

# The Impact of Total Quality Management on the Organization Performance

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## Abstract

The main purpose of this study is to investigate the impact of Total Quality management (TQM) practices and strategies on organizational performance. Starting with understanding the meaning of TQM and knowing the components that support the overall performance of any organization reaching the end results of outcome. TQM is defined as a strategy that essentially aimed to create and deliver high quality products and services that cover all customers' demands and attain a high level of customer satisfaction. Some studies have verified that TQM practices have significantly positive impact on organizational performances. So to ensure obtaining these results, managers and leaders are playing a great role in guiding and supporting the performances of their employees. Thus, it is very important to point that the primary engine for total quality management is to influence individuals to work, and relies on the principle of administration not to be afraid of risk making and take advantage of opportunities. Managers and leaders should be open and honest with their employees, and create channels of communication, dependable, and reward individuals and owners of constructive suggestions, and recognize their participation and assist them in case of failure

**Keywords:** Total Quality management (TQM), organizational performance, high quality products and services, customer satisfaction.

## 1. Introduction

Total Quality management consists of numerous quality instruments and technique, in addition to several values and beliefs that all staff within the same organization shares. In fact, the main objective of TQM can be defined as a strategy that aims to generate and transfer more efficient and higher services, through achieving cooperation between organizational members. Total quality management also tend to engage all organization staff members in the process of covering customers' expectation through utilizing problem solving methods to enhance the quality of all organizational outcomes and services. Therefore, applying TQM leads to achieve a comprehensive integration among organizational staff and their functions to gain better enhancement, progress and preservation of products and services quality to achieve customer satisfaction (Dhafer *et al.* 2015).

## 2. The Success Factors of TQM

A study of TQM success factors in the UK showed that the main factors that contributed to the effective implementation of TQM were mostly four: Effective leadership, Economic survival, Market orientation, and Employee involvement. There was another study improved that employee focus, training, customer focus, benchmarking and high management support were main factors for a successful implementation of TQM (Dhafer *et al.* 2015).

Quality improvement programmes, particularly TQM, have involved many writers and practitioners because it has been shown that they improve customer satisfaction, which results into increased sales and profit to the organizations. It has been stated that TQM programmes improve productivity [2]. It is held that progress in productivity is possible because of the decrease in the cost of quality, decrease in output time and increase in employee morale (Soltani *et al.* 2004).

In order for a TQM programmes to take into account organizational processes it must:

- Take into account the larger environment.
- Consider issues related to interaction and feedback.
- Be ready to manage uncertainty.

And, in order for the TQM programmes to deal with organizational culture it needs to:

- Facilitate the creation of a common understanding of the problem.
- Confirm that all relevant stakeholders participate in the intervention process (Alharbi *et al.* 2014).

In order for the TQM programmes to deal with organizational design issues it must:

- Identify a suitable structure to guide the interaction process.
- Maintain all channels of communication.

Finally, in order for the TQM programmes to deal with organizational politics it must:

- Enable the stakeholders to challenge the capability of the major basic assumptions.
- Support stakeholders uncover any resource and authority related issues that can create the design and implementation of the programme difficult (Soltani *et al.* 2004).

Moreover, TQM is an approach to enhance competitiveness, effectiveness, and flexibility of an organization for the benefit of all stakeholders. It is a method of planning, organizing each activity which is made up of different practices like customer focus, high management commitment, employee training, employees participation, process management, supplier teaming, benchmarking, constant improvement, quality measurement, quality review, quality planning and leadership. These practices provide an efficient and effective way to expand quality within an organization helping not only to attain the set objectives [5].

Measurement of organizational performance is considered as a crucial element at all managerial approaches. Cost and quality are the two major measurements of organizational performance which directly affected by the total quality management practices (Dhafer *et al.* 2015).

### **3. The Influence of TQM on The Financial Performance of Organization**

#### *3.1 Organizational Performance*

Performance is “the results document the relationship between organizations functions in terms of quality management practices and the results they obtain in several types of outcomes in a hypercompetitive environment, organizations are highly seeking development, innovation and to develop the quality of the product\service. Promoting higher quality and innovation should be one of the most important priorities in any organization (Al-Ettayem *et al.* 2015).

#### *3.2 Customer Satisfaction*

The word satisfaction had been defined as “a buyer’s emotional or reasoning response post-subjective assessment and comparison of pre-purchase expectations and actual performance subsequent to the consumption of the product or service, meanwhile evaluating the costs incurred and benefits gained in a specific purchase even or over time in course of transacting with an organization”. Most recent studies have focused on the importance of customer satisfaction which showed that the customer satisfaction is a great trend to develop the organizational performance. Another study also reflects that customer consideration and satisfaction are positively and significantly related to the performance of the organization, while other studies had approved that well-established relationship with customers can increase both financial and nonfinancial performance (Al-Ettayem *et al.* 2015).

#### *3.3 Leadership*

Leaders in a TQM system represent the firm as a system; support employee development; create a multipoint communication among the employees, managers, and customers; and use information professionally and successfully. In addition, leaders encourage employee participation in decision-making and motivate the employees. High management commitment and participation in TQM practices are the most important factors for the success of TQM practices. Managers should consider more leadership than traditional management behaviors to increase employees’ awareness of quality activities in TQM adoption and practices .Previous studies have found that leadership develops operational performance, inventory controlling performance, employee

performance, innovation performance, social responsibility and customer outcomes, financial performance , and overall firm performance (Sadikogla *et al.* 2014).

In fact, efficiency in leadership is very important as this competitive advantage can only be obtained where staff are committed and skilled which in turn increases productivity and enhance quality. Moreover, leaders must proactively undertake positive outlook, consider shaping the competitive landscape, and steering the firm to their preferred course (Muia *et al.* 2014).

## 5. Conclusion

The objectives of the study were to demonstrate and present the degree of effectiveness of TQM practices in organizational performance. TQM is a holistic and ethical approach of organizations to continuously develop their products/services or processes involving all stakeholders to satisfy their customers and to improve performance and sustainability. The results give that overall TQM practices has a positive impact on all performance measures. Leadership does not affect performance. Knowledge and process management practices support and develop inventory management performance, innovation performance, social responsibility, and market and financial performance. Successful training tends to develop operational performance, employee performance, and customer results.

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