PROCEEDINGS

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MANAGEMENT PERCEPTION TOWARD TOTAL QUALITY MANAGEMENT AND THE IMPACT OF ITS IMPLEMENTATION ON ORGANIZATIONAL PERFORMANCE: SURVEY THROUGHSME’S IN YOGYAKARTA REGION, INDONESIA

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ABSTRACT

In the competitive, global and turbulent business environment, quality is the only key to survive. Quality is a critical success factor for achieving competitive advantage in today's market. Total Quality Management (TQM) is a concept to respond to the situation. The purposes of this study are to determine the manager's perception of Total Quality Management (TQM) and its impact on TQM performance.

By using questionnaires, data were collected from 96 SME's throughout Yogyakarta Special Region Province, Indonesia. The samples were selected by convenience random sampling. All selected companies have implemented Total Quality Management. Although only a few in the length of implementation, but all surveyed SME's have implemented TQM more than 1 year. The research revealed that Total Quality Management was perceived as Product Quality Improvement Program (46.12%), and Process Cost Reduction Program (22.49%). Managers of the surveyed companies got information on TQM from the successful TQM Companies (58.33%). It proved that lesson learned from others was an important factor to motivate others in implementing a certain program.

The research indicated that SME's managers were fully aware that TQM was a method for improving quality of goods and had become a critical factor in determining organizational performance. The reasons for implementing TQM were more influenced by external factors rather than internal. According to the results, there are two main reasons of implementing TQM in SME's, the first was to satisfy customers and the second was to increase the SME's competitiveness in a global market.

The last finding was related to organizational performance. The study result indicated that TQM gives some positive impacts on SME's performance. The major impact of implementing TQM on organizational performance were (1) reducing the number of defective products (79.11%), (2) Decreasing the number of customer's complaints (73.68%), (3) Improving the efficiency of production processes (69.79%), and (4) Reducing the sales returns (67.71%). Although there were several good impacts of TQM implementation, the impact itself has not yet improve the organizational performance significantly.

Keywords: Total Quality Management, Quality, Organizational Performance, SME's