
IMPACT OF TOTAL QUALITY MANAGEMENT ON ORGANISATIONAL PERFORMANCE

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ABSTRACT

Total Quality Management (TQM) in organisational performance is founded on the idea that performance is achievable in a quality educational environment and this is achieved only through involvement with the perseverance of the entire organisation in improving processes permanently and for long-run sustainability. The purpose of this study is to evaluate the impact of total quality management (TQM) on organisational performance at First Bank Plc from 2010-2019, data was sourced through a questionnaire and secondary means from the bank and annual financial report of the bank for the years concerned (i.e. 2010-2019) and staff of the bank in Ondo State based on Senatorial Districts in the state. Questionnaire was designed and data collected using 5-Point Likert-Scale questionnaire which was administered on sample of 196 respondents comprising of bank staff, management and customers of the bank in three Senatorial Districts of the state. The data was analyzed using descriptive statistics, Correlation and Regression Statistical Technique. Three hypotheses formulated were tested using Karl Pearson and Partial Correlation (Cr) via Statistical Package for Social Sciences (SPSS Version 20) at 0.05(5%) level of significance. Findings indicate that there is a significant relationship between all selected variables of employment involvement team work and trust on First Bank Plc non-financial performance at (0.090<0.05.) and also was a strong positive relationship between total quality management (TQM) through education and training of staff on market share value (MSV), total quality management (Team work) on employees' level of job commitment and support that will bring proper total quality management at First Bank and lastly, leadership structures and employee involvement on organisational sustainability had improved the standard of First Bank Plc by given more credence to the potency of sustainability of the firm at both money and capital market that has brought great performance over the years. However, the study found little research been done regarding several factors directly affected organisational performance in the area of as organisation size, culture and level of innovation. Therefore, future researches could study the impact of Total Quality Management (TQM) on organisational performance. The study recommends that Employees and Customers should be the First Bank Plc most important asset. Thus, this will be supportive through investment in training and development and communication skill. This will also enhance the strengthening of the knowledge base of their employees thereby encouraging

those people to confront challenges and stay ahead in the industry.

KEYWORDS: Total Quality Management (TQM), organisational performance, leadership, Training, Team work

INTRODUCTION

In helping managers to deal with global competition, total quality management was adopted so as to focus on managing the total organization to deliver quality to customers and to infuse quality values throughout every activity within an organisation. Four significant elements for quality management are employee involvement, focus on the customer, benchmarking and continuous improvement. Total Quality Management (TQM) is not a quick fix. Some of company, in recent time pursue high ambitious quality base to demonstrate their commitment to improving quality.

Total Quality Management is dedicated to continuous quality improvement, training and customer satisfaction. Two core principles of TQM are people orientation and improvement orientation. Managing for quality requires leadership and hard work and a continuous effort to achieve quality has paid off in many companies (Wehrich, Cannice & Koontz, 2011). The banking industry had gone through a number of changes over the years and the most prominent of these changes is the ending of the “arm chair” banking system. The industry continues to be affected by stiff competitions which brought about the need to put in place more serious strategies and effort in the delivery of banking products and services (Baker & Silvadan, 2013). Other sources of changes include, recapitalization of bank, liberalization of the economy signaling the re-entry of global banks, advancement of technology and the rapidly increasing sophistication and the demand of today’s bank customers (Baker & Silvadan, 2013).

Objectives

The general objective of this study is to investigate the impact of total quality management (TQM) on organisational performance. The specific objectives of the study are to;

- i. Assess the relationship between elements of total quality management (Trust, team work, communication, employee involvement, training, and leadership) and organisational performance.
- ii. Examine the contribution of total quality management (Team work) on employees’ level of job commitment and support.
- iii. Determine the relationship between leadership structures and organizational sustainability.

Research Hypotheses

The following Hypotheses were formulated.

H₀₁: There is no significant relationship between elements of total quality management (Trust, team

work, communication, employee involvement, training, leadership) and organisational performance.

H₀₂: There is no significant contribution of total quality management (Team work) on employees' level of job commitment and support.

H₀₃: There is no significant relationship between leadership structures and organisational sustainability.

Research Questions

Based on the statement of research problems, the following research questions were raised:

- i. What is the relationship between elements of total quality management (Trust, team work, communication, employee involvement, training, and leadership) and organisational performance?
- ii. What is the contribution of total quality management (Team work) on employees' level of job commitment and support?
- iii. What is the relationship between leadership structures of total quality management (TQM) on organisational sustainability (i.e. organisational performance)?

Literature Review

Market Share Value

Robert, Bradly and Ralph (2015) see market share as determinant of return on investment and therefore an increase in market share will lead to an increase in profitability. Pearce and Robinson (2003) also see market share as sales relative to those of other competitors in the market.

Leadership Structures

Over the last two decades, the theory of leadership styles has been growth (Bass & Avolio, 1994). Leadership is one of the most significant branches of management (Almari, & Isaac, 2018). That leadership is an exceptional ability of individual characteristics (Forbes, n.d.); (Ameen & Ahmad, 2012). The concept of leadership is a human theory that is constantly researched, and it continuously develops a characteristic of leadership (Horner). According to (Bass M., 1990) established a breakthrough in this field when noted that leadership was not only a process of influence of the leader upon others but an interaction process that could be influenced by anyone involved. For Bass (1990) "leadership is an interaction between two or more members of a group that often involves a structuring or restructuring of the situation and the perceptions and expectations of member. Leadership occurs when one group member modifies the motivation or competencies of others in the group. Any member of the group can exhibit some amount of leadership". According to Adair (2007), "Leadership is the ability to persuade others to seek defined objectives enthusiastically. The human factor which binds a group together helps to improve their performance and also direct them towards achievement of organizational goals. Leaders are a key source of influence on organisational variables as well as productivity (Al-Shamsi, Ameen, Isaac, Al-Shibami & Sayed Khalifa, 2018). Schmoker, (2001)

believed that Leadership consists of method and not magic. Good leadership can be achieved with desire and hard work and a good leader is not born without any effort to form it (Jago, 2012).

Team Work

Within the content of TQM, team work is an important outcome and a condition for continuous improvement. Teams are generally viewed as more powerful and effective work entities than individuals. Team are needed for all organizations in order to make them work more flexibly and to develop mutual first among members.

Training

All employees according to Deming (2018) must be oriented to training and oriented to the organisations philosophy of never ending drive for quality and improvement. Resources of the organisation must be allocated to train employees to ensure they understand their job and perform them optimally. This will reduce the consequence of inculcating bad habits from disenchanted staff via on the informal way of learning.

Leadership

Here, Deming (2018) believes that managers must improve supervision at all process levels to minimize errors and mistakes. Supervisors should focus on creating a positive supportive work environment where workmanship can flourish, instead of creating a negative fault finding atmosphere.

Trust

Trust is one of the most important factors necessary for implementation of total quality management. Employees need to trust each other to ensure participation of each and every individual. Trust improves relationship among employees and eventually helps in better decision making which further helps in implementing total quality management successfully.

Communication

Communication binds employees and extracts the best out of them. Information needs to be passed on from the sender to the recipient in its desired form. Small misunderstandings in the beginning lead to major problems later on. Employees need to interact with each other to come up with problems existing in the system and find their solutions as well.

Three types of Communication take place between employees:

Downward Communication: Flow of information takes place from the management to the employees

Upward Communication: Flow of information takes place from the employees to the top level management

Sideways Communication: Communication also takes place between various departments.

Improvement of processes

The process improvement can be done by the training of production employees and adapting new technologies, if required. Process improvement can be the beginning of a quality program. Most authors support a 'zero defect' and a 'do it right the first time' attitude towards the quality program, which require zero defect mentality of the employees (Yusuf, Gunasekaran & Dan, (2017); Motwani, 2001). Refinement involves activities that continually improve a process that is not broken. It improves efficiency and effectiveness. Everyone in the organisation can adapt this strategy with the aim of doing things just a bit quicker, better, easier or with less waste. Innovation and technological advancements are key factors in strategy of renovation, which results in major improvements. To be successful in total quality management implementation, refinement and renovation for process improvement can play vital roles (Besterfield et al., 2009).

METHODOLOGY

Research Design

The study adopts the ex-post facto design based on the fact of Onwumere (2008). Research design is the blue print that guides the researcher in his or her investigation and analysis. The research design is structured to investigate and at identify variables and their relationship with one another (Asika, 2006).

Population of the Study

Population of this study consists of management and staff of First Bank Plc and the information from her Annual Financial Report in Nigeria. Based on the primary data to be used along with secondary data, the three senatorial district of Ondo state was captured. The total population of the study is four hundred (400). This comprises of three hundred (300) First Bank Plc staff and one hundred (100) management members of the bank located in the three senatorial districts; with two local government areas from each senatorial district and two (2) branches of the bank in each of the district; Ondo North; Owo and Akoko North-East Local Government, Ondo South; Irele and Okitipupa Local Government, Ondo Centre; Akure South and Ondo West Local Government.

Sample and Sampling Techniques

Purposive sampling (also known as judgment, selective or subjective sampling) is a sampling technique in which researcher relies on his or her own judgment when choosing members of population to participate in the study. Purposive sampling is a non-probability sampling method and it occurs when “elements selected for the sample are chosen by the judgment of the researcher. Researchers often believe that they can obtain a representative sample by using a sound judgment, which will result in saving time and money”. This sampling method will be used based on the discretion of the researcher by selecting the branches from each senatorial district. The population

being infinite, the researcher used Cochran’s equation of infinite population to determine the sample of the study.

Model Specification

The model specification will be presented below to show the objectives and hypothesis as well as scale the researchers adopt to measure both the independent and dependent variable. Statistical tools that will be used to analyze the research base on objective and hypotheses statement on the platform of using the Pearson Product Moment Correlation (PPMC) and Ordinary Least Square (OLS) regression technique base on the year range 2010 to 2019.

Model structures

$$ROA = \beta_0 + \beta_1 COM + \beta_2 TMC + \beta_3 LS + \beta_4 ET + \beta_5 ELC + \Omega \dots\dots\dots 1$$

$$MSV = Y_0 + Y_1 COM + Y_2 TMC + Y_3 LS + Y_4 ET + Y_5 ELC + \omega \dots\dots\dots 2$$

Where:

Dependent Variables: Return on assets (ROA) as a measure of organisational sustainability and Market Share Value (MSV). These variables will be sources from Annual Financial Report publish after (AGM) of financial of the Bank for the year of analysis.

Independent Variables: Communication (Com), Top Management Commitment (TMC), Leadership Structures (LS), Education and Training (ET) and Employees Level of Commitment (ELC). These can be sourced from primary means through questionnaire and secondary means.

Method of Analysis

Data collected will be analysed using descriptive and inferential statistics of Pearson Product Moment Correlation (PPMC) and Ordinary Least Square (OLS) regression technique in line with research questions and objectives of the study and hypotheses were tested using the same mean: Pearson Product Moment Correlation (PPMC) and Ordinary Least Square (OLS) regression technique. All hypotheses will be tested at 0.05 level of significance.

Data Analysis and Findings

(Comm ;) to Measure Non-Financial Organisational Performance

Table 1: Partial Correlation between Total Quality Management Effectiveness and Organisational Performance Using Communication as Control Variable under (Non-Financial Performance)

Control Variables		TMC	ET	LS	ELC	
COM	TMC	Correlation	1.000	.200*	.207*	.093
		Significance (2-tailed)	.	.019	.016	.280
		Df	0	134	134	134
	ET	Correlation	.200*	1.000	.282	.103
		Significance (2-tailed)	.019	.	.001	.234
		Df	134	0	134	134
	LS	Correlation	.207*	.282	1.000	.120
		Significance (2-tailed)	.016	.001	.	.164
		Df	134	134	0	134
	ELC	Correlation	.093	.103	.120	1.000
		Significance (2-tailed)	.280	.234	.164	.
		Df	134	134	134	0

***Correlation is significant at the 0.05 level (2-tailed).**

The correlation coefficient of Total Quality Management (TQM) on Organisational Performance through Top Management Commitment (TMC), Leadership Structures (LS), Education and Training (ET) and Employees' Level of Commitment (ELC) as Communication (Com) serve as Non-Financial Performance measure. This has been presented above through partial correlation matrix in the table 1.

The result showed significant relationship between communication level of staff, the top bank authority directors and the level of education and training given to the staff which has impacted in the life of staff base on their response to customers demand and needs through quality management of the bank which has brought sound performance in the financial and non-financial management of the bank and improve the bank performance. This is being divulged through the significant of the variables concerned at $(-1 \leq r \leq +1)$, $(-1 \leq .200 \leq +1)$ (**P-value < 0.05**) which was $P=0.019$. This has shown that 20% positive significant relationship has occurred between quality management through proper communication of First Bank Plc and the financial and non-financial management that impact on performance of the bank.

The relationship between communication level and training of staff and top management showed positive one and it significant indeed, by this, total quality management has yielded more positive

effect on First Bank Plc financial and non-financial performance. Also, the Leadership Structures (LS) of the bank brought significant impact on the performance of the bank (i.e. First Bank Plc) through total quality management of the bank system (i.e. First Bank Plc) that were captured through trust, team work, communication, employee involvement, training, and leadership style in the bank). This is being disclosed through the significant of the variables concerned at $(-1 \leq r \leq +1)$, $(-1 \leq 207 \leq +1)$ (**P-value**<0.05) which was **P=0.016**. This has shown that 20.7% positive significant relationship occurred between quality management through good leadership structure of the bank and the financial and non-financial management that impact on performance of the bank.

Hypothesis One: (H₀₁) null hypothesis

(H₀₁): There is no significant relationship between elements of total quality management (Trust, team work, communication, employee involvement, training, leadership) and organizational performance.

Communication skill as a control factor in any organisation has served as a controlling variable in this research and in line with non-financial performance of variable of this research. From the hypothesis result above, it is cleared that there is significant relationship between all selected variables of employment involvement team work and trust on First Bank Plc non-financial performance with significant view from the angle of t-statistics of 0.05% level of significant being considered as the condition to be consider in taking decision about the impact of total quality management on organisation performance. Therefore, the null hypothesis (**H₀₁**) was there by rejected that There is no significant relationship between elements of total quality management (Trust, team work, communication, employee involvement, training, leadership) and organizational performance.

Hypothesis Two: (H₀₂) null hypothesis

(H₀₂): There is no significant contribution of total quality management (Team work) on employees' level of job commitment and support.

Employees' level of job commitment comes from the level of job satisfaction of staff and workers which will bring a strong performance. To be prosperous in business teamwork is an essential component of TQM, with the team can find solutions faster and better to the problems that occur in the organization. Teams can provide improvement of processes and activities. The teams' people feel more comfortable to highlight problems that may occur and may receive help from colleagues to find and implement solutions. From the analysed result, the null (**H₀₂**) hypothesis above was rejected and cleared that there is significant relationship between total quality management (Team work) on employees' level of job commitment and support that will bring proper total quality management at First Bank Plc. This is based on the fact the bank (i.e. First Bank Plc) put adequate plan in place to commit staff to work. Null hypothesis (**H₀₂**) was rejected and acceptance of alternative hypothesis was done, that there is strong significant contribution of total quality management (TQM) through Team

work on employees' level of job commitment and support at First Bank Plc in Nigeria.

Hypothesis Three: (H₀₃) null hypothesis

H₀₃: There is no significant relationship between leadership structures and organisational sustainability.

Leadership structure of the bank has impact and has therefore help improve performance of employees First Bank Plc., through total quality management of the banking system that were captured through trust, team work, communication, employee involvement, training, and leadership style in the bank. From the analysis, it could be deduced that there is significant relationship between leadership structures and organisational sustainability. This mean that Null hypothesis (**H₀₃**) was rejected while alternate hypothesis was accepted.

Discussion of Findings

From the result of the three hypotheses stated and tested;

- i.** The study found that Total Quality Management has significant effect on organisational performance at First Bank Plc in Nigeria; also there is significant influence from the application of Total Quality Management practices on employees' team work and proper communication at the bank.
- ii.** Another finding revealed that the impact of total quality management (TQM) through education and training of staff increase and boost market share value (MSV) of the bank. Application of Total Quality Management practices has significantly brought about improved quality output and reduced cost at the institution and improved return on asset (ROA).
- iii.** TQM practices positively have impact on performance. This is in line with findings of Ali and Abedulfattah (2013) which showed that there was a significant relationship between quality management dimensions (leadership structure, employees' level of job commitment and support, strategic planning, teamwork, and employee relation) and Organisational Performance.
- iv.** On the basis of analysis, findings can be concluded on our hypotheses, the study reviled that total quality management as impact on financial and non-financial performance of First Bank Plc. Base on the component of total quality management (TQM); Trust, team work, communication, employee involvement, training, and leadership. Also, it is very essential to utilize these practices effectively in the Nigeria banking sector. On the other hand, there is a positive relationship between education and training and organisational performance (financial) that should be applied in banks that need to increase their financial performance and communication skill of staff. Base objectives and research questions of the study and from the descriptive statistics to the inferential statistics used for work, total quality management (TQM) has shown strong significant impact on organisational performance through return on

asset (ROA), market share value (MSV) and communication skill exhibit by staff of bank (i.e. First Bank Plc).

Finally, organizational sustainability is the bedrock of organisational performance with a great total quality management (TQM) which has been proved by the analysis done above and supported by Marciano and Hubbard's, (2003) research work on leadership structure, organisational structure and organisational performance.

CONCLUSION

This study is directly aimed on examining the relation between the total quality management and organisational performance. Several past researches have clarified the relationship between Total Quality Management (TQM) and organisational performance especially the financial performance but few in non-financial organisational performance in which this research focused on. Such researches indicated that when one organisation implements Total Quality Management (TQM) in an effective way, then its performance will be largely enhanced from several aspects (Ittner & Larcker, 2003). In a review of the literature covering the impact of Total Quality Management (TQM) on organisational performance, Saizarbitoria (2006) indicated that there is a positive direct relation between Total Quality Management (TQM) and organisational performance. However, Al-Qahtani, Alshehri, Abd. Aziz (2015) noted that Total Quality Management (TQM) practices can hinder organisations from achieving their target goals. Nevertheless, the main conclusions that can be taken from this research are that education and training, employees' level of job commitment and support, leadership structures and organizational sustainability in line with organisation performance of products and services can be enhanced by implementing different quality initiatives at First Bank Plc as an organisation. The strategy of Total Quality Management (TQM) that concentrates on enhancing the customer satisfaction levels will directly improve the organisational performances and that Leadership commitment is considered a key element for guaranteeing a successful implementation of Total Quality Management (TQM) practices at organisations like First Bank Plc. Although this research directly focuses on impact of Total Quality Management (TQM) on organisational performance, but several other factors; such as organisation size, culture and level of innovation that affects organisational performance were neglected. Therefore, future researches could study the impact of Total Quality Management (TQM) on organisational performance in wider scope by investigating the influences of the above mentioned factors on performance. Another research focus should be carried out to study the implementation of TQM in the business sector to provide a better understanding of TQM implementation at all ramifications.

Recommendations

- i. Members in the TQM implementation process must be trained in communication skills, quality awareness and specific problem solving techniques such as Statistical quality control, safety, and technical aspects of the job most especially at First Bank Plc in Nigeria.
- ii. Management should involve employees in decision making. This will create a work environment where people have the ability and confidence, to initiate necessary steps to satisfy customer requirements in order to achieve organizational values and goals through Return on Asset (ROA) and Market Share Value (MSV).
- iii. First Bank Plc divisions/departmental structure should ensure collection of similar businesses that will improve coordination and specialisation at individual departmental unit while ensuring optimal legal and compliance framework in line with training and leadership structure. This will provide platform for enhanced focus on the growth of non-commercial banking subsidiaries which will allow for better risk management supervision and also enable optimal capital allocation decisions for proper organisational performance.

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