The Impact of Total Quality Management Practices on the Organization Performance in Iraq Petrochemical Firms

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Abstract: In order for Iraq to deliver a high-quality service to its resident population, this research proposes that there is an absolute need for management in Iraq petrochemical firms whereby there is a clear understanding of what constitutes ‘total quality management’ and how this should be implemented, as success is more likely if these organizations abide by established total quality principles in their day-to-day operations. In fact, this idea has been seen increasingly as a general trend in service industries

Key Words: Total Quality Management, Organization Performance, Petrochemical Firms

1. Introduction

For instance, it has been observed that with the burgeoning importance of service industries to the success of most world economies, there is a trend towards implementing TQM principles and increasing emphasis on the delivery of the first-class service to customers. Recent research on TQM has underscored that there has been a sudden shift in its application, from the traditional manufacturing sector towards active practice in service organizations (Talib, 2013). TQM has been acknowledged more recently as a viable means of establishing a sustainable competitive advantage for service organizations, just as it has in many other sectors, resulting in process improvements, business optimization, waste reduction and improved quality performance (Talib, 2013). There is a critical need for the application of TQM to reap the stated benefits, as there have been some disturbing developments within the Iraq petrochemical firms.

The main aim of this study, therefore, is to provide an enhanced understanding of the current state of TQM and the manufacturing system in Iraq within the context of Iraq petrochemical firms. In so doing, the researcher will explore what the existing strengths and weaknesses of TQM practice are among these firms. The intention is to minimize potential failure points and propose programs for the more efficient implementation of TQM programs, to aid practitioners and improve the total quality management of petrochemical firms. The mutual complications that result in the disappointment of TQM execution will be detected by it. Along with demonstrating critical success factors in Iraq petrochemical firms as it relates to not only the improved productive use of resources but more importantly also to the enhanced quality of disappointment, which is important to customers and the long-term success of these petrochemical firms. It is also hoped that this research work will also contribute to building the existing theoretical literature on the TQM and operational performance.

2. Total Quality Management

As we know, investment in research projects able to leverage the performance of the industrial sector plays an important role in the economy of countries. This is particularly relevant in Iraq, which is one of the industries with larger social and economic impact, whereas operational performance is still very low. To improve operational performance, hence, based on the extensive literature review, the practice of top management support, human resource management, reporting and analysis of quality data, product/service design and process management are suggested. The importance of these practices has been partly recognized and applied in some firms.

However, this implementation is not widespread. Perhaps, it is the main reason leading to low operational performance. To verify this, this study will examine the relationship between the TQM practices and operational performance. We aim at providing further insight into this subject in order to create an understanding on the way to a more efficient industry.
Iraq petrochemical firms have appeared quite favorable to the idea of adopting different TQM practices over the last few years. In an increasingly competitive global marketplace, Iraq businesses have had to increase their efforts to improve their competitive advantage by improving operational performance in terms of cost, quality, and flexibility. The abundant literature that has been published on the subject of TQM, empirical studies of the relationship between TQM practices and operational performance did not make enough. Of these, few use large samples of manufacturing firms from different sectors. The purpose of this study, based on extensive fieldwork, is, therefore, to provide new evidence to consolidate previous findings as well as to offer guidelines for managers working in this field.

3. Organization performance

The subject of the measurement, evaluation, and conceptualization of organization performance in a firm is a recurrent theme in the different sections of the academic literature. This adopts a Strategic Management perspective and focuses on measurements that establish a distinction between financial and organization performance, with emphasis on the latter. In a similar vein, Kaplan and Norton (1992) believe that the traditional measurements of financial performance are no longer adequate for the demands of modern business. Therefore, they consider that operational measurements are needed for; customer satisfaction, internal processes and the action geared to improvement and innovation within the organization, which will lead to future financial returns. Manufacturing performance, part of the organization performance previously mentioned, takes into account the firm’s performance in reaching its basic objectives, that is, productivity, quality, and service. There are several studies that aim to classify this kind of results (Corbett and Van Wassenhove 1993, Neely et al. 1995, Filippini et al. 1998).

4. The relationship between TQM and performance

The effect of the adoption of certain practices on performance is the subject of constant interest among researchers in the field of business management. The implementation of any kind of practice represents a cost for the firm, in terms of both human and material resources. If the effort made in implementing and maintaining these practices is to show a return, then an improvement must be achieved in results. Over the last few years, a number of studies have attempted to relate TQM practices with different organization results, including quality results, among others. Some of the studies treated TQM elements as independent variables and tried to establish a relationship with firm performance (i.e., Samson and Terziovski, 1999).

On the other hand, there is relatively less literature that uses a meditational model of TQM in that quality related dimensions intermediate between TQM practices and firm performance. More recently, SMEs have begun to realize that they too can benefit from implementing TQM initiatives (Mcadam and Mckeown, 1999). In addition, the results are expected to provide information about the indirect effect of TQM on performance that may not be seen through a direct relationship analysis between the two variables. In a meditational relationship, failures may provide an effective mechanism to transmit the effect of TQM factors on firm performance. In literature, there are some studies also mentioning the mediation role of failures.

Some authors employed the same dimensions to test the relationship between TQM practices and organization performance, but they obtained different results. For instance, in the relationship between process management and performance, the direct impact of process management on performance has been proved in several studies (Feng et al., 2006; Fening et al., 2008; Kaynak and Hartley, 2008; Prajogo and Brown, 2004; Sila and Ebrahimpour, 2005; Terziovski, 2006). However, according to Molina et al. (2015), they have an indirect relationship. Conversely, Akhtar et al. (2014) argued that process management has a direct negative influence on performance, or even they are not associated (Barros, 2014). Although the wide range of studies about the relationship between TQM factors and firm performance literature about the relationship between
TQM factors and internal and external failures is relatively scarce. The exploitation of TQM practices is expected to generate new capabilities that influence firm performance through internal and external failures.

5. Total Quality Management Element

Theoretically, there exists a positive correlation between TQM and performance (Akhtar, Zameer & Saeed, 2014; Gharakhani et al., 2013). Overall, TQM is a critical management system for organizational performance for improvement. TQM has been viewed as a universal remedy for different organizational problems including operational performance. Currently, successful organizations have an understanding that quality drives competitive advantage. Such organization put customers first and defines quality as meeting and or exceeding the expectations of the customer. These TQM aspects are discussed in the section below.

5.1 Leadership

Leadership is described as a multifaceted process of identifying a goal or target, influencing other people to act and providing support and motivation to achieve mutually negotiated goals (Jooste, 2004). It can be perceived as the ability to instill confidence within a subordinate and create support with the intention to achieve set targets (Al-Mahmoud and Spurgeon 1998). In addition, leadership manifests itself in employee job satisfaction through the style of management. The most appropriate leadership style depends on contextual factors such as organizational culture and employees’ organizational maturity (Rad and Hossein, 2006). It is also clear in most of the literature that TQM must start at the top or top managers must lead the way by accepting, without a doubt, the applicability of quality policy. According to Oakland (2011), effective TQM only occurs when managers adopt a strategic overview of quality that establishes itself around preventing and not detecting problems.

5.2 Top Management

Support Commitment from management at the top levels is considered the most significant factor affecting the implementation of TQM. The extent of involvement and commitment from senior management has a bigger bearing on the success of an organization (Singh & Dhall, 2010). Leadership is required to emphasize quality and innovation, to describe each team’s role and responsibilities and to make final choices concerning resource allocation. Senior management in any firm needs to be very clear about what to expect and in their aptitude to balance practice and novelty, concentration and decentralization.

5.3 Continuous Improvement

Continuous improvement, a quality philosophy that strives for continued improvements and ensures a workable process that should be constantly monitored for further improvements (Juergensen, 2005). According to Kamal (2012), all organizations need continuous improvement as it helps in streamlining workflows. An organization that has efficient workflows are able to save time and money, in return, less time is wasted and effort, besides, it constantly improves operating overhead. Continuous improvement is indeed a motivating force behind most effective and efficient organizations.

5.4 Training and Education

Training means an organization’s planned effort aimed at facilitating its workers learn about competencies related to work, skills, behaviors, and knowledge that are critical for the success in performing a job and being able to deliver (Mondy, 2013). Training of employees is a crucial factor in quality management. Training helps increase the ability of employees to do a better job and keep up with the changing trends. Any organization should highly value its employees as they are the most strategic asset regardless of the number. Better
performance will be derived from better employees. Employee education will help cultivate better performance. Therefore organizations should embrace the continuous training of employees in order to improve their skills and knowledge which eventually will result in efficiency and effectiveness (Cervená, 2011).

5.5 Teams (Employee Commitment)

Doorewaard et al. (2002) observed teamwork as being a process of fulfilling the employees’ needs to take charge of their work environment. Teamwork is seen as a set of behavioral skill set working collectively together with the aim of generating the best outcome (Jones & Hughes, 2011). Teamwork is a crucial aspect in the success of organizations as it results into organizations communicating with the goal and mission as set therein, leads to shared information, encourages creativity, builds openness and trust and brings about empowerment of employees (Al-Ettayem & Zu'bi, 2015). This exercise is about involving all the members of staff in designing and planning and valuing their input giving them greater independence in making decisions. Empowerment of employees is among the key factors that affect the performance of an organization and its output.

5.6 Culture (Focus on Quality)

An organization’s main objective in designing its products or services is to fulfill and or exceed customer expectations and at the same time make a reasonable profit. It is because of customers that products and services are designed. Any organization that is customer focused and oriented has the advantage of maintaining a competitive advantage (Singh & Dhalla, 2010). Quality’s primary focus is meeting the requirements of customers and striving to exceed their expectations. An organization which is able to attract and retain the confidence of its customer and other stakeholders acquires sustained success (ISO, 2000:9001). The processes involved in service delivery in organizations which is as a set of interconnected activities that results in products or services to be offered to customers must add value to the customers.

6. The Proposed Conceptual Framework

The above discussion is conceptualized in (figure 1). The conceptual framework illustrates the overall links between the main issues discussed in the theoretical and empirical literature review. In other words, the conceptual framework suggests the impact of eight key success factors of TQM and its implementation on improving the employee performance. Having said that, in this study top management commitment, customer focus, quality culture, continuous improvement, training and development, employee empowerment, process management and communication represent the key success factors of TQM. In order to reflect the resulted eight KSFs from the literature to adapt to the oil industry practice in Iraqi, validation process was conducted through interviewing 10 leading executives in one of the significant Iraqi oil company which is Iraqi drilling company IDC. Thus, the proposed framework with the eight KSFs reflects on practitioners of the oil industry in Iraq through improving the employee performance particularly in terms of achieving employee satisfaction and improve work climate.
7. Conclusion

This study proffered the application of TQM as one means by which Iraq petrochemical firms can employ to improve their performance. In doing so, the study sought to understand what types of organizational performance are favorable for successful TQM implementation in Iraq petrochemical firms and whether TQM implementation can lead to improved performance. From these, it can be concluded that in the overall organizational performance of Iraq petrochemical firms could provide a supportive environment for TQM application and implementation. In addition to the established relationship between TQM implementation and organizational performance improvement, it can be concluded that Iraq petrochemical firms can achieve better performance when TQM philosophy is in place. Such improved performance can be seen as an aggregated improvement in the quality of work, external customer satisfaction, safety, market share, the effectiveness of planning, labor efficiency, the rate of successful tenders or quality contractor selected, competency in managing human resources, risk control, and manager’s competency.

References


