The effect of quality management and participation in decision-making on individual performance

Shmuel Stashevsky*, Dov Elizur

Graduate School of Business Administration, Bar-Ilan University, 52900 Ramat-Gan, Israel

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Abstract

The major objective of the study was to analyze the effects of total quality management (TQM) on improvement efforts and individual performance. Employee response to quality management (QM) and the perceived degree of participation in decision-making (PDM) were considered the major factors affecting employee improvement efforts. The improvement effort factor was expected to influence employee performance. Subjects were 208 employees in three industrial organizations applying TQM in Israel. Three causal models were suggested and tested by means of structural equation modeling using LISREL. The results supported the proposed model. The findings revealed that the influence of PDM on improvement efforts is considerably higher than that of QM. This finding suggests that PDM is the most important component of the TQM process that affects improvement efforts and individual performance. Therefore, ISO 9000 that does not include PDM may not impact individual performance. © 2000 Elsevier Science Inc. All rights reserved.

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1. Introduction

1.1. Quality management

The quality management (QM) movement started in Japan during the 1950s. During the 1980s it became increasingly popular in the United States and Europe most likely as a result of
the success of Japanese firms in a number of global markets (Lawler, 1994). During the 1990s, QM is fast becoming one of the main issues in many organizations and is usually referred to as total quality management (TQM). A report, based on a survey of Fortune 1000 companies, concluded that 76% of the companies implemented TQM programs (Lawler et al., 1995). TQM is a management philosophy embracing all activities through which the needs and expectations of the customer and the community and the objectives of the organization are satisfied in the most efficient and cost effective way by maximizing the potential of all employees in a continuing drive for improvement (BS.4778: Part 2, 1991). The three main principles of TQM are customer focus, continuous improvement, and teamwork (Dean & Bown, 1994). People are the key element in achieving these principles (Kanji et al., 1995).

TQM pushed the development and the enormous spread of the ISO 9000 quality standards. Adopting these standards enable an organization to demonstrate to its customers that its processes are both capable and under control, and there is effective control over procedures and systems (Dale, 1994). For many organizations attaining ISO 9000 certification is a necessity in order to survive (Meegan & Taylor, 1997). Both ISO 9000 and TQM focus on quality, but ISO 9000 lacks the participative decision-making (PDM) and the continuous improvement principles, two basic principles of TQM. The present study attempts to examine the contribution of these two variables within the QM context.

The scholarly published material on quality programs is rather limited (Shani & Rogberg, 1994). Most of the research on TQM has been performed from the manager’s point of view. Research on employee responses is scarce. The present study attempts to fill in the gap by focusing on the employees and their responses.

Specifically, the study attempts to tease apart PDM from the quality effort and estimate the impact of this component on employee improvement effort. The following sections briefly review the major topics of importance to the study.

1.2. Participation in decision-making

PDM is one of the basic principles of TQM and is considered a key factor in TQM success (e.g., Deming, 1982, 1986; Stone & Eddy, 1996).

PDM is usually defined as mutual influence of supervisors and subordinates in organizations (Vroom, 1960; Mitchell, 1973; Wagner & Gooding, 1987). PDM is a motivational program designed for improving performance and work satisfaction (Cotton, 1993).

There is empirical evidence that employees consider PDM as the major motive for participating in TQM (Kowalski & Walley, 1993). On the other hand, doubts have been raised concerning the practicality of combining TQM and PDM (Randeniya et al., 1995; Watson & Korukonda, 1995; Wilkinson & Willmott, 1996). The present study attempts to examine the relative effects of QM and PDM on individual organizational outcomes.

1.3. Total quality management and performance

Improving employee performance is the main purpose of organizational improvement programs. Organizations usually rely on supervisors’ assessments as a measure of employee performance (Cardy & Dobbins, 1996; Viswesvaran et al., 1996).
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