

The Impacts of Total Quality Management (TQM) on Employee's Productivity

Vu Thanh Nhan

¹The University of Da Nang, VietNam – Korea University of Information and Communication Technology

Abstract: The author decided to undertake the empirical study with the aim of analyzing the impacts of Total Quality Management (TQM) on employee productivity of Vinh Hoan Limited Company (Vinh Hoan Co., Ltd)'s employees. The positive correlation between total quality management and employee productivity is proved by the statistical data analysis section. Several recommendations will be provided by this research to aid Vinh Hoan Limited Company in appropriately implementing TQM system for employee productivity and organizational performance enhancement. In short, the whole research will stress the positive relationship between Total Quality Management and Vinh Hoan Limited Company's employee productivity.

Keywords: Vinh Hoan Limited Company (Vinh Hoan Co., Ltd), Total Quality Management (TQM), impacts, employee productivity, products– and– services industry.

Date of Submission: 15-06-2025

Date of acceptance: 29-06-2025

I. Introduction:

1.1. Research rationale:

First and foremost, what should be placed as the first priority is the significance of Total Quality Management (TQM) with employee productivity enhancement of Vinh Hoan Limited Company (Vinh Hoan Co., Ltd)' management boards in Vietnam in the harsh business context. It is indisputable that Total Quality Management has played an integral role in improving the labor force productivity. As a matter of fact, Total Quality Management is feasible to impact vitally and beneficially on both the workforce productivity and business organization due to the reason that thanks to involving, as a whole, workers' concentrations on continuous quality improvement, this business organization will be able to establish and maintain the cultural values, creating long-term successes of both the domestic company itself and consumers. What is more, focusing on TQM will help Vinh Hoan Limited Company's boards of directors detect the skill deficiencies of its employees, along with the training and mentoring programs, to surmount successfully these deficiencies.

According to Adediran Otuwatoyin and Adediran Oluseun (2008), the effective implementation of TQM will increase customer satisfaction with the service offerings (Omachonu and Ross, 1994). Quality enhances customer loyalty through satisfaction; this in turn can generate repeat business and lead to the attraction of new customers through positive word-of-mouth. The word-of-mouth communication will help in cost reduction. This Omachonu and Ross (1994), noted will provide competitive edge to the company¹.

As clearly indicated by the aforementioned information, the most tangible advantage, provided to enterprises, will be satisfying the consumers with their commodity offerings, that leads to clients' brand loyalty enhancement. Along with that, word-of-mouth marketing strategy, as a synergy, will assist business organizations to maximum reduce the marketing costs. Therefore, domestic enterprises will reach the competitive edge, should it smartly and absolutely make use of the total quality management system.

Total quality management is a management philosophy which emphasizes the devolution of authority to the front-line staff. It ensures the participation of everyone in the decision-making process through activities such as quality cycles and team works (Adediran Otuwatoyin and Adediran Oluseun, 2008)².

Total quality management is of the importance with this domestic organization due to the reason that this system emphasizes the empowerment of boards of directors to subordinates in decision-making process. Thanks to facilitating the employee engagement in quality accreditation or team-building activities, the administrators are able to exploit the potential competencies of employees to involve them in making decisions, which is considered as an important business activity.

The motive behind the intrinsic reward is to provide the employee with some autonomy which empowers him to take decisions that affects his jobs, thus making him responsible and accountable. This is said to increase the employee's level of job satisfaction³.

The implementation of TQM ensures that every worker in the organization does his work with quality the first time, thus improving the efficiency of operation and avoiding some cost associated with waste⁴.

Implementation of TQM further ensures the organizations change how they perform activities so as to eliminate inefficiency, improve customer satisfaction and achieve the best practice (Porter, 1996)⁵.

On the one hand, the in-depth reason of total quality management implementation is this system forces the responsibility and accountability of labor force when making decisions since their decisions will directly impact on the extent they satisfy their consumers' needs and demands, significantly affecting to business outcome of company. Thus, had the board of management better deploy the TQM system to increase the employees' efficiency and productivity. On the other hand, essential it is for this domestic company to implement the TQM because this system can avoid waste costs and reject inefficient activities to accelerate the manufacturing process.

Along with these aforementioned reasons, business performance of some enterprises in recent years have been in downturn with negative statistical data provided by financial reports. That are the reasons why this research topic is chosen to analyze the positive influences of TQM to Vinh Hoan Limited Company's employee productivity enhancement.

1.2. Research questions:

The paper will endeavor to seek the answers for the following questions:

How Total Quality Management impact on Employee Productivity ?

How customer focus impact on employee productivity?

How employee involvement impact on employee productivity?

How process orientation impact on employee productivity?

How strategic approach impact on employee productivity?

How leadership impact on employee productivity?

How continuous improvement impact on employee productivity?

How data – driven factor impact on employee productivity?

How customer satisfaction impact on employee productivity?

How business technology management impact on employee productivity?

1.3. Aims and objectives:

This study is conducted with the purpose of measuring the impact of each TQM element, which are namely **customer focus, employee involvement, process orientation, strategic approach, leadership, continuous improvement, data-driven, customer satisfaction and business technology management**, on employee productivity.

1.4. Scope of research:

This research is conducted with small and medium enterprises (SMEs) in the product and service industry in Vietnam

1.5. Research method:

The quantitative research method will be used in this academic research to measure the influences of total quality management (TQM) to employee productivity enhancement of business organizations. In this academic research, the main method of gathering quantitative data (or numeric data) will be conducting survey (or questionnaires). Due to the reason that the more respondents or samples are collected, the more accurate the testified theories (or hypotheses) are. Was a detailed survey prepared by the research to capture standpoints of both employers and subordinates about the effects of TQM to employee productivity.

II. Literature review:

This journal article is conducted with the aim of clarifying the influences of TQM implementation to employee productivity within Vinh Hoan Limited Company. The literature review section uses information, extracted from academic journal articles (or textbooks) and previous research works of renowned authors to prove the positive impacts of TQM on employee productivity.

2.1. Roles of Employee Productivity:

It goes without saying that employee productivity has been playing a cardinal role in accelerating the process of achieving this domestic business organizations' intended goals and objectives. Labor force productivity has linked directly to living standards enhancement in the form of higher consumption, creates more commodities for the same workload.

As much of an organizational success depends on the productivity of its employees, thus, productivity is a very important consideration for various businesses. In other words, the productivity of employees is a vital theme that should be given greater attention, because the main purpose of doing the work is to gain the maximum output with minimum costs as discussed by Jalal Hanaysha (2015)⁶.

It can be seen that the manager of this domestic corporate had better pay greater attention to employee productivity. Due to the reason that improving level of employee productivity effectively helps enterprises maximize their output with minimal cost. As a matter of fact, the higher level of productivity is, the more sold product volumes are.

Employee productivity mainly decides the existence and successes of domestic companies. As such, employee productivity enhancement should be taken into consideration.

In terms of productivity enhancement, both product quality and quantity are increased when the management team of this enterprise increasingly improves the workers' productivity level. Moreover, through increasing employee productivity within this corporate, managers are able to ensure their subordinate are in harmony with colleagues, that forms the integrated working culture and unity, gearing towards this business organizations' consistent goal achievement.

Pritchard (1992) argued that employee productivity entails the effectiveness of a business organization's competence to adequately make use of the resources at its disposal so as to make sure that the performance level of employees are improved to attain the maximized customer satisfaction (Nwani and Mark Kido, 2012)⁷.

Employee productivity is regarded as the in-depth reason, entailing the business organization's competence to effectively and optimally make use of the resources so as to guarantee the employee performance enhancement will help this corporate attain the highest level of customer satisfaction.

Employees' productivity improvement is one of the essential activities organization embark upon with the view to creating a distinctive competitive advantage between the quality of what they offer and that of its rival, as well as ensuring employees' performance meets the requirements they are expected to attain (Nwani & Mark Kido, 2012)⁸. Different functional departments of this domestic firm essentially improve the employee productivity level with the aim of creating its distinctive competitive advantage between its product-offering quality and that of competitors. Moreover, suitable methods are provided by Vinh Hoan Limited Company' board of directors to ensure that their employee performance is enhanced to consistently attain the requirements as expected.

Organizational performance is defined by Rateb Sweis (2019) as the output of the organization's achievement or operations in three aspects: organizational, financial and operational effectiveness⁹.

The improvement of organization's employee performance is considered as the organizational, financial and operational effectiveness outputs that some businesses achieve. In terms of organizational and operational effectiveness, attained business goals or satisfying customers' needs and demands are sound evidences for the contention that TQM is efficient enough to positively impact on both business operation and employee productivity. In terms of financial effectiveness, meeting the clients' satisfaction and high revenue did prove that TQM has a positive influence to financial performance of this domestic corporate.

2.2. Roles of Total Quality Management:

Total quality management has been of the significance with both Vinh Hoan Limited Company and its employee productivity because TQM profoundly enhances the employee productivity as well as achieving customer satisfaction.

Total Quality Management as a management tool that sustains the corporate culture that exists within an organization as discussed by Sashkin (1993), encompasses the constant attainment of satisfaction through an integrated system of tools, techniques and training schemes all geared towards sustaining the emergence of an increased customer satisfaction and improvement in the overall performance of the organization (Nwani and Mark Kido, 2012)¹⁰.

It is obvious that TQM plays a crucial role in sustaining the existed organizational culture within this domestic enterprise, which are customer satisfaction achievement and overall employee performance enhancement. As a

matter

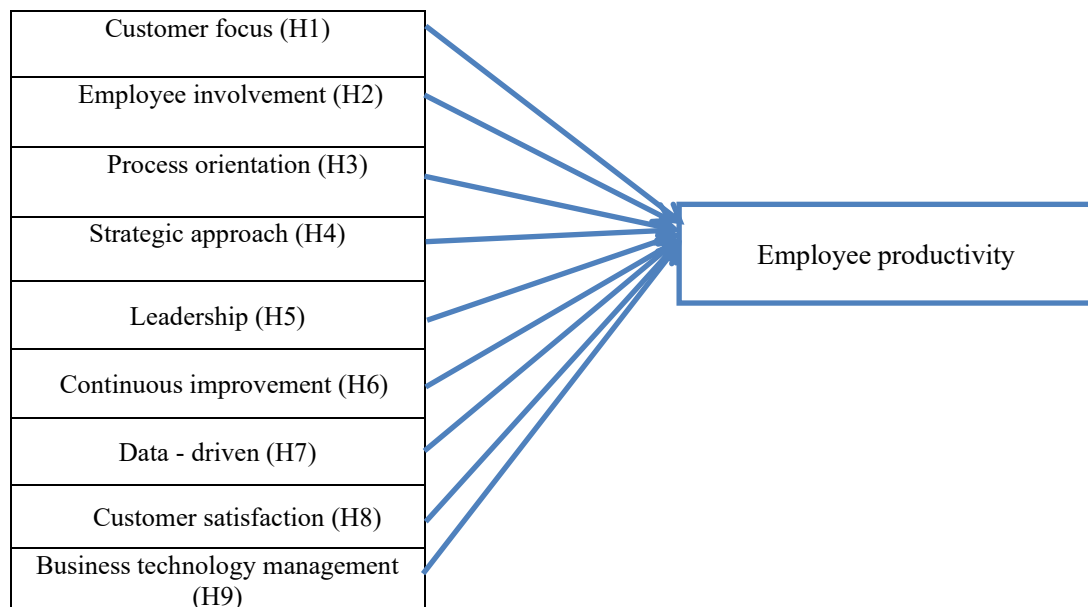
effect, the synergy of TQM integrated system, including management tools, techniques and extensive training always gear towards attaining consistently the customer satisfaction through its products or services offering. Especially, this domestic corporate should embark upon intensive training scheme to aid employees in acquiring new knowledge, technologies and methods that will sustain enterprises' successes and employees' productivity level improvement. IT ensures the effectiveness of employee performance.

2.3. Roles of TQM elements on employee productivity:

This study will test these following hypotheses:

- H1: Customer focus positively links to employee productivity.
- H2: Employee involvement positively relates to employee productivity.
- H3: Process orientation impacts positively on employee productivity.
- H4: Strategic approach positively links to employee productivity.
- H5: Leadership links positively to employee productivity.
- H6: Continuous improvement positively affects to employee productivity.
- H7: Data-driven positively impacts on employee productivity.
- H8: Customer satisfaction positively influences to employee productivity.
- H9: Business technology management positively links to employee productivity.

2.4. Theoretical framework:



CUSTOMER FOCUS has a positive impact on EMPR when the company focuses on customers or maintains good relationships with customers. Knowing the need of customers will help the company to improve products or services to satisfy customers. Since then, Employee productivity has also been enhanced.

EMPLOYEE INVOLVEMENT does not positively affect EMPR, indicating an increase in Employee involvement in company activities that is not meaningful to work-related employees. This result shows that the activities that the employee participates in have no meaning in changing employee productivity. This indicates that employees are fully active in professional work, and study is not affected by professional and community work in the company.

PROCESS ORIENTATION also positively affects EMPR, showing that the company is well-oriented in the business process, making it easier for employees to access and accept their work. At the same time, the straightforward process orientation helps the company apparatus operate in a more professional way leading to higher employee productivity.

STRATEGIC APPROACH has a positive influence on EMPR that shows when the business has a specific strategy in both the short and long term to make employees understand

their role in the organization. With a clear and appropriate strategy for employees, their work motivation will increase, and employee productivity will also increase.

LEADERSHIP has a positive impact on employee productivity, showing that leadership can easily manage employees' activities to help employees understand their responsibilities. Critical phases are checked regularly by the leader to help uncover mistakes for a change. Therefore, they will work better under leadership supervision.

Besides, leadership cares about employees will help them be more motivated to work. At the same time, the leaders in the company can operate and manage well to make employees feel comfortable with the assigned tasks and lead to increased employee productivity.

CONTINUOUS IMPROVEMENT does not affect employee productivity, which means that whether the company has activities that improve or change the mode does not change employee productivity. Technology and product improvement activities do not affect employee productivity, showing that company improvement is at an average level and workers do not feel these changes have an impact on employee productivity.

DATA-DRIVEN has a positive influence on EMPR, showing that the application of data analysis by enterprises helps determine the causes of the efficiency and the risks of the company's operations. Data analysis helps the company determine the factors that need to be changed to bring the highest operational efficiency or increase employee productivity.

CUSTOMER SATISFACTION positively influences EMPR, showing that the enterprise changes products, employees' working processes to satisfy customers and help employees work more meaningful. Employees are more motivated to dedicate themselves to the organization when their customers are satisfied with its products/services.

BUSINESS TECHNOLOGY MANAGEMENT also positively affects EMPR, which shows that business technology management helps update new technology to support employee productivity.

3. Conclusion:

Got results from the literature review section gave answers to nine aforementioned research questions of this empirical study, that there is a positive relationship between Total Quality Management and the employee productivity of business organizations.

4. Table of references:

- 1: Adediran Oluwatoyin and Adediran Oluseun, 2008. Total Quality Management: A Test of the Effect of TQM on Performance and Stakeholder Satisfaction. *Thesis Proposal for the Master's Degree in Business Administration*, [online] p. School of Management and Blekinge Institute of Technology. Available at: <<https://www.diva-portal.org/smash/get/diva2:833631/FULLTEXT01.pdf>> [Accessed 24 February 2021].
- 2: Jalal Hanaysha, 2016. Testing the Effects of Employee Empowerment, Teamwork, and Employee Training on Employee Productivity in Higher Education Sector. *International Journal of Learning & Development*, [online] 6(1), pp. 164-178. Available at: <https://www.researchgate.net/publication/301884662_Testing_the_Effects_of_Employee_Empowerment_Teamwork_and_Employee_Training_on_Employee_Productivity_in_Higher_Education_Sector> [Accessed 12 March 2021].
- 3: Nwani and Mark Kido, 2012. Topic: The Impact of Total Quality Management (TQM) on Employee Productivity: A Case Study of Onne Oil & Gas Free Zone Authority (OGFZA), Rivers State, Nigeria. *Masters of Business Administration (MBA)*, [online] pp. 1-57. Available at: <<https://www.scribd.com/document/204512356/Dissertation-Project-for-MBA>> [Accessed 12 March 2021].
- 4: Rateb Sweis, Asma'a Ismaeil, Bader Obeidat and Raed Kareem Kanaan, 2019. Reviewing the Literature on Total Quality Management and Organizational Performance. *Journal of Business & Management*, [online] 7(3), pp. 192-215. Available at: <<http://centreofexcellence.net/JJBMPdfs/jbm.2019.7.3.192.215.pdf>> [Accessed 12 March 2021].
- 6: Muhammad Sadat Din and Khaliq Ur Rehman Cheema, 2013. STRATEGIC CHANGE: A STUDY OF TQM AND INNOVATION. *Strategic Change: A Study of TQM and Innovation*, [online] (53204), pp. 1-8. Available at: <https://mpa.ub.uni-muenchen.de/53204/1/MPRA_paper_53204.pdf> [Accessed 12 March 2021].
- 10: Pritchard, R.D. (1992), Organizational Productivity, In Dunnette, M. D. and Hough, L.M. (Eds.), *Handbook of industrial and organizational psychology*, Second Edition, 3, pp. 443-471, Palo Alto, CA: Consulting Psychologists Press.
- 11: Juran, J.M. (1988), *Juran on Planning for Quality*, The Free Press, New York, NY.
- 13: Richard, J. (2012). Total Quality Management, Business Management and Strategy, 3(2), 36-42
- 14: A. Aletaiy, U. Kulatunga and C. Pathirage, 2017. KEY SUCCESS FACTORS OF TOTAL QUALITY MANAGEMENT AND EMPLOYEES PERFORMANCE IN IRAQI OIL INDUSTRY. [online] pp. 1-13. Available at: <<https://usir.salford.ac.uk/id/eprint/43863/1/ID%20137%20from%2013th%20IPGRC%202017%20Full%20Conference%20Proceedings.pdf>> [Accessed 12 March 2021].
- 15: Brah, S. A., Tee, S. S. & Rao, B. M. (2002). Relationship between TQM and performance of Singapore companies, *International Journal of Quality and Reliability Management*, 19(4), 356-379.
- 16: Zhang, Z.H. (2000). Developing a model of quality management methods and evaluating their effects on business performance, *Journal of Total Quality Management*, 11(1), 129-137.

17: Esin Sadikoglu and Hilal Olcay, 2014. The Effects of Total Quality Management Practices on Performance and the Reasons of and the Barriers to TQM Practices in Turkey. [online] 2014, pp. 1-18. Available at: <<https://downloads.hindawi.com/archive/2014/537605.pdf>> [Accessed 12 March 2021].

18: Cummings, T.G., & Worley, C.G. (2014). *Organization development and change*. Cengage learning.

19: Montasser, W.Y., & Al-Manhawey, A.A. (2013). TQM critical success factors in hospitality Industry and their impact on customer loyalty, a theoretical model. *International Journal of Scientific & Engineering Research*, 4(1).