

## IMPACT OF TOTAL QUALITY MANAGEMENT IN ORGANIZATIONAL PERFORMANCE

**Dr.sc. Vehbi Ramaj**  
**Busines Faculty**  
**University „Haxhi Zeka“**  
**Peje, Kosovo**

**Mr.sc. Valbone Ramaj PhD candidate**  
**Dr.sc. Shaqir Elezi**  
**Economical Faculty, Business College**  
**Prishtine, Kosovo**

**Dr.sc. Fatos Ukaj**  
**Economical Faculty**  
**University“Hasan Prishtina“**  
**Prishtine, Kosovo**

**Mr.sc.Zenel Sejfiq PhD candidate**  
**International University of Struga**  
**Macedonija**

### **ABSTRACT**

*The purpose of this paper is to identify key success factors of Total Quality Management and assess their impact on the organizational performance of Kosovo's small and medium-sized companies operating in the processing industry. In addition to numerous studies exploring the relationship between TQM management practices and organizational performance, research has been conducted on Kosovo SMEs. The empirical analysis confirmed a strong and positive relationship between the TQM construction, the customer focus and organizational performance. The same is noted with building, high management engagement and organizational performance.*

**Keywords:** Management, quality, organizational performance, customers

### **1. INTRODUCTION**

Intensified global competition and increased demand for higher quality by consumers have spurred a growing number of organizations to invest considerable resources in adapting and implementing Total Quality Management (TQM) procedures, tools and techniques. Total Quality Management is defined as an integrative management philosophy and a set of guiding principles that represent the foundation of a constantly improving organization. TQM is the implementation of sound management principles, quantitative metrics and human resources with a fundamental aspiration to improve all processes within an organization, overcoming the current and future customer needs and enhancing organizational performance. This includes the importance of seeing all processes within an organization as a combined system of integrated quality practices [2, 3, 5 ].

The purpose of this paper is to provide a comprehensive study on critical success factors of Total Quality Management and their effects on organizational performance. Particular emphasis is placed on identifying the relationship between the most important factors of TQM's critical success and organizational performance, based on a sample of Kosovo's small and medium-sized companies operating in the manufacturing industry. A full Exposition of Total Quality Management is ensured to understand its concept and development as well as an in-depth coverage of previous results on the critical success factors of Quality Management. Where possible, the theory includes literary findings created on the basis of small and medium-sized companies, as well as Kosovan companies.

Starting from the literature, an empirical study is carried out, examining the effects of Total Quality Management practices on organizational performance. A model for testing this relationship has been developed and a questionnaire that is distributed to ISO 9001 certified manufacturing companies in Kosovo. The data, forming the basis of the model, are processed by applying the statistical evaluation method, structural equation modeling.

The applicability of this statistical method has been thoroughly considered. An in-depth assessment of the model's quality is further emphasized before the interpretation of the results. Unlike most studies, the Modeling of Structural Equations has been applied in order to examine the relationship between critical success factors and organizational performance of small and medium-sized Kosovar manufacturing companies. The results obtained in this study provide small and medium-sized Kosovar manufacturing companies with valuable insights on which critical success factors of Total Quality Management are to pay special attention when attempting to improve organizational performance [2, 3, 13, 14].

## **2. TOTAL QUALITY MANAGEMENT**

Total Quality Management is an approach that focuses on improving organization efficiency, efficiency and accountability to clients 'and other stakeholders' needs by actively utilizing people's skills and competences in pursuing consistent performance improvements organizational. Some business improvement frameworks are widespread, such as TQM, Six Sigma, Lean, Reengineering Business Process, Business Excellence, and the like. As with the TQM's concept, there is disagreement in the literature when it comes to defining concepts and extending this definition of differences between them. In the following, the selection of the above frames will be presented and compared to the TQM concept in order to provide an overview of the similarities and overlapping elements [1, 5, 6].

## **3. TQM TRACKING IN SMALL AND MEDIUM ENTERPRISES**

Many of the abovementioned TQM benefits are also evidenced for SMEs, the benefits and targets for SMEs that adopt TQM may be sensitive in some respects. Small companies may be very different from large ones in many aspects such as management style, production processes, available resources, negotiating power, and customer relationships. As a result, TQM's adoption may be noticeably noticeable by SMEs. Promoting growth, including the use of the TQM as a marketing tool, was further presented as a reason for TQM's implementation. Also, a desire to change customer expectations, referring to the close relationship of client relationships with small companies, was argued to be an important factor [12].

### **3.1. Approval of MTC in small and medium companies**

As described above, the TQM often involves a redesign of organizational culture. Smaller companies have an advantage when it comes to redesigning the organization with respect to the implementation of the TQM. A small company conversion can be achieved in a faster way due to less management levels, the ability to take decisions at a faster pace, less staff to train and ease of communication. Also, small companies are better able to respond faster to changes in the organization and its surroundings compared to large companies, which can be enrolled in less complex structures. However, studies examining the impact of Kosovo companies applying holistic management models showed that the effects of applying management models increased with the size of the company. In addition, point out that a number of disadvantages have been attached to TQM's implementation in small companies.

#### **4. CRITICAL FACTORS OF TQM'S SUCCESS AND ORGANIZATIONAL PERFORMANCE**

Describing the historical development of the TQM's staff and practices, it is important to create an understanding and knowledge about the key factors of TQM's success. This is to facilitate the development of reliable instruments, capable of measuring the impact of the MTC on organizational performance. The following sections include as a consequence a description of the key success factors of the TQM identified empirically in multiple studies including. This overview is reflected by a presentation of a variety of performance measures used in past empirical studies that evaluate TQM's effects on organizational performance. Finally, a summary of empirical studies examining the effects of the critical factor TQM's success in organizational performance [5, 6, 10 ].

##### **4.1. Supplier Quality Management**

The TQM's success is highly dependent on the organization's ability to satisfy and meet the interests of different stakeholders. The ability of suppliers to meet the needs of the organization in terms of delivering quality inputs is nevertheless important for the organization. The importance of creating and supporting the relationships of the top supplier is largely emphasized in empirical studies, since the quality of inputs, such as purchased raw materials, is directly related to the final product. As a result of this interconnection, keeping records and providing feedback on quality performance is often considered very important in order to identify problems and improve the process of the supplier [12].

Consequently, having a close cooperation with supplier and supplier in combination with establishing mutually good long-term relationships with reliable suppliers, it has been highlighted in several studies as an important factor in the success of the TQM. In addition to addressing the importance of supplier's reciprocal relationships, the importance of incorporating the organization's suppliers into the process of product development and setting the clarity of the specifications offered to suppliers in order to ensure the fulfillment of quality standards.

##### **4.2. Management of people**

Managing people, also referred to as employee focus and employee relationships, is in many studies referred to as one of the most important factors that base a successful TQM's employment, as the TQM implies the involvement of the entire organization, so every employee at all levels. In TQM's philosophy, the importance of exchanging internal and external information is very pronounced. Information sharing within functional groups of organizations, in some studies, is seen as a way to encourage employees and make them feel responsible for decisions and quality improvements. Also, employee involvement by encouraging them to come up with suggestions on quality development and improvement has been seen by many as an essential element that underpins a successful TQM implementation and performance improvement [6].

The essence of employee involvement in the decision-making process is that employees closer to a potential opportunity or a problem are in the best position of making the necessary decisions if they have control over the process. Ensuring an effective feedback response is essential to remove obstacles to performance improvement. As noted earlier, SMEs often have a clearer organizational structure and a shorter decision-making process, enabling faster information and improved communication [12, 13].

##### **4.3. Customer focus**

An element widely covered in the TQM literature is customer focus and in cooperation with this, customer satisfaction. Given the growing focus on the creation of competitive advantages,

it is argued that quality should be defined by an external perspective of customer expectations rather than predetermined internal specifications. In all empirical literature, there is a general agreement that quality is not based solely on the ability of the organization to produce products with accurate technical specifications. To stay competitive, the organization should be able to respond and adapt to changing preferences and customer needs. Therefore, it is important for every employee in the organization to engage in the creation and support of a high level of customer satisfaction.

#### **4.4. Process Management**

The basic idea of process management is that an organization should be seen as a group of interrelated processes and that the continuous improvement of each process is a step towards performance improvements. Crosby stressed that any activity within the organization can be divided into basic processes, defined as transforming a set of inputs into production, which are combined in a quality chain. All processes will exert influence on each other. Within the TQM's philosophy, the process-oriented approach underscores the necessity of processes designed to meet the quality requirements. Moreover, it is essential that critical and core processes be recognized and supported in order to provide an allocation of Appropriate resources for designing, inspecting and improving these processes. Improving the process is based on theories of statistical process control and has been developed to include practices aimed at eliminating waste through continuous improvement. Preventive Effects, such as Reduction of waste and preventing errors in this way are highlighted as an essential premise during the TQM's process development [1].

#### **4.5. Measuring organizational performance**

In addition to implementing TQM's relevant practices, the question arises as to what measures should be placed in the assessment of organizational performance. By revising the literature, different dimensions and measures of organizational performance have been implemented when assessing the economic impact and the economic impact of the TQM's implementation. Performance measurement is a critical factor that is based on efficient management. Improving performance requires identifying and measuring the impact of TQM's practices in this regard. While financial performance is seen by many as the ultimate goal of any organization, other nonfinancial indicators may be equally important in implementing the principles of TQM as they may have a mediating effect on organizational performance Some recent studies also acknowledge the importance of viewing financial and non-financial performance measures. By reviewing the literature, it becomes clear that the most commonly used methods for measuring organizational performance can be roughly set to operational, financial and non-financial performance.

### **5. SUMMARY OF FINDINGS**

Based on this study the objectives and the analysis of the data, the results support the following summary findings:

The first objective sought to reveal the relationship between high management engagement and organizational performance. Out of the results, most 90.5% believe that high level management supports quality policies, 83% agreed that selection, promotion and appointment of staff by management high level positions are deserved 75% agreed that high-level management is committed to quality, 76.9% agreed that senior management was willing to provide the resources needed to maintain quality in operations. Most of the respondents 80.7% believe that engagement of senior management is critical to the success in implementing Total Quality Management, 75% have acknowledged that the processes and operations of the institutions are standardized. The results of the correlation analysis showed a strong positive relationship

between high management engagement and organizational performance ( $r = .391, p = 0.000$ ). The results agree with those of Ahmad et al., Who investigated the effect of the role of high engagement in TQM management practices in Algerian organizations. The final conclusion of the study highlighted the positive role of senior management in maintaining ISO 9001: 2008 and the results of the MTC system. The findings were also similar to those found by (Olel, 2006), which conducted an investigation at ISO 9001: 2008 certified public universities operating in Kenya. The study found that management leadership and engagement are imperative factors in implementing MTC- the. Similarly, Wiklund and Edvardsson (2003) conduct studies to determine TQM constructs in the four largest public universities in South Africa; the results showed that top management leadership is a key factor in TQM programs and initiatives, particularly in the context of Research and Development (R & D). The second objective of this study was to research the relationship between employee involvement and organizational performance. This study tested this relationship in areas of employee participation in decision-making, training adaptability, clarity of communication with senior management and senior management support for team work. 69.3% agreed that employees to participate in overall decision-making in their respective institutions, 78.4% agreed to provide adequate training and education to their employees to perform their duties, 72.7% agreed on the presence of a channel clear communication between employees and senior managers. Respondents (66.7%) agreed that managers listened to employee opinions and that most 69.7% agreed that senior management encouraged teamwork among employees. The correlation results show a strong positive correlation ( $r = .715, p = 0.000$ ) between employee involvement and organizational performance. This study, concurring with, who conducted a study in Kenya's organizations, the study noted that those participatory measures such as teamwork and high-involvement work practices demonstrate performance improvements. Performance changes can occur because participation leads to changes in attitudes leading to high employee performance. Similarly it is found that it is imperative that management keep employees in the file at all times when making decisions in relation to the TQM, which should encourage participation and help facilitate the transition. When identifying the tools for a system to be used is complete, it should be ensured that proper training is given to the right people. The third goal of this study was to reveal the relationship between client focus and organizational performance. Most 63.8% of respondents agreed that employees are trained in customer concentration practices, 72% believe that customer needs are key to organizational success, 71.2% believe that the organization always meets the needs and expectations of customers if customer complaints was given priority by the organization, 67% agreed. The response indicated that the organization carried out market research to find customer needs, as 64.4% of respondents agreed. 63.6% indicated that Customers have clear communication channels with the organization. Most of the respondents 72% believe that when the client achieves the organization's success, while 75.5% believe employees get out of satisfaction with meeting the customer's expectations. Correlation analysis showed a positive correlation ( $r = .575, p = 0.000$ ). To remain competitive, the organization should be able to respond and adapt to changing customer preferences and needs [7,14].

## **6. RECOMMENDATIONS**

This study recommends that since the overall quality management practices (senior management engagement, employee involvement, and customer focus) have positive effects on organizational performance, it is necessary to adopt as a quality management model all tertiary institutions and other organizations in general. This study also recommends that tertiary education managers be educated on the importance of overall quality management practices in organizational performance to increase the level of senior management engagement in practice and, consequently, achieve better organizational performance. This study also recommends that

managers should increase the level of employee involvement in decision-making of their tertiary institutions and autonomy of procedures to improve their productivity levels in the organization. This study recommends that future studies prove the effects of other elements of general quality management practices (process focus, integrated system, continuous improvement, strategic and systematic approach, decision-making and fact-based communication) in performance organizational units that were not part.

## 7. CONCLUSION

This study examined the relationship between high management engagement, employee involvement, customer focus, and organizational performance. This study concluded that senior management engagement was critical of organizational performance.

The study also found that senior management at the under-resourced institutions was willing to carry out organizational resources in support of Total Quality Management. The results also showed that institutional processes and procedures have been standardized to meet the overall quality management requirements. Regarding employee involvement, this study concluded that employee involvement had a direct relationship with organizational performance. Employees were involved in decision-making within their respective organizations; employees were provided with adequate training and education to perform their duties and had a clear channel of communication between employees and senior executives, listening to employees' opinions and encouraging work of the team among the employees. The study also concluded that the focus of the customer was critical to organizational performance. The results showed that the organization always tried to meet its customer needs, address customer complaints as a priority for the organization, the organization actively conducted market research to identify customer needs, and the organization provided clear communication channels for its customers.

## 8. REFERENCE

- [1] Adam, E.E.; Corbett, L.M.; Flores, B.E.; Harrison, N.J. (2007). An international study of quality improvement approach and firm performance. *International journal of Operations and Production Management*, 17, pp. 842-873.
- [2] Nakuqi. V.: *Menaxhim i cilesise*, Tirane, 2010
- [3] Rexhepi, G.: *Total quality management*, Shkup, 2012
- [4] Adebajo, D. (2001). TQM and business excellence: is there really a conflict?. *Measuring Business Excellence*, 5(3), pp. 37 - 40.
- [5] Ahire, S.L. (2008). *Management Science- Total Quality Management interfaces: An integrative framework*. *Interfaces*, 27(6), pp. 91-105.
- [6] Bartley, B.; Gomibuchi, S.; Mann, R.; (2007). Best practices in achieving a customer focused culture. *Benchmarking: An international journal*, 14(4), pp. 482-496.
- [7] Blumberg, B.; Cooper, R.; Schindler, P.; (2011). *Business Research Methods*. Mc Graw Hill.
- [8] Brah, S.A.; Tee, S.S.L.; Madhu, R.B.; (2002). Relationship between MTC and performance of Singapore companies. *International Journal of Quality and Reliability Management*.
- [9] Chin, W.W.; (2010). How to Write Up and Report PLS Analyses. I: Esposito, V. V., Chin W. W., Henseler, J. & Wang, H. *Handbook of Partial Least Squares*. Springer-Verlag, 1st edition,
- [10] Dahlgard-Park, S.M. (2011). The quality movement: Where are you going?. *Total Quality Management and Business Excellence*, 22(5), pp. 493-516.
- [11] Fotopoulos, C.V. & Psomas, E.L. (2009). The structural relationships between MTC factors and organizational performance. *The MTC Journal*, 22(5), pp. 539-552.
- [12] Goetch, D.L. & Davis, S.B. (2006). *Quality Mangement: Introduction to Total Quality Management for Production, Processing and Services*. New Jersey, Prentice-Hall, 5th Edition.
- [13] Talka.Q.: *"Manaxhimi i prodhimit dhe operacioneve"*: Tirane, 2008
- [14] Krasniqi.B.: *Metodat kerkimore ne shkenca sociale*, Prishtine, 2012