

TOTAL QUALITY MANAGEMENT AND INTERNAL CUSTOMER SATISFACTION: A STUDY OF PRIVATE POULTRY PROCESSING SECTOR IN SRI LANA

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ABSTRACT

Poultry processing sector is an important sector in Sri Lanka for economic development. Contribution of the agricultural sector to the national economy was 11.2% in 2011 (CBSL) and the contribution from the livestock sector alone is less than 2%. Sri Lankan poultry processing industry is highly competitive, and it is also a growing industry. However, this industry is facing several internal as well as external challenges to sustain. Therefore, effective implementation of Total Quality Management practices has been identified as a strategy that provides success to the industry. However, the researchers have paid less attention about the impact of Total quality Management implementation on internal customer satisfaction. Therefore, the objective of this study is to identify the impact of TQM implementation on internal customer satisfaction. The sampling methodology that was adopted for this study is convenient sampling and the data for this study were mainly primary data. The data were collected using a questionnaire. In this study, Pearson correlation coefficient was used to find out whether there is a correlation between the variables. This study mainly identified that the leadership, employee empowerment, training & development and teamwork which use to implement TQM practices have a considerable impact on internal customer satisfaction. To preserve highly efficient and productivity throughout the research it recommends conveying significant attention on supporting from upper management, enhance of trainers & facilitators, encourage of front-line supervisors, team training with non-managerial employees

INTRODUCTION

In Sri Lanka, poultry processing sector is an important sector for economic development. Contribution of the agricultural sector to the national economy was 11.2% in 2011 (CBSL) The contribution from the livestock sector alone is less than 2%. However, the contribution from the poultry processing sub sector to the livestock sector was more than 70% in 2011. According to available statistics about 75,000 families are directly engage in poultry processing industry and about 200,000 people are engaging in supportive services.

In Sri Lanka poultry processing industry is highly competitive and it is also a growing industry. However, this industry is facing several internal as well as external challenges to sustain. The issues faced by the poultry processing industry includes heavy taxes, cheap import products, natural disasters, government ceiling price, various diseases, lack of management skills and new technology etc. Customer's expects quality product. In order to make the external customer happy is strongly depending on internal customer satisfaction and hence the internal customer satisfaction has become an essential ingredient for the success and growth of a company. External customer satisfaction cannot be achieved without the satisfaction of internal customers. Therefore, effectively implementation of Total Quality Management practices is the only way that provides the poultry processing industry a road map of success. Accordingly, implementations of total Quality Management practices are vital to poultry processing sector firms in Sri Lanka.

Total quality management is very important factor to increase customer satisfaction and growth of organization. Quality management is a philosophy aimed at achieving or exceeding customer expectations through an emphasis on employee involvement and continuous improvements in quality (Deming, 2000; Juran, 1993; Kaynak, 2003; Martinez-Lorente, Dewhurst and Dale, 1998; Molina-Azorin, Tari, Claver-Cortes and Lopez-Gamero, 2009).

In practice, quality management has been implemented in various ways, ranging from the adoption of specific quality management practices that may vary according to the production system (White and Prybutok, 2001) to integrated management systems that emphasize overall organization competitiveness and sustainability and go beyond product quality (e.g. the European Foundation for Quality Management Excellence Model; the criteria of the Baldrige National Quality Program). The association between quality management and organizational performance has been subject of many studies (e.g. Bou and Beltran, 2005; Challis, Samson and Lawson, 2002; Cua, McKone and Schroeder, 2001; Flynn, Sakakibara and Schroeder, 1995; Molina-Azorin et al., 2009; Narasimhan, Swink and Kim, 2004; Powell, 1995; Samson and Terziovski, 1999; Shah and Ward, 2003). In spite of the diversity in implementations and measures that were considered, as illustrated by a recent review of literature (Molina-Azorin et al., 2009), most of the empirical evidence supports some positive association. The overall expectation is that quality management reduces cost, achieves customer satisfaction, generates increased revenues and leads to market advantage (Anderson, Rungtusanatham, Schroeder and Devaraj, 1995; Kaynak, 2003; Merino-Diaz De Cerio, 2003; Piercy and Rich, 2009; Schroeder, Linderman and Zhang, 2005). However, the researchers has paid less attention about the impact of Total quality Management implementation on internal customer satisfaction. Therefore this study aims to identify the impact of TQM implementation on internal customer satisfaction.

RESEARCH OBJECTIVES

The research aims to understand the relationship between total quality management implementation and internal customer satisfaction in privet poultry processing sector in Sri Lanka.

METHODOLOGY

This study attempts to conceptualize the various factors that influence the total quality management implementation and internal customer satisfaction of private poultry processing sector in Sri Lanka. On the basis of the literature review, the independent variables and the dependent variables were identified as follows.

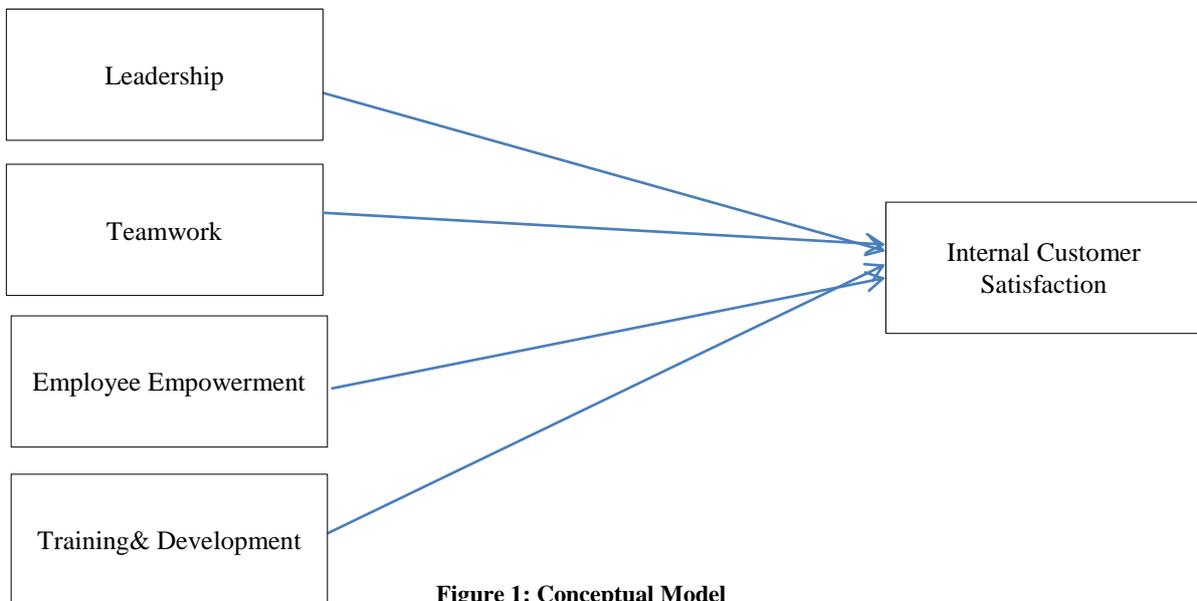


Figure 1: Conceptual Model

The data for this study were mainly primary data. The data were collected by a questionnaire. The questionnaire consist of two main parts as part “A” and part “B”, part “A” is about demographic information about the respondents and , the part “B” consist of questions to test the variables of the study . The respondents were allowed to mark their responses to the statements based on the five point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

The sampling methodology that was adopted for this study is convenient sampling. The decision with regard to sample size of the study is important when considering the validity of the results. In this study, the sample size was decided based on the maximum possible that could be surveyed with the limited time that is available for this study. The maximum sample that we could handle is 115numbers of non-managerial employees and functional level managers that include production, sales, HR, maintenance and administration department of poultry processing sector firms.

FINDINGS AND DISCUSSION

The questionnaire was directed to 115 managerial and non-managerial employees. Among them 57 were male while 58 were female. The age and gender analysis provided that higher percentage of employees 51.30% of the respondents were less than 30 years old and the least percentage of employees 1.73% belongs to the age category of greater than 50 years old. The service in the company analysis provided that higher percentage of employees 47.82% was in between 1 to 5 years in company service and the least percentage of employees 1.73% greater than 20 years’ service in company. The service in the current position in company analysis provided that higher percentage of employees 46.95% was in between 1 to 5 years in the current position of company and the least percentage of employees 0.86% greater than 20 years in current position in company. According to, analysis comparatively higher proportion of employees 49.56% was in production department in company and the least percentage of employees’ maintenance department in company.

According to, descriptive analysis that discusses about the variable with respect to measures of central tendency (mean), measures of dispersion (standard deviation). Mean and standard deviation was used to identify the degree of responses for each variable in the study. In order to identify the association between each variable, correlation matrix was also used.The following table shows the mean and the standard deviation of the responses with regard to the considered variables of the study.

Table 1: Mean and standard deviation of the considered variables

Variable	N	Minimum	Maximum	Mean	Stranded deviation
Leadership	115	1.00	5.00	3.8696	0.87260
Employee Empowerment	115	1.00	5.00	3.9878	0.86422
Training& Development	115	1.00	5.00	4.0296	0.88585
Teamwork	115	1.00	5.00	4.1478	0.14189

Considering the mean values of responses for each variable, employees demonstrate higher degree of teamwork. Lower degree of responses was shown towards the variable leadership by the employees and those responses have been relatively more consistent. It is because of the least standard deviation that was recorded from the variable leadership.

Table 2: Correlations matrix of the considered variables

Correlations

		Leadership	Engagement	Training	Teamwork	CustoSatis	TQM
Leadership	Pearson Correlation	1	.512**	.633**	.406**	.590**	.621**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	115	115	115	115	115	115
Engagement	Pearson Correlation	.512**	1	.656**	.494**	.601**	.686**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	115	115	115	115	115	115
Training	Pearson Correlation	.633**	.656**	1	.556**	.592**	.738**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	115	115	115	115	115	115
Teamwork	Pearson Correlation	.406**	.494**	.556**	1	.543**	.608**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	115	115	115	115	115	115
CustoSatis	Pearson Correlation	.590**	.601**	.592**	.543**	1	.731**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	115	115	115	115	115	115
TQM	Pearson Correlation	.621**	.686**	.738**	.608**	.731**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	115	115	115	115	115	115

** . Correlation is significant at the 0.01 level (2-tailed).

In this study, in order to determine if there is a correlation between the variables, a Pearson correlation coefficient was used. This correlation explore at the linear relationship between two variables. It is the measure of the strength of linear dependence between two variables, giving a value somewhere between +1 and -1 inclusive. The purpose of this correlation is to determine which variable have a strong effect on other variable of the respondents. Values closer to zero are an indication of a weak relationship while values closer to +1 indicate a strong positive correlation between the two variables measured and values closer to -1 indicate a strong negative correlation between the two variables measured. Above table indicates the relationship between variable of this study , among the variables leadership, training and development, employee empowerment, teamwork, Internal customer satisfaction(ICS) and total quality management(TQM) indicates positive relationship and correlation values are positive and vary from 0.406 to 0.738 . Pearson’s correlation was showed a strong positive relationship ($r = 0.738$) between TQM and training & development and a weak positive relationship ($r = 0.406$) between teamwork and leadership. According to the output displayed, there is a relationship among the TQMvariables and between internal customer satisfaction with all other variable vary from -0.543 to -0.601 through the correlations.

The Correlation was displayed a strong positive relationship ($r = 0.738$) between training and development and TQM. Meanwhile promotion showed a weak positive relationship ($r = 0.608$) between teamwork and TQM.

5.6 Testing hypotheses

Table 5.13 Coefficient

Model	Un standardized coefficients		Standardized coefficients	t	g
	B	Std.error	Beta		
1 (constant)	1.051	0.196		5.356	0.000
Leadership	0.146	0.054	0.193	2.698	0.008
Employee empowerment	0.207	0.057	0.271	3.629	0.000
Training & Development	0.234	0.063	0.315	3.688	0.000
Teamwork	0.127	0.039	0.221	3.281	0.001

Table 5.14 Coefficient

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.967	.384		-2.517	.013
TQM	1.104	.097	.731	11.380	.000

a. Dependent Variable: Customer Satisfaction

The above table (5.13a) shows results of the hypothesis testing. The first hypothesis (H1) is teamwork has a positive impact on internal customer satisfaction (ICS). According to the results in the above table, teamwork has significant positive relationship with internal customer satisfaction (0.001). Therefore, H1 is accepted.

Second hypothesis (H2) predicted that the training & development is positively related to the internal customer satisfaction. According to the results in the above table, training and development has significant positive relationship with internal customer satisfaction (0.000). Therefore, H2 is accepted.

Third hypothesis (H3) is leadership has a positive impact on internal customer satisfaction. According to the result in the above table, leadership has significant positive relationship with internal customer satisfaction (0.008). Therefore, H3 accepted.

Fourth hypothesis (H4) is employee empowerment has a positive impact on internal customer satisfaction. Therefore, H4 accepted.

According, the above 5.13b table fifth hypothesis (H5) is TQM has significant positive impact on internal customer satisfaction (ICS) (0.000). H5 is accepted.

CONCLUSION AND RECOMMENDATION

This study mainly identified that the leadership, employee empowerment, training & development and teamwork which use to implementation of TQM practices have a considerable impact to the dependent variable of internal customer satisfaction. To preserve high efficient and productivity throughout the research its recommend to convey significant attention on supporting from upper management, enhance of trainers & facilitators, encourage of front line supervisors, team training with non-managerial employees . To provide good training program relating to increase product quality programs are essential and reducing the communication gaps are significant areas to build up this TQM practice. It is also recommended establish good teamwork process such as Kaizen program in between employees. Furthermore, recommend increase employee empowerment that should be implementing through job rotation.

Furthermore, top management should delegate authority lower level managerial employees in the organization. Working condition affects employee job satisfaction more than other factors do. Therefore, managers must launch solutions to create favorable working conditions for the employees. Building a conducive work environment is also an important factor to enhance internal customer satisfaction.

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