Influence of Total Quality Management on Performance of Vietnamese Construction Firms

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Abstract

The key objective of this study is to examine the relationship between organisational culture (OC) and Total Quality Management (TQM), and the influence of TQM implementation on organisational performance improvement within Vietnamese construction industry context. Findings based on the survey sample of 104 respondents employed in construction firms in Vietnam showed that Vietnamese construction firms are dominated by clan and hierarchy cultures rather than adhocracy and market cultures according to Competing Value Framework (CVF) of OC classification. Furthermore, organisations dominated by both market and hierarchy culture is the only one unfavourable culture for the use of TQM, whereas organisations dominated by either clan and hierarchy, clan and adhocracy, or not dominated by any specific cultures could provide a successful environment for TQM implementation. This study also confirmed the significant and positive relationship between TQM implementation and organisational performance improvement.

Keywords: organisational culture; Total Quality Management; organisational performance; Vietnamese construction firms

1. Introduction

Over the last few decades, Total Quality Management (TQM) philosophy has been applied to many organisations as a tool to improve quality and corporate performance [1]. However, the benefit of TQM to organisational performance improvement is mixed. While many studies indicate that TQM could benefit organisational performance,
it has been reported that not all TQM application has given satisfactory results to the organisations that implemented it [1, 2]. Generally, TQM has been recognised as a successful management philosophy in manufacturing and service industries [3]. However, its benefits to construction industry is still unclear [4].

Vietnamese construction industry has been recognised as one of the key sectors contributed to economic growth [5, 6]. However, Vietnamese construction industry has been facing many constraints that negatively affect construction projects as well as construction firms [5]. One of the main reasons for those problems as advocated by many researchers is poor management practices [5, 7]. Aiming to seek a direction for Vietnamese construction firms to improve their performance, this study examined the applicability and efficacy of TQM within the context of Vietnamese construction organisations. The primary aims of this study are (1) to identify organisational culture (OC) profiles of Vietnamese construction organisations; (2) to empirically examine the relationship between OC and TQM implementation; and (3) to empirically examine the influence TQM implementation on organisational performance improvement.

2. Theoretical background and research questions

2.1. Organisational culture and TQM

Prajogo and McDermott [8] state that OC is one of the key determinants for successful TQM implementation. This has been also advocated by many other scholars [9-11]. It was also found out that the failure of TQM implementation primary derives from the lack of integration of TQM and culture change [12]. To nurture TQM implementation success, a number of researchers recommended the needs of organisations for changing OC [9, 13].

Based on the Competing Value Framework (CVF) developed by Quinn [14], researchers have attempted to identify the types of OC that are most suitable for TQM implementation. Gimenez-Espin et al. [11] found that clan culture, adhocracy culture, and the “culture for quality” that is the integration of clan and adhocracy cultures positively impact on quality management, while hierarchy and market cultures give adverse results. Inversely, in the study by Zu et al. [15], clan and market cultures were found to have significant effect on TQM practices, while adhocracy and hierarchy were found to have no links to TQM practices. Despite these mixed findings, clan and adhocracy cultures have been widely advocated to be favourable to the successful TQM implementation [8, 16], whereas hierarchy and market cultures were often found to have no or negative effects on TQM implementation [11]. Based on these findings, the first research question was generated is to address the influence of OC on TQM implementation with the context of Vietnamese construction firms: (RQ1) What types of OC are favourable for successful TQM implementation in Vietnamese construction firms?

2.2. TQM application and construction organisation performance

Vietnamese construction industry has considerably developed and significantly contributed to the economic growth since 1986 as a result of renewal policies [17]. However, despite its fundamental contribution, Vietnamese construction industry has been facing many difficulties and constraints that negatively affect construction projects as well as the construction firms [5]. In the study by Nguyen and Chileshe [17], the authors revealed the most ten fundamental critical factors causing poor performance of construction industry, including: (1) disregard of the significance of project planning process and project planning; (2) lack of experience in executing complicated project; (3) poor design capacity and frequent design changes; (4) lack of knowledge and ability in managing construction projects; (5) lack of financial capacity of owner; (6) poor performance of contractors; (7) lack of a systematic approach to managing the project and entire organisation; (8) corruption and bribery; (9) the delays in payment; and (10) economic volatility and high inflation. It can be seen that most of these factors closely related to management work. This implication was also concluded by many other researchers and practitioners as poor management is the main reason for construction project failure as well as poor performance of construction firms in Vietnam (e.g. Luu et al. [18]; Nguyen et al. [5]). To clarify the fact of poor management in Vietnamese construction industry, Nguyen et al. [5] cited that an estimation of 30% total construction capital was lost due to poor management. Other difficulties that Vietnamese construction industry is facing as identified by Long et al. [19] are the complexity of legal and institutional framework, and the lack of capable domestic consultants and contractors for handling large projects. This was
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