

# **Total Quality Management Practices on Organizational Performance in Azman Hashim International Business School**

Siti Aishah Arsat and Nursyazwani Mohd Fuzi

Azman Hashim International Business School, Universiti Teknologi Malaysia, 81310 Johor  
Bahru, Johor, Malaysia

Email: [nursyazwani.mohdfuzi@utm.my](mailto:nursyazwani.mohdfuzi@utm.my)

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## **Abstract**

The aim of this paper is to review the relationship between total quality management and organizational performance in Azman Hashim International Business School. The paper is prepared by reviewing the relevant literatures on total quality management and organizational performance. The paper provides a framework based on total quality management (strategic planning, management leadership, people management, and continuous improvement) and organizational performance. Total quality management framework can be viewed as a strategic approach to improve the mechanism and output of an organization. The framework will provide a guide for the implementation of total quality management and organizational performance in Azman Hashim International Business School.

**Keywords:** Total Quality Management, Organizational Performance, Higher Education Institution, Strategic Planning, Continuous Improvement

## **Introduction**

Higher-Education Institution (HEI) is considered as one of the essential elements that significantly contributes to the economic growth and the social development (Sfakianaki, 2019). According to Tasopolou and Tsiotras (2017), HEI commonly will strive for the academic excellence results in order to create the educational-based society as well as accomplish the goals of the economic growth and high employment rates. However, the new era of globalization leads the HEI to survive in the environment that become more complex and challenging by time. The rapid changes increase the competition within the higher-education sector while the government funding had been reduced during the economic downturn (Psomas & Antony, 2017). Thus, driven by the struggle to survive in the market, organization seeks to provide high-quality of education while focusing into the cost saving and high efficiency rate.

Total Quality Management (TQM) approach has been extensively used in managing the quality of services rendered in an organization. The TQM practices often being used in the manufacturing sector. However, the transformation in education environment leads the HEI to penetrate the total quality management approach in the universities' quality management. The study conducted by Psomas and Antony (2017) stated that a number of universities in USA and UK as well as a few educational institutions in Turkey and Malaysia have applied the TQM practices in the management. Additionally, most of education institutions in Spain and other countries are also started to implement the TQM framework in managing the process of academic activities in the education sector (Sfakianaki, 2019).

According to Mehta, Diwakar, and Arya (2019), TQM approach is an effective quality management framework that aims to build the strong capabilities in enhancing the competitiveness besides improving the organizational performance. In fact, the recent studies conducted in the TQM are concludes that the TQM practices were significantly and positively influence a few performance indicators including the financial and non-financial measurement. However, it has been argued by some researchers that received the negative and insignificant influence of TQM approach towards the outcome of the organization within the different sectors (Khalaf & Salem, 2018). Apparently, the inconsistency in the effect of the total quality management implementation is the crucial issues in ensuring the effectiveness of the TQM framework application in the organizations, whereas, the results will depend on the organizational culture. Therefore, the study on the influence of the total quality management practices on the organizational performance in the higher education sector is essential in respect for ensuring the higher quality of the learning activities and education provided to the society.

This paper is organized as follows. The literature review is presented in TQM and OP while the proposed conceptual framework is described in methodology. Finally, the conclusions based on this study.

## **Literature Review**

### *Total Quality Management (TQM)*

In reviewing the previous literatures, the issues have been highlighted regarding the effectiveness of the TQM practices in improving the performance. One of the main issues that mentioned by Khalaf and Salem (2018) is the difficulties in ensuring the effectiveness of the TQM practices adoption in the services-based organization with regard to the lack investigation conducted on the TQM practices in that sector. Perhaps, only little numbers of empirical data gathered on the multiple measurement scales applied in evaluating the influence of TQM framework on the organizational outcome of the HEI. It is admitted that many practitioners have showed their interest in the application of TQM theories. Most of the studies conducted only focusing on the TQM practices in manufacturing sector that cause the literature gap existence in the education sector. Hence, the further investigation should be placed in order to evaluate the influence of TQM practices on the institutional performance in the HEI sector.

Total Quality Management (TQM) framework was first introduced in the year 1950 that aims to improve the efficiency of flexible work teams in United States industry before the Second World War. The TQM introduction was originally intended to encourage the development of manufacturing industries in the business market (Ravindran & Kamaravel, 2016). It was believed that the existence of TQM framework in the manufacturing sector was

in lined with the process of shifting the focus of the organization to improve and achieve superior quality in producing products.

In the perspective of Higher Education Institution (HEI), TQM framework can be viewed as a strategic approach to improve the mechanism and output of an organization. According to Psomas and Antony (2017), the effects of TQM in HEI comprise financial saving, raised responsiveness, customer service improvement, teamwork development, increase productivity, improve teaching process and enhance people satisfaction. Besides, it is believed that TQM practices in higher education institutions has a greater effect on the confidence and job attitudes of the employees (Khan, Malik, & Janjua, 2019). Employees tend to perform well in doing their job when the TQM practices are applied successfully in the organization.

Indeed, total quality management has received numerous definitions and interpretations throughout the time that reflects from the individuals' understandings. Generally, TQM is an integrative and strategic management philosophy which accommodate the system-oriented management with the human behavior and needs (Jalilvand, Pool, Jamkhaneh & Tabaeian, 2018). According to Hilman, Ali, and Gorondutse (2019), total quality management can be viewed as an integrative management approach commonly used to increase the quality of processes, products or services performed in order to meet the customers' satisfaction and gain the competitive advantage in the market edge. In the same literature, it stated that the TQM framework also helps the company management and operation to become more effective and efficient.

TQM in higher education sector is multi-faceted as it involved the quality of inputs, processes and output. Based on the research conducted by Sunder (2016), TQM application in higher education sector helps the universities to produce more competent graduates while provide more placement in the industry, enhance the employees' satisfaction through continuous training programmes and encourage the improvement in the learning environment. In addition, it is mentioned that the satisfaction of the customers is crucial in the adoption of TQM practices in the organization. In the academic context, customer satisfaction can be achieved by organizing the higher quality and efficient academic programmes, enhancing support services and being responsive towards the demands of the students, employees, industries and other stakeholders (Rodriguez, Valenzuela, & Ayuyao, 2018). Apart from that, TQM practices are able to encourage a discipline orientation and improve the customer service, staff and faculty morale, administrative process and course quality.

#### *Organizational Performance (OP)*

According to Sumardi and Fernandes (2018), performance commonly refers to the results produced by the organizational processes and services that being compared to the organizational objectives, goals, past outcome benchmark and competitors. Organizational performance (OP) can be measured using the elements including organizational input, process, output, outcome, quality, and efficiency. The study conducted by Sunder (2016) stated that it is crucial for the academic institutions to identify the key performance indicators and metrics that allow the quality problem to be identified concerning the needs to meet customer satisfaction. These indicators include student's satisfaction level, teacher's ability and skill, pass percentage of students in examination, and university's infrastructure assessment.

### Research Methodology

The study adopted the quantitative method for collecting the data which a set of questionnaires was distributed to the respondents in accounting department from Azman Hashim International Business School. The respondents consist of the accounting lecturers, third year undergraduate accounting students and fourth year undergraduate accounting students in Azman Hashim International Business School. In addition, two measurement indicators that applied in this research includes the TQM practices measure and OP measure. The variables used for the TQM practices was adopted from the previous studies on the influence of TQM practices on the OP in higher-education sector. However, the various indicators of the TQM elements used by the researchers that cause the confusion on the best principles should be used. Thus, this study was adopted the most common principles used by the researchers in the context of higher education sector includes strategic planning, management leadership, people management, and continuous improvement. Furthermore, the indicators used for the OP measurement was in reference to the balance scorecard guidelines that consist of four elements such as financial indicator, learning and growth, customer, and internal business process.

### A Proposed Conceptual Framework

The conceptual framework is to examine the relationship between TQM and OP in Azman Hashim International Business School. Figure 1 represents the conceptual framework by the researcher.

**H<sub>1</sub>:** There is a significant relationship between TQM and OP in Azman Hashim International Business School.

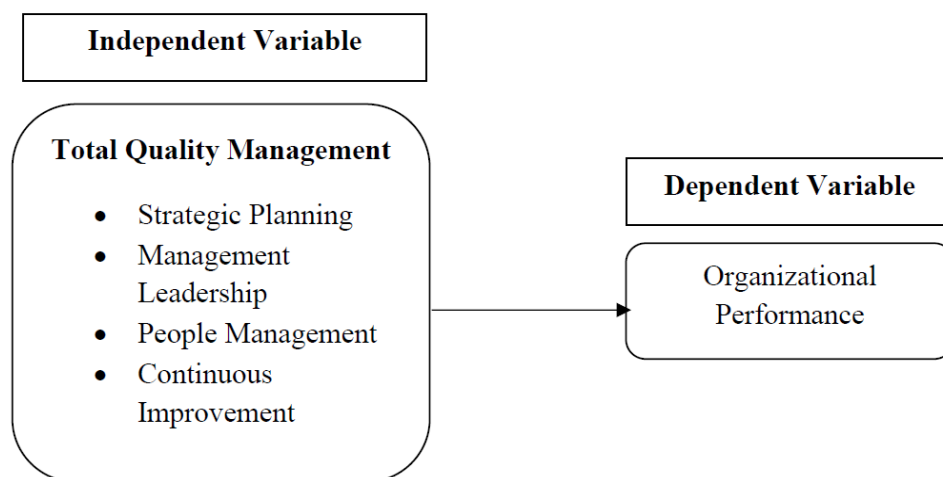


Figure 1. The Conceptual Framework

The study conducted by Psomas and Jaca (2016) shows that there are three performance indicators that were being measured in evaluating the influence of TQM practices towards the OP. Zwain, Lim, and Othman (2017) show that the TQM practices have a significant and also positively contributes to the OP in Iraqi's HEI. The findings of the study show that the higher extent of TQM application within HEI in Iraq leads to the improved organizational efficiency especially in the perspective of academic excellence of the institutions. From the study, the scholars believe that the academic institutions in the country

should emphasize on raising the awareness among the academic leaders to institutionalize the TQM practices in the universities or colleges.

### **Conclusion**

TQM practices helps the higher education to set a guideline on what the organization need to be focused on in improving the performance in terms of education and administrative quality. The results of the study help an organization in higher education sector to create a long-term planning on how to continuously improve the performance of the organization besides prepare the organization towards the advancement and changes in the technology and globalization. The OPM evaluated in this study also taking an account both financial and non-financial measurement. It means that total quality management practices evaluated in this study helps the organization in higher education sector to protect the financial states if the organization while improving the non-financial performance in the institutions. Last but not least, the top management leaders and all the stakeholders in the company should cooperate in enhancing the quality and continuously improve the learning and teaching processes in HEI.

Based on the results of the study, there are several recommendations and suggestions that can be applied by the organization in improving the performance in the future. The results of the research concluded that both management leadership and continuous improvement elements in total quality management framework are significantly and positively influence towards the performance of the organization. Therefore, the management of the organization in higher education institutions especially in Azman Hashim International Business School should place the priority on the effectiveness of management leadership and continuous improvement in managing the organization in order to enhance the quality of learning and teaching processes in the higher education institutions.

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