in an organization (Curry and Kadash, 2002; Sila and Ebrahimpour, 2003). The most known standard is ISO 90001 Quality Management standards and also, ISO 14000 Environmental Management and ISO 26000 Social Responsibility are frequently used to support quality management. ISO 9000 and supportive standards are demonstrated the highly effective impacts on implementation of QM. Although, Brun and Moretto (2014) have highlighted that ISO 9000 for TQM systems is not considered carefully in luxury business, additional research can be conducted for specific luxury industry.

Observed Gaps from Literature

When scanned the present literature papers in order to generate a route for this study, the significant points of researches about quality management are to clarify the most important quality management practices and to determine the interactions between these practices and the successful performance of the quality. These studies have been generally conducted in specific industries such as services, electronics, food and health and also, in specific geographical regions or only one country such as US, India and China. Therefore, it might be a necessity for further investigations in luxury sector due to the importance of QM. Considering luxury industry, the researches is mainly associated with the sociological, branding and marketing aspects of the industry. Despite some authors (e.g. Brun and Moretto, 2014; Bivolarevic and Urosevic, 2014; Gharachorloo, 2015; Pooryazdankhah, 2015) highlighted the importance of QM inside organization in luxury hospitality and luxury fashion industry, the literature is still in need of new contributions to explore the quality management implementation on luxury industries. Consequently, the quality management approaches on luxury shoes industry in both Italian and Turkish firms have been investigated in order to fill the gaps emerged from the previous researches.

3. Research Objectives and Framework

Research Objectives

As already mentioned in the observed gaps section of the literature review, the previous researches are quite limited at providing information about quality which is one of the most crucial factors for luxury industry. In order to fill the gaps that emerged from the previous papers, this study aims at identifying quality management organization structure, system and practices of Italian and Turkish luxury companies focused on shoes and determining the significant impacts of the contingency factors on those variables. Therewith, an optimal direction in order to perform effective and efficient quality management implementations in luxury shoes industry will be offered by interpreting the case studies.

According to this overall objective of the research, three general RQs have been formed as follows:

RQ1:

- *How do Italian and Turkish luxury shoes companies constitute the organizational structure of quality management?*
- *Which are the effects of contingent factors on the organizational structure of quality management in Italian and Turkish luxury shoes companies?*

The first question is constituted to get knowledge about how the quality management is planned in luxury shoes companies' organizational structure. It is also important to see the

effects of contingent factors on the organizational structure of quality management both in Italy and Turkey, thus the second part of the question is added.

RQ2:

- *How do Italian and Turkish luxury shoes companies constitute the quality management systems and process quality management practices?*
- *Which are the effects of contingent factors on the quality management systems and process quality management practices in Italian and Turkish luxury shoes companies?*

The second research question is specifically generated to investigate how the quality system is managed and practiced within the Italian and Turkish luxury shoes companies. Besides, the second part will also help to get an answer about the contingent factors' impacts on quality management system and practices.

RQ3:

- *Which are the problems encountered while dealing with the implementation of quality management?*

The final research question aims to reveal challenges that arise from the quality management implementations in the organization both in Italian and Turkish luxury shoes companies. Thanks to that question, other problems which have not detected before will be disclosed and the solutions for the problems will be presented.

Research Framework

With the aim of achieving objectives of this research which are mentioned in previous section, two main quality-related key variables are identified from deep literature review. Moreover, the most important contingency factors have been identified and their effects on those variables have been analyzed. The fundamental framework of the study is shown in the Figure 3.1 with the variables considered.

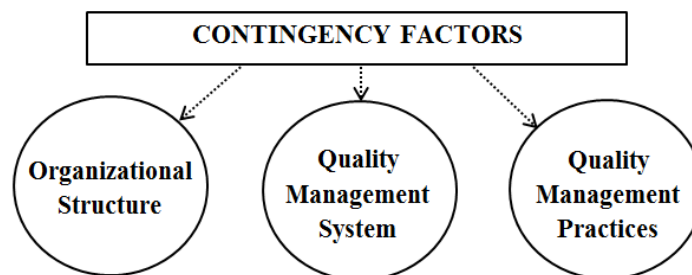


Figure 3. 1. The Basic Framework of the Study

To see quality-related variables' appliance in the luxury shoes firms more detailed and more clearly, they are divided into sub-variables. Each element is given in the tables with their possible values or answers.

1. *Organizational Structure of Quality Management* – The importance given by the companies to the management of quality in every process of the organization is one of the most crucial success factors. In fact, the configuration of organizational structure of quality management is vital for the firms to achieve their quality objective (Manaf, 2006; Zhang et al., 2012). Most of the companies prefer to divide quality related responsibilities into the different departments rather than allocate single function for the quality management. Exceptionally, the companies give separate position for the quality management function in their overall organizational structure, however; mostly, that function is placed under other departments as a sub-department. With respect to quality management system perspective, quality management department should be placed in the companies’ organizational structure as a single department and the responsibilities and tasks of that department should be clearly identified. The variables related with quality management organizational structure are presented in Table 3.1 with their definitions and measures.

Table 3. 1. Variables of Quality Management Organizational Structure

<i>Variables</i>	<i>Definitions</i>	<i>Measures</i>
Quality Management Department	<i>Quality Management</i> is the management of all activities and functions that involved in setting quality objectives, formulating a quality policy and its implementation, for example, quality planning, quality assurance, quality improvement and quality control.	Yes
		No
Quality Assurance Activities	<i>Quality Assurance</i> refers to the process used to maintain adequate confidence that a product or service will meet given quality requirements.	Quality Management Department
		Quality Control Department
		All departments
		Personally responsible
		Other
Quality Control Activities	<i>Quality Control</i> is the verification process for which certain activities and products involved in production are checked against set of standards defined by the firm.	Quality Management Department
		Quality Control Department
		All departments
		Personally responsible
		Other
The Position of Authorized Quality Responsible in the Organizational Chart	<i>The Position of Authorized Quality Responsible in the Organizational Chart</i> refers to the quality manager dependence in the company’s organizational plan.	Report to Top Management
		Report to R&D Manager
		Report to Production Manager
		Report to CEO or Owner

2. *Quality Management System and Process Quality Management Practices* – Another critical point that is analyzed in this research includes both how the companies apply quality management system and how they implement quality management practices within their organizations. Quality management system refers the company’s understandings, principles and attitudes towards the quality while process quality management practices are mainly associated with the tools and exercises they apply for the quality management. Quality management system must be formed to make sure all quality procedures are defined in a systematic way. Likewise, process quality management practices must be performed for improving performance, decreasing production costs and maintaining continuous

improvement. The variables related with quality management system and process quality management practices are presented in Table 3.2 and Table 3.3 with their definitions and measures.

Table 3. 2. Variables of Quality Management System

<i>Variables</i>	<i>Definitions</i>	<i>Measures</i>
Quality Definition	Different perspectives of quality understandings by each company	Open answers
Quality Importance	The importance level of quality given by each company	Open answers
Roles and Responsibilities Regarding Quality	The daily tasks performed by the employees related to the quality	Building and managing quality assurance plan
		Forming and maintaining procedures and checklist
		Resourcing and achieving the quality assurance as described in the plan
		Conducting quality trainings
		Monitoring and controlling the process
	Other: Specify	
Percentage of Employees Responsible for Quality Activities	Number of workers who pursue daily tasks interrelated with quality performances among all the workers within organization	Number of responsible / Total number of employees
Company Policy against Quality Management	Official statement about the company's quality management policy regarding quality of its products and processes	Open answers
Implementation of TQM Principles	The policies to reduce and defeat the errors, improve the customer experience and continuous improvement in every area. The way to show off its clients and public that it is a total quality organization	Top management commitment
		Focus on customers and stakeholders
		Participation and teamwork by everyone in the organization
		A process focus supported by continuous improvement and learning
		None
Determination of Critical to Quality (CTQ)	The series of features that a product or a service should exhibit in order not to generate customer dissatisfaction and accepted as a good quality	From market research reports
		From sales force data
		From executives and managers' decisions
		From competitors' assessment
		From other resources: Specify
	None	

Table 3. 3. Variables of Process Quality Management Practices

<i>Variables</i>	<i>Definitions</i>	<i>Measures</i>
ISO Standards	International standards that provide the certainty about the good quality of product or service, safety and reliability	ISO 9000- Quality Management
		ISO 14000- Environmental Management
		ISO 26000- Social Responsibility
		ISO 27001- Information Security
		ISO 31000- Risk Management
		ISO 50001- Energy Management
		Other: Specify None
Auditing Techniques	The controlling system forms the environment which everyone involves quality management activities and they are responsible for checking the system if it is work correctly or not in order to achieve goals	Mystery Shopping
		Customer Surveys
		New Customer Measures
		Internal Audit and Gap Analysis
		Other: Specify
		No audit
Assessment of Total Quality Costs	Costs that occur due to the quality-related problems	Prevention Costs (quality planning, quality education and training, etc.)
		Appraisal Costs (resource inspection, in-process and final inspection, etc.)
		Internal Failure Costs (scrap, rework, etc.)
		External Failure Costs (processing customer complaints, warranties, etc.)
		Other Costs: Specify
		No Significant Cost
Quality Tools	Techniques used for detecting and solving quality problems	Open answers
Training	The way of training employees and educating for the quality issues	Open answers

Along with the quality-related key variables, there are some elements that are called contingency factors affecting the implementation of quality management has been found from the depth literature analyses. The most relevant and crucial contingency factors are determined by taking into account their effects on company performance about quality practices. Those contingency factors are demographic variables, environmental variables, strategy variables, technology variables, management style variables and employee behavior variables (Holt, 1999; Sohal and Terziovski, 2000; Chin et al., 2002; Lagrosen et al., 2003; Brkic et al., 2011; Valmohammadi and Roshanzamir, 2015). According to the quantitative analysis conducted with Brkic et al. (2011), the environmental factors have irrelevant impact on QM with the correlation -0.280. Additionally, the environmental factors do not directly influence QM (Vickery et al., 1999). Therefore, this factor is not taken into account in this research. Moreover, as such in environmental variables, the technological variables' effect is also ignored in many researches as they have conducted in one country. Nevertheless, technology factor is analyzed in this study as the investigation is carried out with two different countries. Table 3.4 demonstrates the most critical contingency factors with their dimensions and measurement tools in detail.

Table 3. 4. The Framework of Contingency Factors' Dimension and Measurement

<i>Contingency factors</i>	<i>Dimension</i>	<i>Measurement</i>		<i>References</i>
Demographic Variables	Company size	Number of employee		Germain et al, 1999; Burton and Obel, 2000; Sousa and Voss, 2001; Brkic et al., 2011
		Total Revenue		
	Age	Foundation Year		
Strategy Variables	Brand positioning	Luxury level	Absolute/aspirational/ accessible	D'Arpazio, 2007; Bain & Co., 2008; Brun and Castelli, 2008
		Quality	Very high/ high/ medium high	
		Design	Very high/ high/ medium high	
		Craftsmanship	Very high/ high/ medium high/ medium low	
		Made in Italy/ Turkey Label	Yes/ No	
Technology Variables	Technological and Automation level	Process Technology	Custom technology/ batch technology/ mass production	Burton and Obel, 1996; Klarin et al., 2000; Escanciano et al., 2002
		Level of technology applied against competitors	Yes/ No	
		Automation level	Production by hand-made/ Production by machine	
Management Style Variables	Management Behaviors	Likes to delegate		Burton and Obel, 1996
		Focuses on long term planning		
		Conducts the risks appropriately		
		More often motivates than controls employees		
		Gives general instructions for decision making		
		Provides peaceful atmosphere		
Employee Behavior Variables	Culture, working atmosphere and participation	Employee participation in training	High/ Medium/ Low/ No Training	Prajogo and Sohal, 2001
		Aware of responsibilities	High/ Medium/ Low	
		Quality conscious	High/ Medium/ Low	
		Interpersonal relations	Good/ informal/ fellowship atmosphere	

4. Methodology

Regarding the objectives and the questions of this paper, it was an explorative study which investigated quality management organization structure, system and practices of luxury shoes industry within Turkey and Italy and explained the impacts of contingent factors on quality management organizational structure and quality management practices in selected companies. Therefore, case-study methodology was preferred to gather, evaluate and interpret data accurately despite some limitations of generalization (Larsson and Lubatkin, 2001). Nevertheless, as Brun and Moretto (2014) stated that, the case study research can be more helpful when the topic is manifold and broad.

In this way, this research was conducted with seven case studies of luxury shoes companies which are two from Italy and five from Turkey and that number is enough to achieve

satisfactory results for an empirical research (Eisenhardt, 1989). Italy has a reputation about best luxury shoes with their style, high quality, great history, upper elegance and remarkable craftsmanship so that the study focused on Italian luxury shoes companies. Additionally, Turkish companies were preferred to investigate, in consequence, of the far reaching potential and great role on the worth of luxury goods consumption and also, Turkey is our homeland. In order to determine which companies should be selected as a sample, several resources such as newspapers and journals (e.g. Italy Magazine), public rankings about best luxury shoe brands (e.g. Ranker.com and Finance Online) and the associations of shoe (e.g. Footwear Industrialist Association of Turkey and Assocalzaturifici) reviewed meticulously. Finally, sample companies were selected according to provide adequate research results.

Furthermore, the companies are heterogeneous for luxury classification (i.e. accessible or aspirational) and county of origin (Turkey and Italy). This diversification in countries could be caused some impacts on the success of QM implementations. However, the sample companies' product types are very homogeneous. Hereby, the main characteristics of sample companies that have collected from direct interviews and companies' web sites are demonstrated in Table 4.1. The companies' luxury levels were assigned by using the three layers of luxury that defined by D'Arpazio (Bain & Co., 2007).

Table 4. 1. The Sample Companies

<i>No</i>	<i>Company Name</i>	<i>Employees</i>	<i>Product Categories</i>	<i>Luxury level</i>	<i>Craftsmanship</i>	<i>Country of Origin</i>
1	Thierry Rabotin	100	Leather shoes	Aspirational	Very High	Italy
2	Filippo Gabriele	50	Leather shoes	Aspirational	High	Italy
3	Yesil Shoes	285	Leather shoes	Accessible	Medium High	Turkey
4	Company A	5000	Leather shoes	Accessible	Medium Low	Turkey
5	Company B	150	Leather shoes	Aspirational	High	Turkey
6	Kowalski	22	Leather shoes - bags	Aspirational	Medium High	Turkey
7	Derimer	40	Leather goods	Accessible	Medium Low	Turkey

The data were collected with interviews in the period between December, 2014 and May, 2015 and these interviews were carried out face-to-face; one of them was conducted over telephone and repeated multiple times with several people to get precise results. The information is also collected and examined from the existing resources by conducting extensive desk research methodology. During the gathering information, multiple data collection methods such as semi-structured interviews, observations during company visits, company websites and archival sources were managed.

Although the semi-structured interviews compromised nineteen questions regarding the research scope and framework, the interviews were developed to get answers freely and exactly in personal perspective way. The questionnaire included these sections; the first part was formed to get information about company name, number of employees and name and position of the interlocutor. This was necessary to obtain general overview during sample

analysis. After that, general questions were asked in order to determine the importance and perspective of quality and organizational structure of quality management in terms of level of control, roles and responsibilities. Finally, the last questions were directed to figure out quality management system, process and practices (TQM, ISO certification, quality manual, etc.) of company and to explore the possible contingent factors for QM implementations.

In order to reach general results and common features, all information obtained from interviews, observations and other sources were, firstly, analyzed with data reduction to eliminate variables and identify main categories based on the research framework and literature reviews. Furthermore, the cross-case analysis was preferred as it provides more generalizable results and to comprehend the logic of quality issues within company.

In this way, primarily, the qualitative data were scanned and reduced according to the variables obtained from literature review in order to provide better understanding of each single company and its attitude and perspective towards quality. Then, the main features of each sample were identified in terms of the structure of quality management, quality management system and practices. Afterwards, the contingency factor variables were analyzed for each case in order to determine discriminative contingency factors. Following cases were compared with the cross-case analysis considering each research variable in the light of selected contingency factors. Therefore, the results of cross-case analysis could be demonstrated that which contingency factors are most effective and how they affect the organization's quality approaches. Finally, the interpretation of information gathered from cases was performed under favor of literature analysis.

5. Case Study Results

5.1. Contingency Factors Analysis

Primarily the variables of contingency factors were analyzed in order to see which factors exhibit common or diversified features and to select discriminative ones. Therefore, the cross-case analysis was carried out to show the interaction between quality variables and selected contingency factors.

As mentioned before, the study was conducted with demographic, strategy, technology, management's style and employee behavior variables as the contingency factors. To determine demographic variables, the company size and company age were analyzed (Brkic et al., 2011). According to company size, the sample companies were grouped in two categories depends on their employee number; small-medium size enterprises (Thierry Rabotin, Fillippo Gabriele, Company B, Kowalski and Derimer) and large companies (Yesil Shoes and Company A). In terms of company age, the sample companies were separated in young (Filippo Gabriele, Company A, Thierry Rabotin and Kowalski) and well-established companies (Yesil Shoes, Company B and Derimer).

Brand positioning is mostly used to explain strategy variables (Brun and Castelli, 2008). The luxury level, quality, design, craftsmanship and country of origin of sample companies were investigated to define brand positioning. While looking the luxury level, only two levels of luxury were observed among sample companies; aspirational luxury (Thierry Rabotin, Filippo Gabriele, Company B and Kowalski) and accessible luxury (Yesil Shoes, Company A and Derimer). The sample companies gave a similar importance level on quality, design and craftsmanship so that they could be negligible contingency factors for this study. Furthermore, all Italian brands produce their goods in Italy and all Turkish brands produce in Turkey so that the whole samples had “Made in Italy/ Turkey” label. Thus, this variable was not considered as a contingent factor.

For the technology variables, technological and automation level should be analyzed (Escanciano et al., 2002). This is determined by the type of process technology, “level of automation and the technological level against to competitors”. Regarding process technology, the sample companies were categorized in three groups such as custom and batch technology (Thierry Rabotin and Company B), batch technology (Filippo Gabriele, Kowalski and Derimer) and mass production (Yesil Shoes and Company A). The level of technology applied against competitors is responded as same as the others and so this factor could be disregarded. In terms of automation level, some companies (Thierry Rabotin, Company B, Kowalski and Derimer) produced hand-made shoes while the others (Filippo Gabriele, Yesil Shoes and Company A) produced by hand and machine.

Another one is management style variable so that management behaviors are identified (Burton and Obel, 1996). Based on the interviews, the most widespread attitudes among the cases were that to motivate employees rather than control, to give general instruction for decision making and to provide a peaceful atmosphere.

Finally, to understand employee behavior variables the organizational culture and working atmosphere are considered (Fpk et al., 2001). The organizational culture, working atmosphere and participation of employees in quality issues were used to determine employee behaviors within organization. Considering the employee participation in training, some companies (Thierry Rabotin, Filippo Gabriele and Company A) did not organize trainings for employees and the rests had different participation levels from high to low. Besides, the employees of all sample companies were aware of responsibilities about quality issues. On the other hand, the companies exhibited different features on interpersonal relations within their organizations such as fellowship atmosphere (Thierry Rabotin, Yesil Shoes and Company A), informal (Filippo Gabriele) and good atmosphere (Company B, Kowalski and Derimer).

Based on the analysis of contingency factors for each case, some of the contingency factors could be negligible due to the lack of discriminative features. Hereby, the significant contingency factors were figured out as “company size, company age, luxury level classification, process technology, automation level, employee participation in training and interpersonal relationship of employees” given in Table 5.7.

Table 5. 7. The Framework of Selected Contingency Factors’ Dimension and Measurement

<i>Contingency factors</i>	<i>Dimension</i>	<i>Measurement</i>		<i>References</i>
Demographic Variables	Company Size	Number of Employee		Germain et al, 1999; Burton & Obel, 2000; Sousa & Voss, 2001; Brkic et al., 2011
		Total Revenue		
	Age	Foundation Year		
Strategy Variables	Brand Positioning	Luxury Level	Absolute/Aspirational/ Accessible	D’ Arpazio, 2007; Bain & Co., 2008; Brun & Castelli, 2008
		Quality	Very high/ High/ Medium high	
		Design	Very high/ High/ Medium high	
		Craftsmanship	Very high/ High/ Medium high/ Medium low	
		Made in Italy/ Turkey Label	Yes/ No	
Technology Variables	Technological and Automation Level	Process Technology	Custom technology/ Batch technology/ Mass production	Burton & Obel, 1996; Klarin et al., 2000; Escanciano et al., 2002
		Level of Technology Applied Against Competitors	Yes/ No	
		Automation Level	Production by hand-made/ Production by machine	
Management Style Variables	Management Behaviors	Likes to delegate		Burton & Obel, 1996
		Focuses on long term planning		
		Conducts the risks appropriately		
		More often motivates than controls employees		
		Gives general instructions for decision making		
		Provides peaceful atmosphere		
Employee Behavior Variables	Culture, Working Atmosphere and Participation	Employee participation in training	High/ Medium/ Low/ No Training	Prajogo & Sohal, 2001
		Aware of responsibilities	High/ Medium/ Low	
		Quality conscious	High/ Medium/ Low	
		Interpersonal relations	Good/ Informal/ Fellowship atmosphere	

5.2. Research Questions

Research Question 1

1st part: “How do Italian and Turkish luxury shoes companies constitute the organizational structure of quality management?”

From the first part of the RQ1, the separate departments are assigned to quality management and the responsibilities and role distributions among the functions in order to maintain quality

assurance and quality control activities properly in the organization were obtained for the sample case studies in Italy and Turkey (see in Table 5.8).

Table 5. 8. Quality Management Organizational Structures of Sample Companies

<i>Company</i>	<i>Quality Management Organizational Structures</i>			
	Existence of Quality Management Department	Responsible Department of Quality Assurance	Responsible Department of Quality Control	The Position of Authorized Quality Responsible in the Organizational Chart
<i>Thierry Rabotin</i>	No	All Departments	All Departments	Report to CEO or Owner
<i>Filippo Gabriele</i>	No	Personally Responsible-Chief Executive	Personally Responsible-Chief Executive	The owner is responsible for quality management
<i>Yesil Shoes</i>	Yes	Quality Management Department	Quality Control Department	Report to Top Manager
<i>Company A</i>	Yes	Quality Management Department	Quality Control Department	Report to Top Manager
<i>Company B</i>	No	All Departments	Quality Control Department	Report to Top Manager
<i>Kowalski</i>	No	Other-Administration	Quality Control Department	The owner is responsible for quality management
<i>Derimer</i>	No	Personally Responsible-Quality Assurance Manager	All Departments	Report to Top Manager

Based on the results in Table 5.8, two out of seven sample companies have a dependent quality management department (Yesil Shoes and Company A). Moreover, these companies conducted the issues of quality assurance by QM department and the issues of quality control by the separate QC department. That can be indicated that generally the employees who are working in QM or QC departments are responsible for detecting and solving any quality problems both on products with quality control and on processes with quality assurance.

On the other hand, there is no separate function for quality management considering the organizational chart of the rest (Thierry Rabotin, Filippo Gabriele, Company B, Kowalski and Derimer). Both in Thierry Rabotin and Derimer, all employees are responsible for the quality control tasks even if it is totally related to QM department and all employees can directly contribute when there are quality difficulties. In Filippo Gabriele, only the chief executive controls the quality of products and directly responsible for all quality issues due to small size company. On contrary, Company B and Kowalski have the separate quality control department only for checking the materials and final products' quality.

Regarding the position of authorized quality responsible in the organizational chart, in the five cases (Thierry Rabotin, Yesil Shoes, Company A, Company B and Derimer) the authorized employees report directly to the top manager, CEO or owner exception of Filippo Gabriele and Kowalski, the owner is in charge of quality management besides his/her other tasks.

To sum up, the main results of the first part, mostly the quality management department does not exist as a single entity, usually under the other departments' constitution in the luxury shoes companies. To assure quality in the processes, for the companies which do not have independent quality management department, a single person or all departments are responsible. For others, QM department carries out the quality assurance activities in the organization. In terms of quality control, in most of the cases, quality control department is responsible; only in a few companies all employees can directly contribute when there are difficulties related with quality checks. In the Italian and Turkish luxury shoes companies, the authorized employees of quality report directly to the top manager, CEO or owner of the firm.

Based on the analysis, no interesting patterns were found on *the position of authorized quality responsible* variable. Therefore, the most remarkable quality management organizational structure variables that are "*existence of quality management department, responsible department of quality assurance and responsible department of quality control*" considered in terms of comparing with contingency factors for the second part.

2nd part: "*Which are the effects of contingent factors on the organizational structure of quality management in Italian and Turkish luxury shoes companies?*"

In this part, the impacts of selected contingency factors on the quality management organizational structure variables based on the first part of RQ1 were analyzed with cross-case analysis to indicate the most distinctive and effective contingency factors on that variables.

Firstly, the adoption of a quality management department as a single entity was matched with the contingency factors defined before and so, the most reasonable and valuable relations were obtained from these contingency factors:

- **Company Size:** It appears the discriminating element since while all large companies have separate quality management department, all small-medium enterprises do not consider quality management department as a single entity and see that as a sub-function under the other departments in the organization.
- **Luxury Level:** It has an impact only on aspirational luxury positioning companies. However, there is no persisting situation for the accessible luxury but the large majority of that group has a separate QM department in their organizational chart.
- **Process Technology:** It is another important variable considering the massiveness level in a production system. When the massiveness level increases, a separate QM department appears in their organizations as they fit into the system both their manufacturing and quality processes. As anticipated, both the firms having batch production technology and the mixture of customized and batch production technologies are lack of independent QM department in their organizational structure.
- **Automation level:** It seems to be not relevant with quality management. However, the results show that companies conducting the production both by utilizing the human and

machines have QM department. On the contrary, it is missing when the companies believe that the premium quality shoes can only be produced with hand-made.

- Employee Participation in Training: It is getting high since the company has QM department independently. If there is no structured QM function, the participation on trainings decreases directly.
- Interpersonal Relations: This investigation gives the idea about the organization culture. Accordingly, poor interpersonal relationships are observed in companies which do not consider QM function as a single entity. On the other side, interpersonal relations seem to be a distinctive result for the companies having QM department.

At last, investigating how the contingent factors can affect the organizational decision toward forming departments to control and assure quality of products and processes, the most interesting outcome is obtained from the size of the sample companies. Based on this, quality assurance duties are distributed to the various units regarding the SMEs not having independence QM department. In terms of quality control, the large companies control the quality of products by separate QC department.

Consequently, the results of RQ1 can be summarized that the existence of separate QM department is directly connected with company size. Although the SMEs do not constitute QM function as a separate entity, all the sample firms are aware of the importance of quality and perform quality related activities in their own way. In terms of luxury level positioning, it can be discriminating only for the aspirational luxury positioning companies which consider QM as a sub-function. This result is quite unexpected since the companies in aspirational luxury level should give more attention to quality. On the contrary, the analysis results prove that accessible companies have more structured plan for QM. Moreover, when examining the findings of technology variables, it is obvious that the effect cannot be negligible in contrast with mentioned in literature. Another direct relationship appears in the companies having single quality management function; there is high-level employee participation to the quality trainings. This shows that separate quality management function provides to create strong organizational culture and spread quality instructions all over the organization.

Additionally, the impact of company size on the responsible departments for quality assurance and control is obtained as the most interesting outcomes. With regards to large enterprises, all quality regulations within the quality assurance are done by the separate QM department. As well, the large companies have different department for controlling the quality. Subsequently, in all SMEs due to the lack of structured function for quality assurance, all tasks are shared between different units. In the same way, as they do not have enough resources or intent to create separate quality control department, quality control activities are also distributed to the single person or all employees.

Research Question 2

1st part: “How do Italian and Turkish luxury shoes companies constitute the quality management systems and process quality management practices?”

The aim of the first part of RQ2 is to understand the quality perspective, quality management system and practices of these luxury shoes firms with highlighting of their quality definitions, quality responsibilities, quality policies and TQM principles.

Firstly, the definitions of quality for each company (see Table 5.18) were analyzed to generate the quality culture of cases.

Table 5. 18. Quality Definitions of by Each Sample Companies

<i>Company</i>	<i>Quality Definition</i>
	<i>Different Perspectives of Quality</i>
<i>Thierry Rabotin</i>	“There is no possible measurement for the quality. Everybody has its own quality. It is a personal perspective. It is not only depending on production; it is a matter of financial possibilities, for someone fresh air can be quality. Quality is communication with the customer; quality is high flexibility, quality is a really wide perspective; it depends on where you put limits.”
<i>Filippo Gabriele</i>	“It is possible to see the quality in the eyes of customer. It is a way of customer satisfaction through the services and products we offer. The secret of being labeled as a high-quality brand is its style, excellence, creativity and superior raw materials.”
<i>Yesil Shoes</i>	“Quality in Yesil Shoes can be identified based on many vital routine activities: Producing and developing products through our customers’ demand and expectations; Delivering orders to the customers on time; Increasing customer satisfaction with the sales and after-sales services; Ensuring the active participation of our employees and taking advantage of new technologies; Providing continuous improvement in product quality and quality management system; Depending on continuous development to increase our market share; Being respectful to the environment through the production process of our products.”
<i>Company A</i>	“Quality means for us that the perceived value and performance of a product are higher than the paid price.”
<i>Company B</i>	“Quality which means conformance to the specifications is the essential principle for our organization. Quality has no unique definition; it starts from the secrets of the detail of our manufacturing process and ends with our customers’ satisfaction”
<i>Kowalski</i>	“Quality for us is described as 100% of customer satisfaction and impeccable service.”
<i>Derimer</i>	“Quality is linked with the keeping our manufactured products in top level to ensure customer satisfaction and providing the life cycle of raw materials very long. On the other hand, it also means for us that delivering the orders on time and completing to the customers’ needs and taking care of long-term study.”

According to these definitions, the samples are aware of the necessity and importance of the quality to gain customer loyalty and long-term existence in the market and it is repeated that the quality is a strategic tool for customer satisfaction.

In order to determine the sample companies’ QM system, the variables such as quality importance level, basic roles and responsibilities of employees regarding quality, number of those employees, company policy towards quality management, TQM principles, practices and CTQ elements’ determination were investigated (see Table 5.19 and Table 5.20).

Table 5. 19. Quality Management Systems of Sample Companies (1/2)

<i>Company</i>	<i>Quality Management System (I)</i>		
	Quality Importance	Roles and Responsibilities Regarding Quality	Percentage of Employees Responsible for Quality Activities
<i>Thierry Rabotin</i>	Important tool to survive	Monitoring and controlling the process; Perform quality related activities	100%
<i>Filippo Gabriele</i>	The most important thing is using the best quality materials	Monitoring and controlling the process and final products	2%
<i>Yesil Shoes</i>	Quality is controlled considering the international quality standards and procedures	Performing quality management system activities; Building and managing quality assurance plan; Forming and maintaining procedures and checklist; Resourcing and achieving the quality assurance as described in the plan; Conducting quality trainings; Monitoring and controlling the process	8%
<i>Company A</i>	Quality is considered worthy phenomena as design, production technology or marketing	Building and managing quality assurance plan; Forming and maintaining procedures and checklist; Resourcing and achieving the quality assurance as described in the plan; Conducting quality trainings; Monitoring and controlling the process	1%
<i>Company B</i>	Quality is the starting point of our objectives	Conducting quality trainings; Monitoring and controlling the process	7%
<i>Kowalski</i>	Ultimate level of importance given to quality	Building and managing quality assurance plan; Resourcing and achieving the quality assurance as described in the plan; Conducting quality trainings	14%
<i>Derimer</i>	Production processes have adopted a zero defect policy and quality is the primary strategy for our brand	Conducting quality trainings; Monitoring and controlling the process	15%

Based on the findings, quality is extremely important for all samples and it is a strategic tool of their existence. This results in common in the literature review which is telling the quality is one of the most important critical success factors in a luxury industry. The main role for quality performed by employees is to monitor and control the process.

Additionally, each company assigns different proportion of employees to carry out daily quality tasks. It proves that although all cases seem to be aware of the importance of quality issues, they do not achieve the success in involving employees in daily jobs. For instance, Thierry Rabotin puts all employees in charge of quality control activities besides their own

special tasks. In contrast, Company A and Filippo Gabriele allocate a too little percentage for quality activities.

Table 5. 20. Quality Management Systems of Sample Companies (2/2)

<i>Company</i>	<i>Quality Management System (2)</i>		
	Company Policy against Quality Management	Implementation of TQM Principles	Determination of CTQ
<i>Thierry Rabotin</i>	No certain quality management implementations; however, everybody is in charge of quality control activities in every step of production such as the selection of raw materials, finding the right supplier and manufacturing process. Also, Employees having high level of quality conscious are selected in the recruitment phase.	Not official implementation of TQM but informal application of its principles: -Top management commitment -Focus on customers and stakeholders -Participation and teamwork	-From market research -Other: From customer conversations
<i>Filippo Gabriele</i>	No written policy but everyone makes the best and final check is done from chief executive.	Not official implementation of TQM but informal application of its principle: -Focus on customers and stakeholders	-From sales force data -Other: From social network
<i>Yesil Shoes</i>	Special importance given to quality control activities by using latest technology measurement equipment. Quality management team responsible for inspection of all departments work regarding to quality. Maintaining and improving quality is a daily task for all employees and in each phase of production.	Official implementation of TQM: -Focus on customers and stakeholders -A process focus supported by continuous improvement and learning	-Other: From customer satisfaction surveys
<i>Company A</i>	Aiming to provide high quality products with affordable price and high quality service regarding the customers' expectations by developing and improving continuously.	Official implementation of TQM: -Focus on customers and stakeholders	-From competitors' assessment -Other: From top management decisions
<i>Company B</i>	No official policy towards quality management. Each of the employees is trained for the quality issues and they give special effort to check the product quality while performing their personal daily tasks.	Not official implementation of TQM but informal application of its principle: -Focus on customers and stakeholders -A process focus supported by continuous improvement and learning	-From market research reports -Other: From customer conversations
<i>Kowalski</i>	No written policy for quality management, top management responsible for creating and performing quality policies. At the end of the production process, products are controlled by the QC team.	Not official implementation of TQM but informal application of its principles: -Focus on customers and stakeholders -Participation and teamwork by everyone in the organization -A process focus supported by continuous improvement and learning	-From market research reports -From competitors' assessment
<i>Derimer</i>	No written policy for quality management. In each part of the production, quality is checked by all employees. Also, zero defect policy is adopted across the organization boundaries.	Not official implementation of TQM but informal application of its principles: -Focus on customers and stakeholders -A process focus supported by continuous improvement and learning	-From market research reports -From competitors' assessment -Other: From customer conversations

Regarding the answers, the company policy is like a daily work improving continuously and involved all phases of the production process. Even though most of the companies have not written policy, each of them has their own way to organize quality issues. Except Yesil Shoes and Company A, the others do not have official TQM implementations. However, they apply TQM principles in an informal way. In terms of determination of critical quality parameters

associated with customer needs, the most frequently followed parameters are the way of listening to the customer, investigating the previous market researches and chasing the competitors' assessments.

To define the process quality management practices of sample companies, type of ISO standards they applied, auditing techniques they used, the way of selection of important costs regarding quality, tools they used for quality control and their training system were examined and summarized (see Table 5.21 and Table 5.22).

Initially in terms of standards, some of the samples have quality management, occupational health and safety management, Turkish Standard Institution (TSE) quality document or customer satisfaction complaints standards while the others see them as redundant. Yesil Shoes specially emphasizes the usefulness of ISO-9000 Quality Management standard towards competitors. Whereas Thierry Rabotin and Derimer mentioned that they do not feel the need for any ISO standard due to awareness of employees on their own responsibility. Furthermore, the companies mainly prefer to use customer surveys or review inside the organization as total auditing techniques. All samples implement that procedure to get knowledge about the situation in each phase, with the exception of Filippo Gabriele not having any auditing techniques. Thierry Rabotin, Yesil Shoes and Derimer apply more than one. According to samples except one company, the internal failure costs such as scraps and reworks are directly used to estimate the total quality costs.

Table 5. 21. The Process Quality Management Practices of Sample Companies (1/2)

<i>Company</i>	<i>Process Quality Management Practices (1)</i>		
	ISO Standards	Auditing Techniques	Assessment of Total Quality Costs
<i>Thierry Rabotin</i>	None	-Customer Surveys -Other: Shopping visits and talking with sales force	No significant cost
<i>Filippo Gabriele</i>	-ISO 9000- Quality Management	No audit	Internal Failure Costs
<i>Yesil Shoes</i>	-ISO 9000- Quality Management -Other: OHSAS 18001- Occupational Health and Safety Management -Other: TSE Quality Document	-Customer Surveys -Internal Audit and Gap Analysis	Internal Failure Costs
<i>Company A</i>	-ISO 9000- Quality Management -Other: ISO 10002- Customer Satisfaction Complaints Standards	-New Customer Measures	Prevention Costs Internal Failure Costs
<i>Company B</i>	-ISO 9000- Quality Management	-Customer Surveys -Internal Audit and Gap Analysis	Internal Failure Costs
<i>Kowalski</i>	None	-Customer Surveys	Internal Failure Costs
<i>Derimer</i>	None	-Mystery Shopping -Internal Audit and Gap Analysis	Internal Failure Costs

The other process quality management practice is quality tools. The sample companies apply many different quality tools to determine and find a solution for the quality problems and errors. Obviously, each organization has its own system to achieve quality every step of

production. Regarding the trainings on quality issues, while some companies do not believe that quality consciousness can be raised by personal trainings on quality, the others consider that awareness can be provided only with these formal and continuous quality trainings.

Table 5. 22. The Process Quality Management Practices of Sample Companies (2/2)

<i>Company</i>	<i>Process Quality Management Practices (2)</i>	
	<i>Quality Tools</i>	<i>Training</i>
<i>Thierry Rabotin</i>	Conducting quality control activities by well-educated employees in every stage of the production from the selection of raw materials and collaborating with right suppliers to the checking of final products particularly.	There is no quality training; it is a result of experience.
<i>Filippo Gabriele</i>	Unique items are produced by using best quality materials and their final check is made by the chief executive.	No training
<i>Yesil Shoes</i>	The product quality tests are regarded extremely important different from the competitors. Raw materials, the steps of production process and final state of product are tested by the various devices and latest technology measurement methods. All departments' quality, second quality and wastage of materials are controlled and inspected by the quality assurance expert.	It has to be frequent trainings to keep constant the quality of consciousness that is given to our employees. Moreover, during the orientation for the new hired employees, quality management system and their responsibilities on that system are explained in a detailed way.
<i>Company A</i>	Each product segment's administration and quality control department have responsibility to check final products at the end of the production process by conducting required quality control tests.	No training
<i>Company B</i>	All the phases of manufacturing process are observed directly by the authorized employees and the final products' checking is carried out in latest technological laboratories by several test equipment.	The only way to provide quality production is continuous learning of employees by organizing regular trainings on quality system.
<i>Kowalski</i>	Quality control experts check the final product and then approve for delivery to the customers. Before the approval, sample of each product type is tested in daily wear for 3 months.	Staff trainings are organized to create awareness of the quality and improve quality workmanship.
<i>Derimer</i>	Direct observation of product in the various steps of manufacturing is realized by the authorized employees. At the end of the process all items are considered by the customer eye.	Quality assurance manager and his assistants provide trainings and seminars at regular intervals to create quality awareness.

Consequently, all above findings represent each sample Italian and Turkish luxury shoes companies' management of quality and mechanism for QM. Based on these, the most outstanding variables that provide different outcomes to be analyzed on a contingency perspective appeared to be: “*Roles and responsibilities regarding quality, company policy against quality management, and implementation of TQM principles*” for QM system and “*ISO standards, quality tools, and training*” for the process QM practices.

2nd part: “*Which are the effects of contingent factors on the quality management systems and process quality management practices in Italian and Turkish luxury shoes companies?*”

This question indicates the most effective contingency factors for the variables of QM system and practices specified in the first part of RQ2 by the cross-case analysis.

Quality Management System

The company size, process technology and employee participation in training are found as the most effective factors on different workload of quality related tasks considering the variable of roles and responsibilities related to quality. According to the findings, large companies have a workforce with wider responsibilities on quality tasks. In contrast, the SMEs (Thierry Rabotin, Filippo Gabriele, Company B and Derimer) focus only limited quality tasks. In terms of the factor of process technology, only the companies (Yesil Shoes and Company A) using mass production technology have wider responsibilities on quality tasks.

When analyzing the impacts of contingency factors on company policy, the most discriminative results are obtained with the contingent factors company size, luxury level, process technology and automation level. Considering the company size, all large companies have a written policy to manage quality issues. On contrary, SMEs do not have a specified policy to define the framework of quality. All companies in aspirational level have no written policy. However, there is no clear effect of company size on accessible luxury level. Moreover, the companies making mass production contain a written policy but on the other hand, there is no written quality policy in the companies using batch technology. In terms of automation level, when the machines are involved in the production process, the companies have a written policy for QM when the machines are involved in the production process.

Regarding the implementations of TQM principles, the most interesting contingency factors are company size, luxury level, process technology and automation level. From the point of company size, large companies prefer to adopt QM system with official TQM implementations. However, all the companies with an aspirational luxury brand positioning are far from the formal implementation of TQM principle. Considering the process technology, the companies using both the custom and batch production technology or only batch production technology do not have official implementation of TQM principles. As well, companies producing shoes only by hand-made do not tend to implementation of TQM principles.

Process Quality Management Practices

According to the having ISO standards, the most distinctive outcomes are obtained by the contingency factors as company size, process technology and automation level. From the findings, the large companies (Yesil Shoes and Company A) contain ISO standards, but the rests do not want to ISO standards in their organizations. In terms of process technology, ISO standards appear only the companies producing massively. Corresponded with automation level, the firms that maintain the production process using not only by hand-made but also by machines have various ISO standards in their organizations.

The quality tools are considered and only the relevance of the company age provides significant impact on this variable. From that, the well-established companies (Yesil Shoes and Derimer) check all production phases to prevent any unexpected errors. However, young companies are less likely to control every step of the process and only check the end-products.

Considering the quality trainings, the meaningful pattern is identified by only the company age. Based on this, although all well-established companies apply quality related trainings in order to inform their employees, young companies do not give specific importance on quality trainings as well established ones out of Company B and Kowalski.

By summarizing the findings of RQ2, Italian and Turkish luxury shoes companies emphasize the necessity and importance of the quality to enhance a certain place in the market. However, among the sample companies, the tasks related to quality are limited with controlling the end product among sample companies. Mostly, they have no written policy towards QM but still, they conduct the quality management issues in their own way. Generally, there is a visible resistance to official TQM application for the Italian and Turkish small-medium luxury shoes companies. Based on the process quality management practices, four of the entire sample companies have ISO 9000 to achieve a differentiation in the market and to increase the quality importance within the organization while the rests perceive the certifications as unnecessary due to the extra costs and resources for companies.

Finally, as evidenced in the cases herein, the company size and the process technology are considered the most affected ones regarding to both QM systems variables and practices. Furthermore, it can be said that while the company is getting larger, the technology usage in production process is increasing so that such companies start to give more attention to the quality management and implement its system and practices.

Research Questions 3

“Which are the problems encountered while dealing with the implementation of QM?”

Despite the impacts of the contingency factors on quality management implementations, the companies might face general problems that occur directly during the implementation of QM. RQ3 was asked and the responses of sample companies (see Table 5.39) were analyzed in order to determine these problems.

Considering all responses, the problems that the employees are unwillingly to accept the quality system and the top management regard their employees as irrelevant from the TQM approach and resist to any innovative changes are repeated many times. Additionally, inadequate management support, ineffective communication between the top management and employees and lack of trainings in order to maintain employees learning and continuous growth cause not to enhance quality consciousness within company boundaries. On this basis, these are currently problems of the luxury shoes industry.

Table 5. 39. The Problems of Sample Companies Related with Quality Management Implementations

<i>Company</i>	<i>Problems Related with Quality Management Implementations</i>
<i>Thierry Rabotin</i>	There are no certain quality management implementations.
<i>Filippo Gabriele</i>	There is no strongly formed quality culture in the organization.
<i>Yesil Shoes</i>	Employees ignore some quality procedures due to the high work load after a while. In order to prevent this situation, we have to arrange trainings more frequently. In general, employees face with the problems when it is tried to adapt to new system or design into the production process.
<i>Company A</i>	Due to the lack of quality understanding and proper quality training at each level of organization, the implementation of quality management cannot be performed.
<i>Company B</i>	There is no an appropriate culture to support quality management practices in the organization.
<i>Kowalski</i>	When switching to a new application or systems related to quality management that we are forced to impose our workers. The most difficult to change is the habits of workers derived from the mentor system.
<i>Derimer</i>	The biggest problem faced by our workers is their negative responses to quality. They do not want to accept their mistakes and not willing to involve in corrective and preventative activities. For most of them, it is hard to concede quality conscious and they are not open to change.

In short, the main problem is the absence of communication and quality consciousness within the organization. This deficiency is mainly based on problems related to both workforce and administration unit. Therefore, employee trainings and commitment of top management should be considered as a key factor to develop and implement the successful QM system.

6. Conclusion and Further Developments

This study explains the implementation of quality management organization structure, system and practices of Italian and Turkish luxury companies focused on shoes and the significant effects of contingency factors on those variables. The present study has been conducted through seven detailed case studies; two of them were Italian and five of them were Turkish luxury shoes companies. After the depth analysis of the case study results, it can be expressed that the main finding of this research is there is no adequate quality consciousness within the boundaries of organization. The major reason of this deficiency arises from the challenges regarding with workforce and top management. The cases have shown that the employees are unwilling to accept quality system and oppose to any innovative changes in their routine working process. On the top management side, the factors that inadequate motivation, deficiency of top management commitment, ineffective communication with employees, lack of quality trainings and considering trainings as extra cost prevent to creation of quality consciousness within the company.

This research exhibits company size and technology variables as the most significant and discriminative contingent factors that are affecting quality management organization structure, system and practices in Italian and Turkish luxury shoes industry.

Considering the quality management organization structure, the common approach towards the quality management as a single department is not well accepted by the Italian and Turkish luxury shoes firms. Among the cases, none of the two Italian firms and two of the five Turkish firms assign quality management responsibilities to the separate quality management function. Another relationship is observed from the matching of quality management department and most effective contingency factors that the large companies in terms of size are more inclined to constitute separate quality management department in their organizational structure. Depending on the examination, the main trend for the quality management is towards to avoid systematic configuration in functional organization structure by the luxury shoes companies. Nonetheless, all the sample firms carry out quality assurance and control activities in a specific way and at least they are aware of producing high quality goods in order to survive in the market.

The other key concept raised by the investigation of luxury shoes companies is quality management system and practices. The common feeling towards the application of procedures and documentations related with quality issues is negative. For the reasons that those applications require extra cost, extra resources and bureaucratic procedures, companies prefer to avoid creating a written policy about quality management, applying official TQM practices or using international quality standards. As such in the relation of contingency factors with quality management department, the same relation is declared for the company size and implementation of official quality systems. In the same way, large companies having separate quality management department are more interested to adopt international quality management strategies.

As well, it is also surprising to highlight that the technology variables have remarkable impacts on the quality management system in contrast with the findings from literature. Although in many researches, the impact of the companies' technological and automation level on quality management considered as negligible, in the present study, the effect of this variable found as significant.

With the RQ1 and the RQ2, the present study fills the gap in the literature by determining the trends on quality management and the most important contingency factors that are affecting quality management variables in luxury shoes industry. Moreover, under the light of RQ3 the problems that cannot be distinguished previously are illustrated by using the real cases from the industry. Accordingly, the general and optimum way is provided to the brands about their quality management implementation strategies. This research project can be considered as a good representation of how the both Italian and Turkish luxury shoes firms implement quality activities in their organizations and which elements affect those activities considerably. From this point of view, the information provided in this paper will contribute to useful insights for the forthcoming researches and for the practitioners in luxury shoes segment that would like to implement quality management system and practices into their businesses.

In particular, certain limitations in this study can be mentioned. First, the selected sample companies are all in aspirational or accessible luxury level positioning in their specified market. By adding absolute luxury companies, the more generic interpretations and results can be obtained. Moreover, in order to allow generalization of the results to other countries all around the world, the more luxury shoes companies in different countries should be included in future studies. Furthermore, the lack of the structured quality management system in those companies makes it harder to interpret findings and accomplish generalized results. Thus, the future developments could include both larger samples and samples having structured quality management system. Another further investigation is needed to understand the technology variables' effects that have been found as critical on quality management implementations in luxury shoes companies, with using more case studies and different countries. Finally, the study presented in this paper should be replicated in another time period to get a general perspective about quality management in luxury shoes industry since the quality aspects and procedures can change rapidly in the future.

1. INTRODUCTION

The passion of enlistment to beauty, excellence and exclusivity has always tempted to satisfy the need of human nature and the luxury goods are getting more charming for everyone in order to accomplish this desire. By this reason, the luxury industry has become wider by covering various products and services such as clothing, leather goods, shoes, watches, yachts, cars, wines and spirits, foods and hospitality. Globally, the luxury market is estimated to reach €850 billion with a considerable growth rate in 2014 (Bain & Co., 2014). In fact, the luxury personal goods are one of the three biggest segments and the “core of the core” of luxury due to the sustainable growth.

That growth in the luxury industry leads to increase the number of papers and researches about it mainly focused on marketing and sociological aspects. However, in the last years the premium quality has become more important as a success factor due to increasing consumers' attention to the value of their money and also gaining competitive advantage within the luxury market. Thereby, the quality management is a strategic matter throughout the luxury company. Especially, the implementations of quality management system and practices are very crucial issues to investigate the quality management of luxury industries and also the effects of contingency factors on the successful implementation of quality management are taken into account based on the previous researches (e.g. Kaynak, 2003; Brkic et al., 2011).

According to these considerations, the objective of the current study is to investigate the quality management implementations in Italian and Turkish luxury shoes companies by identifying how the quality management is formed in these companies' organizational structure and also how the quality system is managed and practiced in these luxury shoes companies. Moreover, our second aim is to analyze the impact of contingency factors towards the quality management variables. In the light of the research objectives, seven case studies of notable luxury shoes companies, two from Italy and five from Turkey, have been conducted.

In order to accomplish the objectives of the study, we pursue this direction. Firstly, a detailed literature review is done to obtain an overlook about the concept of luxury, the luxury industry, the luxury personal goods, the luxury shoes markets in Italy and Turkey and the critical success factors of luxury industry. Secondly, importance, structure, system and practices of quality management are presented and then the gaps in the literature are defined. After that, our research goals and questions are formulated and the research framework is carried out with identifying the meaningful contingency factors. Additionally, our research methodology is explained in a detail way. Finally, the findings are evaluated by cross-case analysis and in the conclusion part, the interpretation of the results and the achievements of study are presented.

2. LITERATURE REVIEW

2.1. THE LUXURY INDUSTRY

Luxury Overview

"Luxury is not the opposite of poverty. It is the opposite of vulgarity" - Coco Chanel

In the quote above, Coco Chanel related the luxury to the way of life, sense of taste, exclusivity and the reflection of individual style rather than the price. The truth is that we do not addict to the luxury goods to survive, but the luxury goods are the tools that contribute to our overall gratitude of self-expression and our lifestyles.

The passion of enlistment to beauty, excellence and exclusivity has tempted to satisfy the need of human nature. Therefore, the luxury is always meant the realization of these “dreams”. Everyone aspires to be a part of that world and to be charmed by it. The symbol of status is the main motivation to head towards the luxury world. People who use the luxury goods are more likely to be considered as having a good job or much more power from the others.

The Concept of Luxury

Luxury is the broad concept where exaggeration, reputation and exclusiveness meet (Dubois and Czellar, 2002). The luxury term evokes various key words like excellence, prestige, uniqueness, exclusivity, impressive, etc., and nowadays it seems to be limitless functions. According to the Oxford Latin Dictionary, the term “luxury” arises from the Latin word “*luxus*” which means exaggerated life, indulgence, glorious, comfort and wealth (Dubois et al., 2005). On the other hand, it comes from the Latin word of “*luxuria*” signifies the excess or extras of life (Danziger, 2005). As usual, luxury has been related to the terms of exclusivity, status and quality (Atwal and Williams, 2009).

The concept of luxury is changing according to the personal perception of luxury. One group of people considers the luxury as the product having valuable substances while the others regard as the exclusive lifestyle. Some of them define luxury as a premium priced item; others see the luxury as refer to the product that is much more durable than the standard worthless products (Brun and Castelli, 2013).

"Luxury isn't just a question of expensive and beautiful things for the rich and powerful; it feeds into ideas about democracy, patriotism and social harmony, as well as our values and our relationships with the divine," Cambridge University academic Dr. Michael Scott says. "It is impossible to define, but we all know it when we see it because we each have our own ideas of what luxury is. That makes it a good tool for understanding the values and priorities of different societies, present and past" (Scott, 2011). All of these different perspectives are the evidence for the comparative and subjective aspects of concept of luxury.

The term, luxury goods, is firstly introduced by Wall Street analysts who felt the lack of the term to define the leading fashion companies such as Louis Vuitton, Gucci and Prada. Before the term “luxury goods companies”, these were all known with their specialty areas and the international reputation they had gained. For instance, luggage of Louis Vuitton (1853), shoes of Gucci (1906), pens of Mont Blanc (1906), jewelry of Cartier (1847), watches of Rolex (1908), leather goods of Hermes (1837) and rain coats of Burberry (1856) (Dewey, 2009).

The concept and the philosophy of luxury should be understood deeply before performing business strategies and practices since its nature is totally distinctive from standard types of goods. As reported by the “Luxury Retail’s Evolving Landscape” research in 2012, luxury concept is shaped by both various attitudes of consumers and some trigger circumstances that are summarized in Figure 2.1. Between the years of 1970 and 1985 called “Era of Exclusivity” with the huge movement occurred in the consumption of luxury products, the personalized goods are manufactured and the craftsmanship became the center of the production process in Europe. Afterwards, in the “Era of Consolidation” the years from 1895 to 2000, people are gravitated by the delightful and superior lifestyles together with celebrities are used for advertising of the leading luxury brands’ goods. In the early 2000s, brands are started to concentrate on finding the ways to become unique and distinctive by using superior quality products in order to hide the financial crisis’ effects and gain customer trust in the “Era of Diversification”.

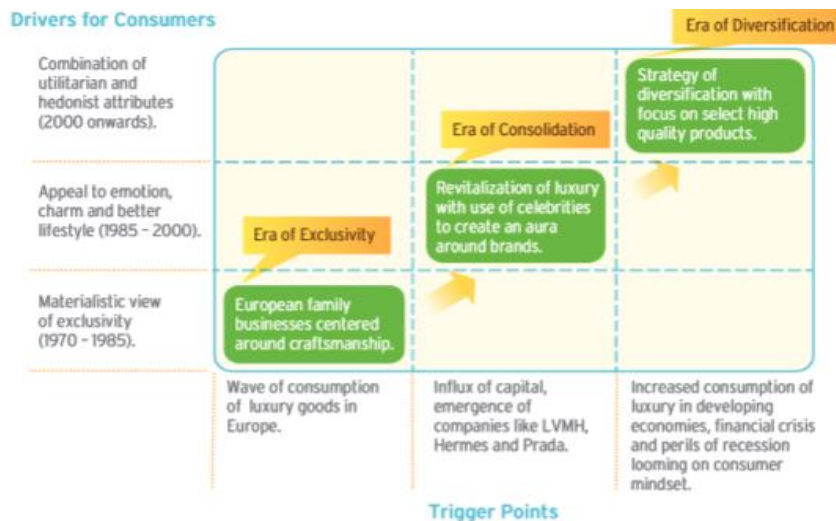


Figure 2. 1. The Evolving Luxury Landscape

Source: Ramesh, M. (2012)

The History of luxury

In order to foresee the future of luxury, it is crucial that to figure out the historical background of the luxury. As the luxury is like an old civilization, it should be given more concerns to understand its undiscovered aspects. In ancient Greece, the attitude of indulging in luxury life was viewed as the potential danger in terms of the charming feature would affect people

negatively. Ongoing centuries, the luxury concept was reconstructed towards the meaning of valuable things, nonetheless; the negative image on the luxury concept remained until the 14th century (Brun and Castelli, 2013). Conclusively, the luxury gains its modern meaning with the 2nd industrial revolution which is “habit of indulgence in what is choice or costly” or “something enjoyable or comfortable beyond the necessities of life” at the end of the 19th century (Onkowo, 2009). In the 20th century, the luxury sector extended approaching the customer expectations and well-known brands take the place of superior quality. In spite of the fact that, in the 18th and 19th centuries, luxury is directly associated with custom made, a new trend towards mass production has been observed due to the increase in demand.

According to the Dr. Christopher J. Berry’s investigation in 1994, luxury was seen for Romans as the disruptive power of human desire. The Romans started to conquer worthy areas like Greece. Over time, their leisure time had changed towards the enjoyment and exaggeration. The principles of luxury are discussed by Romans and they esteem that the luxury has a native limit. The first laws on luxury have made and the limits have identified for the expenditures on banquets and embellishment. Furthermore, they took under control of excess luxury consumptions by financial settings like bringing utmost taxes for non-essential products. With the new lifestyle, merit is dropped lower levels while the corruption increased (Ward, 2011).

By the 17th century, the luxury way of living changed across Europe by the help of trade. It became perceived as an economic advantage anymore. Subsequently, with the industrial development of the 19th century, the new extravagance concept of luxuries emerged in the United States with hit the top of twenties. The comprehensive attention is started to be given every luxury detail of the life. At the end of the world wars, luxury items became more extensively and universally manufactured resulting from the increase in mass production. It affects negatively to turn factory production from the handmade Louis Vuitton bags and brings about the doubts about the integrity of mass luxury later in the 20th century (Ward, 2011).

Luxury is no longer just durability and price point of the product; it is more relevant to the realization of consumer expectations. In the 21st century, luxury directly refers to limitless values, such as reused or repurposed materials or harmlessly hunted furs from animals that have no risk of extinction (Ward, 2011). The purity and goodness of a luxury product is now not only associated with its roots or native quality, but also its higher degree of being sustainable and lasts many years for the next generation.

At the first stage, the products should have the characteristics of superior quality, durability, performance or design in order to be taken into account as luxury goods. On the other hand, today the most important factor for the brands to gain competitive advantage in the luxury market is their strong image. Presently, apart from the high quality, high performance and accurate features of the goods, consumers desire to be impressed emotionally with the unforgettable shopping experience.

Definition of Luxury

What represents luxury best? Undoubtedly, the first that comes to mind are very high price, skillful craftsmanship, clever and innovative design. Intelligent consumers let the luxury to propose a range of possibilities for showing off identity and status. By purchasing marvelous goods, they feel wealthy, powerful, glamorous, self-confident, cultivated, supreme and much more besides.

Despite the fact, many studies have been conducted to clarify the precise meaning of luxury it is usually difficult to compromise on the unique definition which is accepted universally. Some of them describe the luxury by price, some by quality and others by exclusivity of distribution. This is the proof of the luxury concept has high fluctuation over time. Nadine and Wiedmann (2013) have compiled selected authors' definition of luxury starting from the 18th century in their book called "Luxury Marketing" and currently Jana Scholze, curator of Contemporary Furniture and Products Design at Victoria and Albert Museum, has defined the luxury (Forbes, 2015). In Table 2.1, they are represented in a chronological order. It is obvious that the definition of luxury has always been subjective.

Table 2. 1. Definitions of Luxury

Author(s)	Year	Definition
Hume	1752	"Luxury is a word of an uncertain signification and may be taken in a good as well as in a bad sense. In general, it means great refinement in the gratification of the senses; and any degree of it may be innocent or blamable, according to the age, or country, or condition of the person. The bounds between the virtue and the vice cannot here be exactly fixed, more than in other moral subjects."
Rae	1834	"The degree of pleasure thus experienced is different in different individuals, and it is scarcely possible to ascertain what its exact amounts are in any one; hence the difficulty in most cases, of determining what is, or is not, luxury."
Davidson	1898	"The definitions of luxury have been so various that the perplexity of the public is almost excusable."
Sekora	1977	"Anything unneeded"
Grossman & Shapiro	1988	"Those goods for which the mere use or display of a particular branded product confers prestige on their owners, apart from any utility deriving from their function."
Oxford Latin Dictionary	1992	"Soft or extravagant living, (over)-indulgence" "Sumptuousness, luxuriousness, opulence"
Dubois & Duquesne	1993	"Motivated by a desire to impress others, with the ability to pay particularly high prices, this form of consumption is primarily concerned with the ostentatious display of wealth."
Dubois & Paternault	1995	"More than other products, luxury items are bought for what they mean, beyond what they are."
Kapferer	1997	"Luxury defines beauty; it is art applied to functional items. Like light, luxury is enlightening... Luxury items provide extra pleasure and flatter all senses at once... Luxury is the appendage of the ruling classes."
Kemp	1998	"The status of a good as a luxury is partially determined by its natural desirability, and not simply by whether it is an object for conspicuous consumption"
Nueno & Quelch	1998	"Luxury brands are those whose ratio of functionality to price is low while the ratio of intangible and situational utility to price is high."
Phau and Prendergast	2000	"Luxury brands evoke exclusivity, have a well-known brand identity, enjoy high brand awareness and perceived quality, and retain sales levels and customer loyalty."

Webster's Third New International Dictionary	2002	"Non-essential items or services that contribute to luxurious living; an indulgence or convenience beyond the indispensable minimum"
Vickers & Renand	2003	"Symbols of personal and social identity"
Merriam-Webster's Collegiate Dictionary	2004	"A condition of abundance or great ease and comfort" "Something adding to pleasure or comfort but not absolutely necessary"
Danziger	2005	"Luxuries are the extras in life that make it more fulfilling, more rewarding, more comfortable, more enjoyable"
Reich	2005	"Luxury brands embody an image of products or services which is deep-seated in the mind of the consumer. Based on a specifically designed offering system, it expresses itself in specific associations (i.e. excellent quality, premium price and exclusivity), resulting in a dominance of the ideal brand function."
Chevalier & Mazzalovo	2008	"A luxury brand is one that is selective and exclusive and which has an additional creative and emotional value for the customer."
Atwal & Williams	2009	"Luxury has traditionally been associated with exclusivity, status and quality."
Berthon et al.	2009	"Luxury has an intensely individual component as well; what might be luxury to one person will be commonplace, or perhaps even irrelevant and valueless, to another."
Kapferer & Bastien	2009	"In luxury you communicate in order to create the dream and to recharge the brand's value, not in order to sell." "Luxury is an appreciation of fine works, fine craftsmanship, creativity and the making of a legend."
Shukla	2011	"Luxury goods are conducive to pleasure and comfort, are difficult to obtain and bring the owner esteem, apart from functional utility."
Scholze	2015	"Luxury may be something personal which relates to experiences of pleasure outside of daily routines. It may be the idea of something better, a bit more extraordinary, than what we already take for granted. For many people, who lead heavily pressurized personal and professional lives, time itself is the most commonly cited luxury."

Throughout the years, luxury has been considered affiliated with premium quality, exclusivity and status while being conceptualized conforming to experiential, functional, emotional and communicational aspects. Consumption of luxury goods or luxury lifestyle is the consequences of an aspiration to impress, to give an opinion about personal identity and to create a state of belonging.

The Relativity of Luxury

Consumers' perspective on the judgement for what is luxury, in other words what is desirable, more than necessary and ordinary, is relative. This relativity can be grouped into a regional, temporal, economic, cultural and situational relativity (Heine, 2012).

- **Regional relativity** points out the grouping of the sources on a necessity-luxury process according to their availability in a certain local region.
- **Temporal relativity** indicates the luxury conception changes from day to day for the reason that the resources' availability and desirability changes.
- **Economic relativity** specifies the perception of luxuriousness with regards to people's economic strength and their purchasing power.

- **Cultural relativity** implies that high desire of the resources to people according to their own culture rather than the availability of the items.
- **Situational relativity** which refers to the perception of luxuriousness can be formed as necessary, ordinary or luxurious according to the conditions of a person.

Based on the Table 2.2, there are several examples are presented for each type of relativity on luxury perspective.

Table 2. 2. Relativity of Luxury Items

Example of Non-Luxury	Type of Relativity	Explanation
Clean air	Regional relativity	A luxury in Jakarta, but not from the perspective of most people
Color TV	Temporal relativity	A luxury in the 1950's, but not from today's perspective
VW Polo	Economic relativity	A luxury for a student, but not from a gross-societal perspective
Gold teeth grill	Cultural relativity	A luxury in the hip-hop scene, but not from the perspective of the upper class
McDonald's Hamburger	Situational relativity	Might be a luxury after a strict diet, but not under normal circumstances

Source: Heine, K. (2012) p.69

Accordingly the importance of quality for luxury can be explained by using these types of relativity. For example, in terms of temporal relativity, people desired to have luxury goods because of their unique design in the past, but the current perspective is to have the luxury goods with premium quality. Moreover, recently the consumers are more aware of the value of their money so that it lets them to prefer the durable and high quality products even if luxury goods and this situation can highlight the link between the quality and luxury regarding economic relativity.

Luxury Classification

In the last decade, many articles and books, either directly or as an auxiliary case, indicate that multifarious classifications of luxury have been identified by many names. However, in this research some of them can be helpful to define the positions of companies. This subject will be discussed comprehensively after.

According to our research, the first classification was defined by D'Arpazio. This report claims that luxury composes three layers with "3 A's" in order to segregate the market on brand positioning (Bain & Co., 2007).

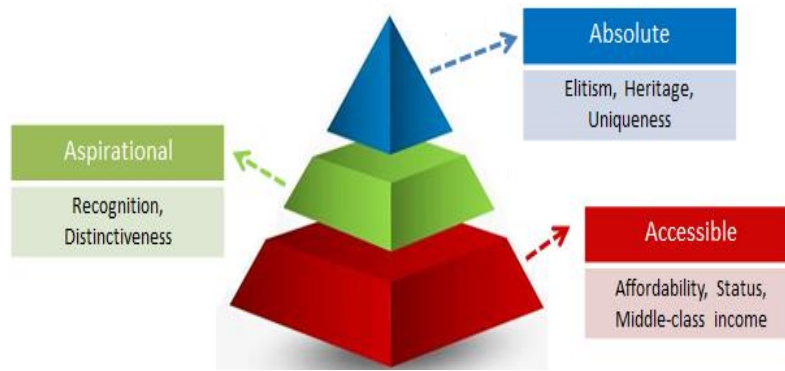


Figure 2. 2. The Three Layers of Luxury
 Source: D'Arpizio, C. (2007)

The first level is Accessible Luxury that is characterized more affordable than other levels. In other words, the products in this segment are easily reachable by consumers in middle-class income. According to them, having this product is a sign of status. However, the accessible luxury products are manufactured in large quantities; they still keep higher the customer satisfaction. Burberry coats, Chanel perfumes and Omega watches are typical examples of affordable luxury products.

Another level in luxury brand is Aspirational Luxury that carries some features such as distinctiveness and recognition to offer an exclusive experience to the consumers. Gucci and Louis Vuitton represent this luxury level with owning the largest rate of luxury goods.

In the level of Absolute Luxury, elitism, heritage and uniqueness are common features of the brands. National identity and craftsmanship are directly related luxury such as Hermes and Harry Winston exhibit these characters prominently.

According to the research by conducting Bain & Co., firstly, accessible and aspirational luxury levels broadened in the early phase of market evaluation and after 2000, the absolute luxury level has started to extend as shown below:

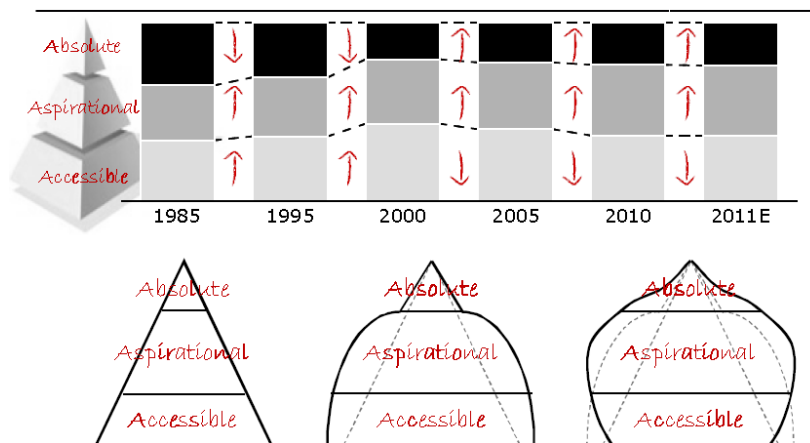


Figure 2. 3. Worldwide Luxury Market Evaluation by Segment
 Source: D'Arpizio, C. (2012)

Luxury Goods and Non-Luxury Goods

Luxury products have distinctive characteristics that come into the consumers' mind about relatively high level of price, premium quality, aesthetics, scarcity, outstanding and symbolic context (Heine, 2012). According to the results of Heine's research, the luxury goods term can be defined as; the products have certain specific attributes distinguish from the ordinary goods that include high price, quality, aesthetics, rarity, extraordinariness and symbolic meaning. In general, it is perceived that luxury goods are directly related with their high price rather than non-luxury goods. However, high price is just one of the most powerful features of luxury goods, but it is not enough to evaluate goods according to a single function. There are many other aspects that can characterize and discriminate luxury products.

Luxury goods are the tools to create a positive impression on the other people, to gain social acceptance and status and to meet person's hedonistic needs. All these psychological assets differentiate luxury goods from non-luxury ones. By this way, luxury products give priority on image in place of physical characteristics. In the research conducted in 2003, the three basic characteristics that luxury goods must have in order to distinguish from non-luxury goods are represented as follows (Vickers and Renand, 2003):

1. *Functionality*: It is defined as a characteristic of a product that helps to clarify a specific problem or prevent their appearance, for instance, the replacement of a product because of the damage is prevented by the premium quality and highest durability features of the product.
2. *Empiricism*: It indicates the attributes that affect a person emotionally, such as; unique design, gentility and exclusivity.
3. *Symbolic interaction*: It refers the properties of a product like reputable brand name, noticeable style and design that should meet consumer's desire to gain higher social status or being accepted by the environment.

One of the investigations about the luxury products characteristics showed up the three essential attributes of all luxury goods are listed below (Dewey, 2009):

1. Outstanding creativity and design
2. Marvelous materials and premium quality
3. Scarce and extraordinarily expensive

Based on a survey conducted analysts from KPMG (2010) they have recommended the following luxury product definition: "A luxury good is any branded good, which is commonly recognized in the market as a luxury item or because of its specificity (uniqueness, high price, etc.) acquires luxurious character." Conforming to this definition, the criterion, which gives the label to the product as a luxury good, is decided from the market and the consumers' income level (Plazky, 2014).

Even though lots of definitions already exist for the luxury goods, the most acceptable and extensive study is carried out by the Dubois et al. (2012). In the empirical study of luxury product consumers conducted by Dubois et al. it is defined the features of the luxury goods that illustrated customer-based concept of luxury products. In Table 2.3, their comprehensive definition of luxury product is shown (Dubois et al., 2001):

Table 2. 3. The Definition of Luxury Products

Excellent quality	The first notion is that of perceived excellent quality. The mental association between luxury and quality is so strong that for some respondents, the two words are almost synonymous.
Very high price	The second notion spontaneously associated with luxury, and almost as salient as the previous one, is that of a very high price. Such a perception is established either on the basis of the absolute value of the price or, more frequently, by comparison with non-luxury alternatives.
Scarcity and uniqueness	The third concept associated with luxury is that of scarcity. Scarcity is closely associated with the perceived excellent quality and high prices associated with luxury goods.
Aesthetics and polysensuality	The fourth aspect of luxury involves a strong aesthetic appeal. And, according to many consumers, it should always be the case. At the extreme, luxury products become pieces of art which have to be recognized as such.
Ancestral heritage and personal history	The fifth notion associated with luxury is its anchoring in the past. In consumers' mind, to be luxurious, products and services must have a long history and their elaboration processes as well as consumption should respect tradition.
Superfluoussness	Finally, the concept of luxury implies some perceived superfluoussness or uselessness. Luxury products are not felt to be necessary for survival. It is in this sense that consumers as well as researchers oppose luxuries and necessities.

Source: Heine, K. (2012), p.51

As stated in the table above, several critical factors distinguish luxury goods from ordinary ones and identify different dimensions of luxury goods. The factors of luxury goods are not independent of each other means that if one factor is at a high level, it brings about the high levels of other characteristics by adding further support. As a consequence, luxury product can be described as follows: In their category, luxury goods have some specific characteristics that are more than necessary and ordinary beside the non-luxury goods which consist of premium quality, high level of price, extraordinariness, aesthetics, ancestral heritage, scarcity and uniqueness and poly-sensuality.

Types of Luxury Products

Luxury products can be defined in the research of “The Concept of Luxury Brands” as they are related to the managerial knowledge and have a small share in luxury that covers all products which exceed what is necessary and ordinary compared to the high level of price, quality, aesthetics, rarity, extraordinariness, and symbolic meaning of other products (Heine, 2012).

According to this managerial knowledge, luxury products can be grouped under different categories. In literature review, various types of luxury products were found and the most suitable types were chosen in order to define which kind of product is used in this dissertation.

The selected product types that describes the scope of this work best can be summarized as follows (Heine, 2012):

Personal vs. Impersonal Luxury Products:

Consumers perceive the luxury products as a tool to create their self-image or to enhance their personal life. Generally, “people-related items” such as clothing, glasses, shoes and wristwatches are fit better as luxury products rather than impersonal products such as bathroom equipment and garden furnishing. This paper focuses on personal luxury products, which can be used by an individual to build up personal connection with these products.

Publicly vs. Privately Consumed Luxury Products:

These types of luxury goods are depended on the social setting of consumption, which means that the products are seen or identified by consumer’s attitude. For example, a perfect wine can be used evidently in a restaurant or just all by oneself at home. Although, this grouping is often situation-dependent, this research topic is more related to privately consumed luxury goods.

Accessible vs. Exceptional Luxury Products:

The difference between accessible and exceptional is seen in the selling price, which also impacts their dispersal stage and repurchase rate. Accessible luxury goods such as perfumes are affordable to most of the people at least from time-to-time. However, exceptional luxury products such as private jets are only reachable for very few people. This paper disregards exceptional luxury products, which are available for the small percentage of consumers.

Unique Pieces, Limited Editions, Expanded-diffusion Products:

The exclusivity and production volume/methods can be used to group the luxury goods into the categories such as unique pieces, limited editions and expanded-diffusion products.

The idea of forming a unique masterpiece is helped to create the unique pieces with perfection. Chanel, Christian Dior and Jean Paul Gaultier are the most famous samples of the haute couture clothing with the exclusive circle of couture houses.

The luxury goods are rarely produced in highly limited edition to offer special experience for the consumers. For example, the Guerlain “Kiss Kiss Or & Diamonds” lipstick is created in a limited version of only 100 pieces.

Limited diffusion luxury products have a highly complex manufacturing process because of requiring craftsmanship and competencies. Gucci Bamboo bags, Maybach automobiles and Meissen porcelain figures are perfect examples of this category.

In Expanded-diffusion products’ category, the production has still quietly constrained capacity comparing to mass-market products, but the process is more likely serial production. Examples include Dolce & Gabbana jeans, Poggenpohl kitchens and Porsche automobiles.

In this dissertation, we deal with expanded-diffusion luxury goods category to obtain wide-range vision.

Conspicuous vs. Understated Luxury Products:

In this category, the luxury products are grouped depending on their conspicuous attributes. In addition, the product image is related to being expensive according to this kind of producers. For these reasons, the big logos and rich decorations are put on the products as they are seen symbols of high price and wealth. However, the maximum performance, features and size have a critical role rather than product quality and excellence (Kapferer and Bastien, 2009). In the luxury market, the non-conspicuous products, which can sometimes carry conspicuous features, have the largest portion. On the other hand, the common samples of understated products are Jil Sander and Bottega Veneta. Although Bottega Veneta bags do not have logo, they still have a specific design that can be easily realized by connoisseurs.

This research includes especially the understated luxury products because the quality is more important issue for these products. To present better scope for clarity of this research, we can define the luxury products which are personal, privately consumed, accessible, expanded diffusion and understated things to enhance consumers' personal life.

Luxury Industry and Luxury Goods Market

Year by year, the luxury market has grown with 10% growth rate starting from 1980s, a much higher rate than the world economy so that it has made also the luxury industry a relevant economic factor (Atsmon et al., 2010), because the demand of luxury goods increases enormously correlated to the rises in income. Another reason of the rapid expansion of market is that the luxury industry is spread over many producing and selling areas, which have a very broad product portfolio such as automobiles, yachts, wines and spirits, fine art and collectables, fashion and clothing, watches and jewelry, leather goods and accessories, cosmetics and fragrances, technology, furniture and decorations and others including luxury hospitality, clubs and spas. Moreover, increasingly wide income divergences, higher levels of education, and greater awareness of other cultures' ideas of the good life have generated new categories in luxury market (Silverstein and Fiske, 2003).

Moreover, Bain & Co. have grouped the global luxury market into nine segments; personal luxury goods, luxury cars, designer furniture, fine food, luxury wines and spirits, luxury cruises, luxury hospitality, yachts and private jets. Considering entire segments, Bain & Co. reported that in 2014 the overall luxury market surpassed €850 billion. Although the overall growth is 7%, the luxury cars have been leading the growth by 10% and luxury hospitality's growth is 9% (Bain & Co., 2014).

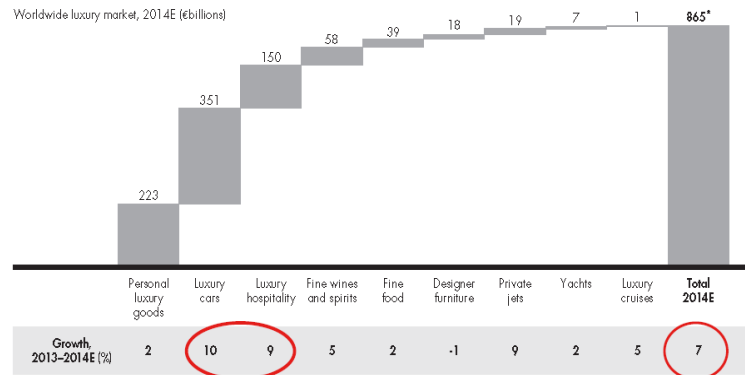


Figure 2. 4. WorldwideLuxury Market, 2014E (€billion)

Source:Bain&Co. (2014)

The personal luxury goods are still the core of the luxury market. Although its growth rate changes slowly, it has the significant share between other luxury segments. During the financial crisis in 2007-2008, the sales of personal luxury goods were faced with a sharp decline. Fortunately, the global personal luxury goods market has made a strong recovery from the crisis, especially the Americans (Bain & Co., 2014).

The crisis also has affected the consumer behaviors in the luxury market. In the 1990s, many people who were placed in conspicuous consumption thought of luxury goods generally in casual manners; brand image sometimes had higher significance than quality. Then, consumers got awareness about the value of their money and started to choose subtle brands rather than flashy logos (Bellaiche et al., 2010).

Generally, the consumers in luxury industry give importance quality, exclusivity and craftsmanship in the purchasing process of luxury goods. Besides, the “Made in” value, especially “Made in Italy” and the importance of “Word of Mouth” are strongly considered during purchase decision according to report of Boston Consulting Group (Achille, 2015).

At the end of 2014, Bain & Co. has published the latest economic outlook throughout worldwide in the study of “13th Luxury Goods Worldwide Market”. We can mention of this study briefly:

- Americans- Although the higher growth rate had been expected in the US, it was quietly sufficient in 2014 by 6%. In addition, Canada and Mexico exhibited positive performance in growth. Unfortunately, Brazil in the same region announced disappointing results because of the local currency devaluation.
- Europe- Eurozone posted 2% growth rate. However, it struggled persistent economic challenges, socio-political tensions in Eastern Europe, and less dynamic tourism.
- Japan- in 2014, Japan had growth leadership position again with an increase of 10% at constant exchange rates. Furthermore, it was the best performance in the real market.

- China- As a result of greater controls on luxury spending and changing consumption behaviors, China had a decline trend in growth rate, -1%.
- The rest of Asia- South Korea updated its position as a trendsetter and influencer for fashion and luxury. On the other hand, Malaysia and Singapore stumbled by the Malaysian airlines' accidents. India has also a critical role in the luxury market of Asia. Although, it had shown the fastest growing rate in Asia region in 2012, the lower growth rate had been released in 2014 due to the lack of governmental implementations (Deloitte, 2014).

In addition, the emerging economies are valuable markets with the growth rate 5.1% in 2014 and expected growth rate 5.4% in 2015 for luxury industry (KPMG, 2014). According to KPMG Sector Report, several African countries are forecasted to be fastest boosting in the overall world because of GDP growth performance related to oil production.

The global personal luxury goods market was surveyed by consumer nationality; the result was quite surprising because of the fact that Chinese consumers had a third of the global market in 2014. With the other words, touristic spending for luxury goods has more impact on global markets than local consumers' spending (Bain & Co., 2014).

The channels in which the luxury products are sold were reported by Bain & Co. in 2014 as the ratio of company-owned retail sales has increased by 10% from 2007 to 2014 and also, it had taken up more space than wholesale channels. In briefly, the retail channels boosted 5% with new-store openings and like-for-like sales in 2014. More than one third part of the overall market was occupied by mono brand stores. In the last years, the 5% of luxury sales in Asia and Europe came through the airport channels because the beauty product category has the largest segment in airport retail.

Moreover, with the developing internet, the digital shopping came into prominence in the last decades. The online luxury market is dominated by accessories and apparel. Department stores, e-tailers and individual brands perform in the online market. However, some individual brands still are not selling their products via online. Because, although the internet can be beneficial for the luxury brands to enhance their brand image and also it can increase brand awareness, it is perceived to reduce the exclusivity (Nguyen, 2004). The figure shows the online personal luxury goods market in 2014. Accordingly, it can be said the Americans spent more money in online luxury markets than rest of the world.

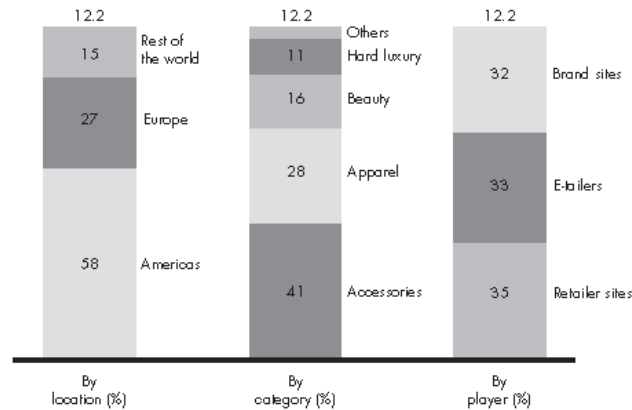


Figure 2. 5. Online Personal Luxury Goods Market, 2014E (€billion)
Source: Bain&Co. (2014)

In the beginning of this part, we have mentioned that the expected growth rate is 10% year by year. However, the growth trends can be shifted by slower and more sustainable one. By the way, the overall luxury goods market will be resulted growth rate from 4% to 6% until 2017 (Bain & Co., 2014).

In the near future, the experience of luxury will be entirely transformed by development of Luxury 2.0 as augmented reality, 3-D printing, cashless payment and facial recognition. These developments will influence the luxury industry by building awareness and catering new customers.

2.1.1. THE LUXURY FASHION INDUSTRY

Luxury can be defined in many different ways; but, anything which is beyond the essential necessities and highly associated with expensiveness can be connoted the luxury term generally. As mentioned in the previous title, luxury covers many categories and historically people have altered its meaning in many times according to the era in which we live in. Moreover, they have discussed luxury itself, such as in the past, having good education for person or the building of a temple for public was regarded as luxury. Besides, in 17th century the feminization of luxury has started and this trend affected not only women's but also men's wardrobe. This date could be assumed the birthday of the luxury fashion industry which will be the subject of our analysis (Ward and Chiari, 2008). In other words, the personal luxury goods such as watches, clothes, shoes, etc. which are mentioned in the part of types of luxury product have been more attractive since many years.

Researchers are always interested in fashion and its relation with luxury. Much of what is said here about fashion which is more than a product indicates the reflection of cultural, social, economic and artistic status or the feelings of identity, personalization, to fit-in, completeness or elitism (Ward and Chiari, 2008; Arnold, 2001; Evans, 2007).

According to Simmel, Blumer and Lipovetsky, fashion is characterized by social changes which influence the fashion industry. Furthermore, Svendsen claims that the advice of the so-

called ‘fashion forecasters’ cause some impacts in the fashion industry. Consequently, the three main types of fashion were figured out by Svendsen considering the social changes (Svendsen, 2006):

- **Luxury fashion:** It is made to measure and is positioned the top at the high-end of a price range. Haute couture which is the most expensive section was “invented” by Charles Worth in 1846 in Paris. At the same time the sewing machine was invented. After those developments, Richard Martin had inferred that fashion became a modern entity with internal personal and social requirements with costume (Martin and Koda, 1995).
- **Industrial fashion:** It is produced with mass production and covers a wide range of clothes from expensive designer to the cheapest shopping chain. This trend was triggered in the 1980s by importing of apparel, textiles and accessories of American and European producers and retailers (Gini, 2007).
- **Street fashion:** It is related to various subcultures which come from the poorest people in the street (Svendsen, 2006).

In the last decades, the luxury fashion industry is leaving *haute couture* trend and it is shifting with prêt-à-porter (ready-to-wear) apparel (Svendsen, 2006). It meant that there is a change from the enormously exclusive goods to less expensive and ordinary ones and not only in the luxury fashion industry but also in the other luxury sectors such as leather goods, shoes, furniture, watches, cosmetics, cars, yachts, food and services (Brun and Castelli, 2013).

Economically, there are no certain numbers about the luxury fashion industry but the global spending of personal luxury goods was announced by the Boston Consulting Group as totally €290 billion in 2014 (Achille, 2015).

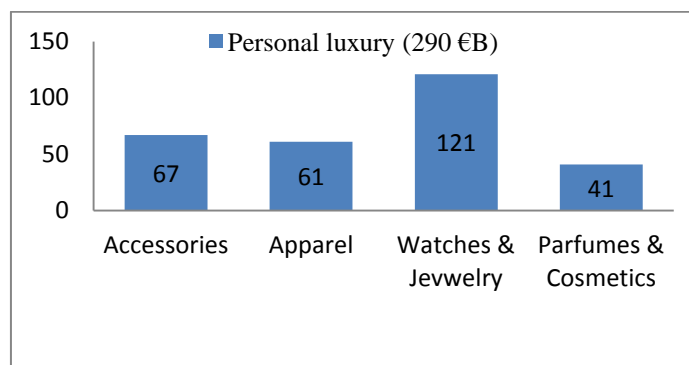


Figure 2. 6. Worldwide Sales of Personal Luxury Goods, 2014E (€billion)
Source: Bain & Co. (2014)

Although hard luxury which consists of watches and jewelry had the biggest share, accessories that cover the segment of luxury shoes and leather goods obtained the highest growth rate according to Bain & Co. (2014). It proves that accessories are undoubtedly the luxury

market's most-loved category. The growth rates of all segments of personal luxury from 2007 to 2009 and 2009 to 2014 can be seen in Figure 2.7, which is below:

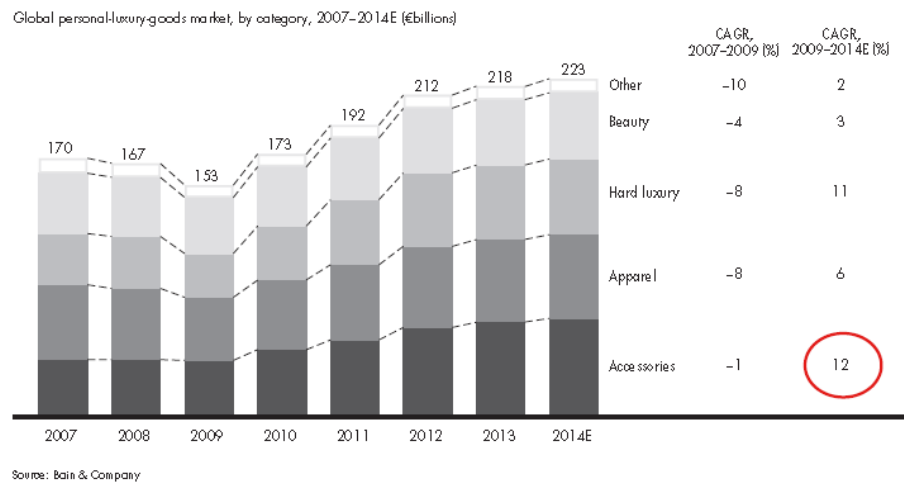


Figure 2.7. Global Personal Luxury Goods Market by Category, 2007-2014E (€billion)
Source: Bain & Co. (2014)

2.1.2. CRITICAL SUCCESS FACTORS IN LUXURY INDUSTRY

As stated earlier in the research, customer value proposition has become one of the most extensively used captions in the luxury fashion industry in recent years. Luxury brands care about giving more attention to the consumers' needs and desires to keep strong aspect in that competitive sector. According to the communication with the consumers, their business strategy is defined in order to achieve competitive advantage in the market. Some elements called "critical success factors" (CSFs) which let a firm to become well-known and successful in its own business segment are specified to increase the company's performance with regards to the competitors.

Critical success factors are the mean features or attributes of the product or service design which ensure a firm to become successful in the specific market segment in that business. By the other words, it is the answer to the question that why the customers choose the firm's product or service rather than the competitors' ones due to those specific features (Rockart and Forster, 1989).

According to the comprehensive literature review about the luxury industry, the most frequently indicated and the most relevant CSFs are following (So et al., 2013; Bellaiche et al., 2010; Brun et al., 2008; Jackson and Shaw, 2009; Brun and Castelli, 2013; Kort et al., 2005; Caniato et al., 2008; Erdtman and Hedinge, 2010; Mahyari, 2013; Okonkwo, 2007; Hoffmann and Coste-Maniere, 2012; Nueno and Quelch, 1998; Hanna, 2004; Aiello et al., 2010; Dahlhoff, 2013; Daurtz and Tochtermann, 2012; Amatulli and Guido, 2011):

- **Premium Quality:** Constant introducing the superior quality of the final goods and total supply chain both in the way of breakthrough quality of material and specifications of product conformity.
- **Recognizable Style and Design:** Attracts consumers emotionally with its unique and glamorous appearance. The firms should create exclusive goods thus the consumers do not need to see label on them to notice the brand. The luxury goods must appeal to the customer with their peerless and aesthetic attributes.
- **Country of Origin:** The country of origin impacts on consumer perception and purchasing intentions are considerably high due to the image and the reputation of a specific country that consumers associate with the certain products such as chocolate from Belgium, electronics from Japan.
- **Emotional Appeal:** While evaluating brands, consumers primarily use their personal feelings and experiences rather than brand features. In terms of shopping experience, point of sale environments must be shaped to cultivate desired emotions and eliminate undesired ones. In addition to the creating excellent atmosphere, service level like product availability, variety and the rapidity given by the firm should be above the standard limits in order to meet the client's expectations and needs.
- **Global Brand Reputation:** Consumers expect brands to deliver the same values on a worldwide basis which means consumers are not disposed to tolerate inconsistencies in terms of the core concept of the brand. Having a strong global reputation of the brand points out the company has the world-class superiority image.
- **Heritage of Craftsmanship:** When the customers are purchasing high price or special goods, they need to know a lot of handwork and craftsmanship involved to manufacturing of that product to feel comfortable that their money is well spent. In recent years, craftsmanship becomes a crucial marketing message for luxury brands since they believe behind the craftsmanship, there are magical hands that are creating something special, unique and high-quality goods.
- **Lifestyle Creation:** As the world's one of the most famous fashion designer Coco Chanel asserted that fashion is part of a lifestyle. "Fashion is not something that exists in dresses only. Fashion is in the sky, in the street. Fashion has to do with ideas, with the way we live." she said half a century ago.
- **Uniqueness:** The trend of consumer behaviours on uniqueness is finding a high level of similarity to others undesirable and seeking to differentiate them adopting a different kind of attitudes. Customers wish to distinguish themselves by purchasing products with exclusive style that is an extension and representation of who they are. The strategy of luxury firms must be to give quick response of changing styles and trends by adopting new and distinctive products.

- **Exclusivity:** Producing the products via using the sparse materials founded from the environment in a limited editions and production lots for the exclusive consumers. Luxury brands must continue to maintain certain degree of exclusivity from the shopping experience to the touch-points it associates with the consumers.
- **Superior Technical Performance and Innovation:** The brand based on technical facility like private airplane needs to represent ultimate performance in order to impress their consumers emotionally. Concentrating the continuous innovation can leverage the brand image and distinguish luxury goods from the standard ones.

It is not possible for a product or service to comprise the entire set of CSFs mentioned above in order to be distinguished in that segment. The group of these factors will bring the privilege position for a company in the competitive area of luxury industry.

Nowadays, consumers started to realize the importance of their money and in order to be satisfied with the product or service they head towards the higher quality. Higher quality means less deficiency, failures, errors or customer dissatisfaction and that result in less cost because of the long reliability period of the product.

Despite the fact, all the other CSFs are also influential but in this research the main focus will be on the “premium quality” as the current literature review showed us that the most crucial indicated issue of the luxury good industry is quality. As well, according to the research results that made with the twelve companies, the more frequently indicated success factors are determined as brand reputation, product quality and the country of origin. (Brun et al., 2008).

2.1.3. CONSUMER BEHAVIORS IN THE LUXURY INDUSTRY

When we say, “luxury consumer”, the image of the woman with the endless money or limitless credit card comes into many of the people’s mind. In spite of the fact that the female luxury consumers are covered enormous proportion of the luxury consumer market, men and children have also extensive role in that industry. Today’s luxury consumer is different than the consumers having money in the past. It becomes more difficult to understand the current luxury consumers’ behaviors and expectations and satisfy their needs. Today luxury consumers would like to be surprised, impressed, fascinated, charmed, pampered and continually pleased without stop. They are smart, powerful, individualistic, highly demanding, have high expectations, have disposable attitudes and have strong values and principles. Besides this, the competitive environment of luxury products is growing by speedily and staying with the strong appearance for the brands is getting harder. Keeping the consumer’s interest high level and retaining their loyalty is more challenging. In today’s marketplace, luxury retailers must give more attention to find how their brand can boost its value. This should start with the defining their core customers and creating comprehensive image of their brand.

There are already two dominant groups within the luxury consumer community. The first group is called as “traditional luxury consumer” who is adorable well constituted brands like

Gucci and Prada. On the contrary, the second group is a little bit different and has a large proportion of luxury customers; they are known as “new luxury consumer”. It is not enough to attract this group by only brand names; they are looking for embrace a complete appearance of the products or services that provides innovative and remarkable experience. They are totally conscious and are not deceived by the baleful and sloppy luxury offerings (Onkowo, 2007).

In another study that is conducted by the Boston Consulting Group and Fondazione Altagamma (True Luxury Global Consumer Insight, 2015), with over the 10,000 top luxury consumers analyzed in ten countries. As stated in that report, “the true luxury global consumer segmentation” is identified as follows:

In the year 2015, there are 2.2 million **absolute luxurer** (“*Luxury is my commodity*”) who are the luxury consumers spend €67 billion on luxury items in a year with an average budget of €30 thousand head aged between 35 and 45 in emergent markets. They buy both personal and experiential luxury, mainly, leather goods, clothing, jewelry, watches and exclusive vacations. For them, exclusivity is fundamental.

There are 2.5 million **megacitier** (“*World is my city. City is my world*”) consumers concentrated in Brazil, China, New York and European capitals between 30 and 35 years old. They spend nearly €17 thousand a year generating €41 billion. They concentrate the luxury spend on leather goods, clothing and the exclusive vacations. They all enjoy the same tastes and holiday destinations. They transform local trends in global phenomena.

There are 2.8 million **experiencer** (“*Luxury is real only when shared*”) consumers have risen in Japan, Europe and the U.S.A. between 45 and 50. With an annual budget approximately €13 thousand a year, they generate €35 billion. They invest more in holidays, food and hotels spending abroad in personal luxury.

There are 2.8 million **fashionista** (“*In fashion I trust*”) consumers mostly women between the age of 35 and 40 represented in China, Russia and U.S.A. They spend on average €8 thousand generating €22 billion in a year. They buy mainly personal luxury items leather goods, clothing, perfumes and cosmetics. They love design and the shopping is their passport to the magical kingdom of luxury.

There are 1.6 million **little prince** (“*Luxury is my fun*”) who are young luxury consumers aged between 18 and 25 mostly from emerging markets. They already spend €10 thousand each generating €17 billion for a market. They mainly buy leather goods, clothes, perfumes and cosmetics.

There are 1.8 million **social wearer** (“*Luxury should drive a better world*”) individuals aged between 35 and 40 mainly from France, Germany and Brazil. They spend on average €10 thousand a year generating €17 billion market. They mainly shop for leather goods, travels and furniture. For them, quality, sustainability and made in label are essential and also the luxury is a green copy of the better world.

There are 2.1 million **status seeker** (*“I show then I exist”*) consumers aged between 35 and 40 mainly Asian but also American. They spend €7 thousand each per year generating a market world €14 billion. They love to shop leather goods, clothing and hard luxury usually in a large flagship store with an immersive digital experience. What celebrities wear also is crucial for them and the commercials on TV can strongly influence them.

There are 3 million **classspirational** (*“I saw it on my boss”*) consumers aged between 30 and 35 years old with the strong presence in South Korea, Germany, France and Russia’s spending on average of €7 thousand a year creating €8 billion market. They do not like experimenting; prefer classic clothes, perfumes, cosmetics and bags. They compare prices online and buy duty free as an alternative of multi-brand stores. For them, affordable luxury is the best way to be accepted by their community, especially at work.

There are 2.3 million **timeless proper** (*“Fashion passes, style remains”*) female consumers, mostly Americans, Japanese and English between 40 and 45 years old with an annual budget approximately €9 thousand they generate over €21 billion annually. They usually purchase handbags and shoes always caring about the made in label and quality of materials. These women usually do shopping in stores located in exclusive areas with limited digital presence.

There are 2.2 million **omnigifter** (*“Oh darling, you know I care of you”*) luxury gentlemen aged between 45 and 55 with the strong presence in mature markets spending on average €10 thousand a year creating €21 billion market. They buy jewelry, vacations and food. When buying gifts, superior quality and customer experiences are central to them. They usually prefer department stores with enjoy with the staff and relax environment. For them, luxury is about making the loved one happy and gifting is the natural approached to the luxury world.

There are 1.5 million **lux immune** (*“Well, I can, but do I want?”*) consumers, are present in Japan, U.S.A. and Europe aged between 50 and 55 years-old spending an average a little less €4 thousand a year creating €6 billion market. Luxury for them can only be craftsmanship and timeless items. They are usually not price sensitive and they buy leather goods and clothing. They choose what to buy based on advice received from their friends.

There are 1.2 million **rich upstarter** (*“Luxury I am coming”*) individuals aged between 35 and 40 years old coming from emerging markets, especially China, Russia and South Korea spending an average €4 thousand a year creating €5 billion market. They are unsophisticated customers who just approach luxury leather goods, perfumes and cosmetics of well-known brands. Social media, celebrities and commercials on TV have a strong influence in driving their choices.

When we look upon the luxury term from a wealthy consumer perspective, it is defined by the three main features. 73% of consumers see the premium quality as the most important characteristic of a luxury item. At the same time, 54% of the group thinks that the brand’s design is a vital attribute while the other 47% considers that as a customer service (Epsilon-Luxury Institute, 2014).

In the literature review, there are various studies has conducted by different specialists and foundations about the luxury consumers classifications. The most comprehensive and current study is carried out by the BCG and Fondazione Altagamma in 2015 called as “The Luxury Global Segmentation”. As a result of that study, the luxury consumers are grouped into the twelve main types. In each day, with the changing the consumers’ mind and lifestyles, their segmentation will be refreshed.

Retail strategies of luxury brands

The luxury customers of today are more and more expecting for goods that have excellent quality, outlook, influences, characteristics, timeliness and sustainability from those of as twenty years ago. Furthermore, consumers become aware of the luxury brands’ country of origin, their brand values and their positioning in that sector. It becomes more important to luxury brands to offer unique and excellent service with the high quality products and create the steady brand loyalty with their consumers. The future of luxury brands will be shaped by five main factors that are exclusivity, customer relationship management, diversification, brand heritage and world-class growth.

Several strategic actions required to be made in the analysis of the luxury consumer market. They will be a guideline while the brands are positioning themselves and determining their overall corporate strategy. By understanding the luxury consumers’ behaviors, the luxury brands will gain a competitive leverage in their business area. The following compulsory cues are crucial in order to achieve this objective:

- Remain innovative, cutting-edge, original and forward-looking
- Accommodate production unit for the large turnover
- Clutch the mass fashion brands as accompaniments instead as challengers
- Identify the distinct brand and market positioning
- Never compromise your strong luxury and premium image

2.1.4. THE LUXURY SHOES INDUSTRY

While describing the fashion industry, luxury shoes and leather goods are shining star in this industry due to the highest growth rate. Meanwhile, shoes are perceived as the presentation of status symbol and according to Bain & Co., every year from beginning of 2012, that segment has increased more than luxury leather goods (2014). One reason for that change can be the fact that shoes are very eye-catching but also significantly more affordable than bags. Now, we deeply focus on the analyzing of luxury shoes industry which is the main purpose of this dissertation.

Mostly, the shoes are seducing the women’s imagination from Cinderella to others. On the other hand, men are becoming more focused their appearance and so they have begun to spent

money for purchasing of shoes as much as women to complete their perfect looking. The luxury shoes are always attracting everyone because of its beauty, quality and elegance. Especially, they are known as the reflection of perfection and creativity as a result of its quality and craftsmanship.

In the luxury shoes industry, the success is directly related with fashionable design, craftsmanship, technical skills, creativity and superior quality that are highlighted features by the most popular shoemakers. Notably, Italian style is the assurance of quality that characterizes the excellence of Italian craftsmanship.

Although shoes have been made of leather since time immemorial, nowadays the luxury shoes industry uses just 100% finest leather in their products. Linings and uppers can be natural or coated fabrics. The rubber, man-made fibers and compositions are used, especially, for the heels and other shoe components. Moreover, unique and innovative designs can be particularly effective on the luxury shoes industry. For that reason, many shoemakers rarely can utilize unique materials such as cork, vinyl, Lucite, wallpaper, diamonds and 24-karat gold.

Whereas the luxury shoes brands have sold their goods at a high price, which reflects its quality and emphasizes its exclusivity, this industry includes many significant brands. According to top ten luxury shoes, the most popular brands are Jimmy Choo and Christian Louboutin which are also leading the fashion trends (The Richest, 2013). Jimmy Choo, which is founded in London in the early 1990s, offers excellent artistry, fashionable design, and exceptional Italian craftsmanship to the sophisticated clients. The other top brand Louboutin, is opened first boutique in Paris in 1991. The shoes of Louboutin are instantly recognizable by a bright-red sole that has become its signature. Louboutin has been getting into women's heads with creating shoes which are required technical skills, experienced craftsmanship and high quality.

In addition, Louis Vuitton, Gucci and Alexander McQueen whose shoes are the combination of beauty and elegance are outstanding brands in that list. Quality and comfort are dominant features to characterize these brands. To look up entire luxury shoes industry, this can emphasize that “Made in Italy, traditional craftsmanship and quality” are fundamental aspects for that industry. Even, these are counted as some of the critical success factors in luxury shoe industry to enhance achievement in total performance.

It is a known fact that Italy has an unchallengeable reputation with its shoes and also has contribution on the evolution of shoes industry. For that reason, this research will focus on Italian Luxury Shoes sector. On the other hand, to extend our studying by adding Turkey Luxury Shoes sector will provide a broad framework in order to obtain international results.

Trends in luxury shoes industry;

Luxury shoes industry is very fascinating and each product that is the work of art symbolizes prestige and status. However, it is very difficult to find information on. Generally, the luxury footwear industry stays in extremely competitive and fragmented market because of the low

entry barriers and the main trends of this industry cover shorter cycles, price deflation, offshore sourcing, diversifying to survive and following the demographics (Nguyen, 2004). Furthermore, according to the Boston Consulting Group, next decade in luxury industry will be the consumer era that will drive the industry trends and affect the luxury manufacturers (2015).

The report of Bain & Co. pointed out that the luxury shoes have exhibited one of the top performing luxury categories compared to compound annual growth rates (CAGR) which is in the period of 2000-2011 and 2011-2014. It can be seen clearly in Figure 2.8.

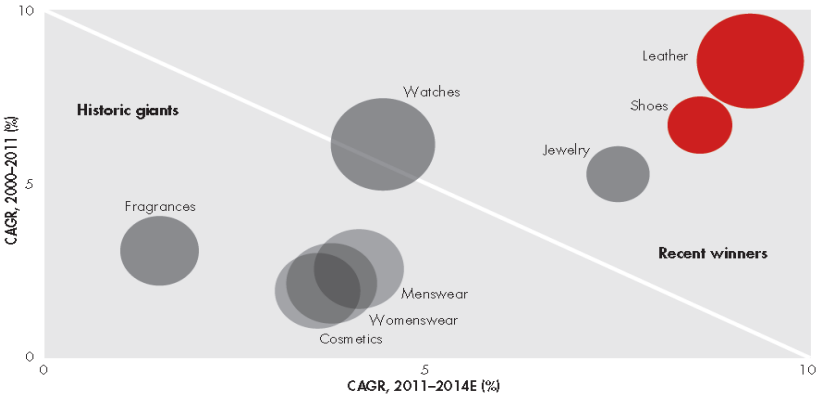


Figure 2. 8. The Compound Annual Growth Rate of Global Personal Luxury Category, 2000-2014E
 Source: Bain&Co. (2014)

In addition, the shoes within the luxury segment have wide-range products because while season is changing, the new products are released. That leads to start new trend which is about consumers purchase styles at any price. According to the analysis of EDITD based on online sales, the price and the sales quantity of luxury shoes are not directly proportional, seen Table 2.4 and that explains the consumer attitude about the creativity and design have much critical effects on consumers’ purchasing decision (2014).

Table 2. 4. Luxury Market Price Architecture Based on Available Online Product on the 30th May 2014

Price (USD)	Footwear	Accessories
150-300	5,499	10,561
300-450	5,374	8,862
450-600	7,273	5,935
600-750	6,151	3,067
750-900	4,768	2,953
900-1,050	2,507	2,093
1,050-1,200	1,468	1,930
1,200-1,350	922	1,663
1,350-1,500	623	1,786
1,500-1,650	299	1,327

Source: EDITD (2014)

Sustainability in Luxury Shoes Industry

The companies started to figure out the importance of sustainability in parallel with the quality movements in 1980s. Primarily, they perceived the quality as avoiding low-quality products in the end of manufacturing process. Nonetheless, some of companies viewed quality as a strong business strategy tool and tried to make investment on it. Therefore, the quality was spread not only the earlier steps of manufacturing process but also the upstream processes by using quality standards such as the management of quality standard-ISO 9000, environmental quality standard- ISO 14001 and social responsibility standard-ISO 26000 and the idea of sustainability was integrated into the companies' processes and cultures (The Guardian, 2011). Additionally, the corporate sustainability which looks for new environmentally and socially-conscious sustainability solutions to minimize risks and costs and to improve resource-accessibility and marketing benefits has been obtained in the organizations (Fust and Walker, 2007).

In the light of these developments, companies can gain the high quality within the organization and the long-term success in the market with corporate sustainability approaches. Consequently, the willing of reaching zero-defects and reducing the waste have brought out more environmental friendly improvements in the organizations. Moreover, it can be said that the effective quality management is a critical aspect to be sustainable and the companies cannot regard this consideration and they can invest in the quality generously.

Around the globe, fashion consumers' awareness of environment has increased and they have become more environmentally conscious. Thus, the importance of sustainability cannot be ignored in order to pursue competitive advantage in luxury fashion industry (Business Insider, 2010; Rassart, 2012; Bigwood, 2013). Consumers' expectations from sustainability are using of ecologically unexceptionable textile materials, limited consumption of resources, decreasing the emission of contaminants, maintaining the better social responsibility and suitable manner of treating the employees. Some of the countries have legislation for companies about the prohibiting the use of harmful materials in order to manufacture more sustainable products. However, unfortunately, the numbers of people who are willing to pay more for the environmental friendly products are very few. Building sustainability into the manufacturing processes seems to be extremely difficult and hard to achieve since it is one of the largest trends in manufacturing today. On the other hand, the luxury brands have to gain that consciousness and give more importance to sustainability during their manufacturing processes. With starting to implementation of sustainability practices, brands will gain value and strong loyalty among consumers.

Rapidly changing trends in the fashion industry bring about lots of waste and negative environmental impacts; it emerges the necessity of concentrate on improving sustainability. Even though an approximately 60% of luxury brands are doubtful and unwilling to integrate sustainable management; remaining ones are seeking the ways to produce luxury goods in an environmentally sustainable manner (Mauer, 2014). That is why they are changing the

traditional materials with the sustainable ones like bio-based, natural, recycled and renewable materials. The Italian fashion label Prada that specializes in luxury goods such as leather accessories, shoes, luggage and hats, is the primarily example of transforming non-luxury materials to the sustainable, luxury goods. Prada also implements the Cradle-to-Cradle (C2C) techniques which are the methods to produce goods efficiently and essentially waste free, in designing its luxury fashion items (Innovation Seeds, 2012). In C2C manufacturing, the inputs and the output of the process are considered as technical recycled or reused supplements or biological composted or consumed supplements (The Dictionary of Sustainable Management, 2015). Prada practices eco-manufacturing production and develops various luxury goods from renewable and recyclable materials.

More than 87% of the overall environmental footprint takes place due to the textiles, apparel and luxury goods companies. Their negative impacts on environment are excessive water use, greenhouse gas emissions, waste generation and disposal (Newsweek, 2012). Among these, the luxury footwear industry has an enormous impact on the environmental footprint in terms of requiring high amount of energy to produce and delivering the goods. In the investigation of “Sustainable Manufacturing Research Group”, every year less than 3.5% of the 20 billion pair of manufactured shoes is passing to the recycle process or reused. This means that huge amount of worn or useless shoes are transferred to the waste area for disposal (Rahimifard, n.d.). Rahimifard introduces the circumstances after the shoe completed its life cycle. Due to the destructive chemicals are used in the tanning process, it creates a trouble for the waste areas. Moreover, some kind of glues that consist of hazardous contents such as benzene and toluene, are dangerous components used in manufacturing process. Materials those are capable of being biologically decomposed by microorganisms or enzymes like leather and wood generates methane and greenhouse gases when they are composed in disposal area (Grahame, 2014). In addition, since the luxury shoe manufacturing is directly related to transforming animals’ skin to the leather goods which requires huge amounts of energy and some kinds of toxic chemicals (Friedrich, 2007).

Leading companies of the luxury shoes industry are taking a big step towards the sustainability practices. They are integrating the materials that are sustainable into their production process. In order to miniaturize their adverse environmental impact, some of the companies are now going over their manufacturing process by concentrated on substances and operations from the first stage to the end of life. Besides, companies gain the strong reputation, cut down operational costs and that allows perception of consumers willing to pay more for sustainable goods.

2.1.4.1. TURKISH LUXURY SHOES MARKET

Turkey is known as one of the most shining economies in Europe. The country has the rapidly emerging luxury market and it is one of the best shopping destinations around the world. By the result of the positive economic situations, lots of shopping malls and exclusive store openings, the current value in the luxury goods market is growing each year. The Boston

Consulting Group has reported in 2012 that Istanbul is ranked 10th in growth in the luxury spending list. Undoubtedly, by the increased rate of 400% in the past ten years, Istanbul is the heartland of the Turkey. The expected growth in the luxury spending is 15% in every year for the next five years (Roberts, 2014).

The Boston Consulting Group has prepared the three different indexes that provide to analyze the cities' situations of luxury consumptions by using the 550 cities which have the highest GDP per capita. According to the 1st index called "Metrolux Growth Index" that shows the expected growth rate of the cities for the luxury consumption between the years of 2012 and 2017, Istanbul is the 10th city on the list. For the 2nd index called "Total Metrolux Index", Turkey is the 26th in terms of the expecting the potential luxury consumption amounts of the cities in 2017. Finally, the last index called "Total Metrolux Index" is the combination of two indexes that orders the cities according to the speed of growth and size of the luxury consumption, Istanbul is the 21st. They point out that the Total Metrolux Index needs to be considered with the volume of the luxury stores in the cities. In Istanbul, the concentration of the stores is in the point that it should be while the cities like Milano and New York still need more luxury stores (BCG, 2014).

By increasing the percentage of working female population in Turkey, women take the financial independence and prefer to spend their money for the luxury products, especially for the luxury accessories and designer goods. Since the luxury bags and shoes are the symbol of the status, they are irrevocable accessories for women. In this manner, with the help of establishment modern manufacturing facilities, having the best quality raw materials, working with the high educated and skilled employees and creating the unique design products, Turkey's footwear industry has expanded at a rapid step. Besides, the other strong evidence of positive development is the risen investments of foreign in that sector. There are lots of opportunities for the foreign luxury shoe brands to enter the market or making partnership with a numerous experienced Turkish shoe retailers (Republic of Turkey Ministry of Economy, 2014-(1)). According to the research conducted by the Deloitte Turkey about the Turkish retail sector, it is stated that apparel and footwear retailing is one of the most promising sectors as the high level of investments realized in recent years. It is estimated that this sector will enlarge with a compound annual growth rate of 8% in the next five years and will arrive at €37 billion in 2018 (Vardar and Yalta, 2014).

It is conspicuous that the footwear industry is directly relevant to the leather industry of Turkey. Turkish leather goods industry is becoming the prominent in the world leather industry with its 500 years of historical background and adopting new technologies. According to the 2013 data of Turkey's leather sector, the export amount was about €1,626 million (Republic of Turkey Ministry of Economy, 2014-(2)).

By being on the 3rd place in Europe and 9th place throughout the world with 230 million pairs of footwear manufacturing, Turkish shoes industry aims for enhancing its share in international footwear market with its branding and design. The size of the footwear sector in

Turkey has reached €3.2 billion. Country is planning to increase its share in the world shoes market with design and branding strategies. As Jaklin Guner who is the Turkey's one of the leading local footwear companies Ziylan Group's (FLO) CEO expressed that the pair of shoes purchasing by one consumer is 2.5 in a year in Turkey market. This number is 5.5 in Europe and 7 in U.S.A. She also added that this number shows us the potential growth of the footwear market in Turkey (Son Devir, 2013).

Turkish shoes industry sells 90% of its production to the domestic market. 67% of the production is carried out in industrial enterprises while 33% of the production is realized in semi-industrialized enterprises or hand-production plants. The majority of businesses in the sector are concentrated in Istanbul and Izmir. Approximately 50% of the productive business operates in Istanbul. Izmir, Konya, Bursa, Ankara, Gaziantep, Manisa, Denizli, Adana, Malatya and Corum are the other major cities where the shoes production is made (Republic of Turkey Ministry of Economy, 2014-(1)).

In recent years, trendy collections are being prepared in design oriented Turkish footwear sector. Special consideration is also given to training activities about the production processes and design steps. Associations and organizations within the sector met and established Turkey Footwear Industry Research, Development and Education Foundation (TASEV).

If we mention about the export status of the Turkey, in 2008, \$344.9 million in export caught \$733.3 million in 2013 and increased by 32.5% compared to previous year. The percentage of Turkey's share for export in the world is 0.46% which indicates that Turkey has the domestic market oriented production structures. Major markets for the Turkish made shoes are the Russia, Germany, England, Kyrgyzstan, Italy, Libya, Iraq, Lithuania, Ukraine and Saudi Arabia. In the Table 2.5, it can be seen that the export growth is speeding up every year. However, the country has not yet reached to a level which is desirable in terms of export in footwear industry. Turkish shoe companies maintain their quest for new markets and they are trying to increase their market share in which they operate; especially they are increasing the export amount to the Western European countries (Republic of Turkey Ministry of Economy, 2014-(1)).

Table 2. 5. Turkey's Footwear Export

Year	Amount (\$ million)
2009	289.47
2010	395.62
2011	441.25
2012	545.92
2013	723.28

Turkey's imports of footwear in 2002 increased compared to the previous year, made from both the EU countries as well as Far East countries; in total of \$16 million shoes were imported. Imports steadily increased after 2002 and reached a record level of \$992.95 million

in 2013 as it is given in Table 2.6. The most important reason behind the increasing in footwear imports over the years is that to reset the tariffs for the EU countries by the agreement of Customs Union. About half of Turkey's imports of footwear are made from China. Italy which is located among the top three countries in the world footwear production and shaping the world shoes fashion is ranked third among the countries to which Turkey imports (Republic of Turkey-Ministry of Economy, 2014-(1)).

Table 2. 6. Turkey's Footwear Imports

Year	Amount (\$ million)
2009	539.47
2010	659.67
2011	871.46
2012	863.68
2013	992.95

It is obvious that the footwear imports are higher than footwear exports in the country since the consumers mostly choose the products with higher quality manufactured by the internationally well-known brands. With noticing this threat, the local manufacturers started to give importance their quality implementations and make a partnership with international brands like Italian shoe brand Lumberjack’s acquisition by Ziylan Shoes (FLO) (Euromonitor International, 2014).

In the report of Ernst & Young, the expected value of the luxury market will reach to (Turkish Liras) TL5.6 billion in 2015. It is stated that between the years of 2012 and 2013, luxury accessories category grew by the 16.6%. Furthermore, it is predicted that the luxury accessories products category will show the most rapid growth with the compound annual growth rate of 11% between the years of 2013 and 2018 (Turhan, 2014).

Some of the key players operating in the Turkish luxury goods industry are Beymen, Hotic, Divarese, Derimod, Yesil Shoes, Inci, Kemal Tanca, Nursace, Tergan, Beta, Ziylan Shoes, (FLO), Elle, Kowalski and Flower Shoes. All of these “Made in Turkey” brands can be classified under the accessible and aspirational luxury categories which have been mentioned on previous pages. They all have reasonable prices, more available and made up of good materials. Furthermore, these luxury footwear manufacturers are mainly located in Istanbul, the center of the luxury lifestyle.

Legislations and Incentives Affecting Shoes Industry in Turkey

The year 1996 is an important milestone for Turkish industries with signed agreement related to the trade and custom rules. The Custom Union in 1996 resulted in removing custom taxes for the European Union member for most of the industry products included also the shoe products. As another outcome of this union, Turkey has adopted to the European Union Customer Terms and tax rates in the trade with the third world. The lower custom taxes implemented to the third-world countries caused to the higher import rates and harmed the

production in the Turkish shoes industry. However, the reason of being a part of this union has appeared and critical developments have been observed in terms export rate of the shoes industry. Regarding to the developments, Turkey has determined its export target for the year 2023 as \$1.5 billion and legalized a lot of government incentives to revive the industry. Mehmet Buyukeksi, the minister of Turkish Exporters Assembly, emphasized that the payment of employee and employer shares and stoppage by the government, TL900,000 interest shore, tax credit, investment grants as a part of new government incentive package will increase the competitiveness of the Turkish shoes industry (Dunya, 2012).

The investment incentives vary depending on the regions in Turkey. The east regions, where the shoe production concentrates, have extremely significant incentive opportunities. The incentives in Gaziantep, one of the most critical provinces in shoe production, investment support rates reach 30%, while tax credits 70% for the investments over TL500,000. Besides that there are some incentives in terms of employer's national insurance contributions and the maturity year of interests. On the other hand, in Istanbul, where the luxury shoe production facilities usually located, the incentive's scope is narrower. In this city, the investment supports are around 20% and the tax credits 55% for the investments over TL1 million. Moreover, the opportunity about the payment of insurance is lower and there is no support for interest's maturity (Republic of Turkey-Ministry of Economy, 2015).

To sum up, the optimistic conclusion is that the Turkish government provides valuable incentives for development of shoes industry; nevertheless, there are some differences between the districts leading to higher tax rates for the cities where the luxury shoes are produced. In conclusion, Turkish government has critical incentives to revive the general shoes industry despite the inexistence of segmental support.

2.1.4.2. ITALIAN LUXURY SHOES MARKET

Italy has always known as the fatherland of the best shoes, which are famous for style, cutting-edge fashion and the high quality, and maybe this expertise comes from land shape like a boot. Furthermore, Italy has always been preferred country by Italian and foreign brands to produce shoes. Gucci, Prada, Sergio Rossi, Tod's SpA, Salvatore Ferragamo, Giuseppe Zanotti, Elsa Schiaparelli, Bruna Magli and Alberto Fermani are some of the rooted and famous brands and although Rosetti, Santoni, Ballin, Fratelli and Roger Vivier are younger brands compared to the others, they are famous as much as the rooted brands.

In the market, Tod's SpA which offers latest fashion shoes to high-income consumers was dominant brand with a share value of 5% in footwear in 2013 (Euromonitor International, 2014). It is accepted that Tod's SpA is the number one company in Italian Luxury Shoes industry in terms of market share.

In Italy, the small and medium size footwear companies (SMEs) have spread out mostly the regions of Marches, Tuscany, Lombardy and Veneto. According to that, Arturo Venanzi, Commercial Director of Franceschetti, indicated that just in the Marches, there are 300 SMEs,

producing shoes, especially for men (FashionUnited, 2014). On the other hand, the less than 20% companies in this area serve the luxury footwear market, above all for women (Italian Trade Agency, 2015).

Besides, luxury footwear manufacturers are mainly located in San Mauro Pascoli in Romagna. There are 270 companies operate, with around 4000 employees, dedicated above all to the production of high quality footwear. Every year in this area 15 million pairs of shoes are produced (Italian Trade Agency, 2015). The story of the footwear industry in San Mauro began in 1850 and then through many decades the companies are well known and appreciated on international markets by professional expertise and perfect craftsmanship which could ensure high quality and fashionable design. Sergio Rossi, Baldinini, Pollini, Vicini and Casadei are the most successful brands in this area among the sector of women's luxury shoes in the world.

Riviera del Brenta, between Venice and Padua, is another critical production region in luxury shoes industry. Since 1200, the shoemaking has been traditional livelihood and the first completely mechanized company in the Italian footwear sector was established here. Nowadays, almost a thousand businesses, including shoe factories, manufacturers of accessories, patternmakers and sales agents, are producing 95% of total capacity of women's luxury footwear (Italian Trade Agency, 2015). LVMH, Armani and Gucci are the most popular client of this district.

The artisan craftsmanship is very significant to reach excellence. That is why every pair of Italian shoes is a masterpiece. Moreover, the Italian shoemakers have special technical skills and work meticulously. The manufacturers emphasized that craftsmanship's abilities create values for consumer so that the companies prefer specialized workforce production rather than industrial production (FashionUnited, 2014).

Another important aspect in Italian luxury shoes industry is the local production which results "Made in Italy" labelling. That is the presentation of superior quality shoes. Therefore, many other country brands have produced their shoes in Italy to enhance upper quality and gain the reflection of Made in Italy. This is evidence for that Italy had the second highest share, 9%, after China in export value around the world in 2013 but on the other hand, Italy was positioned first place in the list of average export price (Worldwide Footwear Yearbook, 2014). The reason of this is that luxury shoes have covered the larger part of export share. Moreover, Russia and Turkey are Italy's most important exports market for shoes (Assocalzaturifici, 2014). Nevertheless, Italian footwear exports were still growing, whilst consumption in Italy is in sharp decline. Most of the purchases of high-end goods were made by tourists, especially in Milan (Bain & Co, 2014).

From the perspective of economic, the whole Italian footwear industry was influenced negatively by both crises on domestic market and a slowdown of sales in Russia, as well as recession in Japan. According to the report of Assocalzaturifici, these difficulties caused declining in performance, number of companies and employees (2015). Briefly, these effects

for the first 10 months of 2014 compared to the first 10 months of 2013 can be seen in Table 2.7. In addition, Italy will be expected to continue this situation in the first part of 2015.

Table 2.7. Economic Overlook of Italian Footwear Industry

		2013 (Jan/Oct)	2014 (Jan/Oct)	% change
PRODUCTION	Millions of \$	8,301	8,327	+0.3%
	Millions of Pairs	202.1	197.1	-2.5%
EXPORTS	Millions of \$	8,970	9,240	+3.0%
	Millions of Pairs	219.8	216.7	-1.4%
IMPORTS	Millions of \$	4,260	4,585	+7.6%
	Millions of Pairs	303.5	329.5	+8.6%
BALANCE OF TRADE	Millions of \$	4,709	4,653	-1.2%
NO. OF COMPANIES (SHOE FACTORIES)		5,186	5,031	-3.0%
NO. OF DIRECT EMPLOYEES		78,093	76,610	-1.9%

Source: Assocalzaturifici (2015)

Legislations and Incentives Affecting Shoes Industry in Italy

There are some important aspects which diverse Italian incentive system from the Turkey's. Italian incentive system is constructed mainly based on the regional administration as similar to Turkey's; however, Turkish incentives systems also vary depending on being inside the organized industrial zone or not as distinct from the Italian's. Italy does not adopt to the clustering form and its incentive system is determined only through the regional system. The Italian government has shifted its incentives, especially to less-developed south cities in order to revive the production in these regions. The investment grants realize about 40% at this part of the country while the rates are about 25% in the north (Yilmaz, 2012).

As similar to Turkey, Italy also implements tax credit incentives in a large scale. For example, in Tuscany, where the luxury shoe production is extremely dense, the 20% tax credit can be benefited depending on hiring high-skilled employees. This situation proves how Italy cares about the sustainable development and growth.

Another incentive issue in Italy is the patents. Especially in the regions "Tuscany and Lombardy," where the luxury production extremely concentrates, the patenting costs up to 80% can be afforded by the government.

In conclusion, the incentive about the patents is a critical point which diverse Italy from the other countries. Italy has the vision of being the leader in luxury products and leads its incentives in this matter. Despite the general support on the shoes industry, it must be considered that there are also segmental incentives through the vision.

2.2. QUALITY MANAGEMENT

“Quality is remembered long after the price is forgotten”- Gucci

In the luxury industry, quality is the most relevant factor to enhance performance of the companies. According to many research, they indicated that the quality improvements such as high service levels, rapid response and premium quality of products and services are extremely vital to bring successful conclusion at competitive market (Brun and Castelli, 2008; Brun et al., 2009). Therefore, quality management has been a popular business strategy in luxury industry.

Firstly, to look up definition of quality is very helpful to provide deeply understanding its management and implementation through the sector. According to prevailing Japanese philosophy, quality is zero defects or doing it right the first time. Moreover, the Oxford dictionary defines quality as “the degree of excellence of something”. And the last version of quality is explained that the totality of features and characteristics of a product, service, or facility which bear on its ability to satisfy a given need by Lester (2014). Now, quality is more related to customer satisfaction and customer perception.

Accordingly, quality has no certain definition; and also it cannot be same meaning to everyone. To generalize the quality, different perspectives based on company’s interest groups are introduced in Figure 2.9 by Lillrank (Manu, 2011).



Figure 2. 9. Different Perspective of Quality according to Lillrank

Source: Manu, M. (2011)

- **Product-oriented quality perspective:** The quality is about product features such as performance and durability. Furthermore, quality is a cost because the implementation in product features is a cost and increases the price. Briefly, the goodness of product is related to feature not to customer. The customer may reject the product even if it is still excellent (Manu, 2011).
- **Production-oriented quality perspective:** Quality is about that given instructions and standards are followed through the manufacturing process and there are no defects and

variations at the end of the process. This type quality is easily measured by checking defected pieces (Manu, 2011).

- **Environmental-oriented quality perspective:** The effects of products on the environment and society can be seen quality. Emissions and environmental pollution in the product life cycle are the reflection of quality. This subject is getting significance with customer-oriented perspective (Manu, 2011).
- **Customer-oriented quality perspective:** The importance of customer satisfaction in any business was realized over five decades ago by Levitt (1960). And then, this perspective was implemented in quality management by Crosby, Deming, Juran and Garvin, who were the ‘quality gurus’ (Lengnick-Hall, 1996). Quality is formed by customer’s needs within a firm’s boundaries. In other words, quality meant to provide the standards which are defined by customer such as special features, reliability and performance (Manu, 2011).
- **Value-oriented quality perspective:** The link between costs and benefits is the value and it equals the quality of product. The best quality is related to proposing the best performance with the same price (Manu, 2011).
- **Competition-oriented quality perspective:** This perspective generally comes from outside the company. That means quality has to be same as good as competitors have or higher than them. Benchmarking was the result of this quality perspective to evaluate and compare the products’ quality (Manu, 2011).

As mentioned above, quality has many different and vital perspectives so that implementation of single perspective is not enough to enhance quality performance and organizational success. By the way, the companies should make balance between these perspectives in order to reach stable and good quality.

Lengnick-Hall (1996) highlighted that craftsmanship was the root of quality. And this craftsmanship is directly linked with luxury shoes industry. Therefore, considering the luxury shoes industry, every company has a motto about premium quality which is also the most important critical success factor in luxury. But, nowadays luxury shoes industry achieves the quality not only in craftsmanship that is placed in production part but also in every area of company. Consequently, quality management system can be clearly established to reinforce quality management practices and quality performance.

According to our industrial research and literature review, quality management system in a whole company has been regarded as a new topic for luxury shoes industry. And there is limited research that examines the quality management systems in luxury footwear industry. For that reason, in this chapter we will generate an overlook about quality management and its implementations in luxury shoes industry.

2.2.1. INTRODUCTION TO QUALITY MANAGEMENT

In order to gain a competitive benefit, quality can be depended on a system perspective, continuous improvement, high productivity, teamwork and the most important customer orientation (Dean and Bowen, 1994). Therefore, quality management (QM) which is a management system developing practices for management of organizations has been built to sustain competitive advantage (Molina-Azorín et al., 2015). According to Nair (2006), leadership, people management, planning, information and analysis, process management, supplier management, focus on customers/stakeholders and designs are typical practices in quality management. These practices have caused to increase both in quality and cost. However, today this view is shifted that quality implementations in all organizational level is led to reduce costs and increase the company efficiency (Molina-Azorín et al., 2015).

QM has always been attractive issue to the researchers since the late 1980s and early 1990s. For that reason, there are several qualitative and quantitative articles, which have dealt with the adoption of QM practices and the effects on firm performance. To implement QM in a company, some strategic and planning issues can be applied such as quality planning, quality control which includes quality assurance and quality improvement which are known as “Juran Trilogy”. Presently, quality assurance is approved as a separate issue in the organization (Rose, 2005).

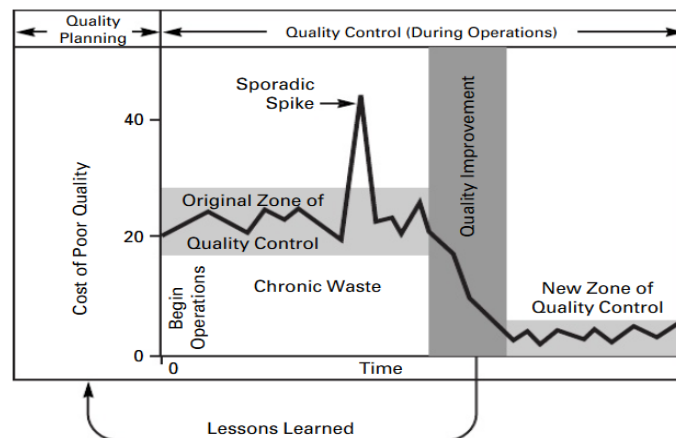


Figure 2. 10. The Juran Trilogy Diagram

Source: Juran, J.M.(1999)

As seen in Figure 2.10, three process of the trilogy are located according to time on the horizontal axis and cost of poor quality on the vertical axis. Although the planning has the first place in the graph, the lesson learnt from quality improvement is the driven factor to application of all perspective. As Juran Trilogy says, quality improvement is related to improving the level of performance of the process in order to identify projects. Furthermore, the planning part is responsible for the issues affected the product and service design such as definition of project, identification customer needs, development of the product and process according to customer, establishment of the quality objectives and development of plans to

meet these objectives. To assurance and maintain the gains, quality control phases are established. It measures the actual operating performance and compares this with goals. In quality control, the important duty is to make execution of plans rather than improving a process.

Additionally, quality assurance is related to conformance that quality requirements are efficiently fulfilled (Manghani, 2011). Furthermore, the PMBOK Guide defines quality assurance as “...the application of planned, systematic quality activities to ensure that the project will employ all processes needed to meet requirements” (1996). The term is different from quality control so that it is clear to understand. Quality assurance is the combined set of activities that the project team will behave to meet project objects. Whereas, quality control is based on the outcomes such as monitoring the performance of results (Rose, 2005). Briefly, quality assurance is responsible for which quality will be controlled rather than controlling quality.

In this way, quality management is the most significant subject to organizations because quality is used as a competitive weapon with suited quality management approaches (Lengnick-Hall, 1996). In the beginning, quality was related to just product and its uniformity. However, with the view of quality assurance quality has been extended beyond traditional organization boundaries and entire firm, including every employee has been responsible for quality. In addition, Table 2.8 shows all progress of quality management step by step (Lengnick-Hall, 1996).

Table 2. 8. The Evaluation of Quality Management

Quality Management Stage	Quality Management Activities
Craftsmanship	Unique craftsmanship Informal, individual, handicraft fitting and adjustment Periodic oversight by senior artisans
Inspection	Uniformity Problem detection Systematic inspection using objective, verifiable gauges and standards
Statistical Quality Control	Product uniformity and reduced inspection Shewhart’s techniques for monitoring and evaluating day-to-day production activities Acceptable variance from unacceptable fluctuation distinguished Efficiency through statistical sampling increased
Quality Assurance	Problem-solving and coordination Design of quality Identification and calculation of specific costs of quality Expansion of responsibility for quality from manufacturing to the entire firm Initial use of quality professionals Reliability engineering and assessment of performance over time Zero defects
Strategic Quality Management	Deliberate choice among competing dimensions of quality Quality as competitive leverage
Sustainable Competitive Quality	Designing and delivering loyalty-producing goods and services Investing in people and knowledge communities Creating alliances inside and outside the firm

Accordingly, QM can be mostly performed with implementing quality planning, quality assurance, quality control and quality improvement to reach the excellence in the organization. This requires communication between employees to create clear understanding about the desired quality of products and services strongly, because their actions can cause some impacts on quality specifications. In literature, there are many studies can be proof of this situation. For example, Vilcea (2014) emphasized that the notion of quality culture towards organization provides commitment and coordination and results in higher quality.

In the past, QM covered only inspection activities to check for defects and control the raw materials inside the production department then, in the 1930s it has seen as a significant separate unit (Yeung et al., 2003). In that subject, Forker et al. (1997) have highlighted that the quality department has a vital role on assuring quality performance. Nevertheless, still there are some debates about the name of quality department. For example, such companies have quality control department which conducts test activities and inspections, but it is not enough to spread quality function within every area of organization (Hoyle, 2009). Rather than the name, the important issue of effective QM is to create corporate culture as mentioned before for increased contribution of employees in quality despite their position in the organization (Irani et al., 2004).

Meanwhile, organizational structure can be related to effective implementation of QM (Manaf, 2006; Zhang et al., 2012). While coordination and communication of employees can be obtained by suitable hierarchical structure, the QM effectiveness can exhibit highly satisfied results. Furthermore, the study which was conducted with luxury companies by Brun and Morretto (2014) shows that quality management may vary according to different position of the quality department in the organization chart.

As seen quality is the fundamental for business success, this leads to the requirement for development of a quality management system (QMS) to make sure that all procedures are taken seriously and followed meticulously for a more efficient process that reaches goals. The system aims to maintain customer satisfaction in the long-term and is shaped according to organization's strategic decision, objectives, structure and size, product, service and its processes (Oakland, 2003). The quality system must be documented in several ways but they can be easily reachable to employees who need to use the material for performing their ordinary tasks.

QMS includes many initiatives as known quality management practices to improve performances and gain advantage within the sector. According to Schonberger (2007), employees are involved powerfully by QM practices and so, product and service quality can be increased. Moreover, these practices bring some benefits such as decreasing production costs, promoting organizational improvement and continuous development (Lee and Whang, 2005; Prajogo and Sohal, 2006). For that reason, today's companies have tried to implement these practices. However, some of them achieved success while others failed. More so, it can be said that different QM practices are used in organizations for effective QM. While carefully

reviewed and analyzed literature, several practices were studied by significant researches. That practices are summarized and explained briefly in Table 2.9.

In spite of many advantages such as improved quality, better management, improved customer satisfaction and staff's satisfaction, QMS can be seen as a complex system thinking of all the parts and components of an organization dealing with the quality of processes and products. Therefore, several tools and techniques were identified as a part of implementation of QMS in every business sector. Total Quality Management (TQM) and ISO Standards are the most frequently used methods in organizations (Talib et al., 2010).

Table 2. 9. Quality Management Practices Descriptions

Quality Management Practices	Definition	References
Top Management Leadership	Acceptances of quality responsibility, participation and support by top management are expressive for the successful implementation of quality management.	Saraph et al. (1989); Prajoga & Sohal (2006)
Employee Training	Quality related training is more helpful to understand the quality issues from employees.	Saraph et al. (1989)
Process Management	Highlighting adding value to processes, having program to decrease wasted time and costs and increasing self-inspection are very motivated ways to gain success in QM.	Saraph et al. (1989); Flynn et al. (1994)
Supplier Management	Quality is put first place on supplier relations with supplier process control, purchasing policy and supplier assistance in product development.	Saraph et al. (1989)
Workforce Management	To create quality awareness of all employees, employee involvement and quality circles are implemented with incorporation of the firm's strategy.	Saraph et al. (1989); Black & Porter (1996);
Role Of Quality Department	In order to work effectively, quality department should have visibility and autonomy and share information coordinately to other departments.	Saraph et al. (1989)
Customer Focus	Quality management must be customer-driven to respond quickly the customers' demands with new ideas and produce products that satisfy their expectations.	Stalk et al. (1992); Prajogo & Sohal (2003)
Product/Service Design	Clarities of specifications on designs and involvement of all affected departments in design reviews are significance to emphasize quality.	Saraph et al. (1989)
Quality Data And Reporting	Quality data should use to give feedback to employees and managers for problem-solving and be available for managers and employees.	Saraph et al. (1989)
System Approach	If every process related quality is managed as a system, desired results can be achieved more efficiently. Also, quality department is very useful to conduct documents for quality system.	Cianfrani & West (2009); Brkić et al. (2011)
Continuous Improvement	The periodical assessments of quality system are vital to improve the organization continuously.	Ho (1995); Karapetrovic & Willborn, (1998)
Benchmarking	Benchmarking improves the quality efforts on feasible features of products proven in the market.	Ettore (1993); Camp (1989)
Formal Strategic Planning	This principle says that there are a written mission, long-range goals and strategies in the organization. Also, it requires routinely plant management to understand the quality approaches.	Phan et al. (2011)

2.2.2. TOTAL QUALITY MANAGEMENT (TQM)

TQM has been a popular strategy and become most broadly used management term today in many business industries which are service-oriented and quality-conscious. Many researches

claimed that TQM as a philosophy to suggest developing a corporate-wide culture which emphasizes customer attention, continuous improvement, empowerment, and data-driven decision-making (Kannan and Tan, 2005), as an approach to enhance effectiveness, flexibility and competitiveness to meet customer's needs (Oakland, 2003), as a basic element of competitive advantage for organizations (Terziovski, 2006) and in fact, as a source to improve organizational success through continuous improvement in organization's activities (Claver-Cortes et al., 2008).

The highlighted part of adopting this strategy is to affirm sustainable competitive advantage for manufacturing and service companies because of the fact that customer comes first for them so they explain the quality as meeting customer expectation. In other words, TQM is driven by the customer so that TQM mainly tries to solve the root of quality problems rather than controlling the end products. For that reason, TQM is useful to extend quality in every area of the organizations with involvement of whole employees.

TQM has been initially used in Japan as an improvement program and then used in US due to regain market share and obtain a competitive advantage. Kaynak (2003) indicated that there is the only way to accomplish continuous improvement in all departments of a company that the view of total quality should be implemented from procurement of raw materials to after sale services. As well, this improvement principle must be obtained by involvement and motivation of employees in order to satisfy customer's requirements and enhance higher quality output (Joiner, 2007).

TQM is applied in several ways within the companies which have succeeded or failed with TQM implementations. The effective implementation of TQM has a vital role on productivity and profitability with increased customer and employee satisfaction (Talib et al., 2010; Sohal and Terziovski, 2000). Moreover, there are many factors affecting the implementations of TQM in organizations significantly in every business sector. Several studies have been conducted to investigate these contingent factors such as top management commitment and leadership (Chin et al., 2002; Kaynak, 2003;), organization structure and corporate culture (Laszlo, 1999; Hellsten and Klefsjo, 2000; Chin et al., 2002; Kaynak, 2003; Prajago and McDermott, 2005; Valmohammadi and Roshanzamir, 2015), education and training (Chin et al., 2002), customer focus (Black and Porter, 1995; Kaynak and Hartley, 2008), employee involvement (Adebanjo and Kehoe, 1999; Reger et al., 1994) and supply chain quality management (Sohal and Terziovski, 2000; Kaynak and Hartley, 2008; Brun and Moretto, 2014).

Those researches have examined many case studies of successful companies and descriptions of quality improvement programs so that these contingent factors, which cover a little portion of all factors, have found as most effecting issues for implementation of TQM regarding the qualitative and quantitative results. Thus, this dissertation aims to evaluate the effect of certain contingent factors on company's quality performance within the specific industry.

2.2.3. ISO STANDARDS

As mentioned before, quality has no certain definition regarding QM. The literature implies that quality is a subjective term and it is formed by individuals and organizations' perceptions. On the contrary, in order to satisfy a specified need or use, quality needs a universal framework for total characteristics and features of product or service. Therefore, the International Organization for Standardization (ISO) was constituted to help businesses for combining technical specifications of products and services to make industry more efficient and to make international trade more accessible.

The ISO that has established a series of standards for several industries, generates an environment for quality improvement and implementation of TQM in an organization (Curry and Kadash, 2002; Sila and Ebrahimpour, 2003). One of the most common quality standards is the ISO 9000 quality management standard which explains the quality system process. In that part, that standard and relevant standards which have an impact on quality performance are explained based on the official website of ISO:

ISO 9000 - Quality Management

The standard has been used to assess quality system in specific aspects of organizations. In addition, that standard has reviewed, in particular, period or according to developments in the field of quality and the considerable body of experience that had built up as a result of implementing ISO 9000. A company with ISO 9000 aims continuous improvement of quality and both external and internal quality control. There are several types of ISO 9000;

- ISO 9000:2005 - Includes the main concepts and language,
- ISO 9001:2008 - Sets out the requirements of a quality management system,
- ISO 9004:2009 - Focuses on how to make a quality management system more efficient and effective,
- ISO 19011:2011 - Sets out guidance on internal and external audits of quality management systems.

ISO 14000 - Environmental Management

These standards present practical tools for companies to conduct their environmental responsibilities. They help to improve environmental performance, to gain financial benefit and competitive advantage and to achieve management commitment.

- ISO 14001:2004 - Focuses on environmental systems,
- ISO 14006:2011- Supports the previous standard and focuses on specific approaches such as audits, communications, labelling and life cycle analysis, as well as environmental challenges such as climate change.

ISO 26000 - Social Responsibility

The social responsibility (SR) is gaining reputation in numerous numbers of companies. For that reason, the ISO 26000 has developed to both give guidance for a firm about implementation SRs and provide guidance on SR context, SR principles and core SR subjects. According to Castka and Balzarova (2008), ISO 9000 and ISO 14000 have an important effect on the standardization of social responsibility. The ISO 26000 standards are more related to stakeholder comparing to quality because the ISO 9000 quality management standard focuses largely customer's needs. The social responsibility standard does not require a certification of a third-party in that way it is different from ISO 9000 and ISO 14000.

- ISO 26000:2010 - Assists companies to continue sustainable development.

In the organizations, ISO 27001, ISO 31000 and ISO 50001 are frequently used to support quality management. ISO 27001 information security management standard assess and treat the information to the needs of firms. ISO 31000 risk management standard provides a framework for generic guidelines. ISO 50001 energy management standard indicates requirements of energy use and consumption to maintain and improve energy management system.

Briefly, we can say that QMS is directly connected with ISO 9000 and other standards are more like supportive tools for effective implementation of QMS. Papassavas et al. (2015) underlines that there are fourteen essential steps that must be applied in order to achieve success in ISO 9000 QMS. These steps are the following: top management commitment, establishment of an implementation team, awareness programs for ISO 9000, staff training, initial status survey should be conducted, creation of a documented implementation plan, development of a QMS documentation, document control, implementation, internal quality audit, management review, pre-assessment audit, certification and registration, continual improvement. In the absence of any step influences negatively the implementation of QMS like as the impact of contingent variables on TQM. On the other hand, Brun and Moretto (2014) have indicated that ISO 9000 for TQM systems is not considered carefully in luxury business, but other certifications can be utilized in particular area. However, this study will investigate that if ISO standards cause any impact on quality management in the organizations.

2.2.4. OBSERVED GAPS FROM QM LITERATURE

There are lots of literature reviews about the quality management examined so as to find out the gaps on the researches and create a base to identifying the aim of this study. With the purpose of filling the emerged gaps in that working area, current literature studies are scanned both for various sectors in different countries and on a different perspective related with quality management.

Several efforts have been done to demonstrate the elements of TQM in the past decade. According to the prior researches, the empirical investigations about TQM have mainly

identified and evaluated specific quality practices. Many of the authors have focused on the relationship between the quality management practices and quality performance, and tried to clarify their strong and positive interactions with each other. They have tried to conduct the structure for the TQM determinants in their case studies. It has been gathered relevant past studies that aim to analyze and determine the most significant practices for quality management and their effects on different issues are summarized in the following table:

Table 2. 10. Major TQM Practices Extracted from Previous Researches Adopted by Different Authors

Quality Management Practices	Authors									
	<i>Saraph et al. (1989)</i>	<i>Flynn et al. (1994)</i>	<i>Ahire et al. (1996)</i>	<i>Black & Porter (1996)</i>	<i>Sila & Ebrahimpour (2002)</i>	<i>Kaynak (2003)</i>	<i>Irani et al. (2004)</i>	<i>Lin et al. (2005)</i>	<i>Samat et al. (2006)</i>	<i>Phan et al. (2011)</i>
Top management leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Employee training	✓		✓	✓	✓	✓		✓	✓	✓
Process management	✓	✓	✓	✓	✓	✓		✓		✓
Supplier management	✓	✓	✓	✓	✓	✓		✓		✓
Workforce management	✓	✓	✓		✓	✓	✓	✓	✓	✓
Role of quality department	✓									
Customer focus		✓	✓	✓	✓	✓	✓	✓	✓	✓
Product/service design	✓	✓	✓	✓	✓	✓		✓		✓
Quality data and reporting	✓	✓	✓	✓	✓	✓		✓	✓	✓
System approach					✓		✓			
Continuous improvement					✓		✓		✓	
Benchmarking					✓			✓		
Formal strategic planning					✓					✓

All aspects above of TQM underlie the reach of ultimate level of organizational success, improvement and competitiveness. There is a great number of research papers available in the literature considering the TQM practices and their importance such as top management leadership, employee training, process management, supplier management and workforce management for the implementation of TQM in different sectors successfully (Kaynak, 2003;

Sila and Ebrahimpour, 2002; Black and Porter, 1996). A broad literature review over the past researches on TQM has considered what composes TQM and what the major practices are in order to implement TQM successfully. Anyhow, no study determines the set of practices for convenient application of TQM that accepted by everyone. In order to provide a practical and effective benchmark framework for companies and support in implementing TQM while evaluating their performance results, there are some Quality Award models for instance Malcolm Baldrige Award, European Quality Award, Deming Prize of Japan and ISO 9000 Series by International Organization for Standardization (Uysal, 2012).

Apart from the studies that are aiming to clarify most important quality management practices, there have been numerous investigations to see the effects of these practices that are mentioned in Table 2.11 on different industries. In those examinations, the linkages between the quality practices and company performance are introduced. Examples of these researches that have been extracted from the literature are listed below:

Table 2. 11. Previous Researches Related with Quality Practices Effect on a Company Performance in Different Industries and Regions

<i>Authors</i>	<i>Year</i>	<i>Industry</i>	<i>Region</i>	<i>Data Collection Method and Analysis</i>	<i>Main Findings</i>
Kamel & Eyuboglu	2001	Banking	Turkey	6 case studies	-Management's unwavering commitment -Formal national bodies to introduce organizations to TQM -Highly educated management team
Hsu & Su	2002	Telecommunication	Taiwan	Questionnaires, 39 medium-sized telecommunication companies	-Lack of training classes and advanced quality control techniques -Supplier quality management is a key factor in improving quality performances
Ennis & Harrington	1999	Health Care	Irish	Questionnaires and telephone calls, small and large hospitals	-Quality management is more cost effective and efficient -Employees' involvement to continuous quality improvement -Strong committed leadership is required to overcome tensions in quality implementations
Saeed & Hasan	2012	Construction	Yemen	29 questionnaires, 40 construction companies	-TQM can increase the performance of construction project by reduce time and cost and increase the quality of project implementation
Krommuang & Hothongcum	2014	Food	Thailand	Questionnaires, 300 middle-management employees from 100 companies	-Organizational characteristics that are found: -organizational structure, -span of control, -formality of communications, -the level of specialization, -decision-making patterns enhanced the application of quality management practices
Tsang & Antony	2001	Service	United Kingdom	300 well-designed questionnaires 25 service companies	-Customer focus is the most successful driven factor for TQM programs in UK service organizations -Supplier partnership or supplier management is the least important factor

Yeung et al.	2003	Electronic	Hong Kong	Quantitative and qualitative study of 225 international and local firms	- The overall performance of an electronics company can be enhanced only by the establishment of a strategic quality system (SQS), which requires the involvement of top management
Benavides-Velasco et al.	2014	Hotel	Spain	An empirical study of 141 Spanish hotels with 3-5 stars	- The adoption of both Total Quality Management (TQM) and Corporate Social Responsibility (CSR) approaches improves the capacity of hotels to create benefits for its stakeholders
Brah et al.	2000	Service	Singapore	Questionnaire towards a simple random sample of 950 service companies	-The key to success of TQM lies in its intangible and behavioral features such as top management support, employee empowerment and employee involvement
Zhang et al.	1999	Manufacturing	China	A mail survey with 212 randomly selected manufacturing firms in 9 industrial sectors with annual sales greater than RMB 10 million	-An instrument measuring 11 constructs of TQM implementation was developed and the reliability and validity of the instrument were tested and validated

As it can be seen on Table 2.11, not only many of the different industries are considered in the researches but also they were conducted in various regions. In general, to see and evaluate the quality management practices' reaction on companies' corresponding performances, firms are chosen mainly among the specific industries as most of the previous studies have been done electronics, food, health industries and specific geographical areas since most of the previous studies based on US and Far East region. Despite there are many practices in different areas, there is still a necessity for further investigations in some specific industries and some specific regions.

There is a great enthusiasm about the research for the quality management practices' effects on the company's overall performance in various service and manufacturing industries. In recent years, passion in luxury in the worldwide expanded. Even though the remarkable studies on this topic in the current literature exist, their content is mainly related to luxury industries' sociological, branding and marketing aspects. There is dramatically lack of investigations on quality management implementation in luxury industries.

The literature is still poor of contributions that especially consider this issue. One of the few studies conducted on this subject was about total quality management implementations in a luxury hotel that concentrated on the effects of employee education, empowering and positively rewarding relationship (Baldacchino, 1995). In another noteworthy study, Brun and Moretto (2014), based on the investigations of eight case studies with French luxury companies, examined the identification the organization of the quality department and the management of the supply chain used by luxury companies in order to accomplish quality requirements. This study is the primary research in this area and provides a basis and motivations for the future investigations about the management of quality for luxury

companies in different sectors. In the supervision of Alessandro Brun, there are few studies have been conducted about the specific luxury industry segment that is luxury fashion. In 2013, the study realized aiming to illustrate quality management organization, system and practices of Italian luxury fashion firms focused on cashmere sector and to show off the impacts of several contingent factors on those aspects (Lideo, 2013). The similar investigations about quality implementations in luxury fashion industry have been made. One of them was an empirical investigation on leather handbags (Bivolarevic and Urosevic, 2014), while the others were based on workings about Swiss watches (Gharachorloo, 2015) and jewelry (Pooryazdankhah, 2015) in the luxury fashion sector.

To sum up, according to the far-reaching literature reviews, quality management has been profoundly analyzed in recent years. However, it is obvious that there are deficiencies about this subject in luxury industry and the literature review ignores the crucial relevance of quality management in luxury sector. Current study aims at filling the gaps those emerged from the previous researches and providing insights into the quality management for luxury shoes companies.

3. MOTIVATION, RESEARCH OBJECTIVE, RESEARCH FRAMEWORK

3.1. MOTIVATION

Focus on Quality

By taking into consideration our background and personal interests on quality management practices, an exhaustive literature review has been carried out. According to the superiority of researches as it is mentioned in the previous chapter, “premium quality” is one of the CSFs in luxury industry. As stated in the study of Caniato et al. in 2009, the premium quality is marked as a relevant or very relevant aspect by thirteen interviewed luxury firms in their organizational practices. What is more, among the CSFs for luxury industry, “quality” is the attribute that is most frequently associated with luxury products (Amatulli and Guido, 2011).

According to one of the quality gurus Dr. Kaoru Ishikawa, “Quality does not only mean the quality of the product, but also quality of after-sales service, quality of management, the company itself and human life”. With this definition, Ishikawa points out the importance of Company-wide Quality Control (CWQC) (Ho, 1999). Since the crucial role of quality is obvious for every industry, the quality management issue has been deeply studied during recent years.

The literature reviews showed that there are only a few investigations have been made about quality management in the luxury industry. In spite of all the remaining, CSFs are essential, commonly the past studies on luxury industry are more related with its sociological, marketing and branding phases (Brun and Castelli, 2008). Subsequently, this research desires to exhibit the importance of quality perspective and the quality implementations through the luxury shoes companies.

Focus on Turkey and Italy

Our homeland, Turkey, is one of the emerging markets in the Middle East. What makes Turkey special is its geography as it is a bridge between Europe and Asia. The city of Istanbul is the pearl of the country in terms of benefits provided to Turkey’s growth in every sector. Constantly developing with its high amount of young population, Turkey became one of the most attractive regions due to the rising consumption rate. Along with the increasing wealth of society in recent years, based on the level of income, types of consumption diverse and people started to anticipate further pleasures and new shopping experiences. According to the recent wealth report from global property consultancy Knight Frank, the performances of prime real estate in the world’s luxury top cities are identified. The report shows that the luxury prices increased 15% during 2014 in Istanbul, which is located 3rd place in the list among 20 cities (Hoffman, 2015). Another research made by Boston Consulting Group in 2012, clarified that in a 5-year period, luxury goods consumption in Turkey grew by 15% every year.

Besides, foreign companies realized the potential offers of that emerging market and penetrated into the market. Thus, both in terms of demand and supply, interest in the luxury sector is growing. In the year of 2013, Elisabeth Ponselle the CEO of Comité Colbert (corporation that brings close together 75 of the leading French luxury companies) announced: “Turkey is moving fast towards being the center of luxury in the region”; “The Turkish market is certainly showing strong signs of progress”. “We think that it could double in size in the next ten years (Smith, 2013)”. Among all the different luxury sectors, luxury shoes industry in Turkey is one of the most developing categories with the help of more international and local luxury shoes firms. Local luxury footwear manufacturers prefer materials with very high quality especially imported by Italy and offer reasonable prices.

“Made in Italy” has deep meanings in terms of reflecting the terms of reputation, high quality, excellence of creativity and craftsmanship, history, design and loyalty for decades. Especially in terms of luxury fashion sector, Italy is the number one country in the world for the guarantee of high quality materials and perfect elegance. The whole world admires and trusts “Made in Italy” products and desire to having Italian branded goods. The Italian made label as previously argued has been proven extremely valuable since accepted by everyone as the best in terms of quality and style. Furthermore, Italy has always known its best luxury shoes having a unique design, cutting-edge fashion and premium quality which are believed that success comes from its land shape like a boot.

In addition, as previously argued, “Country of Origin” that is known for excellence in a specific product category is another critical success factor in luxury industry. The effect of country of origin on the quality management effectiveness will be analyzed by considering two countries Turkey and Italy.

Focus on Luxury Shoes

Starting from our personal interest in shoes like almost every woman has, they are considered as the way of express identity, signal status and boost self-esteem. Thus, significant percentage of female consumers desire to own pairs of high-quality, eye-catching, unique style luxury shoes. Shoes are without a doubt known as the symbol of Italian perfection may be due to the country’s natural geographic formation. Regarding the use of high quality material, Italian leather is considered best in the world and processed by hand; also the most expensive and harmless dyes are preferred in all steps of manufacturing process. Among the most important and famous manufacturers of shoes industry are surely Italians like: Gucci, Prada, Miu Miu, Sergio Rossi, Tod’s, Salvatore Ferragamo, Giuseppe Zanotti, Thierry Rabotin and Alberto Fermani. At the same time, Turkey is one of the most rapidly growing countries in luxury shoes industry with its local brands like: Vakko, Nursace, Beymen, Inci, Elle, Divarese, Yesil Shoes, Tergan, Kemal Tanca and Ziylan Group. Having a look at the manufacturing process of luxury shoes, it is totally the result of maximum performance of expert craftsmen with decades of experience that luxury shoes differ from the standard shoes.

3.2. RESEARCH OBJECTIVES

In the previous sections, we have mentioned that existing literature is quietly limited in order to provide knowledge about quality which is utmost significant issue for luxury companies. Many researches (Sohal and Terziovski, 2000; Kaynak, 2003; Prajago and McDermott, 2005; Brkic et al., 2010) have investigated the vital role of contingency factors, such as organizational and environmental, on quality management practices through several industries. For this reason, the main goal of our research is to demonstrate the organizational factors affecting quality management achievements in luxury shoes sector within Italian and Turkish industry.

Additionally with Italian and Turkish luxury shoes brand, we will find out the environmental and technological effects on quality applications despite the lack of studies on this topic. Therefore, another objective of our dissertation is to identify and offer an optimal direction in order to carry out better and efficient quality management implementations within luxury shoes industry by interpreting the results of companies' quality management practices. With this paper, we will try to fill the gap that is no research about quality management approaches on luxury shoes industry.

To address these objectives, the research questions (RQ) are formed as following;

RQ1:

- *How do Italian and Turkish luxury shoes companies constitute the organizational structure of quality management?*
- *Which are the effects of contingent factors on the organizational structure of quality management in Italian and Turkish luxury shoes companies?*

Accordingly, the RQ1 aims to understand how the quality management is formed in the organizational structure of Italian and Turkish luxury shoes companies and to see the effects of contingent factors towards the quality management organizational structure.

RQ2:

- *How do Italian and Turkish luxury shoes companies constitute the quality management systems and process quality management practices?*
- *Which are the effects of contingent factors on the quality management systems and process quality management practices in Italian and Turkish luxury shoes companies?*

The purpose of given the RQ2 is primarily to get an answer how the quality system is managed and practiced in the Italian and Turkish luxury shoes companies. Moreover, it will help to see the effects of contingent factors towards the quality management systems and practices.

RQ3:

- *Which are the problems encountered while dealing with the implementation of quality management?*

The last research question focuses on the difficulties that occur during the quality management implementations. As well, it will help to reveal of other problems which have not seen and analyzed before. The findings of above question hopes to create a solution for the misapplications of quality management in luxury shoes industry.

Stemming from above research objectives and research questions, the study is conducted in an explorative way. The answers of the given research questions will not only exhibit the organization structure of quality management, quality implementations and practices but also illustrate the contingency factors' effect on quality management structure and quality management practices in the luxury shoes industry within Turkey and Italy.

3.3. RESEARCH FRAMEWORK AND VARIABLES

In the light of the framework highlighted in this section, the qualitative analysis of quality management practices in Italian and Turkish luxury shoes firms displayed in this research. Some quality-related key variables were pointed out from the deep literature investigation and analysis about the luxury concept, shoes, Italian and Turkish footwear industry that are mentioned in Chapter 2. These quality-related key variables have been clustered in two main groups:

- ✓ Organizational structure of quality management
- ✓ Quality management system and process quality management practices

Furthermore, the most relevant and crucial contingency factors have been examined in order to see their effects on company performance and influences on company quality practices. The basic framework of the study is presented in Figure 3.1.

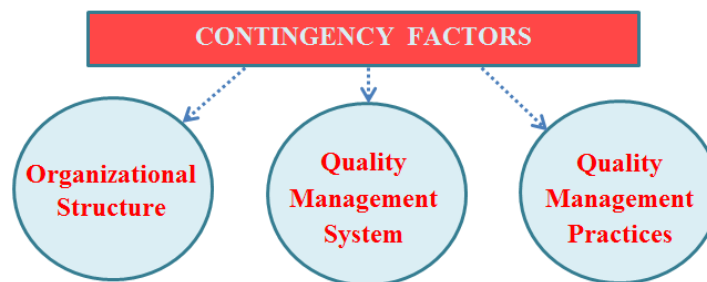


Figure 3. 1. The Basic Framework of the Study

Concerning the detailed analysis of each single element of quality-related key variables, they are further divided into sub-variables. In order to prevent complication and make it clear, the research framework has been presented in tables as each element can have possible values or

answers depending on its definition. The description of each variable, sub-variables that are established by the measures are shown in tables.

Organizational structure of quality management

One of the most critical success factors, for the organizations that their process of managing the quality. In that context, vital element is that the organizational structure must be designed in order to ensure that the quality objectives of the company are achieved. In the first part, it is desired to analyze that the characteristics of the quality management organizational structures performed by the firms that are considered. In general, a single department does not exist for assuring quality in the company's overall structure and quality-related responsibilities are distributed to the departments. Rarely, the companies have separate quality management function but most of the time they are located as sub-department under the authority of other functions. However, organizational structure of quality management should be clearly determined and placed in a functional organizational chart of a company as a single department. According to the crucial nature of quality, we believe that quality department should not work under other departments and it has to be linked to the executive level of the company. The sub-variables acknowledged with their measures are illustrated in Table 3.1.

Table 3. 1. Variables of Quality Management Organizational Structure

<i>Variables</i>	<i>Definitions</i>	<i>Measures</i>
Quality Management Department	<i>Quality Management</i> is the management of all activities and functions that involved in setting quality objectives, formulating a quality policy and its implementation, for example, quality planning, quality assurance, quality improvement and quality control.	Yes
		No
Quality Assurance Activities	<i>Quality Assurance</i> refers to the process used to maintain adequate confidence that a product or service will meet given quality requirements.	Quality Management Department
		Quality Control Department
		All departments
		Personally responsible
		Other
Quality Control Activities	<i>Quality Control</i> is the verification process for which certain activities and products involved in production are checked against set of standards defined by the firm.	Quality Management Department
		Quality Control Department
		All departments
		Personally responsible
		Other
The Position of Authorized Quality Responsible in the Organizational Chart	<i>The Position of Authorized Quality Responsible in the Organizational Chart</i> refers to the quality manager dependence in the company's organizational plan.	Report to Top Management
		Report to R&D Manager
		Report to Production Manager
		Report to CEO or Owner

Quality management system and process quality management practices

The second crucial part of the research is divided into mainly two main parts in order to examine the quality management system and process quality management practices in luxury shoes companies shown in Table 3.2 and Table 3.3. In the first table, company's attitude toward the quality management system is pointed out as explained in the literature part. The second table is more concentrated on the internal process quality management practices performed by the companies.

Table 3. 2. Variables of Quality Management System

<i>Variables</i>	<i>Definitions</i>	<i>Measures</i>
Quality Definition	Different perspectives of quality understandings by each company	Open answers
Quality Importance	The importance level of quality given by each company	Open answers
Roles and Responsibilities Regarding Quality	The daily tasks performed by the employees related to the quality	Building and managing quality assurance plan
		Forming and maintaining procedures and checklist
		Resourcing and achieving the quality assurance as described in the plan
		Conducting quality trainings
		Monitoring and controlling the process
		Other: Specify
Percentage of Employees Responsible for Quality Activities	Number of workers who pursue daily tasks interrelated with quality performances among all the workers within organization	Number of responsible / Total number of employees
Company Policy against Quality Management	Official statement about the company's quality management policy regarding quality of its products and processes	Open answers
Implementation of TQM Principles	The policies to reduce and defeat the errors, improve the customer experience and continuous improvement in every area. The way to show off its clients and public that it is a total quality organization	Top management commitment
		Focus on customers and stakeholders
		Participation and teamwork by everyone in the organization
		A process focus supported by continuous improvement and learning
		None
Determination of Critical to Quality (CTQ)	The series of features that a product or a service should exhibit in order not to generate customer dissatisfaction and accepted as a good quality	From market research reports
		From sales force data
		From executives and managers' decisions
		From competitors' assessment
		From other resources: Specify
		None

Table 3. 3. Variables of Process Quality Management Practices

<i>Variables</i>	<i>Definitions</i>	<i>Measures</i>
ISO Standards	International standards that provide the certainty about the good quality of product or service, safety and reliability	ISO 9000- Quality Management
		ISO 14000- Environmental Management
		ISO 26000- Social Responsibility
		ISO 27001- Information Security
		ISO 31000- Risk Management
		ISO 50001- Energy Management
		Other: Specify
Auditing Techniques	The controlling system forms the environment which everyone involves quality management activities and they are responsible for checking the system if it is work correctly or not in order to achieve goals	Mystery Shopping
		Customer Surveys
		New Customer Measures
		Internal Audit and Gap Analysis
		Other: Specify
		No audit
Assessment of Total Quality Costs	Costs that occur due to the quality-related problems	Prevention Costs (quality planning, quality education and training, etc.)
		Appraisal Costs (resource inspection, in-process and final inspection, etc.)
		Internal Failure Costs (scrap, rework, etc.)
		External Failure Costs (processing customer complaints, warranties, etc.)
		Other Costs: Specify
		No Significant Cost
Quality Tools	Techniques used for detecting and solving quality problems	Open answers
Training	The way of training employees and educating for the quality issues	Open answers

Contingency Factors

During the implementation of quality management practices, some contingency factors can occur to influence the effectiveness and successfulness of these practices. Considering our research, the contingency factors are determined based on the theoretical and practical literature review. Actually, the relationship between contingency theory and QM has been deeply examined many times by several authors (Holt, 1999; Sohal and Terziovski, 2000; Chin et al., 2002; Lagrosen et al., 2003; Brkic et al., 2011; Valmohammadi and Roshanzamir, 2015). According to these literature analyses, the most significant contingency factors are constructed as below;

- **Demographic variables:** They are used to describe company size, age, ownership structure and type of activity. However, the literature reviews proved that company size is one of the most vital contingency factors that affect the organizational structure.

- **Environmental variables:** The external factors cause some pressure on company and they are not taken under control. Therefore, they can be separated into three sub-environments such as market, scientific and technical-economic.
- **Strategy variables:** These are more related to company's business strategies, goals and plans (Zeithaml et al., 1988). For that reason, it can be said that they are internal variables.
- **Technology variables:** Technology covers workflow of activities which create product and services. As a result of researches of Burton and Obel (1996) and Miller (1996), technology is seen as a contingency factor because of the impact on organizational structure like company size. Technology is partly controllable and partly embedded in industrial technologies, information and communication progresses.
- **Management style variables:** Organizational behaviors which are leadership attitude and decision style are very important to implement quality within organization.
- **Employee behavior variables:** Fok et al. (2001) have studied the impact of employee behavior on quality management and indicated that orientation to quality and creation of a good atmosphere within employees that influence the implementation of QM.

In many researches, technological and environmental factors are disregarded because they have conducted studies in the same country. However, this research has analyzed both in Italy and Turkey so that these factors are considered. Nevertheless, Brkic et al. (2011) have conducted a quantitative analysis in order to identify the correlation between environmental factors and the quality management and the result of research has indicated that the environmental factors has an unfavorable effect (-0.280 on lower level of significance) on the quality management. Moreover, Vickery et al. (1999) have highlighted that there is no direct impact of environmental factors on the quality management and these factors affect only the company size. Thus, we will focus deeply on other variables.

In Table 3.4 dimensions and most widely used measurement methods of contingency factors are summarized based on literature and those are used to evaluate the companies' data.

Table 3. 4. The Framework of Contingency Factors' Dimension and Measurement

<i>Contingency factors</i>	<i>Dimension</i>	<i>Measurement</i>		<i>References</i>	
Demographic Variables	Company Size	Number of Employee		Germain et al, 1999; Burton & Obel, 2000; Sousa & Voss, 2001; Brkic et al., 2011	
		Total Revenue			
	Age	Foundation Year			
Strategy Variables	Brand Positioning	Luxury Level	Absolute/Aspirational/ Accessible		D'Arpazio, 2007; Bain & Co., 2008; Brun & Castelli, 2008
		Quality	Very high/ High/ Medium high		
		Design	Very high/ High/ Medium high		
		Craftsmanship	Very high/ High/ Medium high/ Medium low		
		Made in Italy/ Turkey Label	Yes/ No		
Technology Variables	Technological and Automation Level	Process Technology	Custom technology/ Batch technology/ Mass production	Burton & Obel, 1996; Klarin et al., 2000; Escanciano et al., 2002	
		Level of Technology Applied Against Competitors	Yes/ No		
		Automation Level	Production by hand-made/ Production by machine		
Management Style Variables	Management Behaviors	Likes to delegate		Burton & Obel, 1996	
		Focuses on long term planning			
		Conducts the risks appropriately			
		More often motivates than controls employees			
		Gives general instructions for decision making			
Employee Behavior Variables	Culture, Working Atmosphere and Participation	Employee participation in training	High/ Medium/ Low/ No Training	Prajogo & Sohal, 2001	
		Aware of responsibilities	High/ Medium/ Low		
		Quality conscious	High/ Medium/ Low		
		Interpersonal relations	Good/ Informal/ Fellowship atmosphere		

4. RESEARCH METODOLOGY

4.1. STUDY FOCUS

As a result of our objectives and questions, it can be said that this dissertation is an explorative study. Initially, the intends of this study were to look into quality management approaches in luxury shoes industry, which has not been done a detailed research before, and try to find optimal quality management systems. However, now, our purposes discussed in above chapter are much wider than first aims and our goals are both to investigate the quality management organization structure, system and practices of luxury shoes industry within Turkey and Italy and to reveal the impacts of contingent factors on quality management organizational structure and quality management practices in selected companies.

Furthermore, in this dissertation, the case study research would be preferred method to collect, present and evaluate data rigorously and also this qualitative research satisfies the methodology requirements which are (1) the main research questions are “how” questions; (2) a researcher has no control over behavioral events; and (3) the focus of study is a contemporary phenomenon (Baxter and Jack, 2008; Yin, 2014). That the following process in this methodology is to decide which companies can be used. In addition, this methodology provides some interpretive benefits against the limitations of generalization (Larsson and Lubatkin, 2001). Moreover, Brun and Moretto (2014) emphasized that when the research is more complicated, the case research is quietly suitable to apply.

4.2. SAMPLE SELECTION

For the sake of answer and evaluation of the research questions, this study is conducted with seven luxury shoes companies both in Italy and Turkey which are exhibited in Table 4.1. This number is enough to get satisfactory results (Eisenhardt, 1989). In fact, adding more cases could direct us to more rigorous and comprehensive outcomes but there were some obstructive issues such as privacy and security of many famous firms in both countries to acquire information about their quality terms. And also, some companies rejected us due to not having their own quality departments.

On the other hand, a lot of sources and data such as some relevant newspapers and journals (e.g. Italy Magazine), public rankings on the best luxury shoe brands (e.g. Ranker.com and Finance Online) and the associations of shoe (e.g. Footwear Industrialist Association of Turkey and Assocalzaturifici) have been delicately scanned to decide which companies should be used as a sample. Our desire in the selection process of companies is to choose them according to their reputation and position in the market. Unfortunately, the helpfulness and cooperation of the companies have affected our decisions in selection process.

Table 4. 1. The Sample Companies

<i>No</i>	<i>Company Name</i>	<i>Employees</i>	<i>Product Categories</i>	<i>Luxury level</i>	<i>Craftsmanship</i>	<i>Country of Origin</i>
1	Thierry Rabotin	100	Leather shoes	Aspirational	Very High	Italy
2	Filippo Gabriele	50	Leather shoes	Aspirational	High	Italy
3	Yesil Shoes	285	Leather shoes	Accessible	Medium High	Turkey
4	Company A	5000	Leather shoes	Accessible	Medium Low	Turkey
5	Company B	150	Leather shoes	Aspirational	High	Turkey
6	Kowalski	22	Leather shoes - bags	Aspirational	Medium High	Turkey
7	Derimer	40	Leather goods	Accessible	Medium Low	Turkey

Furthermore, the sample is heterogeneous for luxury classifications (i.e. accessible and aspirational) and for company types (i.e. ownership brand or outsources). Accordingly, the main features of sample companies that have collected from direct interviews or companies' web sites are shown in Table 4.1. Also, their luxury levels were assigned according to luxury classification mentioned in chapter one.

4.3. TOOLS AND TECHNIQUES

In this research, the data has been collected from seven sample companies within luxury shoes industry, two of them from Italy and the rest five from Turkey, in the period between December 2014 and May 2015. Prior to interview with the companies, the information is gathered and analyzed by desk research. Hereafter, multiple data collection methods such as semi-structured interviews, observations, company websites and archival sources have been utilized (Eisenhardt, 1989; Chin-Keng and Hamzah, 2011). Semi-structured interviews include nineteen questions which were designed using previous researches (such as the study of Brkic et al., 2011) regarding the research scope and framework. While conducting the research, because of the multiple investigators, there are some advantages such as complementary insights and different perspective which lead to enhance creative potential of study (Eisenhardt, 1989).

Moreover, the interviews were developed in that way to get answers freely and exactly; the beginning part was intended to get general knowledge such as company name, number of employees and name and position of interlocutor. And then, general questions were asked in order to understand the importance and perspective of quality and organizational structure of quality management in terms of level of control, roles and responsibilities. Eventually, the last questions were directed to figure out quality management system, process and practices (TQM, ISO certification, quality manual etc.) of company and to explore the possible contingent factors in consideration of Table 3.4.

Consequently, the collected responses were encapsulated and analyzed according to every single company. These interviews were conducted face-to-face; one of them was conducted over telephone and repeated multiple times with different people to get precise results.

4.4. DATA ANALYSIS METHOD

Because of looking general results and common features, all information obtained from interviews, observations during company visits and other sources were firstly analyzed with data reduction to eliminate variables and identify main categories according to research framework and literature reviews (like in the study of Brkic et al. (2011) and another one of Brun and Moretto (2014)). Furthermore, the cross-case analysis was preferred as it provides more generalizable results and to comprehend the logic of quality issues within company.

In this way, primarily, the qualitative data were scanned and reduced according to the variables obtained from literature review in order to provide better understanding of companies and their attitudes and perspective towards quality. Thereafter, with the cross-case analysis, the data were clustered according to common or different features, in terms of application of quality management, company size and certifications. Whole cases were compared considering organizational structure of quality management and their roles and responsibilities. Moreover, the collected information was evaluated in order to enlighten the contingency factors with respect of literature reviews.

Consequently, the data obtained from interviews and other sources were analyzed and interpreted plainly in the next chapters.

5. RESEARCH OUTCOME AND DISCUSSION

5.1. ANALYSIS OF CONTINGENCY FACTORS

According to many researches, there are various contingency factors which have directly or indirectly impact on implementations of QM within the organizations. Moreover, the literature reviews have illuminated that the effects of these contingency factors could differentiate through several companies (Burton and Obel, 2000; Brkic et al., 2011; Brun and Moretto, 2014). We have mentioned that in previous chapters and also the contingency factors used in this research were listed in Table 3.4. The present study can be different from previous researches since the present study tries to investigate not only internal contingency factors but also the external contingency factors that are environmental and technological ones because of conducted both with Italian and Turkish companies. In that way, this dissertation is focused on demographic, strategy, technology, management style and employee behavior variables to analyze contingency factors.

In order to describe the demographic variables, the company size and company age should be identified (Brkic et al., 2011). Brand positioning is mostly used to explain strategy variables (Brun and Castelli, 2008). For the technology variables, technological and automation level should be analyzed (Escanciano et al., 2002). Another one is management style variable so that management behaviors are identified (Burton and Obel, 1996). Finally, to understand employee behavior variables the organizational culture and working atmosphere are considered (Fok et al., 2001). By this way, each single company is analyzed to evaluate the contingency factors and these results are summarized in below tables.

Initially, the sample companies' characteristics have been assessed with using the first part of interviews and official web site of companies to measure company size and company age that are shown in Table 5.1 and Table 5.2. According to Burton and Obel (1996) and Brkic et al. (2011), company size is determined by the number of employees and total revenue and the age of company is related to the period from foundation of company to the initiation of study. Although, total revenue was asked each company, many of them did not share this information due to privacy policy.

Table 5. 1. Sample Company Size

<i>Company</i>	<i>Company size</i>	
	<i>Employee Number</i>	<i>Turnover (€million)</i>
<i>Thierry Rabotin</i>	100	50
<i>Filippo Gabriele</i>	50	Not willing to answer
<i>Yesil Shoes</i>	285	Not willing to answer
<i>Company A</i>	5000	Not willing to answer
<i>Company B</i>	150	Not willing to answer
<i>Kowalski</i>	22	Not willing to answer
<i>Derimer</i>	40	Not willing to answer

The sample companies are clustered in two groups regarding their employee number since in the European Union the company which has less than 250 employees is considered under the category of small-medium sized enterprises and otherwise it is defined as large company (European Commission, 2015). Accordingly, Thierry Rabotin, Filippo Gabriele, Company B, Kowalski and Derimer are grouped in SMEs and others, Yesil Shoes and Company A, are the large companies.

Table 5. 2. Sample Company Age

<i>Company</i>	<i>Company Age</i>	
	<i>Establishment Year</i>	<i>Age</i>
<i>Thierry Rabotin</i>	1999	16
<i>Filippo Gabriele</i>	2013	2
<i>Yesil Shoes</i>	1948	67
<i>Company A</i>	2001	14
<i>Company B</i>	1994	21
<i>Kowalski</i>	1998	17
<i>Derimer</i>	1993	22

The sample companies are separated into the young and well-established firms. That separation is determined by comparing the age of each company. Thus, Yesil Shoes, Company B and Derimer are well-established companies and the rest of them, Filippo Gabriele, Company A, Thierry Rabotin and Kowalski, are young companies.

Another contingent factor is related the strategy of sample companies. Therefore, brand position of these sample companies exhibited in Table 5.3 are investigated by considering luxury level, quality, design, craftsmanship and country of origin which are known as CSFs.

Table 5. 3. Sample Company Brand Positioning

<i>Company</i>	<i>Brand positioning</i>				
	<i>Luxury level</i>	<i>Quality</i>	<i>Design</i>	<i>Craftsmanship</i>	<i>Made in Italy/ Turkey Label</i>
<i>Thierry Rabotin</i>	Aspirational	Very high	High	Very High	Yes
<i>Filippo Gabriele</i>	Aspirational	High	Very high	High	Yes
<i>Yesil Shoes</i>	Accessible	Very high	Medium high	Medium High	Yes
<i>Company A</i>	Accessible	High	Medium high	Medium High	Yes
<i>Company B</i>	Aspirational	Very high	High	High	Yes
<i>Kowalski</i>	Aspirational	Medium high	Very high	Medium High	Yes
<i>Derimer</i>	Accessible	Medium high	Medium high	Medium High	Yes

The luxury level for each company was determined by using classification of Luxury Level according to Bain & Co. (2007). As mentioned in chapter two, the main characteristics of aspirational luxury are distinctiveness and intimation of exclusive experience as in Thierry Rabotin, Filippo Gabriele, Company B and Kowalski. On the other hand, Yesil Shoes, Company A and Derimer are more affordable than the others so that they are in accessible

level of luxury. Furthermore, quality is more significant to be a symbol of used materials so that the sample companies are listed from very high to medium high according to their responses. Design and craftsmanship are other most crucial variables for luxury shoes industry because of the effect on consumer's purchase behavior. Design is ranged as well in quality and Filippo Gabriele and Kowalski give importance to design at very high level. The craftsmanship is categorized from very high to medium low due to involvement of machine and companies attention in production process. Additionally, the sample companies answered the craftsmanship as very high level but compare each other has different levels. Therefore, the brand of Thierry Rabotin produces shoes with very high level of craftsmanship. Finally, the all Italian brands produce their products in Italy and all Turkish brands produce in Turkey so that the whole samples have 'Made in Italy/ Turkey' label. Based on this result, it could be said that only luxury level are considered as a discriminative contingent factor.

As mentioned before, the study was conducted in two countries. Thus, the technological level should be compared to identify its impact. This is determined by the type of process technology, level of automation and the level of technology against to competitors (Burton and Obel, 1996). Table 5.4 is show the results for each firm and is filled by asking directly questions during the interviews and company visiting.

Table 5. 4. Sample Company Technological and Automation Level

<i>Company</i>	<i>Technological and Automation level</i>		
	<i>Process Technology</i>	<i>Level of Technology Applied Against Competitors</i>	<i>Automation Level</i>
<i>Thierry Rabotin</i>	Custom and Batch Technology	No	Production by hand-made
<i>Filippo Gabriele</i>	Batch Technology	No	Production by hand-made and by machine
<i>Yesil Shoes</i>	Mass Production	Yes. Latest technology measurement methods and equipment are used to test raw materials, whole manufacturing steps and final product.	Production by hand-made and by machine
<i>Company A</i>	Mass Production	No	Production by hand-made and by machine
<i>Company B</i>	Custom and Batch Technology	No	Production by hand-made
<i>Kowalski</i>	Batch Technology	No	Production by hand-made
<i>Derimer</i>	Batch Technology	No	Production by hand-made

Process technology is categorized into three groups such as custom technology, batch technology and mass production based on the interviews. Besides two companies, Thierry Rabotin and Company B use both custom and batch technology; Yesil Shoes and Company A make mass production as they are large companies. Also, the batch technology is applied in production process by Filippo Gabriele, Kowalski and Derimer as they are called SMEs. The

level of technology applied against competitors is responded as same as the others except for Yesil Shoes which uses the newest technology to test whole progress in organization. Therefore, this factor cannot be distinguishing feature for the sample companies. Moreover, the automation level is related with production by hand or by machine. Only, Filippo Gabriele, Yesil Shoes and Company A produces the shoes both with hand and with machine which is mostly used to support main activities.

Management style generates also unexpected impacts on QM implementations. Moreover, many researches have investigated that subject and Burton and Obel (1996) have classified these attitudes as shown in Table 5.5 in order to present clearly. Thus, the responses were analyzed regarding these general attitudes and Table 5.5 is filled based on them.

Table 5. 5. Sample Company Management Styles

<i>Company</i>	<i>Management Behaviors</i>					
	Likes to delegate	Focuses on long term planning	Conducts the risks appropriately	More often motivates than controls employees	Gives general instructions for decision making	Provides peaceful atmosphere
<i>Thierry Rabotin</i>				✓	✓	✓
<i>Filippo Gabriele</i>			✓		✓	
<i>Yesil Shoes</i>	✓			✓		✓
<i>Company A</i>		✓				
<i>Company B</i>	✓	✓		✓	✓	
<i>Kowalski</i>					✓	✓
<i>Derimer</i>				✓		✓

According to the table of management behaviors, the most widespread behaviors among the sample companies are that to motivate employees rather than control, to give general instruction for decision making and to provide a peaceful atmosphere. There is one exception, which is Company A and the managers of this firm focus on long-term planning.

Like for management style, employee behaviors affect the implementation of QM. According to Brkic et al. (2011), the organizational culture, working atmosphere and participation of employees to quality issues are used to determine employee behaviors within organization. By the way, Table 5.6 is fulfilled with investigation of employee participation in training, aware of responsibilities, quality conscious and interpersonal relations in order to demonstrate culture, working atmosphere and participation based on the interviews and observations.

Table 5. 6. Sample Company Employee Behaviors

<i>Company</i>	<i>Culture, Working Atmosphere and Participation</i>			
	<i>Employee participation in training</i>	<i>Aware of responsibilities</i>	<i>Quality conscious</i>	<i>Interpersonal relations</i>
<i>Thierry Rabotin</i>	No training	High	High	Fellowship atmosphere
<i>Filippo Gabriele</i>	No training	Medium	Medium	Informal
<i>Yesil Shoes</i>	High	High	High	Fellowship atmosphere
<i>Company A</i>	No training	High	High	Fellowship atmosphere
<i>Company B</i>	Medium	High	Medium	Good
<i>Kowalski</i>	Medium	High	Medium	Good
<i>Derimer</i>	Low	Medium	Low	Good

The trainings are very useful practices for companies to create organizational culture and high employee participation is quite beneficial for company success. With respect to Table 5.6, it is represented that Thierry Rabotin, Filippo Gabriele and Company A have no training for quality within organization. Although, the employees of Thierry Rabotin and Company A are highly aware of quality responsibilities and they have high conscious of quality, the workers of Filippo Gabriele have medium aware of responsibilities and the level of their quality consciousness is medium. For that reasons, the interpersonal relation in Thierry Rabotin and Company A is as fellowship atmosphere and the informal relationship is seen in Filippo Gabriele. Furthermore, the participation is high only in the firm of Yesil Shoes and the other features are same as Thierry Rabotin and Company A. In fact, this is contradictory situation because while Yesil Shoes has training, the others have no. Finally, the participation is medium level in Kowalski in parallel with quality consciousness of employees is medium level. Also, the participation of quality trainings in Derimer is low so the quality consciousness is low. In Company B, the medium level of employee participation in training brings medium level quality consciousness and high level awareness of responsibilities.

Considering all of these tables above, some of the contingency factors could be negligible due to the lack of discriminative features. Besides that, the major contingency factors are emphasized as “*company size, company age, luxury level classification, process technology, automation level, employee participation in training and interpersonal relationship of employees*” given in Table 5.7. These contingency factors will be regarded in the coming part in order to provide an answer for the research questions already explained.

Table 5. 7. The Framework of Selected Contingency Factors’ Dimension and Measurement

<i>Contingency factors</i>	<i>Dimension</i>	<i>Measurement</i>		<i>References</i>
Demographic Variables	<i>Company Size</i>	Number of Employee		Germain et al, 1999; Burton & Obel, 2000; Sousa & Voss, 2001; Brkic et al., 2011
		Total Revenue		
	<i>Age</i>	Foundation Year		
Strategy Variables	Brand Positioning	<i>Luxury Level</i>	Absolute/Aspirational/ Accessible	D’Arpazio, 2007; Bain & Co., 2008; Brun & Castelli, 2008
		Quality	Very high/ High/ Medium high	
		Design	Very high/ High/ Medium high	
		Craftsmanship	Very high/ High/ Medium high/ Medium low	
		Made in Italy/ Turkey Label	Yes/ No	
Technology Variables	Technological and Automation Level	<i>Process Technology</i>	Custom technology/ Batch technology/ Mass production	Burton & Obel, 1996; Klarin et al., 2000; Escanciano et al., 2002
		Level of Technology Applied Against Competitors	Yes/ No	
		<i>Automation Level</i>	Production by hand-made/ Production by machine	
Management Style Variables	Management Behaviors	Likes to delegate		Burton & Obel, 1996
		Focuses on long term planning		
		Conducts the risks appropriately		
		More often motivates than controls employees		
		Gives general instructions for decision making		
		Provides peaceful atmosphere		
Employee Behavior Variables	Culture, Working Atmosphere and Participation	<i>Employee participation in training</i>	High/ Medium/ Low/ No Training	Prajogo & Sohal, 2001
		Aware of responsibilities	High/ Medium/ Low	
		Quality conscious	High/ Medium/ Low	
		<i>Interpersonal relations</i>	Good/ Informal/ Fellowship atmosphere	

5.2. RESEARCH QUESTIONS

5.2.1. RESEARCH QUESTION 1

1st part: “How do Italian and Turkish luxury shoes companies constitute the organizational structure of quality management?”

The first part of the RQ1 result is obtained from the sample case studies which include the adoption of quality management department in Italian and Turkish luxury shoes companies’ organizational structure. It demonstrates that if there is a separate department assigned to quality management and also shows the responsibilities and role distributions among the functions in order to maintain quality assurance and quality control activities properly in the organization. All the responses related to these issues are given in the Table 5.8.

Table 5. 8. Quality Management Organizational Structures of Sample Companies

<i>Company</i>	<i>Quality Management Organizational Structures</i>			
	Existence of Quality Management Department	Responsible Department of Quality Assurance	Responsible Department of Quality Control	The Position of Authorized Quality Responsible in the Organizational Chart
<i>Thierry Rabotin</i>	No	All Departments	All Departments	Report to CEO or Owner
<i>Filippo Gabriele</i>	No	Personally Responsible-Chief Executive	Personally Responsible-Chief Executive	The owner is responsible for quality management
<i>Yesil Shoes</i>	Yes	Quality Management Department	Quality Control Department	Report to Top Manager
<i>Company A</i>	Yes	Quality Management Department	Quality Control Department	Report to Top Manager
<i>Company B</i>	No	All Departments	Quality Control Department	Report to Top Manager
<i>Kowalski</i>	No	Other-Administration	Quality Control Department	The owner is responsible for quality management
<i>Derimer</i>	No	Personally Responsible- Quality Assurance Manager	All Departments	Report to Top Manager

According to the results obtained in Table 5.8, two out of seven sample companies have a quality management department as a single function that are Yesil Shoes and Company A. In Yesil Shoes, their quality assurance implemented by the quality assurance expert from the QM department and quality control is conducted by the separate quality control department. Meanwhile in Company A, QM department is responsible for the quality assurance and quality control department is responsible for quality checks. That represents, generally the employees who are working in QM or QC departments are responsible for detecting and solving any

quality-related problems both on products which means quality control and on processes which means quality assurance.

The remaining firms like Thierry Rabotin, Filippo Gabriele, Company B, Kowalski and Derimer do not give special place for the QM function in their organizational chart. For what concerns the quality control, both in Thierry Rabotin and Derimer, all the employees are responsible even if the issue is totally related to QM department and all employees can directly contribute when there are difficulties related with quality. In Filippo Gabriele, only one employee who is the chief executive checks the quality of products and directly responsible for all quality issues as it is small company in terms of size. However, Company B and Kowalski have the separate quality control department only for checking the materials and final products' quality conditions.

Ultimately, for what concerns the position of authorized quality responsible in the organizational chart, with the exceptions of Filippo Gabriele and Kowalski, in all the other five cases, the authorized employees about quality report directly to the top manager, CEO or owner of the firm. In both Filippo Gabriele and Kowalski, the owner is in charge of quality management besides his/her other tasks.

From the analysis, according to their responses, it is obvious that all the sample firms without taking into account their sizes are close with the quality assurance and especially quality control activities. In addition, they are aware of the importance of quality management, even if they have or not have single department for that function since they apply quality checks in a curvaceous way.

In terms of the variability of the answers, no interesting patterns were found regarding the influence of contingent factors on *the position of authorized quality responsible in the organizational chart* variable as the employees directly report to the top manager or CEO or owner of the company or the owner is accountable for managing quality control. Since the results are common, the most important quality management organizational structure variables are “*existence of quality management department, responsible department of quality assurance and responsible department of quality control*” considered in terms of comparing with contingency factors in the following part.

2nd part: “*Which are the effects of contingent factors on the organizational structure of quality management in Italian and Turkish luxury shoes companies?*”

In order to answer the second part of the RQ1, it is aimed to discover similar approaches through the companies' preferences about the organizational structure and quality management department under the effects of contingency factors that are mentioned in previous parts. We can see from the analysis of the first part of RQ1, there is no common model for the organizational structures accepted by all Italian and Turkish luxury shoes sample companies. By the reason of that, this part is conducted for the analysis of different

contingency factors' effects in order to discover the repetitive patterns. The most reasonable and valuable outcomes are gathered together and interpreted.

First of all, the adoption of the quality management department as a single entity is examined according to the most distinctive and effective contingency factors that are “*company size, company age, luxury level, production process technology, automation level, employee participation in training and interpersonal relations between the workers*” given in Table 5.7.

Table 5. 9. Adoption of QM Department Compare to the Company Size

	<i>Company Size</i>	
	<i>Large Enterprises</i>	<i>SME</i>
Existence of Quality Management Department	<i>Yesil Shoes Company A</i>	
Lack of Quality Management Department		<i>Thierry Rabotin Filippo Gabriele Company B Kowalski Derimer</i>

The results between the “size” factor and “quality management department” are summarized in Table 5.9. Furthermore, it is important to point out that the contingency factor “size” is the discriminating element on the adaptation of a quality management department in different organizations. According to the response of sample companies and as it shown in Table 5.8, with consideration to Table 5.1 both two large enterprises Yesil Shoes and Company A have separate quality management department. As well, all the small-medium enterprises do not consider quality management department as a single entity and see that as a sub-function under the other departments in the organization. The probable consequence of those findings can be that the large companies locate QM department as a single function due to their great amount of components and information. Conversely, SMEs have fewer components and information compare to the large companies and their resources are smaller which may be unsaturated in terms of assign to quality management.

Table 5. 10. Adoption of QM Department Compare to the Company Age

	<i>Company Age</i>	
	<i>Well-established Companies</i>	<i>Young Companies</i>
Existence of Quality Management Department	<i>Yesil Shoes</i>	<i>Company A</i>
Lack of Quality Management Department	<i>Company B Derimer</i>	<i>Thierry Rabotin Filippo Gabriele Kowalski</i>

The above table emphasizes the relation between the adoption of QM department in the organization and the company age. The papers refer to the company’s size together with its age impacts organizational structure and these are the elements which the organizational functions are arranged according to them. The age of the sampled companies is in the 2 to 67

years range and while three of them qualified as a well-established, the remaining ones qualified as young companies. In the light of the past researches, it is expected that when the age is growing, QM practice will be better and TQM will be applicable (Brkic et al., 2011). However, as depicted in the Table 5.10, there is a mismatch between the collected results and literature review.

Table 5. 11. Adoption of QM Department Compare to the Company Luxury Level Positioning

	<i>Luxury level</i>		
	Absolute	Aspirational	Accessible
Existence of Quality Management Department			<i>Yesil Shoes Company A</i>
Lack of Quality Management Department		<i>Thierry Rabotin Filippo Gabriele Company B Kowalski</i>	<i>Derimer</i>

Another outcome is obtained from the above matching that tells us the luxury level can be discriminating only for the aspirational luxury positioning companies. All those firms deal with the QM department as a sub-function under the other departments instead of separating it as a single part. Differently, there is no persisting arrangement for the accessible luxury shoes companies but the large majority of that group has a separate QM department in their organizational chart except Derimer. Surprisingly, while it is predicted that the aspirational luxury companies have more knowledge about the necessity and importance of higher structuring and evaluating the quality separately, accessible firms became better than aspirational ones in practice.

Table 5. 12. Adoption of QM Department Compare to the Manufacturing Process Technology

	<i>Process Technology</i>		
	Custom and Batch Technology	Batch Technology	Mass Production
Existence of Quality Management Department			<i>Yesil Shoes Company A</i>
Lack of Quality Management Department	<i>Thierry Rabotin Company B</i>	<i>Filippo Gabriele Kowalski Derimer</i>	

The manufacturing process technology that sample companies used is another important variable in terms of structure of the company. The relation between the QM department and the massiveness level in production system of the firm examined and it has been found that when the massiveness level increases, companies head towards to form separate QM in their organizations as they fit into the system both their manufacturing and quality processes. Accordingly, both the firms, having only batch production technology and the mixture of

customized and batch production technology, are lacked of separate QM department in their organizational structure.

Table 5. 13. Adoption of QM Department Compare to the Manufacturing Automation Level

	<i>Automation Level</i>	
	<i>Production by hand-made</i>	<i>Production by hand-made and by machine</i>
Existence of Quality Management Department		<i>Yesil Shoes Company A</i>
Lack of Quality Management Department	<i>Thierry Rabotin Company B Kowalski Derimer</i>	<i>Filippo Gabriele</i>

When thinking the automation level of the production, it seems to be not correlated with the companies’ quality management matters. However, interview outcomes are exposed the unexpected statement about this relationship. The manufacturing process is implemented by only hand-made in Thierry Rabotin, Company B, Kowalski and Derimer luxury shoes companies as they all believe that the premium quality shoes can only be produced with the human touch. The QM department is missing in those companies and all the quality works are shared between the other departments. Except Filippo Gabriele, companies conducting the production process both by utilizing the human and machines have department dedicated to quality management.

Table 5. 14. Adoption of QM Department Compare to the Employee Participation in Training

	<i>Employee Participation in Training</i>			
	<i>High</i>	<i>Medium</i>	<i>Low</i>	<i>No training</i>
Existence of Quality Management Department	<i>Yesil Shoes</i>			<i>Company A</i>
Lack of Quality Management Department		<i>Company B Kowalski</i>	<i>Derimer</i>	<i>Thierry Rabotin Filippo Gabriele</i>

Employee trainings must be a priority in all organizations and they should maintain high commitment of employees. High-level participation of staff to the trainings plays a crucial role to create strong organizational culture and spread instructions about quality tools applications. Based on the results in Table 5.14, when the company has QM function separately, attendance of the employees becomes high. If there is no structured QM function, the participation on trainings decreases directly.

Table 5. 15. Adoption of QM Department Compare to the Interpersonal Relations between the Employees

	<i>Interpersonal Relations</i>		
	Good	Informal	Fellowship atmosphere
Existence of Quality Management Department			<i>Yesil Shoes Company A</i>
Lack of Quality Management Department	<i>Company B Kowalski Derimer</i>	<i>Filippo Gabriele</i>	<i>Thierry Rabotin</i>

Next, adoption of QM department as a single function is also checked against the interpersonal relations of employees for each sample company. This investigation gives the idea about the organization culture, whether it is soft or hard. According to this comparison, poor interpersonal relationships are observed in companies which do not consider QM function as a single entity in their organizational chart. On the other side, with the excluding Thierry Rabotin, interpersonal relations also seem to be discriminating for the companies having QM department.

Finally, it has been investigated that how the each selected contingent factors, given in Table 5.7, can influence the organizational decision toward assigning departments to control and assure quality of products and processes. The most interesting outcomes are identified from the relation of variable with the contingent factor ‘*company size*’.

Table 5. 16. Responsible Department of Quality Assurance Compare to the Company Size

	<i>Company Size</i>	
	Large Enterprises	SME
Quality Management Department	<i>Yesil Shoes Company A</i>	
Quality Control Department		
All Departments		<i>Thierry Rabotin Company B</i>
Personally Responsible		<i>Filippo Gabriele Derimer</i>
Other		<i>Kowalski</i>

Considering the large enterprises, the detailed quality regulations beyond the all company boundaries are managed by QM department. Among the SMEs, a common pattern is identified as to give quality assurance tasks to a single person, others like administration or all departments. As a result of not having a single QM department, quality assurance duties are distributed to the various units.

Table 5. 17. Responsible Department of Quality Control Compare to the Company Size

	<i>Company Size</i>	
	Large Enterprises	SME
Quality Management Department		
Quality Control Department	<i>Yesil Shoes Company A</i>	<i>Company B Kowalski</i>
All Departments		<i>Thierry Rabotin Derimer</i>
Personally Responsible		<i>Filippo Gabriele</i>
Other		

From the table above, it is clear that the company size factor is the distinctive for all the large firms to assign QC department for checking quality of the products or processes. Subsequently, all the SMEs give quality control tasks to a single person or all departments, same as above quality assurance, except for Company B and Kowalski that created separate small QC department. A conceivable conclusion can be the controlling the quality is formed and standardized in the large organizations by separating the QC department as they have a huge amount of items, they should be more organized.

5.2.2. RESEARCH QUESTION 2

1st part: “How do Italian and Turkish luxury shoes companies constitute the quality management systems and process quality management practices?”

Starting with the interview by asking to sample companies what quality stands for them to understand their perspective about quality, created a baseline in order to find an answer for the first part of RQ2. With the highlight of their definition of quality, it can be interpreted more deeply and correctly while considering their quality management systems and their mechanism on quality management practices. The answers shown in the following table give the clues about each sample company’s quality culture.

As shown in Table 5.18, all sample companies indicated their involvement to quality in distinctive ways. All enterprises are aware of the necessity and importance of the quality in order to gain customer loyalty and long-run existence in the market. The most common statement form the answer above is that quality is a crucial tool in order to achieve customer satisfaction. Moreover, it is a very wide perspective to specify and spread across all the organizational activities and long term goals. With the structure quality management systems or not, at least all the sample luxury shoes firms are conscious of including quality in every step of organizational exercises.

Table 5. 18. Quality Definitions of by Each Sample Companies

<i>Company</i>	<i>Quality Definition</i>
	<i>Different Perspectives of Quality</i>
<i>Thierry Rabotin</i>	“There is no possible measurement for the quality. Everybody has its own quality. It is a personal perspective. It is not only depending on production; it is a matter of financial possibilities, for someone fresh air can be quality. Quality is communication with the customer; quality is high flexibility, quality is a really wide perspective; it depends on where you put limits.”
<i>Filippo Gabriele</i>	“It is possible to see the quality in the eyes of customer. It is a way of customer satisfaction through the services and products we offer. The secret of being labeled as a high-quality brand is its style, excellence, creativity and superior raw materials.”
<i>Yesil Shoes</i>	“Quality in Yesil Shoes can be identified based on many vital routine activities: Producing and developing products through our customers’ demand and expectations; Delivering orders to the customers on time; Increasing customer satisfaction with the sales and after-sales services; Ensuring the active participation of our employees and taking advantage of new technologies; Providing continuous improvement in product quality and quality management system; Depending on continuous development to increase our market share; Being respectful to the environment through the production process of our products.”
<i>Company A</i>	“Quality means for us that the perceived value and performance of a product are higher than the paid price.”
<i>Company B</i>	“Quality which means conformance to the specifications is the essential principle for our organization. Quality has no unique definition; it starts from the secrets of the detail of our manufacturing process and ends with our customers’ satisfaction”
<i>Kowalski</i>	“Quality for us is described as 100% of customer satisfaction and impeccable service.”
<i>Derimer</i>	“Quality is linked with the keeping our manufactured products in top level to ensure customer satisfaction and providing the life cycle of raw materials very long. On the other hand, it also means for us that delivering the orders on time and completing to the customers’ needs and taking care of long-term study.”

Afterwards, as it is shown in the “Research Framework and Variables” section, all the sample luxury shoes companies are interviewed about their quality management system and process of quality management practices by considering various sub-sections.

Quality Management Systems of Samples

At first, in order to examine sample companies’ quality management system, many variables inquired like quality importance level, basic roles and responsibilities of employees regarding quality, number of those employees, company policy towards quality management, TQM principles practices and CTQ elements determination. All responses are presented in Table 5.19 and Table 5.20 for cross-case analysis.

In the beginning, the importance given in the quality issues by the sample companies has been investigated and according to the results, quality is considered extremely important for all sample companies and it is a strategic tool of their existence. This finding is exactly matched with the literature review which is telling the quality is one of the most important critical success factors in a luxury industry.

About the basic roles and responsibilities of employees considering quality, many of the firms’ responses are common except some differences. The main role is performed by the employees is monitoring and controlling the process. Since the large-size companies have much more

employee than the small-medium ones, the roles and responsibilities are getting wider like for Yesil Shoes and Company A.

Moreover, from the score of percentage of employees responsible for quality activities, each sample company assigned different proportion of employees to carry out daily quality related tasks. It is clear by the below analysis that although all firms seem to be aware of the importance of quality issues, that does not mean to succeed in involving employees in daily quality jobs. For instance, Thierry Rabotin charges all employees about quality control activities besides their own special jobs. On the other hand, Company A and Filippo Gabriele allocate a very little percentage for those quality activities.

In fact, based on the answers company policies toward quality management is like a daily work improving continuously and involved all phases of production process. All employees are responsible for their parts in terms of quality checking and that reduces errors and variability. Even though most of the companies have not written policy about the perspectives of quality management, each of them has a specific way to manage quality topic.

Second, except the companies Yesil Shoes and Company A, all the others have not got official implementation of TQM. However, they apply TQM principles in an informal way while defining their strategies. It is completely defined in the literature that the formal quality management implementation gives firm a change to diversify from the competitors and it is a feature to be seen more professional in quality applications. In contrast, there is a lack of official implementation of TQM in both Italian and Turkish luxury shoes industry. Nonetheless, they are trying to keep up with the requirements of TQM in an unofficial manner.

In terms of determination of critical to quality parameters that related to customer needs, majority of the sample companies follow the way of listening to the customer, investigating previous market researches and chasing the competitors' assessments. By the way, hearing the customer voice that shapes the set of characteristics of a product or process must have in order to meet certain customer expectations.

Table 5. 19. Quality Management Systems of Sample Companies (1/2)

<i>Company</i>	<i>Quality Management System (1)</i>		
	Quality Importance	Roles and Responsibilities Regarding Quality	Percentage of Employees Responsible for Quality Activities
<i>Thierry Rabotin</i>	Important tool to survive	Monitoring and controlling the process; Perform quality related activities	100%
<i>Filippo Gabriele</i>	The most important thing is using the best quality materials	Monitoring and controlling the process and final products	2%
<i>Yesil Shoes</i>	Quality is controlled considering the international quality standards and procedures	Performing quality management system activities; Building and managing quality assurance plan; Forming and maintaining procedures and checklist; Resourcing and achieving the quality assurance as described in the plan; Conducting quality trainings; Monitoring and controlling the process	8%
<i>Company A</i>	Quality is considered worthy phenomena as design, production technology or marketing	Building and managing quality assurance plan; Forming and maintaining procedures and checklist; Resourcing and achieving the quality assurance as described in the plan; Conducting quality trainings; Monitoring and controlling the process	1%
<i>Company B</i>	Quality is the starting point of our objectives	Conducting quality trainings; Monitoring and controlling the process	7%
<i>Kowalski</i>	Ultimate level of importance given to quality	Building and managing quality assurance plan; Resourcing and achieving the quality assurance as described in the plan; Conducting quality trainings	14%
<i>Derimer</i>	Production processes have adopted a zero defect policy and quality is the primary strategy for our brand	Conducting quality trainings; Monitoring and controlling the process	15%

Table 5. 20. Quality Management Systems of Sample Companies (2/2)

<i>Company</i>	<i>Quality Management System (2)</i>		
	Company Policy against Quality Management	Implementation of TQM Principles	Determination of CTQ
<i>Thierry Rabotin</i>	No certain quality management implementations; however, everybody is in charge of quality control activities in every step of production such as the selection of raw materials, finding the right supplier and manufacturing process. Also, Employees having high level of quality conscious are selected in the recruitment phase.	Not official implementation of TQM but informal application of its principles: -Top management commitment -Focus on customers and stakeholders -Participation and teamwork	-From market research -Other: From customer conversations

Filippo Gabriele	No written policy but everyone makes the best and final check is done from chief executive.	Not official implementation of TQM but informal application of its principle: -Focus on customers and stakeholders	-From sales force data -Other: From social network
Yesil Shoes	Special importance given to quality control activities by using latest technology measurement equipment. Quality management team responsible for inspection of all departments work regarding to quality. Maintaining and improving quality is a daily task for all employees and in each phase of production.	Official implementation of TQM: -Focus on customers and stakeholders -A process focus supported by continuous improvement and learning	-Other: From customer satisfaction surveys
Company A	Aiming to provide high quality products with affordable price and high quality service regarding the customers' expectations by developing and improving continuously.	Official implementation of TQM: -Focus on customers and stakeholders	-From competitors' assessment -Other: From top management decisions
Company B	No official policy towards quality management. Each of the employees is trained for the quality issues and they give special effort to check the product quality while performing their personal daily tasks.	Not official implementation of TQM but informal application of its principle: -Focus on customers and stakeholders -A process focus supported by continuous improvement and learning	-From market research reports -Other: From customer conversations
Kowalski	No written policy for quality management, top management responsible for creating and performing quality policies. At the end of the production process, products are controlled by the QC team.	Not official implementation of TQM but informal application of its principles: -Focus on customers and stakeholders -Participation and teamwork by everyone in the organization -A process focus supported by continuous improvement and learning	-From market research reports -From competitors' assessment
Derimer	No written policy for quality management. In each part of the production, quality is checked by all employees. Also, zero defect policy is adopted across the organization boundaries.	Not official implementation of TQM but informal application of its principles: -Focus on customers and stakeholders -A process focus supported by continuous improvement and learning	-From market research reports -From competitors' assessment -Other: From customer conversations

The Process Quality Management Practices of Samples

Primarily, process quality management practices followed by each sample firms have been included into our investigation by taking information about type of ISO standards they applied, auditing techniques they used, the way of selection of important costs regarding

quality, tools they used for quality control and their training system. The results are presented in Table 5.21 and Table 5.22.

The results taken from during the interviews demonstrate various aspects on incorporate with the official quality standards or not. Some of the sample companies have quality management, occupational health and safety management, Turkish Standard Institution (TSE) quality document or customer satisfaction complaints standards while the others see all of those as non-essential. For instance, Yesil Shoes has been working with ISO-9000 Quality Management standard for seventeen years and they specially indicated that how this standard helped to get ahead among the competitors. Also, they added that the importance given to quality in the organization increased rapidly and the adaptation to the changes in new production systems became easier. On the other side, as Thierry Rabotin and Derimer mentioned that they do not feel the need for any ISO standard since their procedures about the quality are particular in their strategy and everyone aware of their own responsibility. There can be several reasons not to include official standards to their organizations such as bringing extra cost, requiring extra resources or increasing bureaucratic processes.

Furthermore, considering the total auditing techniques that companies applied, what emerged from the interviews, the companies mainly prefer to use customer surveys or review inside the organization. By implementing auditing process, it can be seen regularly if the quality management system working properly as described in the plan or if there is a problem on the system or if the objectives are being reached. All the companies implement these processes to get knowledge about the situation in each phase, with exception of Filippo Gabriele which does not practice any kind of auditing techniques. Thierry Rabotin, Yesil Shoes and Derimer apply more than one auditing technique.

According to Table 5.21, it immediately appears that except one company, all of them allocate their revenue to the internal failure costs. These costs take place due to the scraps or reworks that come back from the customers as they are not matched with the specifications. All the sample firms consider total quality costs in their cost structure except the Thierry Rabotin which informed us that there is no significant cost regarding quality since the quality problems related to customer are less than 2%.

The other process quality management practice is quality tools they applied have been also considered to discuss. There are numerous tools to apply quality are presented in Table 5.22 for each sample's own strategy. These typical mechanisms are used for determining and finding a solution for the quality related problems and errors. It is obvious that each organization has its own system to achieve quality tests by adopting in every step of the production.

In order to show off the condition about the trainings on quality issues, it is examined that all the samples' training applications. The outcomes point out that while some companies do not believe that quality consciousness can be raised by personal trainings on quality, the others consider that awareness can be created only with these formal and continuous quality trainings

in the company. Moreover, this practice increases the personal involvement of employees in quality issues.

Table 5. 21. The Process Quality Management Practices of Sample Companies (1/2)

<i>Company</i>	<i>Process Quality Management Practices (1)</i>		
	ISO Standards	Auditing Techniques	Assessment of Total Quality Costs
<i>Thierry Rabotin</i>	None	-Customer Surveys -Other: Shopping visits and talking with sales force	No significant cost
<i>Filippo Gabriele</i>	-ISO 9000- Quality Management	No audit	Internal Failure Costs
<i>Yesil Shoes</i>	-ISO 9000- Quality Management -Other: OHSAS 18001- Occupational Health and Safety Management -Other: TSE Quality Document	-Customer Surveys -Internal Audit and Gap Analysis	Internal Failure Costs
<i>Company A</i>	-ISO 9000- Quality Management -Other: ISO 10002- Customer Satisfaction Complaints Standards	-New Customer Measures	Prevention Costs Internal Failure Costs
<i>Company B</i>	-ISO 9000- Quality Management	-Customer Surveys -Internal Audit and Gap Analysis	Internal Failure Costs
<i>Kowalski</i>	None	-Customer Surveys	Internal Failure Costs
<i>Derimer</i>	None	-Mystery Shopping -Internal Audit and Gap Analysis	Internal Failure Costs

Table 5. 22. The Process Quality Management Practices of Sample Companies (2/2)

<i>Company</i>	<i>Process Quality Management Practices (2)</i>	
	Quality Tools	Training
<i>Thierry Rabotin</i>	Conducting quality control activities by well-educated employees in every stage of the production from the selection of raw materials and collaborating with right suppliers to the checking of final products particularly.	There is no quality training; it is a result of experience.
<i>Filippo Gabriele</i>	Unique items are produced by using best quality materials and their final check is made by the chief executive.	No training
<i>Yesil Shoes</i>	The product quality tests are regarded extremely important different from the competitors. Raw materials, the steps of production process and final state of product are tested by the various devices and latest technology measurement methods. All departments' quality, second quality and wastage of materials are controlled and inspected by the quality assurance expert.	It has to be frequent trainings to keep constant the quality of consciousness that is given to our employees. Moreover, during the orientation for the new hired employees, quality management system and their responsibilities on that system are explained in a detailed way.

<i>Company A</i>	Each product segment's administration and quality control department have responsibility to check final products at the end of the production process by conducting required quality control tests.	No training
<i>Company B</i>	All the phases of manufacturing process are observed directly by the authorized employees and the final products' checking is carried out in latest technological laboratories by several test equipment.	The only way to provide quality production is continuous learning of employees by organizing regular trainings on quality system.
<i>Kowalski</i>	Quality control experts check the final product and then approve for delivery to the customers. Before the approval, sample of each product type is tested in daily wear for 3 months.	Staff trainings are organized to create awareness of the quality and improve quality workmanship.
<i>Derimer</i>	Direct observation of product in the various steps of manufacturing is realized by the authorized employees. At the end of the process all items are considered by the customer eye.	Quality assurance manager and his assistants provide trainings and seminars at regular intervals to create quality awareness.

Consequently, all above findings and results represent each sample Italian and Turkish luxury shoes companies' management of quality and mechanism for practices of quality management by dealing with distinctive variables. According to results shown in Table 5.19, Table 5.20, Table 5.21 and Table 5.22, the most interesting variables that provide different outcomes to be analyzed on a contingency perspective appeared to be: '***Roles and responsibilities regarding quality, company policy against quality management, implementation of TQM principles***' relevant to quality management system and '***ISO standards, quality tools, training***' regarding to process quality management practices.

2nd part: "Which are the effects of contingent factors on the quality management systems and process quality management practices in Italian and Turkish luxury shoes companies?"

The purpose of this question presents the impact of contingency factors on quality management system and process quality management practices which were identified as the most impressive variables in the first part of RQ2. According to that, *roles and responsibilities related with quality, company policy against QM and implementation of TQM principles* are the most impressive variables in quality management system and *ISO standards, quality tools and training* are very distinctive variables in process quality management principles. Consequently, these variables and the identified contingency factors were analyzed in this part with the cross-case methodology to demonstrate the impact of contingent factors.

- Quality Management System

In the beginning, considering the variable of 'roles and responsibilities related with quality' (the scope of responsibility of quality tasks) , it is found that after the matches with each selected contingent factors, some of them such as *company size, process technology and employee participation in training* showed the most significant impact on different workload of quality-related tasks.

Table 5. 23. Roles and Responsibilities Related with Quality Compare to the Company Size

	<i>Company Size</i>	
	Large Enterprises	SME
Less responsibilities of quality tasks		<i>Thierry Rabotin Filippo Gabriele Company B Derimer</i>
Wider responsibilities of quality tasks	<i>Yesil Shoes Company A</i>	<i>Kowalski</i>

It is obviously shown that in Table 5.23 company size is a quite important factor between different workload of quality related tasks. In that way, all large companies have workforces with wider responsibilities of quality tasks. In contrast, the SMEs, Thierry Rabotin, Filippo Gabriele, Company B and Derimer focus only limited quality tasks because of the lack of enough employees except Kowalski. Moreover, the large companies like Yesil Shoes and Company A with a high number of workforce have quality management department which is responsible for quality tasks. On the other hand, in general, the SMEs regard quality tasks in terms of quality control issues such as monitoring and controlling.

Table 5. 24. Roles and Responsibilities Related with Quality Compare to the Manufacturing Process Technology

	<i>Process Technology</i>		
	Custom and Batch Technology	Batch Technology	Mass Production
Less responsibilities of quality tasks	<i>Thierry Rabotin Company B</i>	<i>Filippo Gabriele Derimer</i>	
Wider responsibilities of quality tasks		<i>Kowalski</i>	<i>Yesil Shoes Company A</i>

Based on Table 5.24, process technology is a discriminative factor for the roles and responsibilities when the companies make mass production. Additionally, it is seen that the mass production technology is used only for large companies which can afford its requirements such as high technology and high investment have wider responsibilities on quality tasks. Nevertheless, for the companies using batch technology in production process the process technology has no significant effect on the scope of responsibilities of quality tasks, since this can be linked with the low technology level needed for batch production.

Table 5. 25. Roles and Responsibilities Related with Quality Compare to the Employee Participation in Training

	<i>Employee Participation in Training</i>			
	High	Medium	Low	No training
Less responsibilities of quality tasks		<i>Company B</i>	<i>Derimer</i>	<i>Thierry Rabotin Filippo Gabriele</i>
Wider responsibilities of quality tasks	<i>Yesil Shoes</i>	<i>Kowalski</i>		<i>Company A</i>

According to Table 5.25, it can be said that employee participation is a distinctive factor on the scope of responsibilities of quality tasks among the companies manage training. Considering these companies, the responsibilities of quality tasks are going lower while the level of participation in training is decreasing. Training is more helpful to understand these responsibilities and to manage them appropriately. Thus, the low participation is resulted fewer responsibilities of quality tasks.

Another variable is ‘company policy’ which includes the quality issues within quality management. The company policy against quality management is analyzed by regarding the identified contingency factors in Table 5.7 and the contingent factors *company size, luxury level, process technology* and *automation level* exhibit the most different results between the polices of sample companies.

Table 5. 26. Company Policy against QM Compare to the Company Size

	<i>Company Size</i>	
	Large Enterprises	SME
No written policy towards QM		<i>Thierry Rabotin Filippo Gabriele Company B Kowalski Derimer</i>
Written policy towards QM	<i>Yesil Shoes Company A</i>	

In the Table 5.26, company size is accepted as a notable factor to identify the companies with written policy towards QM and companies without written policy towards QM. As it is seen, all large companies have a written policy to manage quality issues within organization since they adopt a structured approach to quality management. On the other hand, the companies positioned at SME do not have a specified policy to determine the framework of quality issues in their organizations.

Table 5. 27. Company Policy against QM Compare to the Company Luxury Level Positioning

	<i>Luxury level</i>		
	Absolute	Aspirational	Accessible
No written policy towards QM		<i>Thierry Rabotin Filippo Gabriele Company B Kowalski</i>	<i>Derimer</i>
Written policy towards QM			<i>Yesil Shoes Company A</i>

Luxury level is considered as a contingent factor in order to provide discriminative features for the aspirational level. Based on Table 5.27, all companies in aspirational level have no written policy about managing quality. Since the quality policy is only seen as controlling the end product, they do not need to have a written policy. Although, there is no word to say clearly about the companies in accessible level, generally these level companies have a written policy towards quality management.

Table 5. 28. Company Policy against QM Compare to the Manufacturing Process Technology

	<i>Process Technology</i>		
	Custom and Batch Technology	Batch Technology	Mass Production
No written policy towards QM	<i>Thierry Rabotin Company B</i>	<i>Filippo Gabriele Kowalski Derimer</i>	
Written policy towards QM			<i>Yesil Shoes Company A</i>

Furthermore, process technology is a contingent factor to identify the quality management policy between the companies in terms of having written or no written documentations. Table 5.28 shows that the companies which make mass production contain a written policy towards quality management but on the other hand, there is no written quality policy in the companies producing their products with batch technology. It can be derived from the differences between batch and mass production technology.

Table 5. 29. Company Policy against QM Compare to the Manufacturing Automation Level

	<i>Automation Level</i>	
	Production by hand-made	Production by hand-made and by machine
No written policy towards QM	<i>Thierry Rabotin Company B Kowalski Derimer</i>	<i>Filippo Gabriele</i>
Written policy towards QM		<i>Yesil Shoes Company A</i>

To discriminate the companies in terms of company policies, the automation level is scrutinized. Especially, the companies which make hand-made production have not a written quality policy. In contrast, when the machines are involved in the production process, the companies have a written policy toward quality management.

The last variables among the quality management system ‘implementation of TQM principles’ are investigated on the most appealing contingency factors and the *company size*, *luxury level*, *process technology* and *automation level* are obtained as the most discriminative ones. The findings are illustrated in the following tables.

Table 5. 30. Implementation of TQM Principles Compare to the Company Size

	<i>Company Size</i>	
	<i>Large Enterprises</i>	<i>SME</i>
No Official Implementation of TQM Principles		<i>Thierry Rabotin Filippo Gabriele Company B Kowalski Derimer</i>
Official Implementation of TQM Principles	<i>Yesil Shoes Company A</i>	

First of all, the company size effect on official implementation of TQM principles is investigated. From the table above, it immediately appears that company size is an important contingent factor that influences the firms’ choice on exercise official TQM procedures. According to the past researches, the official implementation of the TQM is a feature to differentiate and to constitute a systematic quality management system; large companies prefer to adopt that system into their organizations. In the opposite side, there is a visible resistance to official TQM application for the Italian and Turkish small-medium luxury shoes companies.

Table 5. 31. Implementation of TQM Principles Compare to the Company Luxury Level Positioning

	<i>Luxury level</i>		
	<i>Absolute</i>	<i>Aspirational</i>	<i>Accessible</i>
No Official Implementation of TQM Principles		<i>Thierry Rabotin Filippo Gabriele Company B Kowalski</i>	<i>Derimer</i>
Official Implementation of TQM Principles			<i>Yesil Shoes Company A</i>

Furthermore, the level of luxury variable is considered in the matches. In fact, all the companies with an aspirational luxury brand positioning are far from the formal implementation of TQM policies. On the other hand, companies positioned at accessible luxury level perform the requirements of that system. Only Derimer does not implement TQM

principles as they mentioned that their procedures are written on their organization laws and they do not need any formal procedures. The surprising point of this analysis is when the level of luxury increases, companies move away from the exercise of official procedures.

Table 5. 32. Implementation of TQM Principles Compare to the Manufacturing Process Technology

	<i>Process Technology</i>		
	Custom and Batch Technology	Batch Technology	Mass Production
No Official Implementation of TQM Principles	<i>Thierry Rabotin Company B</i>	<i>Filippo Gabriele Kowalski Derimer</i>	
Official Implementation of TQM Principles			<i>Yesil Shoes Company A</i>

After having analyzed the possible relations of the contingent factor manufacturing process technology and the variable implementation of TQM principles, a link is found to be significant. Based on the figure in Table 5.32, companies using both the custom and batch production technology or only batch production technology do not have official implementation of TQM principles in their quality related activities. Application of TQM practices is directly linked with the companies having mass manufacturing process technology.

Table 5. 33. Implementation of TQM Principles Compare to the Manufacturing Automation Level

	<i>Automation Level</i>	
	Production by hand-made	Production by hand-made and by machine
No Official Implementation of TQM Principles	<i>Thierry Rabotin Company B Kowalski Derimer</i>	<i>Filippo Gabriele</i>
Official Implementation of TQM Principles		<i>Yesil Shoes Company A</i>

Finally, the level of automation proves to be a very significant factor in discriminating among the implementation of TQM principles. Particularly companies producing shoes only by hand-made do not tend to implement of TQM principles. Notwithstanding this, companies which are producing shoes by hand-made and using some kind of machines are more inclined to follow the procedures of official TQM practices.

-Process Quality Management Practices

Then, “ISO Standards” variable was considered in the analysis. The most interesting consequences are seen related to the contingent factors *company size, process technology* and

automation level among the all selected contingent factors matches, which are presented in the tables below.

Table 5. 34. Type of ISO Standards Compare to the Company Size

	<i>Company Size</i>	
	<i>Large Enterprises</i>	<i>SME</i>
<i>No ISO Standards</i>		<i>Thierry Rabotin Derimer Kowalski</i>
<i>ISO Standards</i>	<i>Yesil Shoes Company A</i>	<i>Filippo Gabriele Company B</i>

As noticed from the Table 5.34, ISO standards take part of large companies’ business strategy. On the contrary, SMEs are mostly resistant to official ISO standards in their organizations, only Filippo Gabriele and Company B adopted ISO 9000- Quality Management certification in their organizations. Small-medium companies chose not to register to those kinds of standards as they do not want to take the risk of need for extra resources and costs to manage this procedure.

Table 5. 35. ISO Standards Compare to the Manufacturing Process Technology

	<i>Process Technology</i>		
	<i>Custom and Batch Technology</i>	<i>Batch Technology</i>	<i>Mass Production</i>
<i>No ISO Standards</i>	<i>Thierry Rabotin</i>	<i>Kowalski Derimer</i>	
<i>ISO Standards</i>	<i>Company B</i>	<i>Filippo Gabriele</i>	<i>Yesil Shoes Company A</i>

Then, the process technologies used by companies were considered to check against the adopted ISO standards. It has been specified by the companies producing their products as a mass production prefers to register various ISO standards. The companies which are using either custom and batch process technologies or only batch technology are less likely to apply practice of ISO standards. The only exceptions are Filippo Gabriele producing their products based on a batch technology and Company B producing their products based on both custom and batch technology apply ISO standards inside the company.

Table 5. 36. ISO Standards Compare to the Manufacturing Automation Level

	<i>Automation Level</i>	
	<i>Production by hand-made</i>	<i>Production by hand-made and by machine</i>
No ISO Standards	<i>Thierry Rabotin Kowalski Derimer</i>	
ISO Standards	<i>Company B</i>	<i>Filippo Gabriele Yesil Shoes Company A</i>

Correspondingly, the firms that maintain the production process not only by using hand-made but also by utilizing machines have adopted procedures of various ISO standards in their organizations. At first, the relationship between the two factors does not come to mind, however; it seems that the more automation level in production brings about adaptation of ISO standards.

Next, the variable ‘quality tools’ were considered and in this analysis except the *company age*, there is no significant relation found with the identified contingency factors in Table 5.7. The relation of quality tools with the company age is shown in Table 5.37.

Table 5. 37. Quality Tools Compare to the Company Age

	<i>Company Age</i>	
	<i>Well-established companies</i>	<i>Young companies</i>
Quality control of final product		<i>Filippo Gabriele Kowalski Company A</i>
Quality control of each step of production process	<i>Yesil Shoes Derimer</i>	<i>Thierry Rabotin Company B</i>

It has been realized that well-established companies check all phases of the production process in a detailed way to prevent any unexpected errors. On the other hand, young companies are less likely to control every step of the process and they check the products at the end of the process. This can be explained considering that all the sample young luxury shoes companies, except Thierry Rabotin and Company B, prefer the simplest form of quality control by applying different control tests as they do not have structured system to check each detail of the manufacturing process.

‘Training’ given to the employees towards the quality education is the final point to be analyzed in this part. Regards to this variable, the contingent factor, *company age*, was examined to be as the most relevant in the discrimination among different elements.

Table 5. 38. Quality Training Compare to the Company Age

	<i>Company Age</i>	
	<i>Well-established companies</i>	<i>Young companies</i>
<i>No Training</i>		<i>Filippo Gabriele Company A Thierry Rabotin</i>
<i>Training</i>	<i>Yesil Shoes Derimer</i>	<i>Company B Kowalski</i>

Based on the results in Table 5.38, company age seems to be a remarkable factor for the companies that qualified as well-established. In fact, all the well-established companies apply quality related trainings in order to inform their employees about quality tools inside the company. This means, together with the passing years, companies have created a regular system for trainings. In contrast, all the young companies do not give specific importance on quality trainings as well established ones out of Company B and Kowalski.

5.2.3. RESEARCH QUESTION 3

“Which are the problems encountered while dealing with the implementation of quality management?”

Along with the unforeseen effects in relation to quality management implementations, there are also apparent problems that companies come up against in their quality related activities. In order to get an answer of RQ3, sample firms are questioned about general problems they have encountered and certain problems observed from the analysis. Details for the feedbacks from the firms are shown in Table 5.39.

All sample luxury shoes companies were asked if they encounter problems during the implementation of quality management as featured in literature review. The main problems are presented in Table 5.39. Problem of getting quality consciousness is accepted as the main problem that highlighted at the end of the research. Almost all the respondents mentioned that the staffs are unwilling to accept the any quality system. They regard their employees as irrelevant from the TQM approach and close to any innovative changes. These are the problems that the sample companies in luxury shoes sector currently face and likely to face in the future.

Despite all those considerations, the administration unit of the organization is not aware of their crucial role to motivate and educate their staffs about quality management issues. Inadequate management support, ineffective communication between the top management and employees, lack of trainings in order to maintain employees learning and continuous growth can be the main reasons of not having quality consciousness within the boundaries of the firm.

Table 5. 39. The Problems of Sample Companies Related with Quality Management Implementations

<i>Company</i>	<i>Problems Related with Quality Management Implementations</i>
<i>Thierry Rabotin</i>	There are no certain quality management implementations.
<i>Filippo Gabriele</i>	There is no strongly formed quality culture in the organization.
<i>Yesil Shoes</i>	Employees ignore some quality procedures due to the high work load after a while. In order to prevent this situation, we have to arrange trainings more frequently. In general, employees face with the problems when it is tried to adapt to new system or design into the production process.
<i>Company A</i>	Due to the lack of quality understanding and proper quality training at each level of organization, the implementation of quality management cannot be performed.
<i>Company B</i>	There is no an appropriate culture to support quality management practices in the organization.
<i>Kowalski</i>	When switching to a new application or systems related to quality management that we are forced to impose our workers. The most difficult to change is the habits of workers derived from the mentor system.
<i>Derimer</i>	The biggest problem faced by our workers is their negative responses to quality. They do not want to accept their mistakes and not willing to involve in corrective and preventative activities. For most of them, it is hard to concede quality conscious and they are not open to change.

Effective quality management is assured only when all the organization contributes to continuous improvement of that system by the help of knowledge, involvement and experiences of employees (Smart Investors, 2012). Against to the findings under the RQ3; in order to recognize and solve the problems that occurs during the implementation of TQM principles, management have to train employees constantly that will help to increase their motivation for involving the teams. Thanks to those trainings, employees will be a root of the solution rather than a problem. Furthermore, each company has its own procedure and processes to achieve the organizational objectives and has culture. This culture must be reviewed and adjusted towards the spreading quality consciousness to the organization boundaries as the inadequate cultural dynamism has made QM implementation problematic.

At the end of this chapter, we have obtained several findings related to the Italian and Turkish luxury shoes firms' QM system, contingency factors effects on QM practices and the problems encountered during the implementation of QM. The case study analysis gave the valuable answers for the research questions that reflect the objective of current study. The all results represented in this chapter create a base to illustrate the QM implications in luxury shoes industry. By using cross-case analysis, the relations between QM variables and contingency factors have investigated comprehensively. In particular, the problems, for which a solution is needed, could be detected and the optimal way of solution is given for the companies. More in detail, in the following part, exhaustive findings and final comments for the each research questions will be presented.

6. CONCLUSION

6.1. SUMMARY OF RESULTS

In previous decades, luxury was the most specialized market for some particular group of people, however; worldwide interest and willingness to the fascinating luxury industry rapidly changed and the market became globally recognizable and accessible. Despite the numerous literature studies regarding the luxury goods industry, they were mainly related with luxury industries' sociological, branding and marketing aspects. As it has been stated in previous parts repeatedly, in order to satisfy their customers' needs, companies head towards the producing higher quality products or services. Thus, among all the luxury industry's CSFs, *premium quality* became the most prominent one. In spite of the vital function of this factor, only a little attention has been given to the quality management perspectives in luxury industry as previously mentioned in the 'observed gaps from QM literature part'.

In the present study, it has been investigated how the Italian and Turkish luxury shoes companies manage quality related activities and processes in their organizations. The information provided in this study aims to contribute to further interpretation of the way of luxury shoes companies' quality management organizational structure, system and practices in two different countries.

In order to filling the gaps that have found from the deep literature review, the primary purposes of this qualitative and empirical research are both to identify quality management organizational structure, system and practices of Italian and Turkish luxury companies focused on shoes and to demonstrate the significant impacts of contingency factors on those variables.

For this reason, there has been carried out several investigations to achieve all those objectives through seven in-depth case studies of Italian and Turkish luxury shoes companies. At the first stage, a detailed literature review on luxury, shoes and Italian and Turkish luxury shoes industries has been conducted. After that, the most consistent quality related key variables, that are organizational structure of quality management, quality management system and process quality management practices, were identified. Moreover, the most significant contingent factors were determined and the research framework was formed. Next, the information about the general overview, quality perspective, QM system and practices of chosen luxury shoes companies were collected via interviews. The most useful data was selected from the companies' responses and the cross-case matrixes were created to see the variables interactions. Finally, the results of cross-care analysis were summarized and interpreted.

According to interpretations, the results for each research question are summarized as follows.

1st Research Question:

- *How do Italian and Turkish luxury shoes companies constitute the organizational structure of quality management?*
- *Which are the effects of contingency factors on the organizational structure of quality management in Italian and Turkish luxury shoes companies?*

The seven case studies in Italian and Turkish luxury shoes industry analyzed and the most outstanding result showed that the all large enterprises in terms of size consider quality management as a single entity in their organizational chart. The main reason of that expected result is the large companies have more employees and resources in their organizations to manage quality activities specially. SMEs consider unnecessary and costly to include quality management as a separate entity and usually placed under the other departments' constitution as opposed to large firms. To assure quality in the processes, for the companies which do not have independent quality management department, a single person or all departments are responsible. For the others, quality management department carries out the quality assurance activities in the organization. In terms of quality control, in most of the cases, quality control department is in charge; only in a few companies all employees can directly contribute when there are difficulties related with quality checks. Another key point raised by the investigation of quality responsible positioning in the companies' organizational chart. In five cases, the authorized employees about quality report directly to the top manager, CEO or owner of the firm. In the rest, the owner is in charge of quality activities besides his/her other tasks.

From the results, it is obvious that the existence of separate QM department is directly associated with company size. Even though the SMEs do not consider QM function as a separate entity, all the sample firms are aware of the importance of quality and perform quality related activities in their own way.

Answering the second part of the first research question, the different contingency factors' impacts on organizational structure of quality management variables have been analyzed and it has been tried to discover repetitive patterns to find out common model which accepted by Italian and Turkish luxury shoes sample companies.

Initially, the adoption of a quality management department as a single entity is examined and the most distinctive contingency factors on that variable are found as "company size, company age, luxury level, production process technology, automation level, employee participation in training and interpersonal relations between the workers". Regarding the size factor, all large companies have independent quality department while the small-medium companies see that department as a sub-function under the other departments in the organization. Nonetheless, all those companies are aware of the significant role of quality issues to become exist long-term in the market. Afterwards, the relation between the company age and quality management department consideration resulted with that the young companies are lack of separate QM department except one company (Company A) and it is discriminating factor for only young

firms. Moreover, in terms of luxury level positioning, it can be discriminating only for the aspirational luxury positioning companies which consider QM as a sub-function under the other departments. While it was expected that the aspirational luxury level positioning companies should give more attention to quality activities and place quality management department independently; surprisingly, the analysis results showed that accessible companies have more structured plan for quality management. Other findings were related to the technology variables' effects. The process technology analysis demonstrated the massiveness level in manufacturing and companies' orientation to form separate QM in their organizations are directly proportional. The standardization of the production process brings with it the more structured quality management. Secondly, in order to understand technology variables' effects, the sample companies' automation level related with quality management has been explored and it has been found that companies conducting the manufacturing process not only by human-made but also utilizing machines have separate department for quality management. Those statements are all the evidence of the technology variables' effect is significant and should not be neglected in contrast with mentioned in literature. Another obvious relationship has been observed in the companies having separate quality management function in their organizations; there is high-level employee participation to the quality trainings. This shows that with the help of separate quality management function, it becomes easy to create strong organizational culture and spread instructions about quality practices all over the organization. Lastly, the impact of interpersonal relationship on adoption of QM department as a single function is looked into and the poor interpersonal relationships are observed in companies which do not have single QM function in their organizational chart. It can be interpreted that individual quality management department helps to create a strong and friendly atmosphere by sharing experiences and ideas about quality.

Furthermore, the 'company size' factor's effect on the decision of organizations toward assigning responsible departments for quality assurance and control has been identified as the most interesting outcomes. With regards to large enterprises, all quality regulations within the quality assurance are done by the separate quality management department. From the quality control perspective, checking the product or service quality is formed and standardized in the large firms by giving commitment to the QC department. Subsequently, in all SMEs due to the lack of structured function for quality assurance, all tasks are shared between different units. In the same way, as they do not have enough resources or intent to create separate quality control department, quality control activities are also distributed to the single person or all employees.

2nd Research Question

- *How do Italian and Turkish luxury shoes companies constitute the quality management systems and process quality management practices?*

- *Which are the effects of contingent factors on the quality management systems and process quality management practices in Italian and Turkish luxury shoes companies?*

The responses of all sample companies indicated the necessity and importance of the quality in order to gain customer loyalty and long-run existence in the market. In terms of their responses about quality management system, quality is perceived as a strategic tool to survive in the market and the main role is directly associated with monitoring and controlling the process. However, among the sample companies three of them conduct wider responsibilities for quality such as building and managing quality assurance plan because the company size is getting larger and the workforces and resources involvement are higher to manage more responsibilities. Regarding all sample companies, they have no written policy about quality management, but they conduct the quality management issues in their own way. During the definition of quality strategies, mostly, the companies implement TQM principles in an informal way but two of the seven companies have official implementation of TQM principles and the most frequently used implementation is to focus on customer and stakeholders in both cases. Nevertheless, it is obvious that the implementations of TQM practices are very limited for Italian and Turkish luxury shoes companies. Moreover, all the sample companies use various techniques to determine the critical to quality factors such as listening to the customer, investigating previous market researches or chasing the competitors' assessments.

Based on the collecting information regarding the process quality management practices, four of the entire sample companies have ISO 9000 Quality Management standard to create a differentiation between competitors and to increase the quality importance within the organization while the rests perceive the certifications as unnecessary because their employees have already know the importance of quality and they believe that these standards just cause extra costs and resources for companies. Furthermore, in the point of auditing techniques, all sample companies use mainly customer surveys and internal audit to control their progress and check the conformance of quality management system with the exception of one company (Filippo Gabriele) that applies any kind of techniques. Finally, for all sample companies with one exception, the total quality costs are directly related to internal failure cost. This exception company (Thierry Rabotin) has no worthy cost in order to assess for quality costs.

The impact of contingency factors on quality management systems and practices in Italian and Turkish luxury shoes companies are analyzed for second part of the second research question and the *company size* and the *process technology* are considered the most affected ones regarding to both quality management systems variables and quality management practices.

The company size, the process technology and the employee participation level in training are the most significant factors for differentiating the companies according to workload of quality related tasks. Thereby, all large companies have wider responsibilities because they have enough number of employees to manage daily quality related task. Moreover, if the company uses mass production technology, it can have also wider responsibilities of quality issues. It can be associated with when the production capacity increases, the quality related tasks also increase. In the same way, the participation level in training is getting higher, and then the responsibilities for quality are getting more comprehensive. The reason of this can be that the

employees are more aware of the quality issues with these trainings and take many roles and responsibilities. Besides, the contingent factors such as company size, luxury level, process technology and automation level have discriminative effects on companies with a written company policy or the companies without company policy for quality. When the company size is large, these companies have generally a written company policy because large companies can need a tool to spread quality perspective within the organization. In addition, the accessible luxury level is a discriminative factor on written company policy since the companies in this luxury level are large so it can affect the companies in an indirect way. Furthermore, if the company uses mass production or has a hand-made and machine automation level, it can have a written policy. As mentioned before, technology requires giving more attention towards quality. Finally, implementation of TQM principles, the last variables of quality management system, is influenced by company size, luxury level, process technology and automation level. According to this, if the feature of company is large, in accessible level, uses mass production or has hand-made and machine automation level, the official implementation of TQM principles can be applied within organization. It is rooted by large company size and using more technology.

Considering process quality management practices, “having ISO standard” is affected by company size, process technology and automation level. Generally, the companies have kinds of ISO standards if they are large. It is a reason that these standards make easier to understand quality and its issues among the firms. In the view of the impact of process technology, the companies that produce massively definitely have ISO standards. On the other hand, companies which use batch or custom technology except two of them have no standards and do not require it. Regarding quality tools, the only impacting contingency factor is company age. Mostly, the companies which are well established apply the quality control checking on each step of production process. On the other hand, the young companies prefer to check only quality of final product except two companies. This differentiation between young and well-established companies is based on the well-established companies have more structured plan for quality issues because of the experiences from many years. As well as in quality tools, training is influenced only by company age. According to that, the well-established companies organize trainings to enlighten employees about quality tasks within the organization. It can be said the increased experience is a big advantage for conducting trainings and informing the employees about quality tools.

3rd Research Question

- *Which are the problems encountered while dealing with the implementation of quality management?*

The sample companies face some problems during quality related activities apart from the contingency factors. When all responses of the sample companies about problems are evaluated, it is obvious that the main problem in luxury shoes industry is not having quality

consciousness within the company boundaries. This deficiency is mainly based on problems related to both workforce and administration unit.

The main problems of employees gathered from the interviews that they are unwilling to accept quality system and resistance to any innovative changes in their routine jobs. Additionally, the biggest proportions of all quality problems are the fault of top management and their wrong behaviors. For example, managements give inadequate motivation to employees, display lack of commitment to incorporate quality issues, communicate with every workforce ineffectively and not organize any training for quality due to perceiving training as an unnecessary cost.

Considering that, the problems of workforce and the problems of top managements trigger for each other. The reason of this is the absence of communication and quality consciousness within the organization. In order to prevent the occurrence of any quality management implementation problems, the first thing is to remove barriers in the relationship and communication of top management and employees. Quality management responsible should involve staff as fully as possible in problem solving activities. By this implementation, the staff understanding and commitment to quality practices will be increased. Moreover, employee trainings and education should be considered as a key factor to develop and implement the successful quality management system.

6.2. FINAL EVALUATIONS

In the direction of the main purposes of the study those are identifying quality management organization structure, system and practices of Italian and Turkish luxury companies focused on shoes and also, illustrating the significant impacts of contingency factors on those variables, some important contributions have been provided. Based on the detailed and comprehensive analysis of the research, several critical points can be concluded below.

As shown by the case study analysis and by the interpretation of the findings, it has been detected that the enormous effect of contingent factors on quality management organizational structure, system and practices of luxury shoes companies seen in the company size and technology variables.

Primarily, it has been clearly stated that, in terms of quality management organization structure, all the luxury firms focused on shoes in Italy and Turkey are aware of the importance of quality in order to be exist in the market and perform routine quality assurance and quality control activities in their own way. When the quality management department existence is considered, the common attempt has been found that large companies constitute quality management department as a single function in their organizational chart. Additionally, the findings show that none of the two sample Italian firms and only two of the sample Turkish firms allocate the separate department to carrying out the quality management practices in their configuration. According to the most of the cases, the common trend

following by the luxury shoes firms towards the quality management organization structure is to avoid the systematical formation for management of quality.

Subsequently, regarding the quality management system and practices which Italian and Turkish luxury shoes companies applied, it is apparent that the companies are generally resistance to any quality related procedures and documentations. Most of the cases, they do not have written policy about the perspectives of quality management, not apply official TQM practices or not use any international standards for quality. The main reason of those deficiencies in their organizations can be the negative impacts of these procedures like causing extra cost, requiring extra resources or increasing bureaucratic processes. On the other hand, the direct linkage between the company size and implementation of official quality systems is revealed. Large enterprises that have separate quality management department are more likely to keep up with the requirements of quality management system and adopt the formal procedures.

It is also interesting to note that another important outcome of that study has been disclosed for the technology variables' effects. According to the literature reviews, in all studies, the impact of technological and automation level of companies on quality management practices is considered as negligible. However, it has been appeared in this paper that technology variables are affecting the quality management system significantly.

In the end, the general evaluation can be done after the careful analysis of the action towards the quality management in both Italian and Turkish luxury shoe industry. Having looked at this deep analysis, there is an inadequate cultural dynamism towards the quality consciousness all across the organizations. Moreover, the majority of companies are not able or not willing to create a detailed and effective plan for quality management due to the problems related to workforce and top management. These problems lead to a chance to companies for recognizing their wrong policies and taking action to correct the quality management implementations.

6.3. ACCOMPLISHMENTS OF THE STUDY

With the current research, the gap in the literature about quality management in luxury industry is filled by determination of the quality management approaches of various luxury shoes companies. This study also provides a clear overlook for the situation of quality in Italian and Turkish luxury shoes sector. Furthermore, the main goals of this research, which is to identify quality management organization structure, system and practices of Italian and Turkish luxury companies focused on shoes and to demonstrate the significant and discriminative impacts of contingency factors on those variables, are achieved by detailed analysis of companies' responses. Additionally, the problems which are faced by luxury shoes firms during the implementation of quality issues are found out.

Considering all of these reasons, the study is called as a significant representation about the quality approaches in luxury shoes industry with the latest trend in quality management, the

importance of quality management and as well as the impacts of contingency factors on quality management. This dissertation can be a significant source for further researches and on the other hand; it can ensure a helpful guideline for the top managers in luxury shoes firms to understand the most frequent used quality management systems and practices and its current situation in luxury shoes sector.

6.4. LIMITATIONS AND FUTURE RESEARCH DEVELOPMENT

During the current research, some limitations have been faced. Firstly, regarding the sample selection, the companies have either aspirational luxury level or accessible luxury level, but the comprehensive comments will be made by adding the companies with an absolute luxury level in future researches. Additionally, the number of well-established companies and the number of young companies can be selected equally in order to interpret the results more precisely. Secondly, the study considers Italian and Turkish luxury shoes companies so that the companies in different countries can be added in future researches for getting more generalized results about luxury shoes industry. Finally, the sample companies are aware of the importance of quality but still some of them do not understand the quality management system and its requirements. Therefore, it limits deeply interpretation of quality management system and practices. For that reason, the research will be conducted with considerably larger sample than that used in the present work or will be replicated in the future when the quality management system is settled within the organizations. Lastly, it would be useful to carry out quantitative analysis in order to understand which contingency factor has the paramount impact according to the more precise numerical results.

In the light of these limitations and the results of this study, the research could be a good guideline for future research. Firstly, the study emphasizes many contingency factors' impacts on quality management system and practices so that there is a requirement to define how these factors can affect the implementation of quality management through the luxury shoes companies. Moreover, despite the findings of literature, this dissertation highlights that the impact of technology variables is more important for quality management. Thus, the technology variables would be investigated broadly with adding more countries in further research. Since the technology variables' effects have been cleared up by country comparison; it is very important to replicate the study with cross-country methodology.

Accordingly, the findings of the present research can differentiate with the changing quality perspective through the industry in the future. Therefore, the current study has to be replicated in a different time period to obtain general view to the quality implementation of luxury shoes industry.

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