CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Nowadays, quality plays a critical role for companies to survive in the ever-expanding global marketplace. Concept of Total Quality Management (TQM) has been developed as a result of strong global emulation. Total Quality Management (TQM) is a philosophy to merge the entire functional department such as financial, human resources, administration and marketing to focus on customer needs and organizational goals. It is an extensive and structured approach that looks for improving quality of products or services through proceeding refinement in response and continuous feedback. Total quality management also is a management approach centred on quality, based on the participation of an organisation's people and aiming at long term success (ISO 8402:1994). This is achieved through customer satisfaction which benefits all members of the organisation. In other word, TQM is a philosophy for managing an organisation in a way which enables it to meet stakeholders’ needs and expectations efficiently and effectively, without compromising ethical values. The aim of this study was to examine the effect of total quality management practises on operational performance.
1.2 BACKGROUND

Total Quality Management (TQM) is a process that has been thoroughly researched by many quality gurus. Each master has devised his or her action plan for success. Today companies have begun implementing the concept established by the quality gurus. They have found that this concept has made them more able to provide quality goods and services to grab loyal customers (Aghazadeh, 2002).

Edward Deming is the father of TQM has been recognized for his contribution of rebuilding the Japanese economy after the Second World War. By assigning statistical sampling techniques he looked to reach higher quality and productivity in manufacturing and management. The second pioneer is Joseph Juran. He has helped build the conceptual basis for quality management. While Deming places emphasis on statistical aspects of quality management, Juran focused on quality planning, establishment of formal quality policy, quality audit and system approach to manage quality. The other leader in quality movement is Philip Crosby. He was different from the other gurus because he focused on the cultural and behavioural aspects of quality management process rather than statistical tools. He created the zero defect movement focusing on prevention (Aghazadeh, 2002).

Thiagaragan et al. (2001) stated the concepts of total quality management (TQM) and the ISO 9000 are relatively new to the Malaysian industries. Even though the ISO 9000 family of quality standards was launched in 1987, the Malaysian industries only realized the benefits when some of the firms were awarded “registered firm” in 1988. According to Yusof (2002) Malaysian Government implemented its Umbrella Project in 1990, with the aim of upgrading technical levels and product quality amongst Small and Medium Sized Industry (SMIs), through SIRIM. Besides, the Malaysian government had carried out various efforts to assist in enhancing quality among Malaysian industries. For example, SIRIM was given the task of promoting ISO 9000 and TQM among Malaysian industries.

In addition, they also developed a framework of quality measurements based on prescriptive, conceptual, practitioner, and empirical literatures to generically benchmark the quality measurements of TQM for the use SMEs in Malaysia (Sadiq Sohail and
Boon Hoong, 2003). As the Malaysian manufacturing industry is considered to be one of the major contributors to the Malaysia’s economy and thus correctly managing the TQM practices towards achieving quality performance is strategically and tactically important for gaining a competitive advantage (Arumugam et al., 2008). As stated Thiagaragan et al. (2001), Malaysia has also taken on itself the challenge of attaining the status of an industrialised nation by the year 2020. Malaysia therefore provides an interesting and more importantly, a practical arena for empirical study of effective TQM implementation in a developing economy.

1.3 PROBLEM STATEMENT

Lakhe and Mohanty (1994) wrote that the Total Quality Management (TQM) practises have received worldwide attention and is being adopted in many industries, particularly in developed economies. Bayazit (2003) stated total quality activities have been practiced in the developed nations but total quality management is relatively new approach that has been introduced into large companies in Turkey as an economically nations. In Malaysia also, concept of TQM is new and most of research done are in Small and Medium Sized Industry (SMIs) and services company. However, very few studies investigated the status of the Total Quality Management practises in manufacturing company in Malaysia.

Other than that, not many researchers do the research about the effect of TQM practises on operational performance. This happened because most of them study the mediating effects of employee performance and innovation performance on the relationship between TQM practices and firm performance and other performances (Sadikoglu and Zehir, 2010).

1.4 RESEARCH OBJECTIVE

To fill the gaps as stated above research objectives of this study are:

a) To identify the levels of TQM practises for operational performance.