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The effects of total quality management on the business performance: An application in the province of Kütahya

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Abstract

The quality and the satisfaction of the employees for increasing productivity, their motivation and rewarding, the use of performance evaluation and performance measurement techniques, elimination of errors and mistakes in the organization, concentrating on team work, benefitting from the experience of successful organizations, making the strategic planning and such like targets underline at the sense of Total Quality Management (TQM). With this study, the correlation of TQM components with the organization performance have been examined individually in order to understand the effects of the executives, employee, customers and processes on the business performance at the TQM. The correlation of TQM with the business performance was analysed by means of data based on conducting a questionnaire. According to regression analysis results which was carried out to present the performance features of organizations concerning TQM criteria (education, leadership, continuous improvement, internal customer and external customer), it was observed that the criteria related with leadership and education have a stronger correlation with the performance. Accordingly organizations should give the necessary education and training about the quality to their employees and support the improvement under the leadership of the top management.

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1. Introduction

Under the developing and changing world conditions, businesses in the race which is excessively competitive and to be able to grab rapidly increasing market share with the developing technology have to revise their understanding of quality and decrease the margin of error in the product or service they produce in order to be able to survive, compete and reach the level they want and maintain this level. In this context, companies began a "quality race" and Total Quality Management approach gained importance. TQM can be described as "a combination of participatory management and team work, produce defect-free products or customer satisfaction". TQM including the human and the quality-productivity relationship; compromises the process in which requires improving performance at all levels and activities of everyone in the organization.

In 16th century, the word "performance" was used for achieving the military orders and instructions different from current meaning (Lawson, 1995). But today performance is used to mean a point which is reached through plans made for a certain target. In otherwords, performance is the result that is gained by "an employee by fulfilling given mission in a certain time period" (Bingöl, 2003).

We could define the performance of a business system as its output or operation results after a certain period of time. The degree with which the management goals are achieved should be evaluated according to these results. Therefore, performance could be defined as the evaluation of all the efforts in pursuit of the realization of management goals (Akal, 2000; Şimşek & Nursoy, 2002).

2. The relationship between total quality management and performance dimensions

Principles of management are generally listed as profitability, productivity, economy, social responsibility and quality. Indicators of management principles are actually performance indicators for the business (Efil, 2010). Organizational performance concept is defined with its 7 performance dimensions in the literature. These are as follows (Kenger, 2001);

- 1. Effectiveness
- 2. Efficiency and utilization of resources
- 3. Productivity
- 4. Quality
- 5. Quality of work life
- 6. Innovation
- 7. Profitability and budget compliance

The proportion of the general standards determined for resources to be used in activities to the currently available resources show the effectiveness of resource utilization (Chiu, 1999). The similarity of the effectiveness dimension regarding resource utilization is only with respect to its goals. While effectiveness is an output oriented dimension, utilization of resources is considered more to be an input oriented dimension. As for productivity, according to an overly general definition adopted by Japan Productivity Center, it is a rational way of living aiming at performing right work in the right way and with economy of effort (Lenger, 1997). And quality is a performance dimension that allows efficient utilization of resources, provides suitability for use for products and services, and establishes a production concept in accordance with customer requirements.

A successful business can be maintained by ensuring, first of all, the quality of work life for members of the organization. Several techniques such as alternative working models like job enrichment and independent work groups, quality control groups, representation of the staff in the board of management, making staff partners to the company are included in programs on work life quality (Dinçer & Fidan, 1996).

Today customer desires and needs are continuously increasing together with the rapid progress in science and technology and businesses can be successful to the degree they can produce goods and services that are more creative of higher quality and more suitable to customer requirements (Nicholas, 1998). Profit planning, one of the important standards of performance dimensions is considered as a management activity involving careful consideration of various factors determining the profit and maintaining the necessary accord between them. Profit could be generally defined as, the increase of the equity capital in hand prior to activities in the equity capital after

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