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EFFECTS OF IMPLEMENTATION OF TOTAL QUALITY MANAGEMENT ON ORGANIZATIONAL PERFORMANCE A CASE OF POST BANK

BY

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D53/OL/1552/02

A research project submitted in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA), Department of Business Administration, School of Business, Kenyatta University

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DEDICATION

This research project work is dedicated to my beloved children, Vanessa and Rowen. Many are the times when demands of the project kept me away from home, thereby denying them my attention.

I also dedicate this work to my parents, John and Theresa Bwire whose encouragement and prayers spurred me on to the end.

ACKNOWLEDGEMENTS

It gives me great pleasure to most sincerely appreciate a number of people that made completion of this proposal possible. First and foremost I thank my supervisor Ms Oloko for according me guidance throughout. Her comments contributed a lot to this research project.

I am also grateful to my many friends for their encouragement and support during difficult moments. I convey my gratitude to my entire family for the total sacrifice they made on their part so that I could complete this task. Above all I wish to thank the almighty God for his amazing grace that has enabled me to come this far.

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DEFINITION OF TERMS

The following terms and abbreviations will be used in this study and so have been defined as shown here:

Benchmarking; the process of identifying outstanding practices, processes, and standards in other companies and adopting them to your company.

Customer focus; an organizational goal to concentrate on meeting customers' needs at all levels of the organization

Customer satisfaction; an organizational goal to provide products or services that that meet or exceed customers' expectations.

Total Quality Management; it refers to the systematic management of an organization's customer-supplier relationships in such a way as to ensure sustainable, steep-slope improvements in quality performance, i.e. aiming at producing zero defect products that fully satisfies the concerned.

Quality: ISO8402 refers to quality as "comparative sense or degree of excellence." A product or service free of deficiencies, or the characteristics of a product or service that satisfy customer needs.

Quality Assurance: a management system designed to control the activities at all stages (product design, production, delivery, and service), to prevent quality problem and ensure only conforming products reach the customer.

Quality Control: a system of activities designed to assess the quality of product or service supplied to a customer.

Zero Defects concept: doing things/operations right the first time

Performance outstanding action or achievement

Abbreviations

TQM - Total Quality Management

QA- Quality Assurance

QWL- Quality of Working Life

ISO- International Organization for Standardization

FKE- Federation of Kenya Employers

UNIDO- United Nations Industrial Development Organization.

COYA- Company Of The Year Award

ABSTRACT

A high priority in some organizations today is the management of quality. Major reasons for a greater focus on quality include competition, more demanding customers, and poor financial performances resulting from reduced market shares and higher costs. Many organizations desire to be recognized for their quality in awards such as the COYA, ISO9000 and many others. There is need to emphasize on the Total Quality management as far as organizational performance is concerned. Due to this fact, therefore, there is a task before us to instill to the public the requirements towards achieving and maintaining total quality management. The study aimed at investigating total quality management and its effects on organizational performance. The study contains reviewed literature from several authors who wrote about total quality management and its contributions towards management. The study targeted all the staff of Post Bank. This study will adopt descriptive research design for the purpose of giving accurate and specific kind of information on various aspects of TQM studied. The population of the study consisted of all branches of Post Bank in Nairobi. A simple random sampling procedure was used to select a representative sample size from the target population. The primary instrument for data collection was a structured questionnaire for easy coding and hence analysis. The collected data was edited, coded and tabulated. Analysis of data was done using descriptive statistics. In particular, frequency tables and percentages among others.

CHAPTER ONE

1.0 Introduction

1.1 Background Of The Study

Hashmi (2000) Total Quality Management is a management approach that originated in the 1950's and has steadily become more popular since the early 1980's. Total quality is a description of the culture, attitude and organization of a company that strives to provide customers with products and services that satisfy their needs. The culture requires quality in all aspects of the company's operations, with processes being done right first time and defects and waste eradicated from operations. Total Quality Management has only become a feature of Kenyan industry over the past few years, initiated by multi-national corporations acting on advice from their parent companies. The first industry-wide collective effort to introduce TQM in Kenya, however, was initiated by the Federation of Kenya Employers (FKE) in conjunction with the United Nations Industrial Development Organization (UNIDO). The actual project started in August, 1992, and it involved 14 companies. These companies make up the FKE/UNIDO TQM pilot project and were chosen on the basis of their past business record, future financial viability, export potential and a willingness to commit time and resources to training and implementation.

When one examines the notable trends in the companies participating in the TQM program, one is struck by the similarity of the experience of companies implementing TQM in Kenya with that of other companies doing the same around the world. For example many companies that switch to TQM actually had in place some form of Quality Assurance (QA) programme. The Juran Institute stresses the fact that TQM, first and foremost, implies a fundamental change in the way executives, managers and employees

think. It is a change in culture; literally everyone, from the top down, adopts a determined focus on quality, at every step of every process in the running of the company. And everyone joins in tackling the problems that arise, treating all those problems as if they were emergencies requiring to be addressed immediately.

It is ironic that, of all the problems experienced in implementing TQM, the one that is cited the most often all over the world is 'resistance to change'. In every sector, from industry to health care, it is the middle-level managers of any organization who oppose these changes the most. Total Quality Management (TQM) has always been a major aspect of efficiency in every organization.

In 1980s, TQM concept was very popular and still is today. Even the most cursory glance at advertisements on television, in the press or on advertisement hoardings demonstrates that quality has become the 'buzz word' of today. Furthermore, it has become a strategic issue with major companies putting great emphasis on the steps they have taken to improve the quality of their product or service. Leaving aside any marketing hype, the common meaning and importance of the word 'quality' has changed over the past 50 years. Indeed according to Armand Feigenbaum, one of the three major American quality Gurus, who introduced modern concepts of quality to Japanese industry in the early 1950s, quality in the West has now become the single, most important force leading to organizational markets.

Managing one's work quality is much an art and hence all members of an organization should realize that the success or failure of the organization and each individual's career depends on quality of work produced. Therefore, if the management does not check on total quality management effectively, the consequences will be unpleasant i.e. it might lead to a tainted bad image of the organization from the public. TQM may lead to the improvement of an organization's performance. The organization may as well have an increased number of customers, hence rapid development.

1.2 Statement Of The Problem

In an attempt to achieve all the goals and objectives of an organization, the management must rely heavily on the human resources whose impact is best realized when management leadership style promotes good human relations, high morale and adequate freedom for the worker to enjoy working and to show initiative. This is the surer way towards increased productivity. The employees of the organization who handle very important work should aim at producing zero defect products or services depending on the core functions of the organization. The quality of service or products of an organization may reflect its image to the public. However, in our day-to-day life, this is not usually the case. Poor quality work has services have been produced and mostly this threatens the continuity of the organization concerned. Poor quality management may affect the organization in that; it may lead to huge losses, low output, loss of customers and even collapse of the organization. Total Quality Management requires a refocus and redirection of the entire organization.

There has been a great increase in the knowledge base of TQM over the past 50 years. However, the majority of this knowledge has been accumulated in developed countries, little has been written on TQM in less developed countries. It has been noted that a few studies have been carried out in Africa to document TQM practices. Those that have been carried out have given us valuable insights into aspects of TQM but they almost always emphasized the format of TQM and addressed the analytical issues of the process. Munro-Faure (1992) wrote about success stories in TQM implementation of organizations including: planning for continuous improvement of quality in National Health Service Hospitals in the UK. He did a case study of Doncaster Royal Infirmary and also writes at length about quality revolution in Retail Banking in the European market. Cole & Mogab (2000) wrote about implementation and practice of TQM in Japanese and American organizations. Dale and Cooper (1997) wrote about the Japanese Approach to TQM. Basing on the presentations of these authors, one may draw the conclusion that TQM has economic importance. The foregoing cases are all about success stories of organizations that dared invest in TQM. These organizations were all able to improve their quality a great deal.

Many challenges which firms face today focus on quality issues. Among these are globalization, liberalization and computerization among others. All these challenges are intended to improve organizational quality so as to meet the expectations of the customers. These challenges are just indicators that it is indeed necessary to focus on quality issues, more so, total quality management if an organization is to survive in this every competitive market. From the foregoing information it is realized that very few

studies done on TQM looked at the area of Effects of Total Quality Management in performance of Kenyan organizations. It is with this in mind that this study therefore was aimed at studying The Effects Of Total Quality Management On Performance at Post Bank, which is a parastatal in Kenya.

1.3 Objectives Of The Study

Broad Objective

To investigate The Effects Of Implementation Of Total Quality Management On performance in Post Bank.

Specific Objectives

1. To determine the effects of total quality management on organizational performance.
2. To identify the problems faced by the organization in enhancing total quality in their performance.
3. To find out the strategies used by the organization in producing quality output.
4. To recommend the appropriate strategies to be adopted by the government and the organization in order to improve efficiency in Total Quality Management decision making and implementation.

1.4 Research Questions

1. What effect has total quality management on organizational performance?

2. Are there problems faced by the Post Bank in enhancing total quality in its performance?
3. What are the strategies used by Post Bank in producing quality output?

1.5 Significance Of The Study

The findings of this study are crucial and of great importance to all stakeholders of Post Bank. As total quality management is an important aspect on the work done by each individual in an organization, this study will give stakeholders of Post Bank and other organizations an insight on how to best carry out their activities so as to achieve all round total quality that befits their image. It will give guidance to the organization on choice of most profitable and appropriate strategies to follow that will increase their efficiency.

This will guide investors regarding quality management of their businesses. The study's findings will further be useful to individuals running their own businesses and the policy makers for it will help provide direction in policy formulation and measures to conform to the current trends world over.

The study is expected to contribute to the body of knowledge in the field of academia and act as a basis for further research in the area of total quality management in various entities that are yet to be looked into.

1.6 Scope Of The Study

The study is designated to take place in Post Bank, Nairobi.

CHAPTER TWO

2.0 Literature Review

2.1 Introduction

This chapter exposes what other writers have said and written about Total Quality Management. The researcher has revisited other written materials in bid to source for literature. These materials include books, newspapers, magazines, journals and Internet.

2.2 History of quality management

The issue of quality goods and services is not new. Through out history society has demanded that providers of goods and services should meet their obligations. As long as 1700B.C. King Hamurabi of Babylon introduced the concept of product quality and liability into building industry of the time by declaring:

“.....if the building falls into pieces and the owner is killed then the builder should also be put to death. If the owner’s children are killed then the builder’s children shall also be put to death.”

The middle ages saw the unfolding of craftsmen who tried to meet customer demands by quality workmanship. During the industrial revolution, many of the technological advances like invention of the steam engine were possible because of standardization of engineering components as screw threads. The advent of mass production during the twentieth century increased the demands upon the control of product quality.

The fuse of quality revolution was lit by W. Edwards Deming, who is regarded as the father of what is known as Total Quality Management. Deming believed quality

management should be pervasive and that responsibility for quality should lie on the shoulders of everybody in an organization.

2.3 Core Concepts Of TQM

Bank (1992) came up with following core concepts of TQM;

2.3.1 Quality For Profit

There is a great deal of profit to be made by quality improvements in products and services, business processes and people. He explains that, saving on the cost of people is still another potential area for adding to the profit margins and that additional profit is achieved through quality improvement. Rather than rely exclusively on the route of increasing sales to gain profit, which of course increases operating costs, quality improvement becomes a shortcut to improved profits.

2.3.2 Right First Time

At the heart of TQM is the conviction that it is possible to achieve defect free work most of the time, working smarter or zero defects. One may not always achieve the target, but the 'mind set' to strive for perfect work is important. The right first time or zero defect is the result of an emphasis on prevention, and the diligent use of measurement, process controls and the data-driven elimination of waste and error. It serves as a goal for continuous improvement. Prevention is the aim of all quality assurance. Through planned and systematic action such as documentation of work processes, or cost of quality audits, quality assurance prevents quality problems.

2.3.3 Cost Of Quality

The cost of quality is a shorthand formula for all the business costs incurred in achieving a quality product or service. These include prevention costs, appraisal costs, internal failure costs, external failure costs, the cost of exceeding customer requirements and finally the cost of lost opportunities. Taken together these costs can drain a company of 20-30 per cent of its revenue or turnover. Key areas of waste in a company include material, capital and time, of which time is perhaps the biggest cost. Cutting the cost of quality is so central a concept to TQM.

2.3.4 Competitive Benchmarking

Comparing one company's performance with that of another is a reflex action of TQM. Competitive benchmarking is a continuous management process that helps firms assess their competition and themselves and to use that knowledge in designing a practical plan to achieve superiority in the market place. To strive to be better than the competitor is the target. The measurement takes place along the three components of total quality programme – products and services, business processes and procedures, and people.

The idea is to benchmark performance, not only with one's direct competitors, but with other firms as well to discover best practice and bring that practice back to one's own company. When done correctly benchmarking produces the hard facts needed to plan and execute effective business strategies that fully satisfy agreed customer requirements. For instance, Ford Motor Co while redesigning the Taurus in 1992 had benchmarked 209 features against seven competitors. They succeeded in all the 209.(Sarkar 2001)

2.3.5 Everyone Is Involved

Everyone is involved in producing defects. In the conventional approach to quality an accusing finger was pointed at the shop floor. Two-thirds of the workforce was excluded from quality concerns. In TQM everyone is involved in the process from the managing director down the ranks of management to the junior office clerk, the labourer, the canteen and janitorial staff. Everyone in the company is responsible for producing quality goods and services and cutting the 'cost of quality'. Everyone has internal customers- someone who receives his or her work – and should discuss with these internal customers their requirements as a first step towards fully satisfying them. This comprehensive approach to total quality can capture the creativity and energy of the entire workforce. Usually this is done in teams – people are given some total quality training in their natural work groups and then unleashed in quality improvement teams.

2.3.6 Synergy In Teamwork

The idea of synergy in teamwork, where the whole is greater than the sum of its parts, is a key concept in TQM where it is used to promote collaboration, consensus, 'creative conflict' and team winning. As in groups work, quality improvement team efforts pay attention to the two major components – content and process. Content concerns are about the task or the subject of quality improvement projects to which the groups turn their attention. Process issues have to deal with how the group is working – how decisions are reached, how leadership is handled, how people interrelate, how conflict and competition are dealt with, group morale and so on. If they are to survive as continuous improvement

groups, quality improvement teams have to attend to process issues with as much energy as they use attacking the tasks. In maintaining and fostering quality improvement teams managers analyze group behaviour with regard to involvement, influence, styles of influence, decision making, task functions, maintenance functions, group atmosphere, membership, feelings and establishing group norms.

2.3.7 Customer Requirements

The customer's perception of his supplier is formed partly on the basis of the product or service, which he receives and partly on the day-to-day contact he has with the company. The receptionist who answers the telephone calls, the security people who control access to the site, and the accounts person who sends out the invoice can all have a direct and important influence on customers. All these people must be involved in Total Quality; in meeting the customer requirements; in creating a world-class company.

The ability to meet these external customer requirements relies on a series of often-complex internal supplier-customer links. The sales office who sends out a quotation is the customer of the salesperson who provides the input for the quote. The person who packs the goods is the customer of the person who provides the goods, the person who provides the delivery note and the person who provides the packaging material. A breakdown in any of these internal chains may result in an error, which will affect the service received by the external customer. TQM must therefore involve all the internal customer-supplier chains to ensure external customers only receive conforming goods or services. No one is exempt from Total Quality. The successful organization should as a

matter of policy be constantly seeking opportunities to improve the quality of its products and /or services and process. The organization must also couple quality with a required level of productivity. He adds that since the publication of the Department of Employment report in 1973, increasing emphasis is being given to the importance of quality of working life (QWL) culture. Such a culture is a necessary foundation for a successful strategy of total quality management. TQM represents a total system and as such increasingly embraces quality circles a broader means for addressing the demands for quality.

Stoner (1999), said that TQM involves managing an enterprise to maximize customer satisfaction in the most efficient and effective way possible by totally involving people in improving the way it is done. They explain that organizations are increasingly establishing new ways to build in quality to the control function. One popular approach is TQM. TQM focuses management on the continuous improvement of all operations, functions, and above all, processes of work, meeting the customers' needs is a primary concern.

A relatively small group of American and Japanese quality experts have developed a number of concepts and methodologies that have had a profound on how companies approach and manage quality. These experts are frequently referred to as quality 'gurus'. Each expert has a different perspective and approach to quality, which depends in part to their business or professional background. Philip Crosby's philosophy is underpinned by the four 'absolutes of quality.' He believes that management is the cause of at least 80% of quality problems within an organization. The only way to improve is through the

leadership of management. To eliminate the many non-conformances, which exist in an organization, for which, he recommends administering a Quality Vaccine.

Deming's major philosophy is that quality improvement is achieved through the statistical control of all processes (not just those involved with the product) and the reduction in variability of these processes. He emphasizes that this can only happen if management allows it to happen by encouraging employee participation, and if employees are able to contribute through understanding processes and how they can be improved. This management requirement is embodied in Deming's fourteen points for management, which summarize the management goals.

Juran believed the quality control was an integral part of management control. The Juran approach focused on top and middle managers. He believes that the vast majority of quality problems are caused by management, and the only way to improve quality is through the participation of management. He drew together many of his ideas on management of quality, together with information on the technical control of quality. His ever-increasing commitment was to the view that quality is an essential management discipline and that quality does not just happen, it must be planned. He puts forward his 'quality trilogy' for total quality improvement: Quality planning, Quality control and Quality improvement. Overall improvement requires the implementation of each part of the trilogy.

2.3.8 Quality

By the dynamic engagement approach, TQM should be in every manager's vocabulary. All managers should be thinking about how every organizational process can be conducted to provide products and services that are responsible to customer and competitive standards. Strong and lasting relationships can be fruitful by products of a "quality" frame of mind and act, b this view. TQM adds one more dynamic dimension to management, because quality, too, is always a moving target.

According to Bennett Roger (1997) Total Quality Management means the implementation of strategies, tactics and operational methods for integrating practical quality control techniques (statistical quality, control, inspection, QA, etc) with organizational cultures conducive to the continuous improvement of quality. It focuses on the totality of the system rather than its individual parts, seeking to identify the causes of failure rather than the simple fact that failures have occurred. Causes of failure could involve cultural inadequacies, poor teamwork, bad leadership, lack of individual commitment and motivation, and other psychosocial problems as well as technical operator and or equipment inadequacies.

2.3.9 Implications Of TQM For Employee Relations

Graham & Bennett (1998) stated that a firm's total quality management (TQM) system comprises all its policies, operational method and organizational structures concerned with quality management and the continuous improvement of the quality of its output.

TQM focuses on the totality of the system rather than its individual parts, seeking to identify the causes of failure rather than the simple fact that failure has occurred. TQM has implications for Human Resource Management because it demands a management style that evokes full and committed co-operation from employees. It requires from the company:

- a) Provision of training to enable employees to output a multiplicity of tasks
- b) Trust in workers' abilities to deal with quality issues.
- c) Day-to-day involvement and face-to-face communication with the workforce.

TQM requires from employees the acceptance of responsibility for the success of the business; willingness to contribute to problem solving; flexible attitudes and a preparedness to undertake a wide range of tasks. Further implications of TQM are that:

- a) Even the totally unskilled worker requires training, i.e. instruction in the need for quality and how the organization is seeking to achieve it.
- b) Employees working in different departments need to know about each other's problems.
- c) Piece rate wage payment systems are to be avoided as they encourage the production of substandard output.

Policy requirements for involving employees in TQM include the following:

- a) Management should consciously regard employees as if they were the firm's customers. Hence, management must attempt to discover employees' needs, perspectives and situations. Managers become mentors and facilitators rather than authority figures.

- b) Managers need to regard basic grade workers as having valuable contributions to make to the quality management process.
- c) Workers have to be educated to believe that they should seek continuously to improve working practices. This means convincing the workforce that employees' suggestions and contributions are highly valued.
- d) Each worker needs to be shown how his or her actions affect the attainment of the firm's quality objectives.

2.3.10 Quality Champions

One way to inculcate a commitment to TQM among the existing workforce is to identify among supervisors and within the workforce a handful of highly influential individuals and enlist their support in championing the cause of quality management. People who are known, liked and trusted by current employees are far more likely to be believed than any amount of management exhortation. Recruitment of quality champions will not be possible if management is not (a) itself totally committed to the new methods, (b) seen to be attempting to protect employees' interests, or (c) making available the information and resources necessary to effect change. Quality Champions might be invited to participate in planning the implementation of intended systems and in solving problems as they arise.

Bennett states that TQM is a set of management practices throughout the organization, geared to ensure the organization consistently meets or exceeds customer requirements. TQM places strong focus on process measurement and controls as means of continuous improvement. Total Quality Management (TQM)

is a combination of quality and management tools aimed at increasing business and reducing losses due to wasteful practices. An important part of TQM is its a philosophy toward continually improving your business and products.

There is a need for people who can effectively implement TQM within a company. Your knowledge and skills in this area can help advance your career or improve your business. Ncebere Rukunga (1999) argued that it is necessary to produce products that are faultless, products that fully satisfy the customer TQM advocates for controlling the quality at each stage of the processing instead of at the end of the line. He further adds that better machine, and especially wider use of computers in standards monitoring and control, as well as more skill training of the staff, tremendously improves the quality of the product. Since quality has a cost, it is through one's innovative ability that he is able to produce a product that meets the requirements. Denyer (1982) pointed out that without satisfactory job performance from all staff, objective cannot be met with maximum efficiency and cost effectiveness.

2.3.11 Public Sector And Service Organizations

Mullins continued to argue that the search for a TQM culture is also of increasing significance for public sector organizations. In local government, tight financial constraints and the requirements of compulsory competitive tendering help to emphasize the demands for quality. Managers in all public sector organizations are likely to be involved increasingly with the concepts and application of TQM. Attention to quality can also be seen to be of particular significance in service organizations, for example within the hospitality industry. TQM can provide a strategic focus in the search for a culture of total quality service. Changes in the traditional organization structure and the

increasing importance of effective work groups emphasize team-based management as an essential element of TQM.

James (1991) in *Quality of Working Life and Total Quality Management*, Research Unit Occasional Paper no. 50, November 1991 put forward the contention that TQM initiatives will not succeed unless rooted in a supportive quality of working life culture. World's standards of organizational effectiveness are not achievable without full developed and committed people at all levels of within an organization. TQM requires a supportive environment and relies on teamwork, participation and commitment. Having the support and attention of senior management remains a necessary condition for making TQM work in an organization, but without empowered employees it won't go very far. The people who do a job are in the best opinion to do that job the best way. Therefore when there is a chance to improve the job or the systems, of which a job is a part, people should make those improvements without asking for permission.

2.3.12 TQM Requirements

TQM requires the creation of a corporate identity and a supportive environment. It involves setting the highest standards of quality at lowest cost; effective training including team building throughout the organization; integrating systems and technology with people and the motivation, participation and commitment of staff at all levels of the organization. Proper attention to human resource issues is an essential requirement for the successful implementation of TQM.

2.3.13 Key Elements Of TQM

Mullins (1992) also identified the key elements of TQM as:

A total process involving all operations and management units in the organization, and led from the top. The customer as king with every strategy, process and action directly related to satisfying customers' needs. A greater emphasis on rational information collection and analysis using modern technology where appropriate. An emphasis on a different approach to looking at cost of poor quality by examining all processes in the organization, which adds to costs. Team work as crucially important, involving multi-discipline and multi-level working to solve problems and to meet customers' needs; and The requirements for creative thinking and the ability to think beyond the immediate job or environment.

The Wall Street Journal in 1992 reported that two-thirds of all quality improvement programs untimely fail because organizations do not adequately understand the process.

Wehrich (1994) said that quality improvement efforts need to be continuously monitored through on going data collection, evaluation, feedback, and improvement programs. TQM is not a one- time effort; instead it is a continual, long-term endeavor that needs to be recognized, reinforced, and rewarded. When done effectively, TQM should result in greater customer satisfaction, fewer defects and less waste, increased total productivity, reduced costs and improved profitability, and an environment in which high quality has high priority.

Applebey (1991) argued that all executives must be committed to a TQM program, as it requires full commitment and effective teamwork and leadership. Every part of the organization must be integrated and form part of a complete system. If the system is not complete, organizational gaps could lead to wastage or failure to meet the requirements of another part of the organization. TQM is an organizational strategy, which aims at improving a business's effectiveness and flexibility, by eliminating waste so that results can be achieved quicker and more cheaply. Quality is seen as the responsibility of all employees. It is pursued through various methods that are intended to ensure consumer satisfaction. TQM involves building in quality, from product to design, to purchasing, production, sales and service. The strategy seeks to place quality, as top priority, rather than short-term profits.

Williams (2000) suggested three principles of TQM: customer focus, and satisfaction, continuous improvement, and teamwork..

2.3.14 Customer focus

Williams (2000) states that TQM suggests that customer focus and customer satisfaction should be a company's primary goals. Customer focus means organization of the entire organization from top to bottom, should be focused on meeting customers' needs.

2.3.15 Customer Satisfaction

This is an organizational goal to make products or deliver services that meet or exceed customers' expectations at companies Where TQM is taken seriously, paychecks depend on keeping customers satisfied.

2.3.16 Continuous Improvement

This is an ongoing commitment to increase product and service quality by constantly assessing and improving the processes and procedures used to create those products and services. Besides higher customer satisfaction, companies know that they are achieving continuous improvement through association with a reduction in variation. Variation is a deviation in the form, condition, or appearance of a product from the quality standard for that product. The less a product varies from the quality standard, or the more consistently a company's products meet a quality standard, the higher the quality.

2.3.17 Teamwork

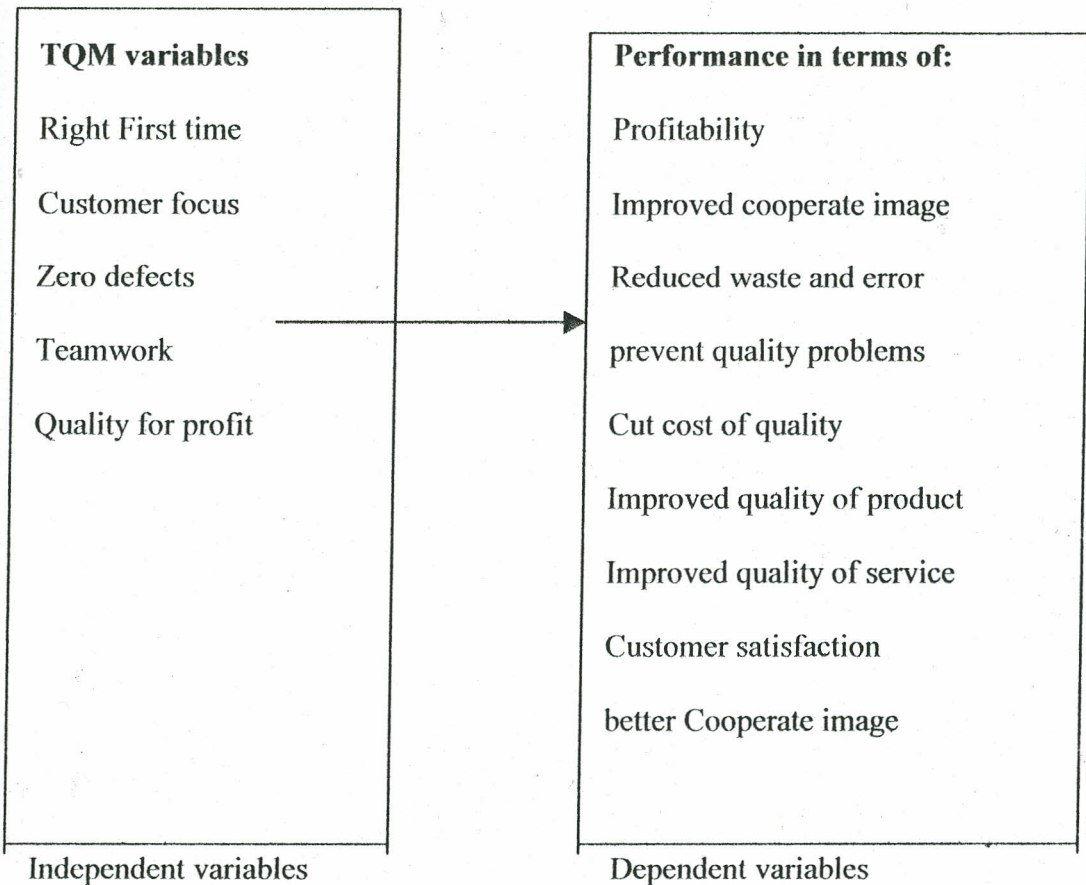
The third principle of TQM is teamwork. This collaboration between managers and nonmanagers, across business functions, and between the company and its customers and suppliers. In short, quality improves when everyone in the company is given the incentive to work together and the responsibility and authority to make improvements and solve problems.

Together, customer focus and satisfaction, continuous improvement, and teamwork mutually reinforce each other to improve quality throughout a company. Customer

focused continuous improvement is necessary to increase customer satisfaction. However, continuous improvement depends on teamwork from different functional and hierarchical parts of the company.

2.4 Conceptual Framework

Figure 1 Conceptual Framework



The major independent variables of this study show that better performance of the organization depends on effective implementation of TQM. Performance can be

The major independent variables of this study show that better performance of the organization depends on effective implementation of TQM. Performance can be highlighted in terms of profitability, customer satisfaction, reduced cost of quality, reduced waste and error, prevention of quality problems improved quality of service and products and improved cooperate image. These will be regarded as dependent variables.

The independent variables, which, for the purpose of this study are referred to, as TQM concepts will include doing things right first time, quality for profit, customer focus, zero defects and teamwork.

CHAPTER THREE

3.0 Research Methodology

3.1 Introduction

This chapter describes the methods and procedures that were used to carry out the study. It gives details of how the sample was arrived at. Details are also given regarding data collection methods and research procedures used. Finally, data analysis and presentation methods are discussed.

3.2 Research Design

The researcher used the descriptive design. This design is appropriate because it is relevant to the population under investigation, and enabled the researcher to obtain complete and accurate information in the particular area of study. This design was preferred because it makes enough provision for protection against bias and maximizes reliability (Kothari 1985).

3.3 Study Area

The study was conducted in Nairobi Province, Kenya.

3.4 Target Population

The target population for this study includes, all 863 employees of Post Bank. . This was taken from the personnel records maintained at the company. This selection was necessary, first because the study focused on Post Bank and second, it intended to single out with particular emphasis the effects of implementation of TQM on performance.

3.5 Sampling Design and Procedures

3.5.1 Sampling Technique

To arrive at the sample size, the population was divided into three strata; senior managers, middle level managers and lower cadre employees. Stratified sampling was used to arrive at the final sample and to increase the sample's statistical accuracy as illustrated in figure 2.

3.5.2 Sample size

Gay (1981) suggests that ten percent of the accessible population is enough sample size for descriptive studies. The sample size of 87 respondents was determined by taking ten percent of the population from each stratum as shown in figure 2.

Figure 2 Target Population and Sample Size

Target Population	Number	Sample size 10%
Senior managers	53	5
Middle management	110	11
Lower cadre	700	70
Total	863	86

3.6 Data Collection Procedure

Both primary and secondary data was used in the study. Secondary data on related topics was obtained from both the published and unpublished sources. The survey instrument for primary data collection was a structured questionnaire for easy coding and hence analysis. Also a few unstructured questions were used.

These questionnaires were distributed directly to the respondents by the researcher herself and collected one to two days later. Follow up was made through telephone. A pretest of the questionnaires was done before fully administering them in order to ensure that the questions were well understood and that there were no ambiguities arising.

3.7 Data Analysis

Data collected from this research was edited, coded and tabulated. Analysis of data was done using descriptive statistics. In particular these include; frequency table, percentages.

3.8 Anticipated Output

The researcher hopes that the objectives of this study, which included; determining the effects of TQM on organizational performance, identification of problems faced by Post Bank in enhancing Total quality in its performance and finding out the strategies used by Post Bank in producing quality output have been realized.

CHAPTER FOUR

4.0 STUDY FINDINGS AND INTERPRETATIONS

Overview Of The Data Collected And Analysis

Data generated from this research was coded, computer formatted and analysed using Microsoft Word Computer Software. Both quantitative and qualitative data were extracted for appropriate analysis. Out of 86 questionnaires that were given out, only 66 were returned. This represented a response rate of 76.7%. The table below shows a summary of the questionnaires returned by the respondents.

Table 4.0: Summary Of Questionnaires Returned By Respondents

Category Of Staff	Number of Questionnaires Returned	Percentage
Senior Management staff	3	3.5
Middle Management	7	8.1
Lower Cadre Staff	56	65.1
Total (n)	66	76.7

Source: Research Data

4.1 Level Of Total Quality Morale In The Organization

The level of Total quality morale in the organization was found to be high as indicated in table 4.1 below

Table 4.1 Level of total quality morale in the organization

Response	No. of respondents	Percentage
Low total quality morale	0	0
Average total quality morale	6	9.1
High total quality morale	60	90.9
TOTAL	66	100

Source: Research Data

From the results above, 9.1% of the respondents stated that there was average total quality morale in the organization, this indicates that their morale is neither helping nor hurting the their performance at this point. However they lack a sense of full satisfaction and do not feel complete commitment to their work. A majority 90.9% stated that there was high total quality morale in the organization. This is an indicator that they receive much satisfaction from their work. They are striving to do the best job possible, their level of performance could be expected to be high and continually improving.

4.2 Organizational support for quality work

Table 4.2 Organizational support for quality work

Response	No. of respondents	Percentage
Yes	62	93.94
No	4	6.06
TOTAL	66	100

Source: Research Data

The above table indicates that there is a lot of support for quality work in the firm as 62 respondents who represent 93.94% stated that indeed there was this kind of support while only 4 respondents representing 6.06% responded that this was not the case.

Feedback to improve employee performance

Table 4.3. Feedback to improve employee performance

Response	No. of respondents	Percentage
Immediate	59	89.39
Once in a while	7	10.61
Not at all	0	0
TOTAL	66	100

Source: Research Data

10.61 % of the respondents stated that they receive feedback to improve their performance once in a while, and 89.39% stated that they receive immediate accurate and timely feedback. This practice improves total quality management as it coaches employees to improve their performance, personal professional development programs that balance their managerial effectiveness, and human relations/ ethics training that result in fair and respectful treatment of employees.

Rating of the reward system

Table 4.4 Rating of the reward system

Response	No. of respondents	Percentage
Fair and equitable	65	98.48
Not fair and equitable	1	1.52
TOTAL	66	100

Source: Research Data

98.48% of the respondents indicated that the rating of the reward system in the firm is fair and equitable. Total quality reward system is improved by compensation systems that take advantage of extrinsic and intrinsic motivational effects of rewards, satisfy norms for equity, meet external market competitiveness challenges, comply with appropriate laws and regulations, are efficiently administered, and encourage collaboration for team and system success.

4.3 Total quality empowerment of employees in the organization

Total quality empowerment of employees in the organization was rated in terms of employees' job knowledge, employees' achievement motivation, and employees' total

quality problem solving ability. The total quality was generally high as depicted in the results were as shown in the tables 4.5, 4.6, and 4.7. below;

Table 4.5. Employees' job knowledge

Response	No. of Respondents	Percentage
Have job knowledge	66	100
Do not have job knowledge	0	0
TOTAL	66	100

Source: Research Data

Employees have been shown to have job knowledge. Which is very import for quality performance.

Table 4.6 Employees' achievement motivation

Response	No. of Respondents	Percentage
Have high desire to achieve	66	100
Have little desire to achieve	0	0
TOTAL	66	100

Source: Research Data

This data showed that 100% of the employees had high desire to achieve. None of the 66 respondents had little desire to achieve.

Table 4.7. Employees' Total Quality Problem Solving Ability

Response	No. of Respondents	Percentage
Solves problems using total quality tools	58	87.88
Unable to solve problems using total quality tools	8	12.12
TOTAL	66	100

Table 4.7 shows that 87.88% of the respondents were able to solve problems using total quality tools and only 12.12% were unable.

4.4 Organizational process climate

Table 4.8 Organizational process climate

Response	No. of respondents	Percentage
Exploitative	0	0
Impoverished	0	0
Supportive	66	100
TOTAL	66	100

Source: Research Data

As may be seen in the above table, all the 66 respondents said that the organizational process is supportive. This implies that it maintains power in the hands of the managers, but there is good communication, encouragement and participation throughout the organization. Employees understand the goals of the organization, feel free to discuss job-related problems with their managers, and are committed to achieve organization goals.

4.5 Emphasis placed upon quality performance

Table 4.9. Emphasis placed upon quality performance

Response	No. of respondents	Percentage
A lot	66	100%
Little	0	0%
Not at all	0	0%
TOTAL	66	100

Source: Research Data

The above indicates that a lot of emphasis is placed upon quality performance in the firm.

As all 66 respondents replied to that effect.

Employee involvement in decisions

Table 4.10 Employee involvement in decisions

Response	No. of respondents	Percentage
Yes	57	86.36
No	9	13.64
TOTAL	66	100

Source: Research Data

Table 4.10 depicts that the firm incorporated the employees so much in decisions concerning them as 86.36 % responded in the affirmative and only 13.64% responded negatively.

Training

Table 4.11. Frequency of training the staff

Response	No. of respondents	Percentage
Once every year	2	3.03
Twice every year	4	6.06
Thrice every year	7	10.61
Not at all	1	1.52
Others- as often as need arises	52	78.78
TOTAL	66	100

Source: Research Data

From the results above, it is clear that the employees are trained more than thrice as 52 respondents who represented 78.78% responded hat often as need arose, they were trained while 7 representing 10.61% were trained at least thrice annually.

4.6 Customer focus

All the 66 respondents stated that their customers were happy with the quality of both products and services. They indicated that minor complaints had been received once in a while about poor services and that the firm was not losing customers due to dissatisfaction. The senior and middle management staff rated the firm's customer service as excellent and all respondents concurred that improvement can be made to employees' knowledge of customer needs. All the senior and middle management staff stated that they collected information on customers, which was incorporated in the firm's planning.

Objectives of the organization

Table 4.12 Objectives of the organization

Objective	Response	No. of respondents	Percentage
Growth	Most important	6	9.09
	More important	50	75.76
	Important	10	15.15
Profitability	Most important	45	68.18
	More important	15	22.73
	Important	6	9.09
Competitive position	Most important	35	53.03
	More important	22	33.33
	Important	9	13.64
Technological innovation	Most important	30	45.46
	More important	20	30.30
	Important	16	24.24

Source: Research Data

The foregoing data shows the most important objective of the firm is profitability, more important is growth while technological innovation is just important.

4.7 General strategies used and suggestions for improvement

Table 4.14 strategies used and suggestions for improvement

Response	No. of responses
Product development	54
Pricing	50
Promotion	55
Research and training	58
Team work	60
Employee empowerment	57
Customer focus and satisfaction	63

Source: Research Data

The most popular strategies and suggestions from the data were as shown in table 4.14 above and they included: product development, pricing, promotion, research and training, teamwork, employee empowerment and customer focus and satisfaction.

4.8 Benefits of TQM implementation

Table 4.15 Benefits of TQM implementation

Response	No. of responses
Increased profit	60
Improved quality of product and service	56
Reduced cost of quality	58
Higher customer retention	63

Source: Research Data

Table 4.15 lists the benefits derived from implementation of TQM as improved profits higher customer retention, improved cost of service and product and reduced cost of quality.

4.9 problems in TQM Implementation

The major problems include financial constraints lack of technical know-how, and stiff competition and unsatisfactory government policies, such as, on taxation, provision of infrastructural facilities, and provision of conducive and level playing ground. These problems are shown in table 4.16 below.

Table 4.16 Problems Encountered in TQM Implementation

Problem	Responses
Financial constraints	53
Government policies	59
Lack of technical know-how	48
Competition	62

CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 DISCUSSION AND CONCLUSIONS

This study set out to survey the effects of implementation of TQM on organizational performance. To achieve this, the specific objectives paramount to the study were:

- 1 To determine the effects of total quality management on organizational performance.
- 2 To identify the problems faced by the organization in enhancing total quality in their performance.
- 3 To find out the strategies used in by the organization in producing quality output.
- 4 To recommend the appropriate strategies to be adopted by the government and the organization in order to improve efficiency in Total Quality Management decision making and implementation.

The results revealed that there was high total quality morale in the organization. This is an indicator that they receive much satisfaction from their work. They are striving to do the best job possible, their level of performance could be expected to be high and continually improving. The results further revealed that there is organizational support for quality work in the firm and a lot of emphasis is placed upon quality performance and achieving results. This was supported by the fact that employees are given immediate

accurate and timely feedback to improve performance and also the reward system was revealed to be fair and equitable.

Training and related activities were also frequently offered to the employees to ensure that they were well informed on relevant matters pertaining to their work. Many organizations in this country know and understand the need and importance of having a well-equipped work force that is capable of handling versatile issues and assignments. Organizations, may have other factors of production being equal, never the less the one with right personnel will have an edge over the others. Despite this, many organizations have not been able to provide their personnel with conducive environment and the necessary skills and techniques. This is due to budgetary constraints as many respondents expressed. Many organizations are therefore forced to retrain or take their staff for seminars only when it is inevitable. His firm seems to have understood well the importance of training its employees.

The results further revealed that customer focus and satisfaction was not taken for granted by the firm. Customer service was rated as excellent. It was indicated that the customers were mainly happy with the firm as complaints of poor quality had drastically dropped after implementation of TQM. Information about customers was collected which was used to improve employees' knowledge of customers needs and had to satisfy them.

The respondents asserted that the employees had total quality empowerment readiness.

This was revealed though the fact that the employees have job knowledge, they have high desire to achieve and majority are able to solve problems using total quality tools.

The results also showed that the organizational process is supportive. This implies that it maintains power in the hands of the managers, but there is good communication, encouragement and participation throughout the organization. Employees understand the goals of the organization, feel free to discuss job-related problems with their managers, and are committed to achieve organization goals. This process is essential for success of TQM.

The study revealed that the firm had tremendously benefited as a result of TQM implementation as follows: it was realizing more profits, the quality of service and products had improved, more customer satisfaction, and higher customer retention. In addition, the cost of quality had also been cut among others.

Despite the benefits gained through implementation of TQM, the firm still faced some problems in enhancing total quality in their performance. The major problems include financial constraints lack of technical know-how, and stiff competition and unsatisfactory government policies, such as, on taxation, provision of infrastructural facilities, and provision of conducive and level playing ground.

5.2 RECOMMENDATIONS

Based on the research findings, the study recommends among others that:

Firms should concentrate on what they what they can do best and market it well. They should also strive to satisfy their customers.

Firms should embrace and take seriously the concept of total quality management to ensure that everything that comes out is of high quality to be capable of competing in an environment where consumers are becoming more sophisticated each day. .

5.3 RECOMMENDATIONS FOR FURTHER RESEARCH

The study only explored the effects of implementing TQM on organizational performance. There is need to carry out research that establishes relationship between the different strategies besides TQM that are used by the successful firms.

There is also need to carry out research that establishes why many firms have in Kenya have not implemented TQM concepts in their operations.

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APPENDICES

APPENDIX I

RESEARCH TIME PLAN –YEAR 2005

January – March	Proposal writing
April	Presentation of proposal at departmental level
May	Correction of proposal
June	Data collection
July	Data analysis
August	Final writing and project submission

RESEARCH BUDGET

Activity	Amount (Ksh)
Traveling	10000
Typing Services and computer Charges	30000
Photocopying charges	5000
Internet charges	15000
Miscellaneous	5000
TOTAL	65000

APPENDIX II

SPECIMEN LETTER TO RESPONDENTS

Dear Respondent

I am a student at Kenyatta University. I am taking a Masters degree course (MBA), in the School of Business, Department of Business Administration. I am carrying out a research project on “Total Quality and Its Effects On Performance. A Case of Post Bank.”

The attached questionnaire has been designed to help gather data, which will be useful in the above named research as a part of the MBA degree requirements.

You have been selected as one of the respondents in this study. I therefore kindly request you to facilitate the collection of the necessary data by answering the questions indicated as precisely and as factually as possible.

The information sought is purely for academic purposes and will be treated with utmost confidentiality.

Your cooperation will be highly appreciated.

Yours faithfully

Nafula Florence

APPENDIX III

RESEARCH QUESTIONNAIRE FOR THE SENIOR AND MIDDLE MANAGEMENT STAFF AT POST BANK

“Effects Of Implementation Of TQM On Performance. A case Of Post Bank”

The purpose of this questionnaire is to help collect data for a Masters degree (MBA) project, School of Business, Department of Business Administration, Kenyatta University. All the respondents will be treated as confidential. Where appropriate, kindly tick the space provided () the correct answer or supply the required information. For “others,” please do specify.

INFORMATION ON RESPONDENT

- 1. Name of respondent (optional).....
- 2. Job title of respondent
- 3. Past work experience.....
-

COMPANY INFORMATION

1. On average what is the level of education of employees in your organization?

- Primary ()
- Secondary ()
- Graduate ()
- Others

2. What is the level of Total Quality morale in your company?

- Low total quality morale ()
- Average total quality morale* ()
- High total quality morale* ()

3. Is there organizational support for quality work performance?

Yes() No()

4. How accurate and timely is feedback to improve employee performance given?

Immediate() Once in a while () Not at all()

Others (specify)

5. How do you rate the reward system?

Fair and equitable() Not fair and equitable()

6. Do the employees in your company have Total Quality empowerment readiness?

Yes() No()

7. How do you rate the employees' job knowledge?

Have job knowledge() Do not have job knowledge()

8. How do you rate the employees' achievement motivation?

Have high desire to achieve() Have little desire to achieve()

9. How do you rate the employees' Total Quality problem solving ability?

Solves problems using total quality tools()

Unable to solve problems using total quality tools()

10. Do employees feel they are being recognized and rewarded for good work rather than being ignored, criticized, or punished when something goes wrong?

Yes() No()

11. How much emphasis is placed upon quality performance and achieving results

A lot () little() Not at all()

12. Are employees involved in decisions that affect them?

Yes() No()

13. Are your customers happy?

Yes() No()

Explain

14. Do customers complain of poor service? Yes() No()

If yes, explain.....

15. Are you losing customers because of dissatisfaction?

Yes () No()

16. Can improvement be made to service providers' knowledge of customer needs?

Yes() No()

17. How do you rate your customer service in terms of:

	Excellent	Good	Fair	Poor	N/A
Speed of response in reacting to customers' needs:	()	()	()	()	()
Accuracy of understanding customers' needs:	()	()	()	()	()
Ease with which customers are able to contact the firm:	()	()	()	()	()
Fulfillment of promises made to carry out action:	()	()	()	()	()
Effectiveness of the action taken:	()	()	()	()	()

18. How much do you lose for poor service to customers in terms of:

	10%	20%	40%	Over 50%
Lost customer revenue	()	()	()	()
Lost opportunity revenue	()	()	()	()
Customer replacement costs	()	()	()	()
Others (specify).....				

19. How frequently do you take your employees for seminars/retraining/refresher courses?

- Once every year ()
- Twice every year ()
- Thrice every year ()
- Not at all ()

Specify.....

20. What benefits have been achieved by your firm as a result of Total Quality Management implementations?

.....

21. What suggestions would you give to improve Total Quality Management in your organization?

.....

22. (a) What can you say about the demand of your organization's products currently?

- Very high ()
- High ()
- Fairly high ()
- Low ()

Fairly low ()

(b) If the demand is either low or high, what are the reasons for this?

.....

23. What strategies are in place to increase customer loyalty to your products?

.....

24. What difficulties do you face in this light?

.....

25. Do you collect information on customers?

Yes() No()

If no, explain

why.....

26. Do you incorporate customer information in your planning? Yes() No()

If no, explain why.....

.....

27. Among the following objectives please indicate their order of importance to your firm such that 5 is most important and 1 is least important.

Growth ()

Survival ()

Profitability ()

Competitive position ()

Technological innovation ()

Others (specify)

APPENDIX IV

RESEARCH QUESTIONNAIRE FOR LOW CADRE STAFF AT POST BANK

“Effects Of Implementation of TQM On Performance. A case Of Post Bank”

The purpose of this questionnaire is to help collect data for a Masters degree (MBA) project, School of Business, Department of Business Administration, Kenyatta University. All the respondents will be treated as confidential. Where appropriate, kindly tick the space provided () the correct answer or supply the required information. For “others,” please do specify.

INFORMATION ON RESPONDENT

1. Name of respondent (optional).....
2. Job title of respondent.....
3. Past work experience.....

COMPANY INFORMATION

1. What is the level of Total Quality morale in your company?

Low total quality morale ()

Average total quality morale ()

High total quality morale ()

2. Is there organizational support for quality work performance?

Yes() No()

3. How accurate and timely is feedback to improve employee performance given?

Immediate ()

Once in a while ()

Not at all ()

Others (specify) ()

4. How do you rate the reward system? Fair and equitable() Not fair and equitable()

Why?.....
.....

5. Do the employees in your company have Total Quality empowerment readiness?

Yes() No()

6. How do you rate the employees' job knowledge?

Have job knowledge() Do not have job knowledge()

7. How do you rate the employees' achievement motivation?

Have high desire to achieve() Have little desire to achieve()

8. How do you rate the employees' Total Quality problem solving ability?

Solves problems using total quality tools()

Unable to solve problems using total quality tools()

9. How would you rate the organizational process climate in your company?

Exploitative() Impoverished() Supportive ()

10. Do employees feel they are being recognized and rewarded for good work rather than being ignored, criticized, or punished when something goes wrong?

Yes() No()

11. How much emphasis is placed upon quality performance and achieving results?

A lot () Little() None at all()

12. Are employees involved in decisions that affect them?

Yes () No()

If no, explain.....

13. Are your customers happy?

Yes() No()

Explain

14. Do customers complain of poor service? Yes () No()

If yes, explain.....

15. Can improvement be made employees' knowledge of customer needs? Yes() No()

16. How do you rate your customer service?

Excellent ()satisfactory() good() poor()

17. How frequently are you taken for seminars/retraining/refresher courses?

Once every year ()

Twice every year ()

Thrice every year ()

Not at all ()

Others Specify

18. What benefits have been achieved by your firm as a result of Total Quality Management implementation?
.....

19. What suggestions would you give to improve Total Quality Management in your organization?
.....

20. (a) What can you say about the demand of your organization's products currently?

Very high ()

High ()

Fairly high ()

Low ()

Fairly low ()

(b) If the demand is either low or high, what are the reasons for this?
.....

21. How do you handle customer complaints?
.....

22. Among the following objectives please indicate their order of importance to your firm such that 5 is most important and 1 is least important.

Growth ()

Survival ()

Profitability ()

Competitive position ()

Technological innovation ()

Others (specify)



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P.O. BOX 43844,
NAIROBI,
KENYA.
29th July 2005

TO WHOM IT MAY CONCERN:

Dear Sir/Madam

**RE: RESEARCH DATA COLLECTION FOR NAFULA FLORENCE –
D53/OL/1552/02**

This is to confirm that the above named student is an MBA (HRM Option) in the School of Business, Department of Business Administration, Kenyatta University.

Please authorize her to facilitate data collection for the student's Thesis project.

Any assistance you may accord her will be highly appreciated.

Thank you.



DR. GEORGE GONGERA
CHAIRMAN, BUSINESS ADMINISTRATION DEPARTMENT