



Strategic Effect of Quality Management on Organizational Efficiency in Micro, Small and Medium Enterprises

Raj kumar

Extension Lecturer Deptt. Of Economics Govt. Post Graduate I.G. College Tohana Fatehabad Haryana (India)

Surjit Singh

Extension lecturer Deptt. Of Commerce Govt. Post Graduate I.G. College Tohana Fatehabad Haryana (India)

ABSTRACT

Micro, small and medium enterprises significantly affect the growth and development of economy whether developed or developing. Improvement in organizational planning positively related with organizational efficiency in small and medium enterprises and improvement in workforce management, improvement in employee participation, improvement in rework, improvement in quality data and reporting also positively affects the organizational efficiency in small and medium enterprises. The workforce management concerned skilled labour positively affects the performance of the organizations then it should be properly maintained in these enterprises.

KEYWORDS : organizational efficiency, strategic quality management, SMEs, suppliers relationship.

Introduction

Small and medium enterprises significantly effect the growth and development of economies whether developed or developing. Most of the developing economies concerned with small and medium enterprises have lacking the adequate technology and due to this quality of products not produced by the sector against with large business organization in the scenario of competitive business environment.

There was a positive impact of TQM on company's performance i.e. improved employee participation and morale, improved product and service quality, process and productivity, reduced customer's complaints etc. (Kumar *et. al.* 2009). Implementation of TQM practices was positively related to organizational performance. (Joiner 2007). The core process management practices have a strong, positive and direct effect on quality improvement (Evangelos *et. al.* 2011). Employee involvement positively influences the contribution of total quality management to the improvement of the business performance (Hongyi *et. al.* 2009). Supplier quality management was positively associated with Total quality management (Kevin *et. al.* 2011). Quality management practices improve organizational performance in both large and small business. (Fred *et. al.* 2008). TQM and HRM practices have a positive effect on performance (Daniel and Micaela 2009). Top management, employee involvement, customer focus and data quality management significantly affect the companies' performance (Christos and Evangelos 2010). Leadership plays a significant role in enhancing organizational performance (Changiz 2011)

Literature Review

Bon and Mustafa (2014) investigated in their research study impact of TQM regarding people management in small and medium enterprises that employee empowerment and training has positive impact on administrative and innovation related to total quality management. **Olusanyan *et. al.* (2014)** quality management improves the bottom line, market share, productivity and improvement in product and service quality in small and medium enterprises.

Irfan *et. al.* (2014) leadership, people management, process management, customer focus and information analysis significantly contributed to the organizational performance in small and medium enterprises.

Chauhan Y. A. (2014) quality management improves the customer satisfaction, reduced the defects and error rate, improves the relationship with suppliers and reduced the customer's complaints. Total quality management within SMEs also improves the financial results.

Manjunath and Arun (2013) study reveals that positive correlation between implementation of total quality management and high productivity. Policies and plan also positively associated with quality

and productivity. Top management participation in quality management also significantly affects the quality and productivity within the particular business organization.

Rodriquez and Lorente (2011) have discussed that IT and quality management are complementary for each other and quality management directly affect the dimensions of quality management i.e. customer and suppliers relationship, product and process management, workforce management etc.

Kumar *et. al.* (2009) total quality management has positive impact on dimensions of company performance like improvement in employee participation, improvement in product and service quality, process and productivity, improvement in customer satisfaction, and increase in profitability.

Teh *et. al.* (2008) total quality management practices have a positive impact on personnel attitude and performance of the employees regarding their job and organization. It enhances the effectiveness, efficiency and organizational performance. Total quality management reduces the conflict and ambiguity among the employee of particular organization like leadership, effective strategic planning, customer focus, information analysis and process management.

Sarvanan and Rao (2007) have concluded an empirical analysis on the impact of total quality service age and operational performance and concluded that dimensions of quality management system including customer focus and satisfaction, employee satisfaction, commitment and competence play a significant role in quality improvement and operational performance in the particular business organization.

Demirbag *et. al.* (2006) the study explained that if total quality management properly implemented it gives the large number of benefited to the business organization like understanding customer's needs, improvement in customers satisfaction, improvement in internal communication etc.

Objective and research methodology

The main objective of the present study is to find the effect of quality management on organizational efficiency in micro, small and medium enterprises. To fulfill the objective of the research study data have been collected through well structured questionnaire on five degree likert scale from to a great extent to not at all from 120 units of micro, small and medium enterprises which are established within rural and urban areas and engaged in manufacturing different types of goods in Haryana state. The questionnaire was piloted for validity and cronbach's alpha coefficient used to test the reliability of the measurement scale giving 0.943 cronbach's alpha coefficient which is above

the minimum acceptable threshold of 0.70. The data have been analyzed through SPSS version 16 and ANOVA performed to examine the relationship between independent variables and dependent variable. The results of the reliability testing are proved that Cronbach-alpha coefficients is high indicating the measurement tool is reliable and appropriate for subsequent data analyses.

Research Hypotheses Formulated

Ho₁: there is no positive effect of continuous reduction in defects rate on organizational efficiency in small and medium enterprises related with quality management.

Ho₂: there is no positive effect of training programme in problem solving skills on organizational efficiency in small and medium enterprises related with quality management.

Ho₃: there is no positive effect of Improvement in organizational planning on organizational efficiency in small and medium enterprises related with quality management.

Ho₄: there is no positive effect of Improvement in product image on organizational efficiency in small and medium enterprises related with quality management.

Ho₅: there is no positive effect of Improvement in information analysis on organizational efficiency in small and medium enterprises related with quality management.

Ho₆: there is no positive effect of Improvement in inventory management on organizational efficiency in small and medium enterprises related with quality management.

Ho₇: there is no positive effect of Improvement in workforce management on organizational efficiency in small and medium enterprises related with quality management.

Ho₈: there is no positive effect of Improvement in quality data and reporting on organizational efficiency in small and medium enterprises related with quality management.

Ho₉: there is no positive effect of Improvement in rework on organizational efficiency in small and medium enterprises related with quality management.

Ho₁₀: there is no positive effect of Improvement in employee participation management on organizational efficiency in small and medium enterprises related with quality management.

TABLE: 1 RESULTS OF ONE WAY ANOVA

Name of the independent variables	Sum of squares		df	Mean square	F-value	Level of significance	Hypotheses verified
Continuous reduction in defects rate	Between groups	7.911	2	3.956	17.090	.000	H: 0 Rejected H: a Accepted
	Within groups	27.080	117	.231			
	total	34.992	119				
Training programme in problem solving skills	Between groups	35.078	2	17.539	76.319	.000	H: 0 Rejected H: a Accepted
	Within groups	26.888	117	.230			
	total	61.967	119				
Improvement in organizational planning	Between groups	12.116	2	6.058	52.598	.000	H: 0 Rejected H: a Accepted
	Within groups	13.476	117	.115			
	total	25.592	119				
Improvement in product image	Between groups	1.911	2	.955	5.715	.004	H: 0 Rejected H: a Accepted
	Within groups	19.556	117	.167			
	total	21.467	119				
Improvement in information analysis	Between groups	12.086	2	6.043	108.686	.000	H: 0 Rejected H: a Accepted
	Within groups	6.505	117	.056			
	total	18.592	119				
Improvement in inventory management	Between groups	10.667	2	5.334	29.299	.000	H: 0 Rejected H: a Accepted
	Within groups	21.299	117	.182			
	total	31.967	119				
Improvement in workforce management	Between groups	9.519	2	4.760	32.475	.000	H: 0 Rejected H: a Accepted
	Within groups	17.148	117	.147			
	total	26.667	119				
Improvement in quality data and reporting	Between groups	16.236	2	8.118	20.941	.000	H: 0 Rejected H: a Accepted
	Within groups	45.356	117	.388			
	total	61.592	119				
Improvement in rework	Between groups	7.978	2	3.989	18.220	.000	H: 0 Rejected H: a Accepted
	Within groups	25.614	117	.219			
	total	33.592	119				
Improvement in employee participation management	Between groups	16.436	2	8.218	40.250	.000	H: 0 Rejected H: a Accepted
	Within groups	23.889	117	.204			
	total	40.325	119				

Source: Primary data

Conclusion

The study concluded that improvement in organizational planning positively related with organizational efficiency in small and medium enterprises and improvement in workforce management, improvement in employee participation, improvement in rework, im-

provement in quality data and reporting also positively affects the organizational efficiency in small and medium enterprises. The study revealed that improvement in inventory management also positively affects the organizational efficiency in these enterprises.

Industrial Implications of the study

The study examines that if organizational planning is properly implemented by the entrepreneurs of small and medium enterprises it positively effect on performance of the organization. The entrepreneurs of these enterprises should properly manage the inventory management of the particular small scale enterprises, and it also positive impact on the organization. The workforce management concerned skilled labour positively affects the performance of the organizations then it should be properly maintained in these enterprises.

References

1. Kumar V., Choise F., Grosbois and Kumar U. (2009), "Impact of TQM on company's performance", *International journal of quality and reliability management*, 25(1) pp. 23-27.
2. Joiner A. therse (2007), "Total quality management and performance", *International journal of quality and reliability management*, 24(60), pp. 617-627.
3. Evangelos, Christos and kafetzopoulos (2011), "Core process management practices, quality tools and quality improvement in ISO 9001 certified manufacturing companies", *Business process management journal*, 17(3), pp. 437-460.
4. Hongyi S. Hui K. L., Tam Y. K., and Frick J. (2009), "Employee Involvement and quality management", *The TQM magazine*, 12(3), pp. 350-354.
5. Kevin B., Kristal J.H., and Reeve R. (2011), "The relationship between organizational culture, total quality management practices and operational performance", *International journal of operations and productions management*, 31(7), pp. 780-814.
6. Fred A. F., Peasakovic and Amaria P. (2008), "Relationship between quality management practices and the performance of small and medium size enterprises (SMEs) in Ghana", *International journal of quality and reliability management*, 25(7), pp. 694-708.
7. Daniel J. J. and Micaela M.C. (2009), "The performance effect of HRM and TQM: A study in Spanish organizations", *International journal of operations and Production management*, 29(12), Pp. 1266-1289.
8. Chritos V. F. and Evangelos L. P. (2010), "The structural relationships between TQM factors and organizational performance", *The TQM journal*, 27(5), p. 539-552.
9. Changiz V. (2011), "The impact of of TQM implementation on the organizational performance of Iranian manufacturing SMEs", *The TQM journal*, 23(5), pp. 496-509.
10. Bon A. T. and Mustafa M. A. (2014), "Impact of total quality management –Based people management practices on administrative innovation in service SMEs", *Middle-East Journal of Scientific Research*, 19 (9), pp. 1162-1168.
11. Olusanya S. O. and Eunice A. A. (2014) Impact of total quality management practice on small and medium scale enterprises in Nigeria. (A case study of small business owners in Lagos). *IOSR Journal of business and management (IOSR-JBM)*, 16(4), pp. 39-45.
12. Irfan S. M., Hung Kee D. M., Qureshi R.W. and Hussain R. (2014), Measuring performance of SMEs in Pakistan using PIs-Sem: evaluating MBNQA criteria as TQM framework, *Sci. Int. (Lahore)*, 26(4), pp 1707-1718, ISSN 1013-5316; CODEN: SINTE 8.
13. Chauhan Y. A. (2014), "Benefits derived by SMEs through implementation Of TQM", *IJRET: International journal of research in engineering and technology*, 3(5), pp. 470-474.
14. Manjunath S. J. and kumar A. G. (2013), "Impact of TQM implementation on productivity and quality - a study at general motors", *Asia pacific journal of marketing & management review*, 2 (4), pp. 1-12.
15. Demirbag M., Tatoglu E., Tekinkus M., and Zaim S. (2009), "An analysis of the relationship between TQM implementation and organizational performance", *Journal of Manufacturing technology management*, 17(6), pp. 829-847.
16. Sarvanan R. and Rao K.S.P. (2007), "The impact of total quality service age on quality and operational performance: An empirical study", *The TQM magazine*, 19(3), pp. 197-205.
17. Teh P. L., Ooi K. B. and Yong C. C. (2008), "Does TQM impact on role stressors? A conceptual model", *Industrial management & data system*, 108(8), 1029-1044.
18. Roderiguez C. S. and Lorente A. R. M. (2011), "Effect of IT and quality management on performance", *Industrial management & data system*, 111(6), pp. 830-848.