

**TOTAL QUALITY MANAGEMENT AND PERFORMANCE OF  
IMARA SACCO**

**BY**

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## **DECLARATION**

This research project is my original work and has not been presented in any other university.

Signed..... Date .....

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This research project has been submitted for examination with my approval as the university supervisor.

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## **DEDICATION**

I dedicate this study to my parents Joseph and Catherine who taught me the virtues of determination, hard work and resilience. I also dedicate this work to my daughter Amara Wairimu. May this inspire you to strive for greater heights.

## **AKNOWLEDGEMENT**

First, I thank the almighty God for enabling me complete this project. Secondly, I wish to express my sincere appreciation to my family for their patience and support during the period of study. Thirdly, I would like to appreciate my project supervisor, Mrs.ZipporahKiruthu, for her patience and meticulousness as she guided me during the period of this project. Finally, I express my sincere gratitude to my fellow students and everyone that supported me during the time of my studies.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDMENT</b> .....	<b>iv</b>
<b>TABLE OF CONTENTS</b> .....	<b>v</b>
<b>LIST OF FIGURES</b> .....	<b>viii</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>ABSTRACT</b> .....	<b>x</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study.....	1
1.1.1 Total Quality Management.....	3
1.1.2 Organizational Performance.....	4
1.1.3 Imara Sacco .....	6
1.2 Problem statement .....	7
1.3 Objective of the Study .....	8
1.3.1 General Objective .....	8
1.3.2 Specific Objective.....	8
1.4 Significance of the Study .....	9
1.5 Scope of the Study .....	9
1.6 Limitation of the study.....	9
<b>CHAPTER TWO</b> .....	<b>10</b>
<b>LITERATURE REVIEW</b> .....	<b>10</b>
2.0 Introduction .....	10
2.1 Theoretical Review.....	10
2.1.1 Three-Factor Theory .....	10
2.1.2 Systems Theory .....	11
2.1.3 Joseph-Juran Theory .....	12
2.2 Empirical Studies.....	12
2.3 Principles of TQM .....	15
2.4 Summary .....	15

2.5 Conceptual Framework.....	16
<b>CHAPTER THREE.....</b>	<b>17</b>
<b>RESEARCH METHODOLOGY.....</b>	<b>17</b>
3.0 Introduction .....	17
3.1 Research Design .....	17
3.2 Target Population .....	17
3.3 Sampling Technique .....	17
3.4 Data Collection.....	18
3.5 Data Analysis .....	18
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION .....</b>	<b>20</b>
4.1 Introduction .....	20
4.1.1 Response Rate .....	20
4.2 Background Information.....	20
4.2.2 Age.....	21
4.2.4 Years of Service in Imara Sacco.....	22
4.3 Organizational Performance Improvement.....	23
4.4 Total quality management and organizational performance.....	25
4.5 Continuous Improvement.....	26
4.6 Training and Development.....	27
4.7 Employee Involvement .....	28
4.8 Customer Focus .....	29
4.9 Leadership .....	30
4.10 Supplier Relationship Management.....	31
4.11 Regression Analysis.....	32
<b>CHAPTER FIVE .....</b>	<b>36</b>
<b>SUMMARY, CONCLUSIONS, RECOMMENDATIONS .....</b>	<b>36</b>
5.1 Introduction .....	36
5.2 Summary .....	36
5.3 Conclusions .....	38
5.4 Recommendations.....	40
5.5 Limitations of the Study.....	40

5.6 Suggestions for Further Studies.....	40
<b>REFERENCES .....</b>	<b>41</b>
<b>APPENDICES .....</b>	<b>42</b>
Appendix I:Research Questionnaire.....	i

## LIST OF FIGURES

<b>Figure 2.1 Conceptual Model</b> .....	16
Figure 4.2 Gender.....	21
Figure 4.3 Age.....	21
Figure 4.4 Education.....	22
Figure 4.5 Working in Imara Sacco .....	23



## LIST OF TABLES

Table 3.1 Determining the Sample Size .....	18
Table 4.2 Organizational Performance .....	24
Table 4.3 TQM and performance .....	25
Table 4.4 Continuous Improvement .....	26
Table 4.5 Training and Development .....	27
Table 4.6 Employee Involvement .....	28
Table 4.7 Customer Focus .....	29
Table 4.8 Leadership .....	30
Table 4.9 Supplier Relationship Management .....	31
Table 4.10 Model Summary .....	32
Table 4.11 ANOVA (Analysis of Variance) .....	33
Table 4.12 Coefficient of Determination .....	34

## **ABSTRACT**

The underlying factor behind the success or failure of Total Quality Management is the genuine commitment of an organization. TQM is looked at as a way out of market pressures without really changing the values of their organization. Despite a lot of efforts and resources being channeled to strategic planning at Imara Sacco, majority of strategic policies detailed into the documents are yet to be utilized by the Sacco. This study set to establish the effects of total quality management on Imara Sacco. The general objective was to establish the relationship between total quality management and organizational performance of Imara Sacco. The specific Objective included; to identify the total quality management practices employed by Imara Sacco and to establish the influence of total quality management on organizational performance of Imara Sacco. In this study, descriptive research design was adopted. The target population of this study was all the 120 employees working at Imara Sacco where the sample size was 60 respondents who were sampled using stratified random sampling technique. Questionnaires were used to obtain information about the population while Secondary data was collected from Sacco journals. Descriptive statistics such as mean scores and frequency distribution was used to analyze quantitative data. A multiple regression analysis was done to establish the relationship between TQM and organizational performance. From the findings, the study concludes that Imara Sacco had adopted TQM as a strategy to improve its performance. The TQM practices that Imara Sacco had in place included; continuous improvement, employee involvement, training and development, customer focus, leadership and supplier relationship management. It was further established that TQM

has a significant influence on organizational performance of Imara Sacco. From the regression analysis, it was evident that continuous improvement as a TQM practice contributes to the organizational performance at Imara Sacco followed by employee involvement, training and development, customer focus, leadership and supplier relationship management respectively. The study recommends to the management of Imara Saccoto institute a unit to streamline TQM implementation. The management should also look for areas in TQM Practices where they can optimize the accrued benefits to improve on performance. It will also be prudent for Saccos to emulate the example of Imara Sacco in adopting TQM to improve performance.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Total quality management (TQM) is an integrative approach to managing organizations for constantly refining quality of products and methods. Thus, quality should be a concern for everyone involved in the production of the products and services in an organization as well as those involved in the consumption. This study focused on link that existed between TQM and the overall performance of a firm. Some of the components that make up TQM include; customer focus, progressive quality addition, employee enlightenment, quality tools use, designing of products, managing the process and supplier quality control. Customer attention is the main and most important component of TQM philosophy. TQM offers inducements for workers as a way of identifying quality issues as well as reward the workers for such achievements. Employees play a vital role in driving a firm to achieve high quality and thus should be encouraged to make the right decisions in relation to the drive for quality achievement. This can be achieved through team work using techniques such as brainstorming, discussions, teamwork regularly to correct problems. Training is essential for the workers to own the quality improvement process. The workers need regular training so that they can appreciate better how to identify and provide solutions for quality problems.

TQM can be regarded as the integrative method of attaining customer satisfaction in both the products and services offered in an organization through a wide range of tools and strategies that reach to a high value of quality in the products sold to the customers Bateman and Snell (2007). TQM was advocated by Srinivasan (2010) who perceived it as a comprehensive approach to achieving business excellence. There are different tools used in TQM in recognizing and solving quality issues. They include, source and outcome diagrams, these are charts used to identify potential causes of for particular quality problems; flowcharts, they are diagrammatic series of steps involved in the production process. This is a visual tool which gives one a perfect view of how the operations work and in areas where faults are likely to arise; checklists, a list of faults and the frequency of their occurrence; control charts, they are used to evaluate whether a process is operating within the expectations in

alignment with the set expectations. Others are pare to analysis, or a strategy used to analyze and detect the quality issues based on the nature of their occurrence a chart that displays the regularity distribution of practical values of a variable. Another important aspect of TQM is the product design since the aspect of creating quality products is to ensure that the product design meets the customer expectations.

To produce what customer wants, it is important to translate their expectations into specific technical requirements. Suppliers are also part of the production process. Traditionally, companies would engage suppliers in competitive price bidding where the supplier with the best price would be picked. Once materials were supplied, they would be taken through a vigorous inspection process for quality. TQM being a holistically quality additional tactic to organizations with the aim of improving performance and quality of products and services, this practice was time and cost wasting and contributed to poor quality. The study is to explored on the link between TQM and firm performance.

Data from Central bank of Kenya (2015) indicate that the Saccos' profit before tax increased from Ksh.823 million for the period ended December 2012 to Ksh. 1.2 billion for the period ended December 2013 while in 2014-2015, it grew to reach 1.5 billion. The branch network grew from 74 branches in 2012 to 91 branches in 2015 while the marketing offices grew from 5 to 42. Out of the deposit base of Ksh. 24.7 billion, 37 percent comprised of cash collateral held by the Saccos as security for loans granted. Similarly, the size of net loan portfolio increased by 38.2 percent from Ksh. 19.9 billion in 2012 to Ksh. 27.5 billion in 2013 demonstrating increased demand for credit. The Saccos' held total assets of Ksh. 41.4 billion, thus their significance in the economy cannot be overemphasized. This performance is expected to continue as the Saccos' expand to serve the unbanked and under-banked Kenyan populace (CBK, 2015).

### **1.1.1 Total Quality Management**

TQM refers to the methods used by firms and implemented values such as customer focus, progressive perfection and cooperation to improve product and service value (Zu, 2009). Total Quality Management(TQM) has been in existence for many years with its meaning evolving with time, in today's world, definition of quality is yet to be made since its definition hugely relies on the obligation of people defining it, this could be producers or consumers of the product or service. Although difficult defining, most consumers know quality when they see it. This is the reason why consumers define quality as the extent to which a product or service satisfies the expectations of the designers, how well the product performs for its intended use, product or service usefulness for the amount invested or paid for it, support provided after the product has been purchased and evaluation of content of product or service excellence.

TQM is defined by the focus of recognizing causes of quality issues and adjusting them at the source rather than examining the product after it has been created, TQM stresses quality in every aspect of the organization from technical aspects, people involved in quality, employees to suppliers. The meaning of TQM vividly changed in the 1970s a time that many United States of America companies lost market share to foreign competition because many foreign rivals were generating lesser priced products with a high quality. This prompted American companies to come up with adjustments in quality measures as some resorted to hiring quality advisors and implementing quality training programs for workers and as a result a new perception of quality was coming up. Today, companies put the customer first by meeting or exceeding their expectations. Every successful company understands that quality gives them a competitive edge (Rad, 2006).

Competition founded on quality has gained importance and acceptance on many sides of the commerce and industry, scholars and academics including the politicians, governments and civil societies. The vast numbers of journals published on this topic is a confirmation to its importance. The word used for current model of quality control is Total Quality Management (TQM). This is a practical idea developed to

enhance quality into the product and method design as opposed to the old designs that are reactive and intended to correct quality problems after they have occurred(Walsh et al., 2002).

Quality Management ensures that an institution, products and services are consistent. In today's extremely competitive and challenging business environment, quality management provides a new way to remaining competitive, controlling costs and improving efficiency and safety among businesses. Quality Management is achieved through the use of Quality Management Practices (QMP). A company that employs quality management practices is likely to have its stakeholders benefit as a result of increased satisfaction (Samson and Terziovski, 1999). Total quality management is geared towards constantly adding on quality of products and services. TQM is founded on the notion that quality of products and services is the duty of all involved with the production and consumption of the product or service from management, employees, suppliers, distributors and buyers to meet or exceed customer expectations (Waldman, 1994).

Studies have indicated that there exists correlation between firm performance and TQM. Organizational performance implies the several factors such as profitability, output, competitive advantage, minimal expenditure, minimal errors and a stabilized business environment. In the world today there is wide use and more availability of modern technology that has resulted to organizations offering the same kind of goods and services in a common market hence the customer go for the best alternative that provides improved quality. TQM remains the sole mean that can improve quality of products and services(Hashmi, 2004).

### **1.1.2 Organizational Performance**

Organizational performance comprises the real outcomes or results of a firm as measured in relation to its goals and aims, (Richard et al. (2009). Organizational performance incorporates three major areas of organizational results: financial performance in terms of profits, return on assets, return on investment, secondly, product or service market performance which translates to sales and market capture.

Thirdly, shareholder return in terms of total shareholder return as well as value added on the economy. Organizational performance mainly signifies more than the end result of an appraisal system. Organizational performance mainly implies the reach for goals set out for an organization. It concentrates individual workers as well as the teams, programs, processes and the organization as a whole.

A properly-developed organization takes care of the individual and organizational performance affairs needed to appropriately generate and maintain healthy and active results-oriented values. Public agencies have a larger task to define and assess results than private sector firms, whose results are virtually exclusively linked to financial objectives. Public agencies have to conform to the compound guidelines that administer their performance programs (Upadhaya et al, 2014).

In the first decade of the twenty-first century, organizational performance has always had a significant influence on the actions of companies. It largely concentrated on the capability of a firm to effectively use the existing assets to achieve the set goals and the objectives of the respective company, as well as assessing their significance to its users. In this, three general elements of organizational performance; efficiency, effectiveness and relevancy have been taken into consideration. Conversely, the performance of an organization covers broader areas which include the connection between performance and organizational goals which is effectiveness; organizational resources which is effectiveness efficiency; and satisfaction of the stakeholders which is effectiveness relevancy (Peterson, et al, 2003).

Performance is likened with performance evaluation and this has been a recurrent fallacy. Organizational Performance denotes to actions, apparatuses, processes, and programs that companies generate or use to manage the performance of specific workers, teams, departments, and other organizational units within their organizational impact (Zaffron, et al, 2009). In contrast, performance appraisal implies the way of assessing or evaluating performance in a given performance schedule to note how well a worker, a vendor or an organizational component has done the set objectives or goals. The goal of Organizational Performance is to enable workers to assess how best they had done in their activities in relation to performance targets or



key performance pointers. Organizations and companies evaluate employee performance on yearly bases. The outcomes of performance are used in employee improvement planning. The results are used to choose most suitable progress intervention to add value to worker's knowledge, abilities and conduct. The results are also used to award pay rise, give reward and bonuses as well as create a system for promotions and transfers (Nielsen, 2013).

### **1.1.3 Imara Sacco**

Cooperative societies as formal organizations enable their membership make efforts to achieve any common objectives on voluntary and democratic basis. According to (John, 2002), the first ever Co-operative movement was started by Robert Owen in the year 1844.

The Savings and credit cooperative sector is an integral part of the cooperative sector in Kenya; Saccos in Kenya are categorized into financial and non-financial cooperatives. Non-financial cooperatives primarily provides products and services and covers areas such as dairy, livestock, coffee, tea, and handicrafts among others. However, financial cooperatives encompass savings and credit cooperatives, housing cooperatives and investment cooperatives. The Sacco sub sector is divided into two tiers including traditional (Saccos) defined in as Non-DTMs and the DTMs which provide 'banking' services. The FOSA are regulated by (SASSRA) and the Sacco Societies Act, 2008.

Imara Sacco Society Ltd is duly registered with the Ministry of Cooperatives under the Cooperative Societies Act Cap.490, in August, 2005. The core business of the Society is to mobilize savings, provide credit and other value added services to its members. Imara Sacco has experienced tremendous success and prides in a membership of over 5,000 members. From a humble beginning of fifteen(15) members who were former schoolmates, the Sacco has grown and through its values and principles, withstood the test of time to offer the best model for fighting poverty and inequality in society. Imara Sacco currently enjoys membership through its offices in three counties; Nairobi County, Kiambu County and Nakuru County.

Nairobi County in particular has enviable patronage from small and micro businesses in Gikomba Market, Ngara market, City Park, Dagoretti Corner Market, Githurai, Wangige, Kikuyu, Kiambu among others. The Sacco also has membership of Kenyans living in the Diaspora with satellite representation in London, Boston and Texas.

## **1.2 Problem statement**

The underlying factor behind the success or failure of Total Quality Management is the genuine commitment of an organization. In recent years the Sacco sector has faced tough challenges globally as noted by (WOCCU, 2012) to include mission drifts, income generation, compliance, competition, and insufficient capital among many others. Often, TQM is looked at as a way out of market pressures without altering the values of their organization. TQM has to be embraced with sincerity as opposed to being a short-term financial investment. Organizations including co-operative societies also view the responsibility for quality as of employee rather than that of the top management. TQM emphasizes that quality management should be implemented in the entire organization starting from top management to employees and customers. Successful Saccos that have attained the benefits of TQM have embedded a culture within the organization; they put the customer first and make changes to customer feedbacks.

The decision to induce total quality management in the entire organization is deliberate in nature; it lays the objectives of the firm hence its level of dedication. The decision influences sections such as product development which has to incorporate customer related quality. Processes are designed in such a way to produce create products with larger value or quality. Job design is also impacted as employees require to be trained in quality tools and be able to eradicate quality problems (Saari and Judge, 2004).

An organization is expected to be able to determine how much it is willing to invest in TQM in accordance with their expected results. TQM has received great attention from many researchers many have suggested that TQM is a valuable instrument for fastening learning and boosting a company's competitive gain (Martinez-Costa et al

2008). Since TQM philosophy is regularly used in manufacturing industry (Joiner, 2007) and little focus has been paid on execution of TQM and its influence on organizational performance, mainly for the service industry (Prajogo, 2005). A great deal of research investigates the impact of TQM on organizational performance some researchers have found positive results (Shenaway, et al, 2008) other researchers have found no significant impact between TQM and organizational performance (Powell, 1995; Westphal et al, 1996) whereas some studies have found out a negative impact (Davis, 1997). Imara Sacco is going through rebranding for quality improvement and to enhance its performance.

Locally, studies on TQM do exist. A study by Mutua (2014) on quality management activities and financial performance of pharmaceuticals manufacturing firms in Kenya. The findings revealed that most pharmaceutical manufacturing firms that implemented quality management practices recorded high sales turnover leading to organizational performance. Misiko (2014) found out that Total Quality Management influences achievement of agility in pharmaceutical companies in Kenya to a large degree. The study established that IT is at the center stage of achieving agility. Despite a lot of determinations and resources being directed to strategic planning at Imara Sacco, most of the strategic policies detailed into the documents are yet to be utilized by the Sacco. This implies that transformation plans remain to be a challenge. This study thus set to establish the impacts of total quality management on Imara Sacco to fill the existing knowledge gap.

### **1.3 Objective of the Study**

The study general and specific objectives are as follows;

#### **1.3.1 General Objective**

To establish the relationship between total quality management and organizational performance of Imara Sacco.

#### **1.3.2 Specific Objective**

- i. To identify the total quality management practices employed by Imara Sacco.
- ii. To establish the influence of total quality management on organizational performance of Imara Sacco.

#### **1.4 Significance of the Study**

This study was a comprehensive assessment of the impact of Total Quality Management on organizational performance. The study may be useful to the staff and top management of Imara Sacco by bringing to table why it is important and ways in which Total Quality Management could be beneficial or the losses that come with TQM on the organizations' performance.

Researchers and students also stand to gain great benefits from this study as this information could be used as a basis for their study and could also be used as part of their literature review.

#### **1.5 Scope of the Study**

This study covered total quality management and operations and assessed their impacts on organizational performance. To attain this, the studies assessed the cost of implementing TQM, TQM tools and procedures and studied the purpose and principles of total quality management philosophy. The study assembled the existing literature on TQM and highlighted existing gaps and challenges encountered.

#### **1.6 Limitation of the study**

Organizations have confidentiality policy which might restrict the respondents from responding to some of the questionnaires since it might be taken as a contradiction to the organization privacy policy to uncover the organization private matters. The researcher presented a letter of introduction given by the university to the management.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter focuses on the review of literature and will explore theories related to the topic by providing a critique of the same and deriving the connection between TQM and firm performance. The researcher will be bridging the gaps identified by pointing out the importance of this study.

#### **2.1 Theoretical Review**

The theoretical framework is an abstract model that forms a sense of model to guide in this research. A theory is made up of interrelated concepts and definitions that offer a methodical view of the phenomena. Theories are concepts that are logically connected to give an ideology and explanation to something. Theoretical frameworks are explanations about the phenomena.

##### **2.1.1 Three-Factor Theory**

The three-factor theory distinguishes between different quality attribute types. The service quality attributes are categorized into three separate groups (must-be, one-dimensional and attractive), each of which effects customer satisfaction separately. Service attributes have two key features in three-factor theory. First, the value of the basic excitement attribute is based on its performance. Basic attributes are crucial when performance is low and are non-crucial when performance is huge. Excitement factors are vital during period of high performance and are uncritical when performance is low. Second, the relationship between attribute performance and overall customer focus is not always linear and symmetrical.

The relationship between organizational performance and general TQM is non-linear and asymmetrical for basic attributes (Matzler, et al., 2004). Matzler, Sauerwein, & Heischmidt (2004) expounded on these three factors. Elementary factors

(dissatisfiers) are minimum requirements that produce consumer discontent when not fulfilled, but do not result in customer satisfaction when fulfilled or exceeded; that is, negative performance for these attributes has a larger impression on satisfaction than positive performance. Performance factors produce satisfaction when performance is high and dissatisfaction when performance is little. (Matzler, et al., 2004).

### **2.1.2 Systems Theory**

An organization is looked into as an 'Open system' that constantly embraces challenges and requires flexible solution so as to resolve the the issue concerned Jeong C. and Nor F. (2012).The systems theory, which was propounded by Ludwig von Bertalanffy in 1968, provides the main theoretical analysis for this research work. The systems theory involves an evaluation of systems in general, with the aim of elucidating values that can be put to all systems at all nesting levels. While referring to Ludwig's systems theory, all types of systems at all nesting levels stabilize the system structure and the dynamics of storages, output and input (Cleveland, C. 2006). Thus, the system attains the dissipative level that constitutes a structure because it upholds itself in a state far from balance. This theory states that the organization structure should be right; flow of information, accessibility of information and free will of employee participation.

Any organized group makes up a system, that comprises of regularly interacting or groups of activities or people performing activities (Stone, 2008), consequently, in this case of TQM, it requires interacting activities from various groups that perform different roles so as to reach the common objective of good management on matters related to organizational performance. On the other hand, cost management and continuous improvement are core function of TQM and it is underpinned by the system theory. In this case, the systems theory identifies four subsets of this theory as the cost management, organizational structure and continuous improvement as core functions. It is the latter system, Total quality management which reinforces continuous improvement, cost management and good organizational structure to enhance performance in an organization (Marcussen&Torfing, 2007).

### **2.1.3 Joseph-Juran Theory**

Joseph-Juran defines TQM as a management approach that endeavors for the following in any business environment: - Under robust top-management governance, create clear mid and long-term vision and strategies (Juran, 1995), correctly apply the ideas, values, and scientific approaches of TQM, regard human resources and information as important organizational infrastructures under a suitable management structure and efficiently operate a quality assurance system such as cost, delivery, environment, and safety, and is supported by essential organizational authorities, such as central technology, speed, and vivacity guarantees in relation to customers, workers, society, suppliers, and investors. In any discussion of total quality it is valuable to begin with the basics the results we suppose, the three essential concepts, the three strong forces, the three precarious processes, and the key elements of the total quality structure. The almost generally recognized goals of total quality are lesser costs, greater revenues, delighted consumers, and empowered workers. These goals need little explanation (Boris et al., 2013).

McCurry (2010) documented the organized method that many firms employ to attain breakthrough developments. In recent years, speedy transformation has become a way of life. Many firms now employ this and comparable tactics to produce progresses by the hundreds and even thousands. Joseph-Juran theory postulates that under robust top management leadership to create clear mid- and long-term vision and policies and with respect to human resources and information as vibrant organizational setups under an suitable management system and successfully run a quality assurance system organisations can expand their performance thus this theory is applicable to this study because the study purposes to measure the influence of quality leadership on performance of Imara Sacco.

## **2.2 Empirical Studies**

Studies by Flynn, Schroer, and Sakakibara (1994) focussed on TQM. Although different in the terminologies used these authors have the common TQM factors in their models: service design, supplier management, endless improvement, process

administration or operating, quality improvement measurement systems, quality data and reporting, planning, benchmarking, SPC (statistical process control), corporate quality culture and quality management (Motwani, 2001).

Dow et al. (1999) created a TQM model meant to assess the effect of the TQM on organization's performance. The model shows that quality actions can be grouped into nine dimensions: workforce commitment, common vision, customer attention, and use of teams, workers training, cooperative supplier relations, application of benchmarking, improved manufacturing systems, and application of timely principles. These constructs were related with those stated in the six studies, except for the use of teams, and just-in-time principles.

Sila and Ebrahimpour (2002) analyzed the survey-founded research on TQM conducted in different countries that was published in a number of journals between 1989 and 2000. They discovered that the empirically researched TQM principles could be categorized into 25 categories. Two of the seven practices that established the uppermost attention (training and employee involvement) relate to human resource management, and allocate human resources a dire role in the application of TQM. Further, great care was paid to the role of management and commitment as well as to giving authority to workers – that is, empowerment – to make personal decisions.

Organizational culture or behavior is inclined on the type of corporate ownership. Hence, management must understand how TQM works efficiently. Pun (2001) found no evidence that culture in Chinese-owned companies influenced worker involvement, which is one TQM practice. Noronha (2002) examined the effect of cultural values on TQM implementation in 385 companies in China, Hong Kong and Taiwan. The outcome of Structural Equation Modeling (SEM) analysis displays that the primary Chinese values of abasement, addictiveness, harmony with people, accord with the universe, interdependence, and respect for authority influenced the dimensions of TQM (Yavas&Rezayat, 2003).The probable reason is that manufacturing companies fundamentally depend on advanced manufacturing technology to attain high level of quality (precision) and other operational



performance aspects. In service organizations, human resources play a pivotal role in determining the product quality, particularly on non-physical dimensions, such as customer responsiveness, courtesy, and empathy. In addition, beyond tools and techniques, TQM now has developed into a management philosophy that comprises a set of generic core principles applied in different industries (Dean & Bowen, 1994).

In conclusion, there is 'no single most convenient method or approach in management or doing things, different situations demand different strategies to manage, and resolve the arising matter concerned. Moreover, research has proved that training, customer focus as well as continuous improvement underlie the whole of the entire organization's performance.

Sila (2011) conducted a study on the relationship between training and performance using a case study of Kenya women finance trust in the eastern Nyanza region. Questionnaires were used by the researcher in data collection. Qualitative data was analyzed by editing, coding and grouping the information into relevant themes. The study made use of descriptive statistics to analyze the data. The study found out that the three variables of training investigated were key in determining employee performance especially in service firms under which financial institutions fall. The research has confirmed that training has a big influence on performance with attitude, job satisfaction and service delivery equally getting the same weight.

Kirunda (2004) study was centered on primary data in the form of questionnaires, interviews and documentary reviews of the designated literature. The outcomes exposed that the normally used types of performance-based rewards in private secondary schools are: public appreciation, promotion, packages/presents, and duty grants and overtime pay. It was also recognized that performance-based payments impact the performance of teachers by encouraging them and boosting their output and productivity. Ahmed and Ali (2009) did a study on the effect of reward and recognition systems on employee motivation and satisfaction among commercial banks in Kenya. Major conclusions showed that reward is correlated with work satisfaction and motivation.

### **2.3 Principles of TQM**

Employee participation is demonstrated by elements such as teamwork, worker proposals and employee commitment. An extraordinary characteristic of worker contribution is teamwork; e.g.: cross-functional teams and within-functional teams. The goal of a team is to increase the input and output of any point. A team may well be made up of people from diverse staff areas, all getting a chance to give ideas, strategies and figures.

The cross-functional quality teams among the features of TQM firms were in favor of learning by the fact that they are cross-functional; specific members are exposed to more and more varied points of view than would be the case if they operated mostly by themselves or in within-functional teams (Hackman et al., 1995). Learning is the capacity and readiness of the organization to take part in knowledge pursuing activities at the distinct, group or team, and organizational levels (Anderson et al., 1994a). The TQM goal of continuous advancement in meeting client needs is supported by a thorough learning positioning, including considerable investments in training and the extensive use of statistical and interpersonal systems intended to promote individual and team learning (Hackman et al., 1995).

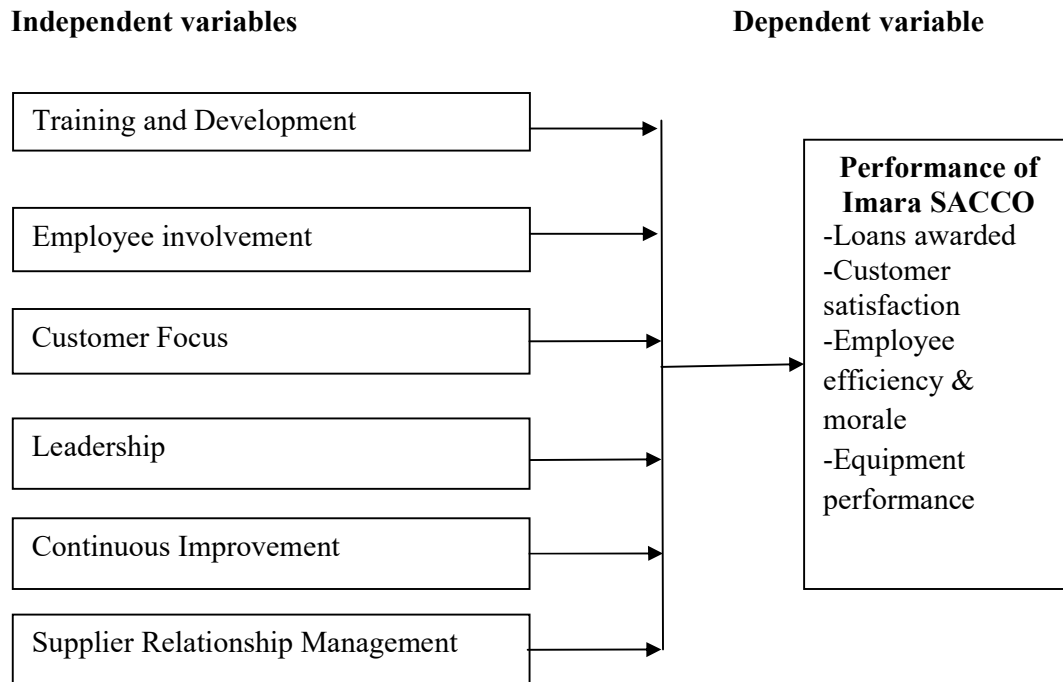
### **2.4 Summary**

TQM was initially used in manufacturing firms. Given its huge success in manufacturing, academics and practitioners have assessed the likelihood of using the TQM approach to the service sector. Silvestro (1998) stated that though established in different way in the service literature, the central TQM values are exceedingly applicable in services area. Woon (2000) also argued that numerous service areas have a related process to manufacturing that would make them able to utilize TQM practices. Moreover, the creation of the 'soft' aspect of TQM that stresses the human fundamentals, such as empowerment, worker involvement, culture, also inspired its use. The service sector is recognized as having greater scores in people management than the manufacturing sector.

## 2.5 Conceptual Framework

The conceptual framework in Figure 2.1 shows the relationship between total quality management principles and organizational performance of Imara Sacco.

**Figure 2.1 Conceptual Framework**



**Figure 2.1 Conceptual Model**

Source: (Author, 2016)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

In this part of the study, the research methods employed in this study are discussed. The areas covered include; research design, target population, sample and sampling techniques, data collection method, pilot study, data processing, analysis and presentation.

#### **3.1 Research Design**

In this study, descriptive research design was adopted due to qualitative and quantitative approach of the study. The chosen design helped in collection of qualitative and quantitative data to answer the study objectives. The design was useful as it allowed for use of qualitative and quantitative data which was complementary in nature.

#### **3.2 Target Population**

The employees working at Imara Sacco formed the study population.

#### **3.3 Sampling Technique**

The study used stratified random sampling to arrive at its respondents. This method ensures that the sample was representative of the different employee categories based on departments that they worked in. Employees at Imara Sacco were drawn from different departments hence stratified random sampling was the best method to obtain a representative sample of this population.

Sample sizes can be determined using four approaches, the entire population, sample size used in similar studies, use of published tables and use of formula. Mugenda and Mugenda (2003) says that a sample size of ten to thirty percent is good enough for statistical reporting. The sample of this study was therefore 60 respondents comprising employees in operation department, financial department, procurement

department and human resource department at the Imara Sacco. Table 3.1 represents a summary of information of the population category, the number of staff in each category, the sample size and total number of respondents in the study.

**Table 3.1 Determining the Sample Size**

Pop. Category	Target Pop.	Proportionality	Research Sample
Management	10	$(5/120 \times 100)$	4
Technical Working Group	50	$(25/120 \times 100)$	21
Support Staff	60	$(42/120 \times 100)$	35
Total	120		60

### 3.4 Data Collection

Questionnaires were for data collection in this study. The questionnaire had closed and open-ended questions. The close ended questions are in readily usable form for analysis and minimal time is used. The questionnaires were pilot tested for reliability and validity (Robinson, 2002).

The study was based on primary data and secondary data from journals and books. The questionnaires contained a 5 point Likert scale questions. Close-ended or structured questions gave a respondent limited and pre determined response option to choose from. The advantage of structured questions was that they were easy to analyze but they left no room for other possible responses. The questionnaires administration was based on drop and pick method to the respondents. This enabled the respondents have ample time to fill the questionnaires and at the same time ensure high response rate.

### 3.5 Data Analysis

The data collected was well examined for completeness and comprehensibility. Descriptive statistics such as means scores and frequency distribution was used to analyze quantitative data. Data analysis results presentation was through the use of

frequency tables and figures. Qualitative data was analyzed using content analysis with the narratives being presented in prose.

A multiple regression analysis was done to establish the relationship between study variables. The regression model that was used is presented below:

$$Y = \beta_0 + X_1 \beta_1 + X_2 \beta_2 + X_3 \beta_3 + X_4 \beta_4 + X_5 \beta_5 + X_6 \beta_6 + \varepsilon.$$

Where Y is organizational performance

X<sub>1</sub> is Continuous Improvement

X<sub>2</sub> is training and development

X<sub>3</sub> is employee involvement

X<sub>4</sub> is customer focus

X<sub>5</sub> is leadership

X<sub>6</sub> is supplier relationship management

β<sub>0</sub> is a constant

β<sub>1</sub> - β<sub>6</sub> are changes in Y as a result of corresponding variables.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

In this part of the study entails data analysis and findings on the effect of total quality management and organizational performance at Imara Sacco. The chapter covers the respondent's background information, and the findings based on the study objective which was identify the relationship between TQM and organizational performance of Imara Sacco.

#### **4.1.1 Response Rate**

The study targeted 60 employees working at Imara Sacco to whom questionnaires were distributed. However, only 50 employees responded and submitted back their questionnaires duly filled, adding up to a response rate of 83.3%. The response rate was adequate according to Kothari (2004).

### **4.2 Background Information**

The study inquired on the participants' background information including; gender, age, level of education and years of service in Imara Sacco.

#### **4.2.1 Gender**

The study inquired on the gender distribution of the participants and the outcomes are as shown in Figure 4.2 below.

**Figure 4.2 Gender**

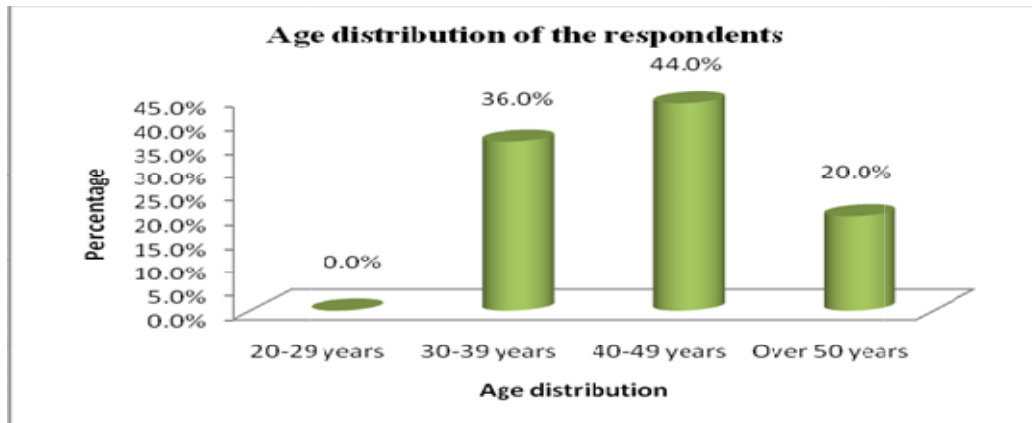


According to the findings, 55% of the respondents were male while 45% were female. Therefore, Imara Sacco had a nearly equal gender workforce hence getting maximum benefit from TQM practices with no gender biasness.

#### **4.2.2 Age**

The study sought to find out the age of the participants. The findings are as shown in Figure 4.3.

**Figure 4.3 Age**



Source: (Field Data, 2016)

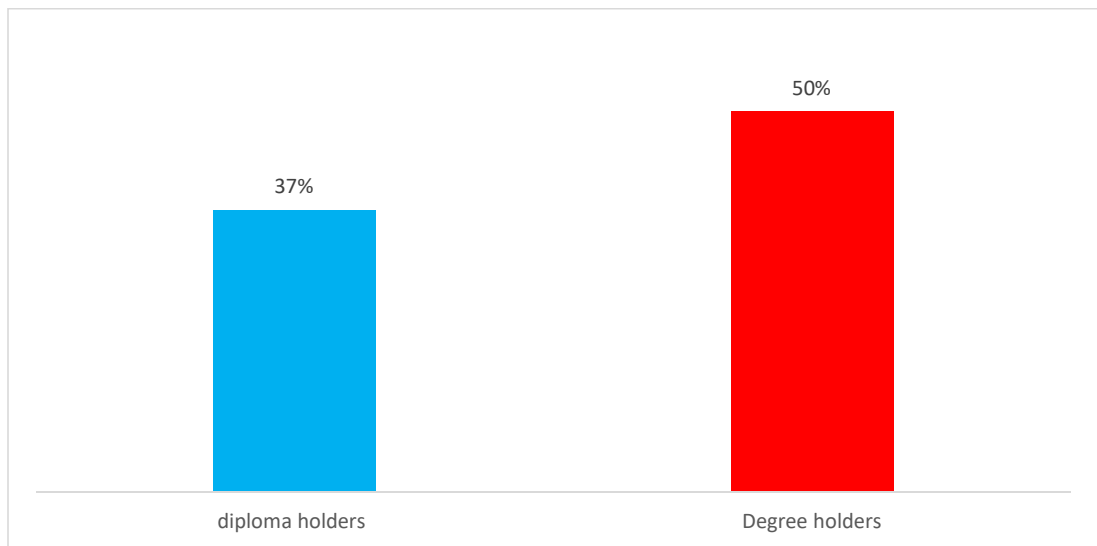


The study established that 44% of the respondents were aged between 40-49 years, 36% were aged between 30-39 years, 20% were aged over 50 years while none of the respondents was aged between 20-29 years. This depicts that majority of the Imara Sacco employees were old enough to fully appreciate the effects of TQM on organizational performance at Imara Sacco.

#### 4.2.3 Education

The study sought to find out the highest education level of the participants.

**Figure 4.4 Education**

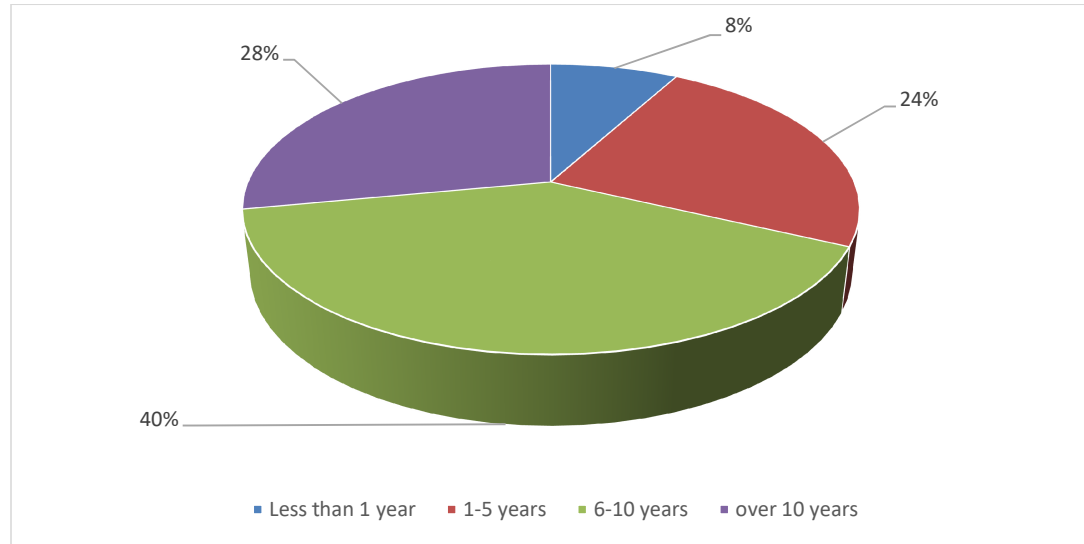


The study found that 50% of the respondents were degree holders while 37% were diploma holders. This infers that majority of the respondents had a sound academic background and as such had a good understanding of the role of TQM in improving organizational performance at Imara Sacco.

#### 4.2.4 Years of Service in Imara Sacco

The study sought to establish the length of time that the respondents had worked in Imara Sacco. The findings are as shown in Figure 4.5.

**Figure 4.5 WORKING IN IMARA SACCO**



**Source: (Field Data, 2016)**

The study found that that 40% of the participants had worked in the Imara Sacco for 6-10 years, 28% had worked for over 10 years, 24% had worked for 1-5 years while 8% of the respondents had worked in Imara Sacco for less than one year. This showed that majority of the participants had worked in the Imara Sacco for long enough to be able to provide crucial information relating to the effects of TQM on organizational performance at Imara Sacco.

### **4.3 Organizational Performance Improvement**

The study sought to establish the organizational performance of Imara Sacco for the period between 2013 and 2015 in terms of value of loans awarded, value of non-performing loans, equipment performance and number of employees.

**Table 4.2 Organizational Performance**

Organizational Performance measures	2013	2014	2015
Total value of loans awarded measured in Kenya Shillings	Kshs.7.2M	Kshs.9.5m	Kshs.16m
Total value of non-performing loans measured in Kenya Shillings	Kshs1.423m	Kshs. 500,000	Kshs.1,2m
Equipment performance as measured by Percentage	65%	65%	65%
Number of employees	75	70	120

In terms of total value of loans awarded, the loans were 7.2 million in 2013, 9.5million in 2014 and grew to 16 million in 2015. This implies that Imara Saccowas grown in its loan portfolio over the study period, hence its improved organizational performance.

In terms of total value of non-performing loans, the amount was 1.423 million in 2013, 0.5 million in 2014 and grew to 1.2 million in 2015. This implies that the stable financial performance of Imara Saccowas threatened by the non-performing loans which only dropped in 2014 but shot up 2015.

In terms of equipment performance measured by percentage, the equipment performance was 65% for the three consecutive years. The organizational performance as a function of equipment's effectiveness was constant and therefore stable.

In terms of number of employees, the number changed from 75 in 2013, 70 in 2014 and eventually to 120 in 2015. This means that Imara Sacco improved in its organizational performance owing to increased pool of competent employees to serve its increasing clientele through implementing the TQM practices in place.

#### 4.4 Total quality management and organizational performance

The study inquired on the extent to which total quality management affected organizational performance at Imara Sacco.

**Table 4.3 TQM and performance**

	Mean	Stddev
The implementation of TQM has led to the maximization of organizational competitiveness	4.4552	.76627
The implementation of TQM has led to quality improvement of products, services people, processes and environment.	4.4552	.94469
The implementation of TQM has reduced scrap and rework	4.269	.84077
The implementation of TQM has led to the elimination of errors in customer transactions	4.2414	.89737
The implementation of TQM has led to reduced levels of operational cost	4.2069	.56494
TQM has led to increased levels of employee productivity, efficiency and better employee morale	4.05	6.91223
TQM led better financial performance	4.000	.79472
The implementation of TQM has led to minimization of backlogs, late deliveries and surplus items	3.9	.22361

To a great extent (Mean  $\geq 3.5$  and  $\leq 4.5$ ); the implementation of TQM has led to the maximization of organizational competitiveness (M=4.4552), the implementation of TQM has led to quality improvement of products, services people, processes and environment (M=4.4552), the implementation of TQM has reduced scrap and rework (M=4.269), the implementation of TQM has led to the elimination of errors in customer transactions (M=4.2414), the implementation of TQM has led to reduced levels of operational cost (M=4.2069), the implementation of TQM has led to increased levels of employee productivity, efficiency and better employee morale (M=4.05), TQM led to better financial performance (M=4.000), the implementation

of TQM has led to minimization of backlogs, late deliveries and surplus items (M=3.9) respectively.

This implies that TQM implementation lead to increased profitability at Imara Sacco hence improving the Sacco’s level of competitiveness in the highly competitive microfinance sector. Through TQM implementation, there was significant improvement in quality of products, services, people, processes and environment at Imara Sacco which helped to increase the overall organizational performance. This is in line with Njoroge Roselyn (2013) who indicated that TQM is a method of conducting business that seeks to boost the competitiveness of an organization in a constant improvement of the quality of its products, services, people, processes and environment.

#### 4.5 Continuous Improvement

The study inquired on the extent to which continuous improvement as a TQM practice affected organizational performance at Imara Sacco.

**Table 4.4 Continuous Improvement**

<b>Continuous improvement</b>	Mean	Std dev
Continous improvement enhance firm edge in performance capabilities	3.8	.82558
Continous improvement enhanceorganizational alignment to the firm strategic direction	3.65	.75394
Continous improvement enhancefirm flexibility	3.6	1.15166
Continous improvement enhance firm performance	3.45	.48936
Employeecapacity building in continous improvement enhance firm performance	3.25	1.16416

To a great extent (Mean  $\geq 3.5$  and  $\leq 4.5$ ); continuous improvement enhance firm edge in performance capabilities(Mean=3.8), continuous improvement enhanceorganizational alignment to the firm strategic direction (Mean=3.65), continuous improvement enhancefirm flexibility(Mean=3.6), continuous

improvement enhance firm performance(Mean=3.45), employee capacity building in continuous improvement enhance firm performance(Mean=3.25) respectively.

Based on the findings, it is evident that continual improvement as a TQM practice was implemented at Imara Sacco to a great extent. Through continual improvement, Imara Sacco significantly increased its performance advantage through advanced organizational competences while ensuring configuration of daily activities to its strategic direction. The findings are in line with Upadhaya *et. al.* (2014) who established that continual improvement as a TQM practice increases performance advantage through enhanced organizational abilities; ensured alignment of improvement activities at all levels to an organization’s strategic intent and increases flexibility to react speedily to opportunities.

#### 4.6 Training and Development

The study inquired on the extent to which training and development affected organizational performance at Imara Sacco.

**Table 4.5 Training and Development**

<b>Training and Development</b>	Mean	Std dev
The company has a proper training schedule for all its employees	4.6345	.88879
All company employees are given opportunities to attend relevant trainings and conferences	4.6276	.66472
Company employees are well vetted for a promotion or vacancy before sourcing outside the company	4.5241	.66609
The employees are given adequate training on how to handle clients by the company in a prompt manner.	4.4414	.81720

To a great extent (Mean  $\geq 3.5$  and  $\leq 4.5$ ); the company has a proper training schedule for all its employees (Mean=4.6345), all company employees are given opportunities to attend relevant trainings and conferences (Mean=4.6276), company employees are well vetted for a promotion or vacancy before sourcing outside the company (Mean=4.5241), the employees are given adequate training on how to handle clients by the company in a prompt manner (Mean=4.4414) respectively.

This denotes that training and development as a TQM practice was implemented at Imara Saccoto a great extent and it resulted to the acquisition of the necessary knowledge and skills by the employees hence operational effectiveness and efficiency. This concurs with Kappelman and Prybutok (2012) who emphasized that training is a very significant feature in the execution of a fruitful TQM program as it offers a chance to enlighten workers on the goal of TQM and also give workers the skills and knowledge required to accomplish those goals.

#### 4.7 Employee Involvement

The study inquired on the extent to which employee involvement as a TQM practice affected organizational performance at Imara Sacco.

**Table 4.6 Employee Involvement**

<b>Employee Involvement</b>	Mean	Std dev
Staff involvement leads to motivated, committed and involved People within the organization	4.7655	.50019
Staff involvement leads to Innovation and creativity in furthering the organization's objectives	4.5379	.85814
Staff involvement encourages people to be accountable for their own performance	4.5241	.81720
Staff involvement leads to employees eager to participate in And contribute to continual improvement	4.5034	.80901

To a great extent (Mean  $\geq 3.5$  and  $\leq 4.5$ ); staff involvement leads to motivated, committed and involved people within the organization (Mean=4.7655), staff involvement leads to Innovation and creativity in advancing the organization's objectives (Mean=4.5379), staff involvement encourages people to be accountable for their own performance (Mean=4.5241), staff involvement leads to employees eager to participate in and contribute to continual improvement (Mean=4.5034) respectively.

This indicates that employee involvement as a TQM practice was implemented at Imara Sacco to a great extent. Its implementation resulted to shared responsibilities

hence increased motivation and satisfaction of the employees. This is in concession with Pearson et al. (2014) who quoted that employee participation in teams such as self- manage teams, quality improvement teams, management teams, and executive steering committees allows organizations to benefit from the knowledge and skills the individuals bring to the organizational workplace.

#### 4.8 Customer Focus

The study inquired on the extent to which customer focus as a TQM practice affected organizational performance at Imara Sacco.

**Table 4.7 Customer Focus**

<b>Customer Focus</b>	Mean	Std dev
Customers focus increases revenue and market share obtained Through flexible and fast responses to market opportunities	4.2897	.74458
Customers focus increases effectiveness in the use of the organization’s resources to enhance customer satisfaction	4.0759	1.17900
Customers focus leads to improved customer loyalty leading to repeat business.	4.1034	.88760
Customers focus ensures that customer needs and expectations Are communicated throughout the organization	4.669	.60156

To a great extent (Mean  $\geq 3.5$  and  $\leq 4.5$ ); customers focus increases revenue and market share obtained through flexible and fast responses to market opportunities (Mean=4.2897), customers focus increases effectiveness in the use of the organization’s resources to enhance customer satisfaction (Mean=4.0759), customers focus leads to improved customer loyalty leading to repeat business (Mean=4.1034), customers focus ensures that customer needs and expectations are communicated throughout the organization (Mean=4.669) respectively.

This shows that customer focus as a TQM practice was implemented at Imara Sacco to a great extent. Its implementation lead to good customer relationship management



hence better understanding of customers' needs, tastes and preferences. This is in agreement with LeBoeuf (2014) who argued that the overriding aspect of TQM is the company's attention to its customers. Quality is termed as reaching or exceeding customer prospects. The goal is to first recognize and then meet customer desires. TQM distinguishes that a properly created product has minimal value if it is not what the customer needs.

#### 4.9 Leadership

The study inquired on the extent to which leadership as a TQM practice affected organizational performance at Imara Sacco.

**Table 4.8 Leadership**

<b>Leadership</b>	Mean	Std dev
The leadership explains to the employees the importance of their input in decision making	4.4552	.98075
All decisions made by company leadership are shared in a timely manner with the employees	4.269	.84077
Company employees are consulted by the leadership before making key decisions	4.269	.76627
Leaders are respected and trusted more when they involve employees in decision making.	4.2414	.94469
Leadership help in establishing a clear vision of the organization's future	4.2069	1.13517
Leadership help in creating and sustaining shared values, fairness and ethical role models	4.0552	.56494

To a great extent (Mean  $\geq 3.5$  and  $\leq 4.5$ ); the leadership explains to the employees the importance of their input in decision making (Mean=4.4552), all decisions made by company leadership are shared in a timely manner with the employees (Mean=4.269), company employees are consulted by the leadership before making key decisions (Mean=4.269), leaders are respected and trusted more when they involve employees

in decision making (Mean=4.2414), leadership help in creating a strong vision of the organization's future (Mean=4.2069), leadership help in establishing and sustaining shared values, fairness and ethical role models (Mean=4.0552) respectively.

This implies that leadership as a TQM practice was implemented at Imara Sacco to a great extent. The leadership enhanced operational effectiveness and efficiency through inclusive decision making and ownership of projects by employees. According to Richard (2009) leadership as a TQM practice ensured that leaders involved junior employees in decision making while at the same time establishing shared values, equality and ethical role models.

#### 4.10 Supplier Relationship Management

The study inquired on the extent to which supplier relationship management as a TQM practice affected organizational performance at Imara Sacco.

**Table 4.9 Supplier Relationship Management**

	Mean	Std dev
<b>Supplier Relationship Management</b>		
Mutually beneficial supplier relationships increase flexibility and speed of joint responses to changing market or customer needs and expectations	3.8	1.15166
Mutually beneficial supplier relationships ensures optimization of costs and resources	3.45	.82558
Mutually beneficial supplier relationships establishes relationships that balance shortterm gains with long-term considerations	3.95	.82558
Mutually beneficial supplier relationships ensures pooling of expertise and resources with partners	3.65	.48936
Mutually beneficial supplier relationship establishes joint development and improvement activities	3.25	1.16416

To a great extent (Mean  $\geq 3.5$  and  $\leq 4.5$ ); mutually beneficial supplier relationships improve flexibility and speed of joint responses to changing market or customer needs

and expectations (Mean=3.8), mutually beneficial supplier relationships ensures optimization of costs and resources (Mean=3.45), mutually beneficial supplier relationships establishes relationships that balance short term gains with long-term considerations (Mean=3.95), mutually beneficial supplier relationships ensures pooling of expertise and resources with partners (Mean=3.65), mutually beneficial supplier relationship establishes joint development and improvement activities (Mean=3.25) respectively.

This denotes that supplier relationship management as a TQM practice was implemented at Imara Sacco to a great extent and it resulted to firm flexibility in responding to the ever-evolving customer needs hence improving customer satisfaction. This in return led to increased revenues and customer loyalty which eventually improved Imara Sacco bottom-line performance. At the same time supplier relationship management enhanced optimization of costs and resources and pooling of expertise and resources with partners at Imara Sacco which ensured smooth operations at the Sacco. This is in line with Kaplan (2001) who indicated that supplier relationship management as a TQM practice was instrumental in enhancing firm flexibility towards customer responsiveness.

#### 4.11 Regression Analysis

The researcher did a multivariate regression analysis to establish the relationship between TQM practices and organizational performance of Imara Sacco. The results of the regression were presented in the subsequent sections.

**Table 4.10 Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted Square</b>	<b>R Std. Error of the Estimate</b>
1	.899 <sup>a</sup>	.658	.796	0.0014

a. Predictors: (Constant), TQM Practices

b. Dependent Variable: organizational performance at Imara Sacco

The TQM practices studied explain only 65.8% of the organizational performance at Imara Sacco as represented by the  $R^2$  implying that the independent variables represent 65.8% of the organizational performance at Imara Sacco hence playing a very significant role in determining the organizational performance at Imara Sacco. This implies that other TQM Practices not represented in this research contribute 34.2% of the organizational performance at Imara Sacco. Therefore, further research ought to be done to examine the TQM practices (36.3%) that affect organizational performance at Imara Sacco.

**Table 4.11 ANOVA (Analysis of Variance)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.323	6	.202	8.66	.004 <sup>a</sup>
	Residual	5.408	44	.246		
	Total	6.898	50			

a. Predictors: (Constant), TQM Practices

b. Dependent Variable: organizational performance at Imara Sacco

The significance value is .004<sup>a</sup> which is less than 0.05 thus the model is statistically significant in predicting how internal TQM practices influence the organizational performance at Imara Sacco. The F critical at 5% level of significance was 8.66. Since F calculated is greater than the F critical (value=3.23), the overall model was significant.

#### 4.11.1 Coefficient of Determination

Multiple regression analysis was conducted as to examine the relationship between TQM and organizational performance at Imara Sacco. As per the SPSS generated the equation:  $Y = \beta_0 + X_1 \beta_1 + X_2 \beta_2 + X_3 \beta_3 + X_4 \beta_4 + X_5 \beta_5 + X_6 \beta_6 + \epsilon$  becomes:  $Y = 4.432 + 0.752X_1 + 0.487X_2 + 0.545X_3 + 0.439X_4 + 0.428X_5 + 0.406X_6 + \epsilon$

**Table 4.12 Coefficient of Determination**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.432	.826		3.61	.000
Continuous improvement	0.752	0.1032	0.152	4.223	.0192
Training and development	0.487	0.3425	0.054	3.724	.0269
Employee involvement	0.545	0.2178	0.116	3.936	.0251
Customer focus	0.439	0.1937	0.263	3.247	.0454
Leadership	0.428	0.1723	0.272	3.112	0.457
Supplier relationship management	0.406	0.1524	0.287	3.103	0.461

According to the regression equation above, taking all the six TQM practices (continuous improvement, training and development, employee involvement, customer focus, leadership and supplier relationship management) to be constant at zero, organizational performance at Imara Sacco will be 4.432.

The data findings examined shows that taking all other independent variables at zero, a unit increase in continuous improvement will lead to a 0.752 organizational performance at Imara Sacco; a unit increase in training and development will lead to a 0.487 increase in organizational performance at Imara Sacco, a unit increase in employee involvement will lead to a 0.545 organizational performance at Imara Sacco, a unit increase in customer focus will lead to a 0.439 increase in organizational performance at Imara Sacco; a unit increase in leadership will lead to a 0.428 increase in organizational performance at Imara Sacco; while a unit increase in supplier

relationship management will lead to a 0.406 increase in organizational performance at Imara Sacco.

This infers that continuous improvement contribute most to the organizational performance at Imara Sacco followed by employee involvement, training and development, customer focus, leadership and supplier relationship management respectively.

At 5% level of significance and 95% level of confidence, the level of significance for the six TQM practices is as follows continuous improvement (0.0192), training and development (0.0269), employee involvement (0.0251), customer focus (0.0454), leadership (0.457) and supplier relationship management (0.461). Hence, the most significant TQM practice influencing organizational performance at Imara Sacco is continuous improvement followed by employee involvement, training and development, customer focus, leadership and supplier relationship management respectively.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS, RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter presents the summary, conclusion, recommendation and suggestions for further studies. The study sought to establish the effect of total quality management and organizational performance at Imara Sacco.

#### **5.2 Summary**

Imara Sacco experienced growth in its loan portfolio over the study period, while total value of non-performing loans, in amounts grew by 1.223 million thus the otherwise stable performance was threatened by the increasing non-performing loans. In terms of equipment performance measured by percentage, the equipment performance was 65% for the three consecutive years. The organizational performance as a function of equipment's effectiveness was constant and therefore stable. The number of employees, changed from 75 to 120 during the period of study meaning that the Sacco improved in performance owing to an increased pool of competent employees to serve its increasing clientele.

The study established that the implementation of TQM has led to the maximization of organizational competitiveness, quality improvement of products, services, people, processes and environment. It has also reduced scrap and rework, led to elimination of errors in customer transactions, reduced levels of operational cost, increased levels of employee productivity, efficiency and better employee morale. The study also established that implementation of TQM has led to an improvement in the organization's financial performance, minimization of backlogs and late deliveries thus leading to increased profitability and improving the Sacco's level of competitiveness in the highly competitive cooperative sector.

Continuous improvement enhanced the Sacco's edge in performance capabilities. It also enhanced organizational alignment to the Sacco's strategic direction. Based on the findings, it is evident that continual improvement as a TQM practice was

implemented at Imara Sacco to a great extent. Through continual improvement, Imara Sacco significantly increased its performance advantage through improved organizational competences while ensuring alignment of daily activities to its strategic direction. It also established that the company has a proper training schedule for all its employees, all company employees are given opportunities to attend relevant trainings and conferences, company employees are well vetted for a promotion or vacancy before sourcing outside the company, finally the employees are given adequate training on how to handle clients and in a prompt manner. Training and development, therefore, as a TQM practice was implemented at Imara Sacco to a great extent and it resulted to the acquisition of the necessary knowledge and skills by the employees' hence operational effectiveness and efficiency.

The study established that staff involvement leads to inspired, dedicated and involved people in the organization, staff involvement leads to innovation and inventiveness in advancing the organization's objectives. It also encourages performance accountability. Therefore, implementations of employee involvement as a TQM practice by Imara Sacco to a great extent resulted to shared responsibilities hence increased motivation and satisfaction of the employees. Customer focus as a TQM practice was implemented at Imara Sacco. Customer focus boosts revenue and market share obtained through flexible responses to market opportunities, it also increases effectiveness in the use of the organization's resources to enhance customer satisfaction, leads to improved customer loyalty leading to repeat business. Customer focus ensures that customer needs and expectations are communicated throughout the organization. Implementation of this practice has led to better understanding of customers' needs, tastes and preferences.

In regard to leadership as a TQM practice, the management at Imara Sacco explains to the employees the importance of their input in decision making. All decisions made by the management are shared on time, often employees are consulted by their immediate supervisors before making key decisions. The result of this is that leaders this practice enhanced operational effectiveness and efficiency through comprehensive decision making and ownership of projects by employees. Finally, the



study established that; mutually beneficial supplier relationships increased flexibility and speed of joint responses to changing market/customer needs and expectations. It ensures optimization of costs and resources and establishes relationships that balance short term gains with long-term considerations. Through, mutually beneficial supplier relationships, the Sacco benefitted by acquiring a pool of expert and resources. Therefore, supplier relationship management as a TQM practice was implemented at Imara Sacco to a great extent and it resulted to firm flexibility in responding to the ever-evolving customer needs hence improving customer satisfaction. This in return led to increased revenues and customer loyalty which eventually improved Imara Sacco bottom-line performance. At the same time supplier relationship management enhanced optimization of costs and resources and pooling of expertise and resources with partners which ensured smooth operations at the Sacco.

From the regression analysis, it was established that the six TQM practices (independent variables) that were studied account for 65.8% of the organizational performance at Imara Sacco thus playing a very significant role in determining the performance. By taking all the six TQM principles to be constant at zero, organizational performance at Imara Sacco will be 4.432. In addition, taking all other independent variables at zero, a unit increase in each of the variables would lead to increase in organizational performance at Imara Sacco. The study showed that continuous improvement contributes most to the organizational performance at the Sacco followed by employee involvement, training and development, customer focus, leadership and supplier relationship management respectively.

### **5.3 Conclusions**

The study concludes that Imara Sacco had grown in its loan portfolio over the study period, hence its improved organizational performance. The otherwise stable performance of the Sacco was threatened by the increasing non-performing loans. The organizational performance as a function of equipment's effectiveness was constant and therefore stable. Organizational performance also improved owing to increased pool of competent employees to serve the Sacco's increasing clientele. Further, TQM implementation led to increased profitability therefore improving the Sacco's level of

competitiveness in the highly competitive microfinance sector. Through TQM implementation, there was significant improvement in quality of products, services, people, processes and environment at Imara Sacco which helped to increase the overall organizational performance.

The study concludes that continual improvement as a TQM practice was implemented at Imara Sacco to a great extent. Through continual improvement, Imara Sacco significantly boosts its performance advantage by improving organizational competences while ensuring alignment of daily activities to its strategic direction. Training and development as a TQM practice was also implemented at and it resulted to the acquisition of the necessary knowledge and skills by the employees' hence operational effectiveness and efficiency. Employee involvement as a TQM practice was implemented and resulted to shared responsibilities hence increased motivation and satisfaction of the employees.

Implementation of customer focus as a TQM principle led to good customer relationship management hence better understanding of customers' needs, tastes and preferences. The study established that leadership as a TQM practice was implemented at Imara Sacco to a great extent. The leadership enhanced operational effectiveness and efficiency through inclusive decision making and ownership of projects by employees. It was further noted that supplier relationship management as a TQM practice was implemented at Imara Sacco to a great extent and it resulted to firm flexibility in responding to the ever-evolving customer needs hence improving customer satisfaction. This in return led to increased revenues and customer loyalty which eventually improved Imara Sacco's bottom-line performance. At the same time supplier relationship management enhanced optimization of costs and resources and pooling of expertise and resources with partners at Imara Sacco which ensured smooth operations at the Sacco.

Finally it was established that TQM play very significant role in determining the organizational performance at Imara Sacco. The continuous improvement as a TQM practice contributes most to the organizational performance at Imara Sacco followed by employee involvement, training and development, customer focus, leadership and

supplier relationship management respectively. The most significant TQM practice influencing organizational performance at Imara Saccois continuous improvement followed by employee involvement, training and development, customer focus, leadership and supplier relationship management respectively.

#### **5.4 Recommendations**

The study recognized that there was an important relationship between TQM and organizational performance at Imara Sacco. The study recommends that the management of Imara Sacco should institute a TQM implementation unit to streamline TQM implementation. This should be coupled with increased training and development of the TQM staff and increasing budgetary provision to this unit. It will be important for the management of the Saccoto look for areas in TQM Practices where they can optimize the accrued benefits so that they can improve on their organizational performance. It will also be prudent for Saccos to emulate the example of Imara Saccoin adopting TQM as a performance improvement tool.

#### **5.5 Limitations of the Study**

The use of pre-determined questions may have forced respondents to respond to questions without even understanding them. The busy work schedule of the Imara Sacco employees made it difficult to respond to the questionnaire in time, reducing the response rate.

#### **5.6 Suggestions for Further Studies**

The study was a case study and therefore not generalizable. The study recommends further a survey to be conducted among Saccos operating in Kenya to allow for generalization of findings.

A similar study ought to be conducted on challenges of TQM implementation at Saccos in Kenya.

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## APPENDICES

### Appendix I: Research Questionnaire

Please give your answers to each of the following questions. *This questionnaire has been set in relation to the objectives of the study. All the questions relate to the Total Quality Management in regards to performance of Imara Sacco. Kindly read the questions carefully and answer them as honestly as possible by ticking (✓), rating, specifying or writing the correct answers precisely on the spaces provided.*

***All information will remain confidential and to maintain anonymity no names are required.***

#### Section A: Background Information

1. Department of the person filling the questionnaire

2. Indicate your gender (please tick in the appropriate box)

Male [ ] Female [ ]

3. What is your age in years? (please tick in the appropriate box)

18-30 [ ] 31-40 [ ] 41-50 [ ] 50-above [ ]

4. What is your highest level of education? (please tick in the appropriate box)

Secondary [ ] Certificate/diploma [ ]

Bachelor's Degree [ ] Post graduate [ ]

5. How many years have you been working in this SACCO? \_\_\_\_\_

**Section B: Total quality management and organizational performance**

6. The following statements relates to the relationship between total quality management and organizational performance. To what extent do you agree with each one of them with respect to Imara SACCO? Use a scale of 1-5 where 5 = To a very great extent, 4 = To a great extent, 3 = To a moderate extent, 2 = To a little extent, 1 = To no extent

<b>Total quality management and organizational performance</b>	1	2	3	4	5
The implementation of TQM has led to the maximization of organizational competitiveness					
The implementation of TQM has led to quality improvement of products, services people, processes and environment.					
The implementation of TQM has reduced scrap and rework					
The implementation of TQM has led to the elimination of errors in customer transactions					
The implementation of TQM has led to reduced levels of operational cost					
The implementation of TQM has led to increased levels of employee productivity, efficiency and better employee morale					
The implementation of TQM has led to an improvement in the organization's financial performance					
The implementation of TQM has led to minimization of backlogs, late deliveries and surplus items					



**Section C: Organizational Performance Improvement**

7. Indicate the performance of your SACCO in the following aspects for the period between 2013 and 2015.

	1	2	3
Total value of loans awarded measured in Kenya Shillings			
Total value of non-performing loans measured in Kenya Shillings			
Equipment performance as measured by Percentage			
Employee Output Value as measured in Kenya Shillings			
Employee Input Value as measured in Kenya Shillings			
Number of employees			

**Section D: Continuous Improvement**

8. The following statements relates to the effect of continuous improvement as a total quality management practice on organizational performance. To what extent do you agree with each one of them with respect to Imara SACCO? Use a scale of 1-5 where 5 = To a very great extent, 4 = To a great extent, 3 = To a moderate extent, 2 = To a little extent, 1 = To no extent.

<b>Continuous Improvement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Continual improvement increases performance advantage through improved organizational capabilities					
Continual improvement increases alignment of improvement activities at all levels to an organization's strategic intent					
Continual improvement increases flexibility to react quickly to opportunities.					
Employing a consistent organization-wide approach to continual improvement increases organization's performance					
Providing people with training in the methods and tools of continual improvement increases performance					

**Section E: Training and Development**

9. The following statements relates to the effect of training and development as a total quality management practice on organizational performance. To what extent do you agree with each one of them with respect to Imara SACCO? Use a scale of 1-5 where 5 = To a very great extent, 4 = To a great extent, 3 = To a moderate extent, 2 = To a little extent, 1 = To no extent.

<b>Training and Development</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The company has a proper training schedule for all its employees					
All company employees are given opportunities to attend relevant trainings and conferences					
Company employees are well vetted for a promotion or vacancy before sourcing outside the company					
The employees are given adequate training on how to handle clients by the company in a prompt manner.					

**Section F: Employee Involvement**

10. The following statements relates to the effect of employee involvement as a total quality management practice on organizational performance. To what extent do you agree with each one of them with respect to Imara SACCO? Use a scale of 1-5 where 5 = To a very great extent, 4 = To a great extent, 3 = To a moderate extent, 2 = To a little extent, 1 = To no extent.

<b>Employee Involvement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Staff involvement leads to motivated, committed and involved people within the organization					
Staff involvement leads to Innovation and creativity in furthering the organization’s objectives					
Staff involvement encourages people to be accountable for their own performance					
Staff involvement leads to employees eager to participate in and contribute to continual improvement					

**Section G: Customer Focus**

11. The following statements relates to the effect of customer focus as a total quality management practice on organizational performance. To what extent do you agree with each one of them with respect to Imara SACCO? Use a scale of 1-5 where 5 = To a very great extent, 4 = To a great extent, 3 = To a moderate extent, 2 = To a little extent, 1 = To no extent.

<b>Customer Focus</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Customers focus Increases revenue and market share obtained through flexible and fast responses to market opportunities					
Customers focus Increases effectiveness in the use of the organization’s resources to enhance customer satisfaction					
Customers focus leads to improved customer loyalty leading to repeat business.					
Customers focus ensures that customer needs and expectations are communicated throughout the organization					

**Section H: Leadership**

12. The following statements relates to the effect of leadership as a total quality management practice on organizational performance. To what extent do you agree with each one of them with respect to Imara SACCO? Use a scale of 1-5 where 5 = To a very great extent, 4 = To a great extent, 3 = To a moderate extent, 2 = To a little extent, 1 = To no extent.

<b>Leadership</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The leadership explains to the employees the importance of their input in decision making					
All decisions made by company leadership are shared in a timely manner with the employees					
Company employees are consulted by the leadership before making key decisions					
Leaders are respected and trusted more when they involve employees in decision making.					
Leadership help in establishing a clear vision of the organization's future					
Leadership help in creating and sustaining shared values, fairness and ethical role models					

**Section I: Supplier Relationship Management**

13. The following statements relates to the effect of supplier relationship management as a total quality management practice on organizational performance. To what extent do you agree with each one of them with respect to Imara SACCO? Use a scale of 1-5 where 5 = To a very great extent, 4 = To a great extent, 3 = To a moderate extent, 2 = To a little extent, 1 = To no extent.

<b>Supplier relationship management</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Mutually beneficial supplier relationships increase flexibility and speed of joint responses to changing market or customer needs and expectations					
Mutually beneficial supplier relationships ensures optimization of costs and resources					
Mutually beneficial supplier relationships establishes relationships that balance shortterm gains with long-term considerations					
Mutually beneficial supplier relationships ensures pooling of expertise and resources with partners					
Mutually beneficial supplier relationship establishes joint development and improvement activities					

**Thank you for your time and participation**