

## **QUALITY MANAGEMENT PRACTICE AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE IN MANUFACTURING INDUSTRY IN LAGOS STATE**

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### **ABSTRACT**

*The study focused on quality management practice and its impact on organizational performance in manufacturing industry in Lagos state using Nestle Nigeria Plc as study. Emphasis was placed on quality management practices: top management commitment, continuous improvement, customer focus, and ISO 9001 and how they relate with organizational performance. Descriptive research design was adopted for the study. A structured questionnaire was used to collect information from various respondents who were employees of Nestle Nigeria Plc. Two hundred and five questionnaires were distributed to randomly select the respondents from the population. The hypotheses were tested using Pearson product moment correlation with the aid of Statistical Package for Social Sciences (SPSS). The results indicated that top management commitment, continuous improvement, customer focus, and ISO 9001 all have positive and significant relationship with organizational performance. It is suggested that the organization should give these quality management practices (top management commitment, continuous improvement, customer focus, and ISO 9001) more attention as they have positive impact on organization performance. More so, the leaders should ensure employee participation in monitoring, detecting, and correcting quality problems, this requires decentralization and delegation in organizations implementing quality management practices.*

**KEYWORDS:** *Quality Management Practice, Organizational Performance, Demand for Quality*

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### **Article History**

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### **INTRODUCTION**

In a competitive market, the demand for quality is emerging as the most critical factor for companies to survive in the ever-expanding global marketplace. Quality is vital in determining the economic success of manufacturing companies (Curkovic, Melnyk, Calantone & Handfield, 2000). World-class manufacturing companies gain competitive edge and greater market share through extraordinary levels of performance by providing a quality product with a competitive price as required by demanding customers.

The importance of Quality Management (QM) in business organizations has increased significantly over the past 20 years and international quality management has been focused on understanding the quality management in global context. The concept of international in the respect serves as the motivation for developing a global QM standard for evaluating QM practices within countries (Rao, Solis & Raghunathan, 1999). The practice of QM also affects from the national level to the international level (Kim & Chang, 1995), which helps organizations to compete internationally and

gain a competitive edge in the global market (Liu & Kleiner, 2001). One of the greatest underlying factors in the success or failure of any organization is the power of its employees, and how well that power is focused towards meeting the organization's objectives. Organizations that can tap the strengths of their employees will be stronger and more competitive than those that who fail to utilize the strengths of their employee. Organizations that regard employees as machines or a wheel, will never realize their full potential. In the long run, such companies' inefficiencies attract competition, and unless the management philosophy changes, they will disappear.

With the growing awareness that quality of products or services is a strategic competitive variable, organizations have recognized also that the concept of high quality must be applied to production processes to generate quality products and minimize costs. Quality products are fast becoming essential aspects of manufacturing sector, and in the coming years, it will become basic requirement for the survival of the industry. Quality therefore needs to be natural through positive attitude and quality culture in an organization.

According to Lakhal, Pasin and Limam (2006), there are 10 distinct generic QM practices: top management commitment and support, organization for quality, employee training, employee participation, supplier quality management, customer focus, continuous support, improvement of quality system, information and analysis, and statistical quality techniques use. But this study focused on top management commitment, continuous improvement, customer focus and ISO 9001 practices and how they impact the performance of manufacturing firms in Lagos state.

### **Statement of the Problem**

The application of QM had been in practice in Nigeria business environment yet some organizations run QM as a program expected to function and perform the magic by itself. Some organizations regard QM as an all top-management affair while others have used a half-hearted approach to it, by using some bits and pieces of the principles. This situation seems to have accounted for the failure of most organizations in meeting up to their expected target especially in implementing this process. Organizations with clear communication, actively engage and fully involve employees in quality awareness supported by active QM leadership are likely to succeed in the implementation of QM practices.

Some of the factors suspected to be responsible for the observed situation in Nigerian business environment for not making adequate use of QM practices, or inappropriate QM practices, lack of commitment by the top management, lack of commitment with respect to customer focus, lack of continually improving the suitability, inadequacy of the QM.

### **Aims and Objectives of the Study**

The general objective of this study is to examine the impact of quality management on organization performance with focus on the manufacturing sector. The specific objectives of this study are to:

- Identify the various QM practices being used in Nigeria manufacturing sector
- Examine the effect of top management commitment on organization performance
- Investigate the effect of continuous improvement on organization performance
- Determine the effect of customer focus on organization performance.
- Assess the impact of ISO 9001 practices on organization performance

### Research Questions

- What is the effect of top management commitment on organization performance in the manufacturing sector?
- How does continuous improvement affect organization performance in manufacturing sector?
- What is the impact of customer focus on organization performance in manufacturing sector?
- What is the impact of ISO 9001 practices on organization performance in manufacturing sector?

### Research Hypotheses

In order to adequately address the objectives of the study, the following hypotheses were formulated:

- There is no significant relationship between top management commitment and organizational performance.
- There is no significant relationship between continuous improvement and organizational performance.
- There is no significant relationship between customer focus and organizational performance.
- There is no significant relationship between ISO 9001 practices and organizational performance.

### Significance of the Study

The study will have significant value for policy makers and development partners who lend a hand in the growth of private sector programs that contribute to a diversified and productive manufacturing industry. With regards to quality and performance, policies and regulations will be implemented to boost and stimulate both factors. This stands to benefit the managers of manufacturing firms who are the key players in organizational performance. The various organizations that undertake manufacturing in Nigeria will benefit from the study through insight on how quality management affects their overall performance. Industry stakeholders who will have an understanding of the fact that by increasing the value of a product before they are taken to the market revenues are boosted thus increasing the average earnings per input. The study will also benefit academicians in their contribution to existing literature, specifically studies on quality management and organizational performance. Thus, the insights from the study could be timely in availing different contextual perspectives to scholars.

### Scope of the Study

The study assessed the impact of quality management practices on organizational performance in the manufacturing sector in Lagos state. The study covered the top management commitment, continuous improvement, customer focus and ISO 9001 practice as quality management practices, and their impact on organizational performance. Due to the fact that the study could not cover all the manufacturing firms in Lagos state, the study was limited to Ilupeju district as study area. Ilupeju district was chosen due to the high number of manufacturing firms suited there.

### Definitions of Terms

Quality management is the managerial approach geared towards in cooperating inherent managerial tendencies of planning, control and improvement.

*Organization can be defined as a person or a group of people that has its own functions with responsibilities, authorities and relationship to achieve it*

*Top management can be defined as a person or a group of people who directs and control an organization at the highest level.*

*Top management commitment* implies the direct participation by the highest-level *management (top management)* in all specific and critically important aspects or program of an organization.

Continuous improvement *can be defined as* reoccurring activities to enhance performance.

*Customer focus* is a marketing term that means keeping the *customer* in mind when selling products and services. It is the orientation of an organization toward serving its clients' needs.

*ISO 9001* is an international standard on quality management and quality assurance developed to help companies effectively document the quality system elements to be implemented to maintain an efficient quality system.

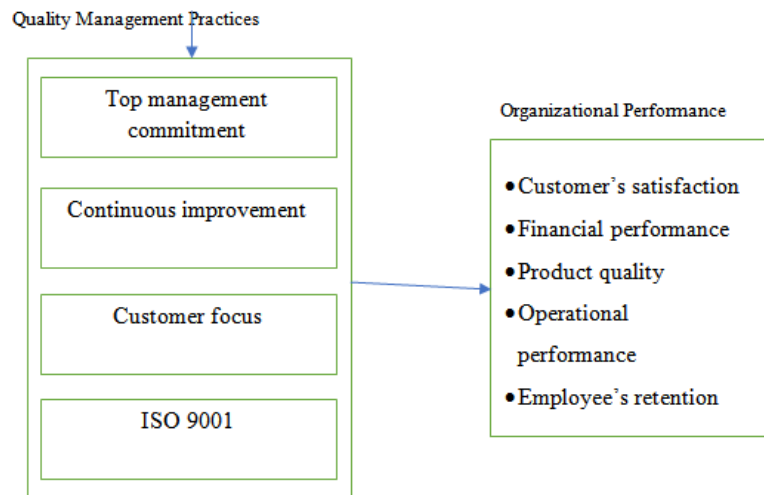
Quality Function Development is defined as a method for developing a design quality aiming at satisfying the consumer and then translating the consumer’s demand into design targets and major quality assurance points to be used throughout the production process.

**LITERATURE REVIEW**

**Introduction**

This chapter focuses on the review of studies carried by other researchers in the area of study and related areas. The chapter consists of three distinct sections namely; introduction, conceptual framework and theoretical framework.

**Conceptual Framework**



**Source:** Developed by the researcher, 2018 theoretical framework section missing

**Figure 1: Conceptual Model Linking QMP and Organizational Performance.**

**RESEARCH METHODOLOGY**

**Introduction**

The chapter is focused on methodology used in this study. It contains design of the study, population of the study, sampling procedure and sample size, data collection instrument, validity and reliability of research instrument and method of data analysis.

## Research Design

Descriptive research design was employed to conduct this research. Specifically, cross-sectional research design was adopted for this study as it is anticipated and by this research design, answers to the research questions outlined earlier in this study would be obtained. Cross-sectional research provides a snapshot of what is happening in a group at a particular time and also gives a representation of the whole population with minimum bias to enable the researcher consider different facets of a problem gain new insights and ideas about the problem being addressed.

## Population of the Study

The population of the study is made up of all the manufacturing firms duly registered to operate in Lagos State. According to the Manufacturing Association of Nigeria (2017), there are about 4783 registered manufactured companies in Nigeria of which, 1881 of them deal with food processing activities and are referred to as FoodTech companies. About 370 of the FoodTech companies are located in Lagos State.

## Sample and Sampling Techniques

The researcher adopted the multistage sampling technique in arriving at the final sample used for the study. Purposive sampling was applied to select Food Tech Companies (FTC). Furthermore, convenience sampling technique was applied to select Nestle Nigeria Plc as the study sample due to proximity to the researcher and easy access to their database. Nestle Nigeria Plc has staff strength of 420 employees, which are of the following categories: top, middle and junior management.

The formula used in determining the appropriate sample size is given as:

$$n = \frac{N}{1+N(e)^2}$$

$$n = \frac{420}{1+420 \times 0.05^2}$$

$$n = 205$$

where

$n$  = sample size

$N$  = total population size

$e$  = significant level (0.05)

Proportionate Stratified Sampling method was then adopted to select a total of 205 members of staff from the company to serve as respondents for the study. The number of staff selected from each category is as follows: Top Management 17, Middle Management 103 and Junior Management 85 which are in proportion with each of the categories population size as shown in table 3.1.

## Data Presentation and Analysis

### Introduction

In this chapter, the data collected from the respondents regarding the basic issues involved in the research work are presented and analyzed. The results derived from the field work are presented and analyzed taking into consideration the hypotheses formulated to guide and form the basis of the study. The demography data were analyzed using cross-tabulation

tool to show relationship between some demography items, while regression analysis was used to test for hypotheses.

### Analysis of Data

**Table 1: Result of Correlation Analysis**

		Organizational Performance	Top Management Commitment	Continuous Improvement	Customer Focus	ISO 9001 Practices
Organizational performance	Pearson Correlation	1	.324**	.428**	.448**	.223**
	Sig. (2-tailed)		.000	.000	.000	.002
	N	193	193	193	193	193
Top management commitment	Pearson Correlation	.324**	1	.261**	.236**	.175*
	Sig. (2-tailed)	.000		.000	.001	.015
	N	193	193	193	193	193
Continuous improvement	Pearson Correlation	.428**	.261**	1	.302**	.290**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	193	193	193	193	193
Customer focus	Pearson Correlation	.448**	.236**	.302**	1	.306**
	Sig. (2-tailed)	.000	.001	.000		.000
	N	193	193	193	193	193
ISO 9001 practices	Pearson Correlation	.223**	.175*	.290**	.306**	1
	Sig. (2-tailed)	.002	.015	.000	.000	
	N	193	193	193	193	193

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

The correlation result shows that top management commitment has a positive correlation coefficient ( $r$ ) of 0.324 with organizational performance, and it is significantly related at 0.000 ( $p < 0.01$ ). This indicates that there is a positive and significant relationship between top management commitment and organizational performance. This means that an increase in top management commitment will lead to an increase in organizational performance in Nestle Nigeria Plc and vice versa. Therefore, the null hypothesis is rejected and the alternate hypothesis is accepted.

The correlation result shows that continuous improvement has a positive correlation coefficient ( $r$ ) of 0.428 with organizational performance, and it is significantly related at 0.000 ( $p < 0.01$ ). This indicates that there is a positive and significant relationship between continuous improvement and organizational performance. This means that an increase in continuous improvement will lead to an increase in organizational performance in Nestle Nigeria Plc and vice versa. Therefore, the null hypothesis is rejected and the alternate hypothesis is accepted.

The correlation result hypothesis three shows that customer focus has a positive correlation coefficient ( $r$ ) of 0.448 with organizational performance, and it is significantly related at 0.000 ( $p < 0.01$ ). This indicates that there is a positive and significant relationship between customer focus and organizational performance. This means that an increase in customer focus will lead to an increase in organizational performance in Nestle Nigeria Plc and vice versa. Therefore, the null hypothesis is rejected and the alternate hypothesis is accepted.

The correlation result hypothesis three shows that ISO 9001 practices has a positive correlation coefficient ( $r$ ) of 0.223 with organizational performance, and it is significantly related at 0.000 ( $p < 0.01$ ). This indicates that there is a positive and significant relationship between ISO 9001 practices and organizational performance. This means that an increase in ISO 9001 practices will lead to an increase in organizational performance in Nestle Nigeria Plc and vice versa. Therefore, the null hypothesis is rejected and the alternate hypothesis is accepted.

## **Summary**

The study is gender friendly as it does not discriminate or form any bias against any gender, majority of the respondents are middle-aged adults and they belong to the active force. There are more married respondents and also shows that majority of the respondents is learned and can understand the quality management practices and its impact on the organization. Irrespective of the respondent's department, majority of the respondents are employees who have been in the organization for quite a long time and have adequate knowledge about the organization and its quality management practices. Majority of the respondents have spent quite a long period in the organization and are also low-level employees who have limited authority but important responsibility of getting the work done from the workers. There is a positive and significant relationship between top management commitment and organizational performance. This means that an increase in top management commitment will lead to an increase in organizational performance in Nestle Nigeria Plc and vice versa. There is a positive and significant relationship between continuous improvement and organizational performance. This means that an increase in continuous improvement will lead to an increase in organizational performance in Nestle Nigeria Plc and vice versa. There is a positive and significant relationship between customer focus and organizational performance. This means that an increase in customer focus will lead to an increase in organizational performance in Nestle Nigeria Plc and vice versa. There is positive and significant relationship between ISO 9001 practices and organizational performance. This means that an increase in ISO 9001 practices will lead to an increase in organizational performance in Nestle Nigeria Plc and vice versa.

## **CONCLUSIONS**

The findings of this study contributed to both theoretical and managerial perspectives. From the theoretical standpoint, the results gained from this study is consistent with the theories and the previous literature which supported these theories by providing empirical evidence throwing in enrichment the body of knowledge about the quality management theory. From the managerial perspective, the results of this study showed that there was a significant relationship between quality management dimensions (top management commitment, continuous improvement, customer focus, and ISO 9001) and organization performance. The study revealed that top management commitment, continuous improvement, customer focus, and ISO 9001) all have significant and positive impacts on organization performance.

## **RECOMMENDATIONS**

- Leadership should actively collect information that suggest new approaches, create a network of listening systems, among other strategies to understand the organizational environment and any signs of change.
- The leaders should ensure employee participation in monitoring, detecting, and correcting quality problems, this requires decentralization and delegation in organizations implementing quality management practices.
- Managers should draw up a system where employees are assigned team task weekly or monthly, this can help grow a stronger culture that nurtures high-trust social relationship and respect for individuals, a shared sense of membership of the organization, and a belief that continuous improvement is for the common good.
- Organizations must implement employee's compensation system or modify their performance measurement that strongly links quality effort and customer satisfaction with reward and recognition.

- Organizations need to encourage collecting customer's feedback on their products and customer service, and more so, suggestions and recommendations.

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