

Effect of Total Quality Management on the Performance of Small and Medium Scale Enterprises in Nigeria

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Abstract

The research seeks to examine the effects of Total Quality Management on the performance of small and medium scale enterprises in Nigeria. The objective of this paper was to examine the relationship and contributions of Total Quality Management (TQM) to the performance of small and medium scale enterprises in the Nigeria economy. The researchers used primary data collected from selected SMEs that have operated over 5 years. A survey research design particularly the expost facto research design was adopted to conduct the research. The analysis of data was done using Z-test. The finding reveals that most SMEs owners in Nigeria lack knowledge of Total Quality Management (TQM) principles and its application in their Enterprises, while the very few SMEs like Dangote groups of companies that is aware of TQM lack the knowhow on how best to apply TQM in their daily operations. The study therefore recommends among others that entrepreneurs should attend certificates courses on the meaning, principles and application of TQM from the department of entrepreneurial studies in all the universities in Nigeria, including foreigners that want to do business in Nigeria.

Key: *Total Quality Management, Performance, Small and Medium Scale*

Introduction

Total quality management (TQM) is a management philosophy that has taken a Global dimensions, with the objective of improving the objectives and business performance of the organization in question. The philosophy is particularly attractive because of its focus on quality of product, management and quality of employee. Global competition has called for the need for total quality management of goods and services which can only be determined by customers. This makes it imperative for SMEs in Nigeria to focus in total quality management, nowadays competition has taken anew look and has become a matter of product quality and knowing customers' needs and wants. As a matter of emphasis customers have become the starting point rather than the ending point of product delivery. Nkechi (2010) asserts that organizations in order to survive in the dynamic business environment, there must be a need to create new management term of total quality management. Total quality management is one of the most important factors in every surviving organization (Demirbag, Tatoglu, Tekinkus and Zaim, 2006).

The introduction of total quality management as a philosophy of modern management and administration began through professor Deming during the second half of the twentieth century in the United States and in spite of its concentration in the US management and administrative set up, its application spread to Japan. This approach to management of quality and customers services began particularly in the private sector but soon spread to reach the public services. Today the SMEs that lack the application and principles especially in Nigeria are waiting for the teachings and philosophies of TQM hence this research.

Statement of Problems

Despite the global awareness of total quality management, most SMEs in Nigeria still lack the awareness, application and meaning of total quality management (TQM). The education of the SMEs towards embracing total quality management will enable their products to compete locally and in the international market. There has always been the problem of poor product quality in Nigeria and this has been the preference of fairly used products abroad against the supposed locally manufactured in Nigeria. The quality of fairly used products is deemed to be of higher quality than the domestically made ones. Further to this the rate of business turn over

in the fairly used products in Nigeria is quite higher than the brand new ones. These problems are attributed to lack of total quality management in the manufacture and packaging of the locally made goods and services. Today in Nigeria there is a competition between fairly imported goods and locally produced goods and the outcomes is that manufactures in Nigeria does not consider quality of goods and services and the end point is customer dissatisfaction with the Nigeria made product and services. The emergence of total quality management by the SMEs is the only way to concentrate and maintain a sustainable competitive edge with the global competition.

The implementation of total quality management in small and medium enterprises is not just a technological challenge but a socio-cultural problem in the marketing of locally produced goods and services in Nigeria. Another problem that needs attention is the uncompromising attitude of the government of Nigeria to the improvement SMEs. There had been a total neglect of SMEs in the past. Despite the invigorated interest of Nigerians in SMEs there has always been government neglect towards assisting entrepreneurs to have adequate access to facilities, and data that will enable them complete locally and sustainably.

Objectives of the Research

- i. To determine the correlation between total quality management (TQM) and SMEs performance in Nigeria.
- ii. To know if product quality is part of the SMEs policy and strategy.
- iii. To examine the extent to which total quality management has contributed to the overall corporate performance of most SMEs in Nigeria.

Research Hypotheses using Ho

- i. There is no significant relationship between Total Quality Management practice and SMEs performance in Nigeria.
- ii. Product quality is not part of SMEs policy and strategy in Nigeria.
- iii. Total Quality Management has not contribution to overall corporate performance of most SMEs in Nigeria.

Review of Related Literature

Quality has become one of the most important factor in the global competition today, and increasing demand for quality product have caused for the realization of the need for

organizations to provide quality product and sales services in order to successfully compete sustainably in the marketplace. Adaption of the concept of total quality management (TQM) will enable organizations to meet the challenges of the global revolution which has forced nations to quit the global market.

Conceptual Framework

Total quality management (TQM) is an endless journey in pursuit of delighted customers. In recent years, the work "quality" itself has changed meaning and has come to mean more than reliability and performance of products rather it is more than a programme. TQM encompasses every aspect of customer satisfaction including how fast the product is delivered. It's usually the availability of support, efficiency of services and even the simplicity of bills and prompt and courteous telephone responses when giving a product follow up. It is the totality of integrated activities of business (Robert, 2012) posits the seven features TQM combined to create the TQM philosophy.

These are customers focus, continuous improvement, employee empowerment, design, process management, and managing supplier quality and product quality. Total quality management is an integrated organizational efforts designed to improve quality at every level (Imaga, 2000).

A new concept of product quality is proactive designed to build quality into the product and process design (Medori, 2000).

The Role of TQM

The role of Total quality management is widely recognized as being a critical determinant in the success and survival of an organization in today's competitive business environment. Consumers are becoming increasingly aware of raising standard in service, quality prompted by competitive trends which have developed higher expectations [Robert 2012]

The role and effects of total quality management in the manufacturing industry can be studied in different perspectives such as care design, Consistency implementation and documented quality management systems which is capable of contributing significantly to superior financial performance

The Meaning of TQM

The concept of Total:- the responsibility for achieving rests with everyone in the organization

no matter what their function demands. It recognizes the necessity to develop processes and leads to the reliable delivery of exact and agreed customer requirements.

The concept of quality:- This task of quality answers the needs of customers from product content to product delivery services and at the agreed time, place and price. The quality concept will help to retain current customers, assist in acquiring new ones and leads to a subsequent increases in total market share.

The concept of management

This refers to the top level managers that significantly play the role of total product quality management. The management also achieve quality of customers, by effective communication and customers relationship management (CRM) ensures crafting of vision and mission of the organizational product, and the right business processes, introduce and maintain continuous total product quality improvement culture. TQM is a management product philosophy consisting of values methodologies and tools that aim to increase internal and external customer satisfaction with a reduced amount of resources (Hellsten and Klefsjo, 2000).

Theoretical Framework

The TQM philosophy is composed of principle, models and practices and action of management to improve product and people.

The Theory of Management Grid

The theory of managerial grid (Blakemantion in Stephens and Couller, 2013) the managerial grid theory used the behaviour dimensions concerns for people and concern for production to illustrate the managers area of attention. The leader or manager uses this behavior by raking them in scale from 1.1 (low) to 9.9 for high concern and 19 and 91 to denote low and high concern for people respectively. At the middle of the grid black mount demonstrated medium concern for production and medium concern for people.

The researcher concluded that manager performed best when using the 9.9 style of scale unfortunately the grid offered no another to the question of what made a manager an effective leader it only provided a framework for conceptualizing leadership style. **The stakeholder theory**

The Blake moutom Managerial Grid

11			19
		5.5	
99			91

Sources: Managerial grid of Black mouton adaption in Stephen and Couler(2003).

The stakeholder's theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization (Rebort an Freeman, 2003). It was originally detailed by Edward freeman in the book strategic management.

A stakeholder approach identifies the group which are stakeholders of a company and they includes shareholders, employers (management) employees, suppliers, government political groups, creditors, prospective customers, consumers, trade unions, competitors, associations and the general public.

The theory identifies consumers of qualify product and the stakeholders that control total quality management. The theory addresses the principles of who or what really concern in TQM, (Ogbada, 2012).

A firm's product and services design decisions affects the wellbeing of various stakeholders organizations primary responsibly should be to meet the demand of their customers not only in terms of quantity but most importantly in terms of quality so as to enhance the quality of life and satisfaction of the stakeholder; while at the same tome give them the values for their money.

The concept of TQM practices are more closely aligned with the stakeholders' theory because the customers (stakeholder) expect quality product or services from the SMEs that deals with a good number of customers. Also the public at larger expects quality products or services so as have value for the money paid for. Summarily since needs, wants and products desired are very important to customers their interest in the business that meets their aspiration cannot be systematically separated from the business enterprise (Ogbada 2012).

Empirical Framework

TQM and SMES Performance: Challenges and role in Economic Development.

Osuagwu (1999) asserts that TQM stresses qualitydelivery, which marketing managers helps to achieve. SMEs involved in TQM are often organized into quality control team, and are given the responsibility to continually find new and better ways to perform their jobs, they also

are given the responsibility for monitoring and evaluating the quality of the goods they produce Imaga (2000).

Obeyemi (2003) in his paper titled "Conceptual issues and features of Nigeria SMEs" presented in the development focus dated June 23 – July 23 2003opines that SMEs starts typically with an ownership structure of sole proprietorship. But with the introduction if degree 70, SMEs is now in one form of partnership of the other, they are registered either as an enterprise or limited liability companies which is characterized with labour intensive production, with a centralized management with a limited access to long term capital.

Chong Rundus (2004) conducted a study, aimed at testing the impact of TQM practices and market competition intensity and organizational performance. In the study it was discovered that there is a significant relationship between market completion in TQM and organizational performance.

Ogbojafor and Ifekwem (2012) states that the challenges facing SMEs on many developing countries such as Nigeria includes;

- Funding uncoordinated business idea and plan.
 - Limited access to long and short term capital, fluctuating and productive interest rate margin.
 - Inadequate infrastructure, government uncompromising attitude towards SMEs development and improvement and poor management and technical knowhow.
- Fiderlis (2006) posit the role of SMEs as serving as a vanguard agency and focal point for rival industrialization, poverty alleviation and sustainable livelihood. The SMEs also encourage and promote joint venture and strategic alliance with the SMEs in Nigeria.

Research Methodology

The researcher adopted survey research design with a primary and secondary data collection instruments. The statistical techniques used in analyzing the data collected were the Z-test statistic.

$$X = \frac{??- ???}{??? \sqrt{(1- ??)^{1/2}}}$$

X = Number of support of null hypotheses

P = Probability of H₀ acceptance @ 5% = 0.5

n = Sample size

Using the test statistics Z - test statistics to analyze the responses from the respondent

the result criteria = 1.96 @ 95%

Decision rule: reject H₀ if Z-test is less than 1.96.

To determine the Z- test using the formula;

$$Z = \frac{??- ???}{??? \sqrt{(1- ??)^{1/2}}}$$

$$\frac{6 - 83(0.5)}{83(0.5) \sqrt{(1 - 0.5)^{1/2}}}$$

$$\frac{6 - 41.5}{41.5 \sqrt{(1 - 0.5)^{1/2}}}$$

$$\frac{- 35.5}{10 - 38}$$

$$Z = - 3.4$$

We therefore reject the null hypotheses (H₀) since Z statistical – 3.4 is i. e Z < -.96 as stated above meaning that total quality management practices have significant relationship with the performance of the SMEs (Alternative Hypotheses).

Discussion of Results

From the analysis above the Z-test statistics (H₀) was rejected and all the (H₁) accepted. The result is in conformation with the literature so far reviewed in the study that total quality management has significant positive compact to the overall performance of the SMEs in Nigeria.

Recommendation

The researcher recommends the following;

1. All stakeholders, policy makers and top management of SMEs should as a matter of urgency and in keeping with the dictates of modern day economic realities put in place programmes aimed at their business and product quality.

2. Government should come up with policies and laws that should make TQM policies and practices mandatory at all levels of SMEs.
3. The SMEs owners should set up appropriate feedback mechanisms to check functioning of the TQM programme as an education apostle of quality.
4. Employees in SMEs should be educated and encouraged to set improvement goals and objectives.

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