

Total Quality Management and Organizational Performance

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Abstract - This research came to scrutinize the impact of Total quality management (TQM) practices and blueprints of an organization. TQM is defined as a continuous process of improving defects, quality of products, goods, and services with respect to customer demand and satisfaction. This paper discusses the application of TQM, which is implemented in organizations. The finding indicates that the TQM either hinders the outcome or the goal of the organization or performance

Key Words: Total Quality Management, Customer Service, Customer Satisfaction, Organization, Quality products, defects.

1. INTRODUCTION

Till now, the business environment has gone under many tremendous changes and augmentation in quality and has become the main strategy in any industry to achieve the dream goal i.e., customer satisfaction. Furthermore, due to increase in the labor market, an organization should look after the quality of products and customer satisfaction mainly to survive in the competition. TQM is based on, a management framework based on the belief that an organization can build long-term success by having all its members, from lowest level workers to its highest ranking executives, focus on quality improvement and, thus, delivering customer satisfaction with quality products. (1) "TQM is a philosophy for managing an organization in a way which enables it to meet stakeholder needs and expectations efficiently and effectively, without compromising ethical values" (**Chartered Quality Institute**). (2) "A management approach of an organization centered on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction and benefits to all members of the organization and society." (**International Organization for Standardization**). (3) "TQM can be defined as a strategy that aims to generate and transfer more efficient and superior services, through achieving cooperation between organizational members" (**Lakhal et al., 2006**). From this, it can be inferred that each and every individual has own and different understanding for TQM. Some categories of total quality management were considered as crucial performance predictors such as leadership, management, customer satisfaction. This paper mainly discusses the TQM practices and its performance in an organization.

2. Literature Review

2.1 Total Quality Management

The quality concept was recognized since the 1930s in Japan. After that several firms were indulged in ensuring the good quality products and utilizing tools that directly aim to control quality. The developed countries of North America and Western Europe agonized economically due to the stiff competition from Japan in the 1970s and early 1980s, Japan was producing high-quality products at a competitive price. Furthermore, countries like USA and UK accepted the idea of quality management specifically in manufacturing firms. Quality management has been recognized widely in International Standards such as ISO 9000. [1]

The method that evolved during the 1950s and 1960s became known as Total Quality Management. Organizations globally took note of Japan's successes using TQM. US firms throughout the 1970s and 1980s adopted manufacturing and quality methods, also TQM to compete in the increasingly global marketplace. In spite the fact that, Deming, Juran, Shewart and many others published books and papers regarding TQM, allot of firms opted only some part of TQM principles and evolved some new ideas to meet their own goals or needs. Besides, as the efficiency, productivity and quality have further evolved, many firms opted for a new methodology of management techniques. Moreover, TQM is still influential.

Various methods were proposed for quality management (QM) to produce quality based products and to satisfy customer's requirement. One of the method or technique which is globally accepted and practiced is Total Quality Management in which, this approach essentially attempts to create a relation between the customer's need and organization's dream goal. For a Customer focused organization, it involves continuous improvement and it uses strategy, data and effective communication to inculcate the quality discipline into the culture and activities of the organization.

2.2 Elements of TQM

1. Focus On customer

When TQM is implemented, the customer plays a vital role in determining the quality of products that the firm manufactures. So it is necessary to keep in mind, customer evaluates the product by product quality and service that the organization provides. [2]

2. Employee involvement

Employees are the internal customers of the organization, which also plays a crucial role in determining the quality of product and service. Employee involvement largely contributes in a determination of the quality of product and services.

3. Process-centered

A process is the guiding principle and employee must support that on the facts of vision and strategy of the organization.

4. Integrated systems

It is necessary to have an integrated system which can be modeled by ISO 9000 when following the process centered principles.

5. A strategic and systematic approach

Strategies should be made to achieve the dream goal of the organization and this can be achieved by approaching it by following a systematic manner.

6. Decision making based on the facts

Decision making should be based on the facts, not the opinions. This is because opinions can vary from person to person.

7. Communication

Communication strategy is must when the goal is set and the firm has the vision and mission to achieve it. The strategy comprises of employees, stakeholders, etc.

8. Continuous improvement

By using right measurement tools and innovative ideas an organization can lead to its highest level of quality management



Figure: Basic Principles of Total Quality Management

2.3 Organization Performance

Organization performance comprises of actual output as measured against the intended output. Performance Management is the main and the only element to achieve an effective organizational management performance.

Performance management directly affects the factors like financial planning and their strategies. Organization performance surround of three main areas of firms outcome

1. Financial outcomes
2. Stalk holders return
3. Product market performance

For successful implementation of TQM in an organization, the organization must follow these elements of TQM

1. Ethics
2. Integrity.
3. Trust
4. Training
5. Teamwork.
6. Leadership
7. Recognition
8. Communication

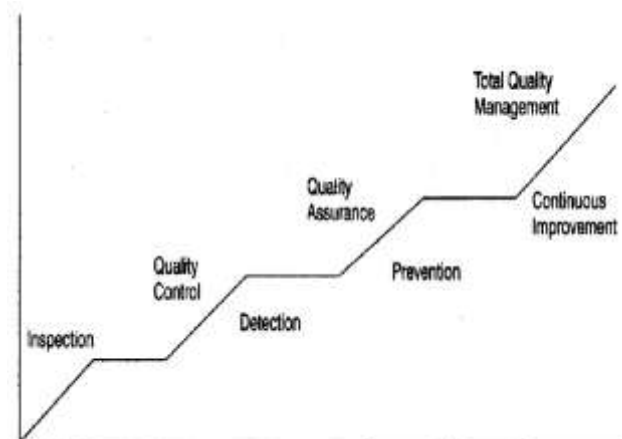


Figure: Steps in TQM

3. Organization performance and Total Quality Management

Performance measurement plays a vital role in all the management processes and traditionally. It has involved management accountants through the use of budgetary control and the return on investment. Nevertheless, it has been claimed that conventional aggregate financial accountings are misplaced in TQM. Many authors have said that the TQM method leads to profitability, improvement in quality, effective efforts, effective management, and development of the plant. With the day to day increasing awareness in the quality of final products and services, companies have recognized that the concept of high quality must be applied to production processes to generate quality products and minimize costs. TQM has evolved as a philosophy that emphasizes the need to provide customer high-end products and to do so improvements in eliminating waste, reducing lead times at all stages, reducing cost and improving continuously. TQM provides a Prospective for an organization to enhance their competitiveness. TQM has been associated with succor improvements in organizational profitability.

4. CONCLUSION

This above study shows the indirect relation between Total Quality Management and Financial Management. Final findings show that competitive strategies are positioned between TQM and Financial Performance. Researchers suggest that to achieve excellence, top management should be involved in the application of Quality Management. They also suggest that all the functions, employees should participate to improve the quality and improvement process. Nevertheless, the main conclusion can be inferred from this research that customer satisfaction and quality performance of products and services can be enhanced by implementing different quality initiatives.

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