QUALITY MANAGEMENT PRACTICES IN RURAL AND URBAN SMES IN BANGALORE CITY

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ABSTRACT
In response to increasing global competition, organizations are undergoing massive transformations in the way they are structured, managed and operated. These transformations are evident even with Small and Medium Enterprise (SMEs). They encounter difficulties in managing the changes like changes related to customer orders, product design, material requirement, purchase order, production changes, shipment schedules, etc. SME’s are focusing their attention on satisfying their customers, SMEs are upgrading their processes and practices to deliver products and services more quickly and efficiently. The last two decades have witnessed an explosion of research into the area of Quality Management Practices like TQM, Six Sigma, lean, kaizen etc... and its application within SMEs. Literature review highlights the importance of Quality Management Practices (QMP) for SMEs in order to improve their current business practices as well as quality of products and services, to ensure long-term survival. However, there are several barriers to effective implementation of QMP in such organizations, namely, the apparent lack of business experience and knowledge, and limitation of financial as well as human resources. This paper presents and analysis the available literature which revolves around Quality Management Practices in SMEs

Key Words: QMP, SME’s, TQM, Six sigma

I. INTRODUCTION

Most of the research pertaining to Quality Management Practices has concentrated on large firms. Little efforts have been done on the Quality Management Practices in SMEs, particularly in developing countries like India. Earlier researches indicate that the majority of SMEs understand the importance of both Quality Management Practices and planning activities for their survival and growth. However, it is unsystematic, non-formal and short-term oriented. Both firm size and planning behavior are found to have statistically significant relationships with Quality Management Practices. As firm size increases from small to medium, and as SMEs move from operational to strategic planning, they attach greater degree of importance to QMP practices. However, the planning behavior of SMEs is more strongly related to QMP than firm size. India values small and medium enterprises (SMEs) for several reasons, such as their potential to create employment and to generate foreign currencies through export, and their potential to grow into Larger Enterprises (LEs).

II. LITERATURE REVIEW

Adoption of TQM practices yields visible and concrete benefits to SMEs. The studies conducted by the researchers about the TQM practices and its affect on SMEs is as follows.

TQM is a “strategic weapon that both large and small firms need in order to survive and grow” further arguing that SMEs are long recognized as the engines of economic growth both in the developed and developing worlds.¹

ISO 9000 registration provides a stepping stone towards TQM practices, also it was reported that despite of benefits there were numerous barriers faced by firms. Journey towards TQM requires not just the full commitment of company management but also quality culture created externally by the government which is crucial to the progress beyond ISO 9000.²
TQM is an approach to doing business that attempts to maximize the competitiveness of an organization through the continual improvement of the quality of its products, services, people, processes, and environments.

The sector is so important for its job and wealth generation potential creating a great need to implement TQM so that SMEs can compete with large corporations in the open market. It was reported that a few selected SMEs are often suppliers of goods and services to larger organizations and TQM is the key to survival. It was also stated that TQM implementation in SMEs is rewarding in the long term.

Effectiveness was measured on the basis of managers’ satisfaction with the achievement of specific objectives and their estimation of the change in several performance variables. Quality management takes time, which necessitates data collection at several points in time, in order to identify causes as well as their effects.

Despite substantial literature on TQM practices there is still much debate concerning the standard’s impact on firm performance, competitiveness and operations management.

Demographical factors:

The demographical factors have been recognized as an important parameter by diverse publications found in literature and the reviews is as follows:

The creative brilliance of the lead entrepreneur, together with the quality, maturity, diversity and depth of the entrepreneurial team, is the key determinant in the survival of the SMEs and the likelihood of high performance and growth.

Age of the firm may affect firm’s survival and growth and firm may decline. The liability of newness that makes the new SMEs faces greater risk to survival than older firms. This is because the new firms do not have the experience, access, links, experience, reputation or legitimacy of the older firms, leading to limited access to external resources.

The average ISO 9000-registered firms in the electronics industry were larger and more profitable than the average non-ISO 9000 firms, although firm size did not affect the profitability.

It was found that the UK firms that adopted ISO 9000 tended to be large, multi-product and manufacturing based. On the other hand, the firms that did not adopt ISO 9000 tended to be smaller businesses that dealt with domestic customers and served the local market. The study concluded that a high majority of ISO 9000 users felt that the advantages of using ISO 9000 outweighed the disadvantages.

Benefits & Barriers:

A review of the literature has identified both positive and negative aspects associated with the QMP & SMEs performance. It is therefore necessary to explore the barriers for QMP and identify how barriers can be overcome, in order to improve their performances.

Quality of SMEs products affects the performance of large businesses since they subcontract a significant portion of their final products to smaller businesses. Research also revealed that many of the quality activities or practices discussed were seen as part of another quality activity i.e. for example PDCA- Plan-Do-Check-Act cycle may be considered a subset of Quality Management System or TQM.

It was found that manufacturing process of small firms was not an obstacle to the implementation of TQM instead it was the size of firm which posed as a threat for implementation.

Quality Management Practices & ISO 9000 had a positive impact on employee productivity and export sales. It was also found that ISO 9000 quality program improved the participant’s quality of work life. ISO 9000 certification resulted in several benefit like better control of business, increase sales/business, reduced costs, increased productivity and few customers complaints. Business that gained most from TQM had started with ISO 9000 & focused on external measures like customer satisfaction etc, along with internal measures like scrap, efficiency.

ISO 9000 Standards was significantly correlated with quality results, like the reduction of defective products and customer complaints, and business performance such as profitability and productivity. On the other hand ISO 9000 certification had little influence on market position, competitiveness, employee satisfaction and environment protection.

The manufacturing firms in North America adopted ISO 9000 as a means to provide credible signals of quality assurance to external parties. ISO 9000 complements rather than substitutes TQM. In addition, ISO 9000 was adopted as a tool in a grand strategy of achieving competitive advantage through quality management and communicating quality results.

Apart from tools & techniques TQM also includes employee satisfaction, product quality improvement, increased productivity and a rise in customer satisfaction. TQM implementation should be done on an incremental basis and that continuous improvement should be instituted and accurate measurements should be used.

SME’s provided positive feedback with respect to quality processes being followed. In spite of this the following challenges were identified: The lack
of employee involvement in decision-making, miscommunication between management and employees, and the dissatisfaction of employees.

III. CONCLUSION

Much has been written about Implementation of QMP in larger enterprises. The literature contains many case studies of successful companies and descriptions of quality concepts and quality improvement programs. But till date, there has been no systematic attempts done to organize and measures the QMP in SMEs.

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