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Total Quality Management and its Impact on Organizational Performance: The Case of Ethiotelecom

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Abstract:- Total Quality Management refers to a management concept which many companies widely employed. Total quality management used by organization to acquire competitive edge in terms of quality, productivity, customer happiness, and profitability. The study's exact objectives were determined by the researcher. The descriptive and explanatory study design, as well as the stratified sample approach, was used to attain the goals. It was believed that both quantitative and qualitative research would be used. Structural equation model was used for analyzing primary data, and secondary data was used to establish relevant literature and make the hypothesis more objective and sensible. The researcher comes to a conclusion after gathering data from ethiotelecom employees and evaluating it in the Amos software tool. Customer focus, top management commitment, and employee management were the major factors for organizational performance improvement.

Keywords:- *Total quality management, structural equation model, organizational performance*.

I. INTRODUCTION

Total Quality Management gains importance in increasing organizational efficacy and performance. Where the business is continuously improving in each phase of every process, every level and every activity for the maximizing profit at large (Chang & sun, 2007). The change is a continuous and steady process for every organization. There are various practices, such as Quality circles, kaizen, TQM, etc. in developed and developing countries. Industrial companies need to ensure their success and competitiveness by using appropriate quality management practices. An organization's quality practices are defined as the actions and procedures taken by a company or organization to ensure the delivery of a high-quality service or product.

Managers strive to improve organizational performance through practices that are visible components of quality management improvements (Ahmed & Hassan, 2003).Because there is evidence that successful implementation of TQM benefits organizations by improving organizational performance, it is critical to investigate the impact of total quality management on ethiotelecom organizational performance in order to incorporate TQM as a method for improving service failures. As a result, the purpose of this study was to investigate the impact of TQM on corporate performance in order to fill a gap in the literature and understanding about total quality management practice and its impact on organizational performance in Ethiopia Telecom. Many researchers pointed out that quality management principles might be implemented in any company and sector of the economy, including industry, service, education, and government.Top management commitment, employee involvement, process management, employee empowerment, and customer focus are the most typical total quality management dimensions used by firms (Jaafreh, 2008)

II. STATEMENT OF THE PROBLEM AND RESEARCH GAP

Empirical studies have shown that successful TQM adoption benefits organizations in a variety of ways, including service quality, customer satisfaction, financial performance, and operational performance (Irfan & Kee, 2013). As a society develops economically, culturally matures, and educates itself, it needs higher-quality services. As a result, a huge number of service businesses are implementing TQM as a reaction to these difficulties today (Lekhe & Mohanty, 1995).As a result, successful TQM implementation in ethiotelecom is predicted to result in enhanced organizational performance, which will lead to increased customer satisfaction and productivity. However, no study has been undertaken on the influence of TQM on organizational performance at ethiotelecom, according to researcher information from TQM websites, and the topic is still unexplored. Furthermore, despite the fact that the service sector has increasingly dominated the global economy in recent decades, the majority of research has focused on the manufacturing sector.There were still few TQM studies in the service sector (Al-Sabi & Samat, N, 2016), indicating that additional TQM research is needed in the service industry.

The lack of literature also contributes to a lack of understanding of TQM's impact on organizational performance. As a result, this study will undoubtedly contribute to the field of service quality management.Many studies only measure performance in financial terms, such as market share value, return on investment, and profit (e.g. Nicolau and Sellers, 2010; Corderand Goni, 201; Easton and Jarrel, 1998). Non-financial outcomes such as customer satisfaction, process improvement, and employee satisfaction are not taken into account. Empirical studies yield contradictory results. Significant research, for example, provides empirical evidence that there is a positive

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relationship between TQM implementation and organizational performance (Bou-Llusar et al. 2009; Tari, Molina and Castejon 2007; Kaynak, 2003; Douglas and Judge, 2001; Easton and Jarrel, 1998). Many studies, on the other hand, show a weak or no relationship between TQM practices and organizationalperformance in ethiotelecom.

III. RESEARCH OBJECTIVES

The specific objectives of the study included:

- To determine the impact of customer focus practice on organizational performance in Ethiotelecom.
- To determine the impact of top management commitment on organizational performance in Ethiotelecom.
- To assess the effect of continuous improvement on organizational performance in Ethiotelecom.
- To examine the effect of employee management on organizational performance in Ethiotelecom.

IV. RESEARCH HYPOTHESES

The following hypothesis was developed for investigation in accordance with the broad purpose statement. The study's hypothesis is based on a theoretical concept concerning the total quality management and its impact on organizational performance in Ethiotelecom. As a result, four hypotheses were proposed as follows.

- H_a: There was a significant effect of Top Management Commitment on organizational performance in Ethiotelecom.
- H_b: There was a significant effect of Customer Focus practice on organizational performance in Ethiotelecom.
- H_c: There was a significant effect of Continuous Improvement on organizational performance in Ethiotelecom.
- H_d: There was a significant effect of employee's management on organizational performance in Ethiotelecom.

V. CONCEPTUAL FRAMEWORK

Taking into account the many characteristics of quality management methods and organizational performance measurement offered by a number of researchers. Customer Focus, Top Management Commitment, Continuous Improvements, and Employee Management were the four elements of quality management methods that the researcher used in his research.

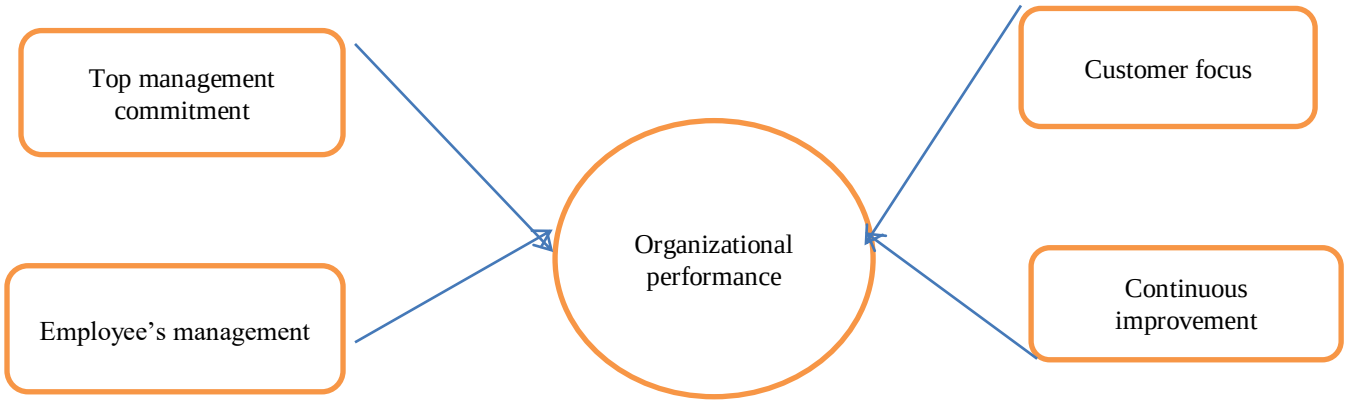

Fig. 1

VI. RESEARCH METHODOLOGY

A. *Research approach*

The study's goal is to determine the impact of total quality management approaches on Ethiotelecom organizational performance. Because the researcher uses both descriptive and explanatory research designs, the mixed method would have been suggested for this study. This strategy was based on rational values, truths, and validity, with a sole focus on facts as measured empirically on variables by quantitative methods such as surveys and statistical analysis of the data (Thorpe & Jackson, 2008).

B. *Target population and sampling*

This study's target population consists of Ethiotelecom employees. The number of employees was observable, and it included officials from the regional office.By usingSolvin's formula 252 samples had taken from total population.The study used stratified sampling techniques. Because in stratified sampling no significant groups is left unrepresented and it saves cost and time of data collection since the sample is less (Schutt, 2011).

C. *Data inquiry*

Both primary and secondary data used for collected data. Primary data is information gathered through techniques such as interviews, questionnaires, and others. Secondary data, on the other hand, refers to previously organized documents. However, in this study, the researcher gathered data by creating questionnaires on major variables.

D. *Method of data analysis*

Data analysis may be classified as descriptive or inferential analysis. Even if this research uses some portion of descriptive analysis, inferential analysis can be widely used to make data analysis and infer from collected data. For studied the impact of total quality management on organizational performance, the structural equation model

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would be used (SEM). SEM has recently emerged as a prominent statistical method due to its ability to account for multiple variables. Variables that are observed are also known as indicator variables or manifest variables. Unobserved variables or factors are also referred to as latent variables. The latent variables cannot be directly measured. To be represented, the latent variable must be defined in terms of observed variables. The latent variables defined by other observed variable were organizational performance.

VII. DATA RELIABILITY

For the four independent variablesconstructs, a total of 33 items and dependent variables with four items are tested.

- **Reliability test**

Variables	No. of items	Cronbach alpha	Status
Independent variables			
Top management commitment	7	0.777	Good
Customer focus	7	0.793	Good
Continuous Improvement	7	0.837	Great
Employees management	8	0.883	Great
Dependent Variables			
Organizational performance	4	0.762	Good

Table 1

VIII. DATA VALIDITY

Hair et al. (2010)it is validitywhich indicates the degree measures of constructs should converge or share a high proportion of variance. Composite Reliability (CR), Average Variance Extracted (AVE), and factor loading were used to assess this validity.

Convergent validity	TMC	CF	CIM	EM	OP	FP
AVE=$\sum(Xi^2/N)$	0.52	0.56	0.64	0.58	0.51	0.53
CR= $\sum(Xi^2 /(\sum(Xi^2 +\sum\delta)$	0.87	0.75	0.83	0.79	0.73	0.77
Validity, AVE>0.5 and CR>0.7	Maintained	Established	Maintained	Established	Established	Established

Table 2

Discriminant Validity is maintained when average variance extracted is greater than squared correlation estimates between constructs. Significant level of discriminant validity was established as AVE > than the squared correlation estimate for all the constructs. Show the following table.

Discriminant validity	Factor correlation(r)	Correlation Squared(r^2)	AVE>r^2	Discriminant validity
TMC↔CF	-0.030	0.0009	0.63	Established
TMC↔CI	-0.023	0.003	0.63	Established
TMC↔EM	-0.085	0.007	0.63	Established
CF↔CI	0.011	0.0001	0.63	Established
CF↔EM	-0.319	0.102	0.63	Established
CI↔EM	0.12	0.0144	0.63	Established

Table 3

IX. CONFIRMATORY FACTOR ANALYSIS

When the initial hypothesized model was determined not to be the best fitting model, the model needed to be re-specified (Kline, 2005; Meyer *et al*., 2006). Modification indices were examined to re-specify the model in terms of either trimming or building the model empirically and theoretically. Once the model was modified, the alternative hypothesized model would be tested using the same CFA procedures as the above described to determine the best fitting model to the observed dataset.

After confirming the validity of the CFA, it is time to test the structural model, which will empirically identify the relationships between the factors. As shown from the following table, basic indices meet the minimum criteria for confirmatory analysis.

ISSN No:-2456-2165

Indices	Default model	Suggested criteria
RMSEA PCLOSE	0.074 0.000	<0.08 <0.05
X^2 /df P value	2.99 0.000	Between 1 and 5 <=0.001
CFI	0.875	Approach to 0.9
IFI	0.922	Close to 0.9
TLI	0.894	Near to 0.9

Table 4

X. HYPOTHESIS TESTING USING STRUCTURAL EQUATION MODEL

Following that, this study considered analyzing the path significant of each relationship, where it examined the standardized estimate (S.E), critical ratios (C.R), and p-value for each proposed relationship. A relationship is considered significant if the t-value is greater than 1.96 and the p-value is less than.05).

Hypotheses	**Variables**	**Estimates**	**S.E.**	**C.R**	**P**	**Status**	**Outcome**
H_a	OP --TM	0.128	0.065	1.969	0.030	Significant	Accept
H_b	OP--CUF	0.139	0.064	2.194	0.028	Significant	Accept
H_c	OP--CIM	0.16	0.072	2.212	0.022	Significant	Accept
H_d	OP--EPM	0.005	0.048	0.113	0.910	Insignificant	Reject

Table 5

XI. RESEARCH CONCLUSION

The research tried to show ethiotelecom employees perception towards the effect of total quality management practice on organizational performance. Having the information from the data analysis in the above the researcher finally drawn the following conclusions/findings. Based on study result,the researcher concluded that customer focus has the highest impact on organizational performance.

- The results also have shown that CUF is significantly affecting Organizational Performance. Systematic analysis of customer feedback and its use in the product or process improvement, and developing customer-oriented strategies can improve OP. Furthermore, design, development and delivery of products according to the requirements of customers can also improve the organizational performance.
- The findings have also been found that EPM for TQM practices that much not significantly affects Organizational Performance, However, previous researchers stated that effective training, good health and safety practices, and treating workers as a valuable resource can increases the firm performance.
- In has been also found that CIM for TQM practices is has significant effect on Organizational performance. Effective Continuous improvement is critical factor to the success of quality improvement programs. Planning for improvement of all its products and processes, frequent inspection of product quality and process, and control and improvement of processes can improve the organizational performance.
- The results of this study also indicate TQM has a significant effect on organizational performance. These results support the argument of TQM exponents that companies can attain better results by implementing the TQM practices. The success of any TQM strategy relies on leadership style of businessman, senior managers, who should mainly focus upon designing an organizational culture that supports TQM implementation.

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