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TQM Practices and Quality Management Performance - A Case Study onIKEA, Bangalore City

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ABSTRACT

Total Quality Management (TQM) is a process that enhances the continuous development ofproductsandservicequalitytogetcustomersatisfactionandpromotetheproductivity.Quality management is managing all the activities which determine the quality policy andhow implementation by the quality planning and quality assurance.Ithas abig role toimprove and develop the performance of the organization. Therefore, this study investigatesthe effect of quality management practices on company financial performance. This researchused both qualitative and quantitative approaches such as literature review and questionnaire.There are about 53 respondents from IKEA Company;Bangalore City had participated in thisstudy. The questionnaire is used to understand the perspective of employees regarding theimportance of quality management practices on company financial performance. This studyidentifiedthreemainpractices:management,infrastructure,corepracticesandtheirrelationship with the company financial performance. The hypotheses test results confirmedthat there is a positive relationship between the quality management practices and companyfinancialperformance.

INTRODUCTION

The quality management is defined as an approach to achieving and sustaininga high-quality output with focus on maintaining and continuous developmentprocess to prevent from any risks or defects to get customers' expectation [1].Waldman and Gopalakrishnan (1996) were defined the quality management isabout a customer perception and their observation based on the quality of theproductsandservicesortheservicethatmeetwiththeirneedsanddesired[2].Customer satisfaction is fromthe most elements that are important in

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themanufacturingprocess.So,it'srequiredtointegratethecustomerinthemanufacturingphase[3].

Feigenbaum (1991) defined quality management as "business method" and it'srequiredahighlevelofeffectivefunctionalintegrationbetweenpeople,information, machines [4]. The constructs of total quality management hadcategorized in some ways, even they complement each other [5]. There is noclearunderstandingofTQMresearchconcerningitskey componentsthatdemonstrate the capacities of what TQM depicts when referred [6, 7]. Hence,there emerges a difficulty of achieving a concurrence on the components ofTQMbecauseof theinconsistencyin thepast research [8].

A complete evaluation of TQM literature had shown the practices in sevenfields, start with leadership, strategic planning, customer focus, informationand analysis, human resource management, process management and suppliermanagement[9].Totalquality managementhasdescribedasasystemofcollective interlinked of quality management practices which connect withorganizationalperformance[10].

Black and Porter (1996) determined ten factors of quality management byusing the criteria of Malcolm Balridge Award [11]. There are corporate qualityculture,strategicqualitymanagement,qualityimprovementmeasurementsystems,peopleandcustomerm anagement,operationalqualityplanning,externalinterfacemanagement,supplierpartnerships,teamworkstructu res,customersatisfactionorientation,andcommunicationofimprovementinformation. Motwani (2001) described the total quality management likea foundationstage of building a house start with a top management [12]. It is including theemployees training, measured the quality, management process and customersatisfaction. Therefore, that clarified the importance of quality management intheorganization.

One of the essential strategies in a business environment is an enhancement inqualityandperformancetoachieveorganizationalcompetitiveadvantage.Quality management has a greater effect on enhancing the business. There aremany practices of quality management which have impact on organizationalperformancein thedifferent fields (Lakhal,et al.,2006). [13].

Therearetendimensionsofqualitymanagementwhichare,employeestraining,highermanagementco mmitmentandassistance,qualityoforganization,participationofemployees,supplierqualitymanage ment,continuous support, leadership, enhancement in quality procedures, focus oncustomers,analysisandinformation,satisfactionofemployees,useofstatistical techniques [14]. Also, there are another eight dimensions of qualitymanagement practices were defined by Su et al. (2008) [15]. The seventh ofthemwasadaptedfromthetenwhatLakhal,PasinandLimam(2006)suggested[13].One dimensionisaddedwhichiscrossfunctionalqualitygroups.Theroleofthecrossfunctionalqualitygrou pistobuildtheconnectionbetweenallemployeesindifferentdepartmentsatthefirm.Thereis a positive relationship between TQM and company financial performance.Company financial performance refers to many factors such as output, profits,competitive advantage,reduce in expenses, reduction in errors, minimizedscraplevel,andstablebusiness[16].Also,thereisastrongrelationshipbetweenthe managers’commitment andcustomer satisfaction.

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Thereisanimportantinfluenceofqualitymanagementonperformance,especiallyinthebiggestcompanieswhichspecializedinmanufacturingprocesses [17]. Many categories are considered of total quality management asbasic performance predictors such as leadership, individual management andfocus on customer. The focus on quality management philosophy is to achieveintegration between the employees and their tasks to get a better enhancementand preservation ofproductsand servicequality[18].

This philosophy depends on decision making processes by using group ofquality development and quality strategies [19]. Hence, quality management isamanagementstrategywhichleadstoorganizationalperformanceandefficiency by improving the quality of services and products in the firms [20].Thefactoforganizationalperformancecanbemeasurebydifferentapproachessuchare:operationalperformance,financialperformance,customersatisfactionandeffectivenessofproductquality[21]. Theoperational performance deal with enhanced delivery performance, flexibility,minimizing costs and errors and enhance the productivity [22].

METHODOLOGY

Mixed method is used in this research, because this approach can providedifferentviewsandanalyzingdataandincludingbothqualitativeandquantitative data. It is a completion method that helps to offset the weaknessesin the quantity method by the strength in the quality, and the strength ofquantitymethod can offset theweaknesses ofqualitymethod.

The quantitative method includes using of questionnaire to collect the primarydata and gathering more information about the topic. The qualitative methodincludes the collection of secondary data through literature review on journals,projectsand websites.

DataCollectionMethodsandTools

This study used two types of data collection methods to collect the neededinformation. A questionnaire has been used to collect primary data from theemployees of IKEA Company and literature review approach is used to obtainthe secondarydata.

Thequestionnairesurvey istheprimary datacollectiontoolsused in thisstudy, because it is time efficient and economical. It is helpful when having alargesample sizes andlarge geographic areas.

SampleSize

Sample size is the number of participants from IKEA employees. There areabout 53 of employees from IKEA Company Bangalore City, had completed thequestionnairesurvey.

DataAssessment

Theprovidedquestionnairerequirestherespondentstoevaluatetheirorganization performance with a scale ranging from 1 (weakest performance)to 5 (strongest performance). The datacollected from this questionnaire

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willbeanalyzedusingExcelthenuseSPSSsoftwareinordertoexploretherelationship between the two variables; Quality management practicesandperformanceof organization.

ResearchHypotheses

Figure 1 demonstrates the research model of this study and the hypotheses areidentifiedas:

H1:Management practices are directly related to financial performance.H2:Infrastructure practices are directly related to financial performance.H3:Corepractices aredirectlyrelated to financialperformance.

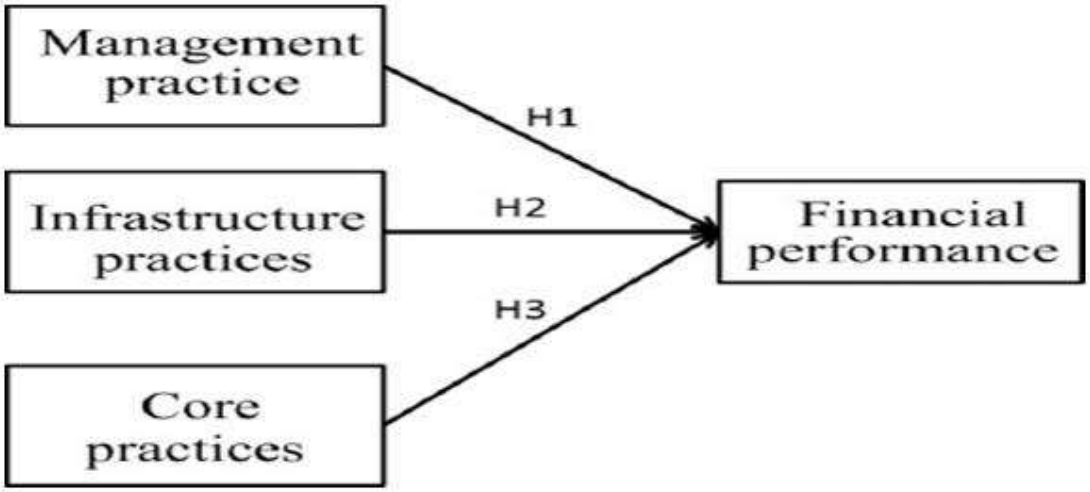

Figure1. ResearchModel

RESULTANDDISCUSSION

Theinvestigationofemployees'perceptionsaboutthecompanyfinancialperformances to examine the relationship between two variables are based onthe53 completed questionnaireresult.

ReliabilityAnalysis:

Thegoalofapplyingreliabilityanalysisistotestthemeasuringtheconsistency of each variable. This study used Cronbash's alphas to utilizedinternalconsistencyto testhow thevariablescorrelated to eachother.

Cronbash'sAlphas:

Alpha coefficient ranges from the value of 0 to 1. It is could acceptable anyvalue less than or equal to 1, but if it a higher it will be better. According toTable1,thevariable"Managementpractices","Infrastructurepractices","Core practices" and "Financial Performance" have an acceptable level ofreliability (Cronbash's Alpha > 0.65). To sum up, the alpha coefficients for theresearchvariablesareabove0.65whichmeansthatthereliabilityofthemeasuresappliedareaccepta

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bleand high.

Table1. ReliabilityTest

Variable	Cronbash'sAlpha
Managementpractices	0.942
Infrastructurepractices	0.814
Corepractices	0.950
FinancialPerformance	0.918

HYPOTHESISTESTING

CorrelationMatrix

The main goal of correlation matrix is to investigate the relationship betweenthevariablesofthecurrentstudy(QualityManagementPracticesandCompany financial performance). Correlation matrix is a tool that explainingthe correlations between the variables of a study. It is providing the Pearson'sCorrelationCoefficientbetweenstudyvariablesandtoassessmenttherelationshipbetweeneachtwovariablesandtoassistinevaluatingtherelationshipbetweenthesevariables.Therefore,thevaluefor Pearson'scorrelation can be ranged from 0 (No correlation) and 1 (Perfect correlation).The aim of applying Pearson correlation analysis and descriptive statistics is toprovide test the direct relationship between the independent and dependentvariables.

Table 2 shows the Correlation Matrix between the study variables. The valueof Pearson Correlation represents the relationship between each two variables.However;theflaggedvariables representthesignificantcorrelation.Theresult that shows in the Table 2 demonstrates a strong correlation between studyvariables"Qualitymanagementpractices"and"CompanyFinancialPerformance".

Table2. CorrelationsMatrixBetweentheVariables(N=53)

	Management	Infrastructure practices	Corepractices	FinancialPerformance
ManagementPractices				
PearsonCorrelation	1	.902**	.915**	.685**
Sig.(2-tailed)		.000	.000	.000
Infrastructurepractices				
PearsonCorrelation	.902**	1	.987**	.689**
Sig.(2-tailed)	.000		.000	.000
Corepractices				

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PearsonCorrelation	.915**	.987**	1	.705**
Sig.(2-tailed)	.000	.000		.000
FinancialPerformance				
PearsonCorrelation	.685**	.689**	.705**	1
Sig.(2-tailed)	.000	.000	.000	

**.Correlationis significantatthe 0.01level(2-tailed).

RegressionAnalysis

Regressionanalysisisastatisticalprocessthathelpingtoestimatetherelationshipbetweenthe variablesandhelpinginanalyzingandmodelingmany of variables. It has many techniques in dependent variable and one orseveralindependentvariables.Inthissection,theregressionanalysiswillshowin order to testthehypothesis of the current study.

Simple Linear Regression Analysis The Effect Of Management Practices OnTheCompanyFinancialPerformance

ASimplelinearmodelisfittedbetweenManagementpracticesasanindependent variable and financial performance as a dependent variable inTable 4.7. It was found that the model coefficient of determination (R Square)equals 45.9%, which means that the model explains 45.9% of the variance inFinancialPerformance,orthat45.9%ofthevariationinthedependentvariable can be explained due to the variation in Management practices. Also,theoverallstatisticalsignificanceofthemodelrevealsthatthemodelissignificantwith P-Value= 0.000(P-Value < 0.05). This recommendedtheacceptanceofH1,thereisapositiveeffectofManagementPracticesonCompanyFinancial Performance.

Table3. Model Summary

Variable	**R2**	**Beta Coefficient**	**Significant**
ManagementPractices	.459	.685	.000

Dependent Variable: Financial PerformanceR2=45.9%

SimpleLinearRegressionAnalysistheEffectOfInfrastructurePracticesOnTheCompanyFinancial Performance

ASimplelinearmodelisfittedbetweenInfrastructurePracticesasanindependent variable and Financial Performance as a dependent variable inTable 4. It was found that the model coefficient of determination (R Square)equals 46.4%, which means that the model explains 46.4% of the variance inFinancialPerformance,orthat46.4%%ofthevariationinthedependentvariable can be explained

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due to the variation in Infrastructure Practices. Also,theoverallstatisticalsignificanceofthemodelrevealsthatthemodelissignificantwith P-Value= 0.000(P-Value < 0.05). This recommendedtheacceptanceofH2,thereisapositiveeffectofInfrastructurePracticesonCompanyFinancial Performance.

Table4. Model Summary

Variable	R2	BetaCoefficient	Significant
ManagementPractices	.474	.689	.000

Dependent Variable: Financial PerformanceR2=46.4%

Simple Linear Regression Analysis The Effect Of Core Practices On TheCompanyFinancial Performance

A Simple linear model is fitted between Core Practices as an independentvariable and Financial Performance as a dependent variable in Table 5. It wasfound that the model coefficient of determination (R Square) equals 48.7%,whichmeansthatthemodelexplains48.7%ofthevarianceinFinancialPerformance, or that 48.7%% of the variation in the dependent variable can beexplained due to the variation in Core Practices. Also, the overall statisticalsignificanceofthemodelrevealsthatthemodelissignificantwithP-Value=0.000 (P-Value < 0.05). This recommended the acceptance of H3, there is apositiveeffect ofCorePracticeson CompanyFinancialPerformance.

Table5. Model Summary

Variable	R2	BetaCoefficient	Significant
ManagementPractices	.487	.705	.000

DependentVariable: CorePracticesR2=48.7%

CONCLUSION

The model has been tested that links management practices, infrastructurepractices and core practices with company financial performance. The three ofhypotheses were specified according to the elements of the model. The resultsof this study support the hypotheses that management practices, infrastructurepractices, and core practices have a positive impact on financial performance.The findings of this research confirmed that all three practices will assist

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toimprove the financial performance of the company. Therefore, more interest inquality practices and capabilities will lead the company to compete with otherstronglyand support thecompanyto beglobal.

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