



## **LEVEL OF UTILIZATION OF TOTAL QUALITY MANAGEMENT PRINCIPLES IN BUSINESS OPERATIONS BY ENTREPRENEURS IN OYO STATE**

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### **Abstract**

*This study determined the level of utilization of total quality management principles in business operations by entrepreneurs in Oyo State. Four research questions guided the study. The population of the study comprised 3,659 managers of small and medium scale enterprises in Oyo State who are registered with the State Ministry of Commerce, Industry and Technology. The sample of this study comprised 783 small and medium scale enterprises operators drawn through proportionate stratified sampling technique. Instrument for data collection in this study will be a structured questionnaire titled "Questionnaire on Entrepreneurs Level of Utilization of Total Quality Management Principles (QEUTQMP)" and was validated by two experts. The instrument was structured on a Four (4) point rating scale of Very High Level (3.50-4.00), High Level (2.50-3.49), Low Level (1.50-2.49), Very Low Level (1.00-1.49). The reliability of the instrument was computed using Cronbach Alpha and yielded a co-efficient of 0.78, the instrument was therefore deemed reliable for the study. In collecting data, the researchers trained three research assistants and adopted direct approach in administering the questionnaires to the respondents. Arithmetic mean and standard deviation were used to answer the research questions. The findings of this study revealed among others that small and medium scale enterprise entrepreneurs utilized benchmarking, strategic planning and training principles in their business operations to a low level. The findings also revealed that small and medium scale enterprise entrepreneurs' utilized teamwork principles in their business operations to a high level. Based on the findings, it was recommended among others the National Association for Small and Medium Scale Entrepreneurs (NASME) should organize conferences and workshops for her members so as to educate them on the needs for utilizing benchmarking principles in their business operations.*

### **Introduction**

Small and medium enterprises (SMEs) are recognized as important engines of growth and development in both developed and developing countries of the world due to the role they play in generating employment, stimulating growth and creating social cohesion. SMEs are a major part of the industrial economies and play a unique role in most country's industrial



development. Their flexibility and quick adaptability to change make SMEs essential instruments capable of responding to the increasing globalization of businesses.

According to the Organization for Economic Co-operation and Development (OECD) (2012), small and medium enterprises account for 60 to 70 per cent of jobs. They also account for a disproportionately large share of new jobs. In the United States of America, SMEs employ 50% of the workforce and generate more than half of the nation's Gross Domestic Products (Ohachosim, Onwuchekwa & Ifeanyi, 2012). In Nigeria, SMEs make up about 97% of businesses and provide on the average 50% of Nigeria's employment, and its industrial output (Yusuf & Dansu, 2013). This information is a representation of the case in Oyo State where the people are known for their love for trading and entrepreneurship. This is evident in the presence of large number of small and medium scale enterprises in the State.

SMEs help to promote industrial development through the utilization of local resources, production of intermediate goods and the transformation of rural technology. Their flexibility, dynamic adaptation to changing market conditions, and ability to respond to technological innovations make them significant systems for technology acquisition and transfer. This is why the development strategies of many governments now factor in that particular attention must be paid to the SME sector as a prerequisite for long term social and technological progress. However, despite the quintessential roles of SMEs to economic development, SMEs in Nigeria in general and Oyo State in particular, they are still performing below expectation.

Poor management capabilities have been identified by Monday, Argozie, Bello and Unam (2015) as key factor impinging SME competitiveness in Nigeria. In the same vein, Agboola (2013) opined that some of the problems faced by SMEs could be attributed to numerous quality problems like poor product quality, poor business services, lack of top management commitment, poor leadership and lack of customer focus. The consequence is low business expansion, and high mortality rate which in most cases lead to workers retrenchment, unemployment and inability to remain competitive in the market. The survivability of SMEs depends on their ability to remain competitive. For SMEs to remain competitive, quality is a core competitive priority for any organization to meet its short and long-range plan. Ensuring quality of business products is an important way of maintaining profitability in business. According to Agboola (2013) when a business entrenches the principles of total quality management the business thrives and remains competitive.

Total Quality Management (TQM) plays a very significant role in boosting the competitiveness of SMEs by improving the quality of products and services that they offer. It emphasizes a commitment by management to have a company-wide drive toward excellence in all aspects of products and services that are important to the customer (Sullivan in Monday, Argozie, Bello & Unam, 2015). According to Israr and Gangele (2014), TQM is a management philosophy, a paradigm, a continuous improvement approach to doing business through a new management model. The TQM philosophy evolved from the continuous improvement philosophy with a focus on quality as the main dimension of business. TQM emphasize on the quality of the product or service predominates. TQM is a philosophy which prioritizes an overall commitment to the satisfaction of customers' needs and, thus, it is regarded as being capable of sustaining the development of a competitive strategy that aligns a firm with its various publics. TQM is a people-oriented, customer-focused, measurement-driven management philosophy, using structured and well-organized operating methodology. These definitions identify four basic elements of TQM as benchmarking, strategic planning, employee training



and team work. This study will determine entrepreneurs' level of utilization of total quality management principles.

Benchmarking is another important principle of TQM expected of SMEs. According to Morling and Tanner (2010), benchmarking is a positive, proactive process to change operations in an institution in a structured fashion to achieve superior performance. Wainwright, Green, Mitchel and Yarrow (2015) noted that much of the first part of the TQM journey was about raising awareness and recognizing problems and opportunities, while the second part utilized benchmarking to optimize operations through finding and implementing better practices.

Strategic planning is a TQM principle that is essential to the growth of SMEs in Nigeria. Strategic planning implies an attempt to alter a company's strength relative to that of its competitors in the most efficient and effective way (Ekiz, Ozgurer & Sian, 2015). Strategic planning focuses on the direction of the organization and actions necessary to improve its performance. It is the process by which firms derive a strategy to enable them to anticipate and respond to the changing dynamic environment in which they operate (Dean & Terziowski, 2011). Strategic planning thus provides the focus for TQM implementation.

Employee training is a crucial TQM principle that helps to promote SMEs' profitability and productivity. Training is a program that helps employees learn specific knowledge or skills to improve performance in their current roles. According to Ongori and Nzonzo (2011), training and development of employees is crucial in organizations in this era of competition, especially in SMEs, due to the fact that organizations need to service, cultivate and progress in their markets.

The last fundamental principle is teamwork. Team work involves members of the staff working together to achieve the goals of the enterprise. Teamwork can unite the entire employees to achieve business goals. In terms of physical labour, teamwork is important to the TQM process as it builds self-confidence, improves communication and breaks the bonds of dependency on the business enterprise (Ekiz, et al., 2015). TQM organizations discover the benefits of having effective teams at all levels.

Therefore, it becomes pertinent that entrepreneurs apply TQM in the management of their business enterprises. Entrepreneurs are people who have the ability to see and evaluate business opportunities, put together the necessary resources to take advantage of them and to initiate appropriate actions to ensure success. The entrepreneurs employ and contract the managers to oversee the running of their businesses. Agada (2014) defined an entrepreneur as a person who possesses the ability to recognize and evaluate business opportunities, assemble the necessary resources to take advantage of them and take appropriate actions to ensure success. Thus, entrepreneurs are expected to be in charge of the utilization of the TQM principles in their business enterprises because the utilization of TQM in organizations according to Pineda (2013) leads to the success of such organizations. To many of the SMEs, the utilization of TQM remains a question. It therefore becomes imperative to empirically investigate the level of utilization of TQM principles in business operations by entrepreneurs in Oyo State.

### **Statement of the Problem**

In Oyo State, the SME sector's contribution seems to have fallen short of its potential due largely to lack of effective quality management and coordinated effort to support SME's operations. Some SMEs operators in the State seem to struggle to operate, manage and



improve their businesses efficiently in order to consistently deliver quality products and services on time. These SMEs operators appear to have failed to adopt TQM principles in their businesses and this seem to have affected the level of the business competitiveness. Field observation done by the researchers revealed that some of the SMEs do not engage employees in training programmes that help to update their knowledge of the organizational activities. It was also discovered that some SMEs do not have business strategic plan in their businesses. This seems to have led to cases of financial misappropriation of business funds and problems related to investment in low profit yielding businesses. This situation has led to business failures and wind-up. It is against this background that the researcher empirically investigated entrepreneurs' level of utilization of total quality management principles in their business operations in Oyo State. The following research questions were raised for the study:

1. What is the level of utilization of benchmarking principles in business operations by entrepreneurs in Oyo State?
2. What is the level of utilization of strategic planning principles in business operations by entrepreneurs in Oyo State?
3. What is the level of utilization of employee training principles in business operations by entrepreneurs in Oyo State?
4. What is the level of utilization of teamwork principles in business operations by entrepreneurs in Oyo State?

## **Method**

The design adopted for this study was the descriptive survey design. The study was carried out in Oyo State. The population of the study comprised 3,659 managers of small and medium scale enterprises in Oyo State who are registered with the State Ministry of Commerce, Industry and Technology. The sample of this study comprised 783 small and medium scale enterprise operators drawn through proportionate stratified sampling technique. Instrument for data collection in this study was structured questionnaire titled "Questionnaire on Entrepreneurs Level of Utilization of Total Quality Management Principles (QEUTQMP)" and was validated by two experts. The instrument was structured on a Four (4) point rating scale of Very High Level (3.50-4.00), High Level (2.50-3.49), Low Level (1.50-2.49), Very Low Level (1.00-1.49). The reliability of the instrument was computed using Cronbach Alpha and yielded a co-efficient of 0.78. Arithmetic mean and standard deviation was used to answer the research questions.

## **PRESENTATION OF RESULTS**

**Table 1: Mean ratings on the level of utilization of benchmarking principles in business operations by entrepreneurs in Oyo State**

<b>S/N</b>	<b>Benchmarking Principles</b>	<b>X</b>	<b>SD</b>	<b>Remarks</b>
1	Identifying SMEs that adopt best management in your area of business	2.20	0.68	Low Level
2	Visiting business sites of competing enterprises to study mode of operations	2.01	0.71	Low Level
3	Eliciting information from employees of competing enterprises on management innovations at their place of work	1.98	0.70	Low Level



4	Putting a benchmarking standard in place	2.11	0.72	Low Level
5	Reviewing current technologies relevant to business progress	2.09	0.69	Low Level
6	Using forecasting techniques relevant to business progress	2.44	0.88	Low Level
<b>Cluster Mean</b>		<b>2.13</b>		<b>Low level</b>

The result presented in Table 1 revealed that there is a low level of utilization of benchmarking principles by small and medium scale enterprise operators in Oyo State.

**Table 2: Mean ratings on the level of utilization of benchmarking principles in business operations by entrepreneurs in Oyo State**

S/N	Strategic planning principles	X	SD	Remarks
7	Having clearly defined mission statement	2.34	0.72	Low level
8	having vision statement	2.16	0.76	Low level
9	Identifying the firm's resources	2.90	0.80	High level
10	Classifying the firm's resources	2.43	0.76	Low level
11	Appraising profit generating potentials of the firm's resources	2.65	0.77	High level
12	Selecting strategy which best exploits the firm resources and capabilities	2.03	0.61	Low level
13	Ensuring that the business strategy plan is progressively evacuated	2.16	0.76	Low level
<b>Cluster Mean</b>		<b>2.38</b>		<b>Low Level</b>

The result presented in Table 2 revealed that there is a low level of utilization of strategic planning principles in business operations by entrepreneurs in Oyo State.

**Table 3: Mean ratings on the level of utilization of employee training principles in business operations by entrepreneurs in Oyo State**

S/N	Employee training principles	X	SD	Remarks
14	Sponsoring employees for further training	2.40	0.75	Low level
15	Ensuring that new employees are properly oriented on the firm's culture and goals	2.09	0.88	Low level
16	Regularly organizing staff seminars to train employees on current trends in the firm's operation	2.18	0.77	Low level



17	Sponsoring employees to professional conferences to improve their skills	2.00	0.76	Low level
18	Regularly organizing workshops to expose employees to best practices	2.11	0.81	Low level
19	Organizing refresher course for employees	2.44	0.84	Low level
20	Implementing mentoring programmes for new employees	2.09	0.71	Low level
<b>Cluster Mean</b>		<b>2.19</b>		<b>Low Level</b>

Result shown in Table 3 indicated that there is a low level of utilization of employee training principles in business operations by entrepreneurs in Oyo State.

**Research Question 4:** What is the level of utilization of teamwork principles in business operations by entrepreneurs in Oyo State?

**Table 4: Mean ratings on the level of utilization of teamwork principles in business operations by entrepreneurs in Oyo State**

S/N	Teamwork principles	X	SD	Remarks
21	Collaboratively carrying out business tasks with staff	2.45	0.81	Low level
22	Encouraging cooperation among staff to get jobs done	3.64	0.69	High Level
23	Encouraging team spirit among staff	3.74	0.61	High Level
24	Ensuring good working relationship between senior and junior staff	3.56	0.59	High Level
25	Encouraging peer evaluation among employees	2.09	0.88	Low Level
26	Placing staff in teams so as to develop ideas for the business development plans	2.94	0.79	High Level
<b>Cluster Mean</b>		<b>3.07</b>		<b>High Level</b>

Data in Table 4 showed that there is a high level of utilization of teamwork principles in business operations by entrepreneurs in Oyo State.

### Discussion of Major Findings

Findings in research question one indicated that there is a low level of utilization of benchmarking principles by small and medium scale enterprise operators in Oyo State. This finding is in agreement with the findings of Wahab and Rahim (2013) who found that SMEs in Malaysia had below 50% benchmark in specific areas of business operations which include



production, operations management, marketing, information and communication technology application, finance and management.

Findings in research question two indicated that there is low level of utilization of strategic planning principles in business operations by entrepreneurs in Oyo State. This finding may have resulted because of lack of awareness on the part of small and medium scale entrepreneurs on the need to utilize strategic planning in their business operations. This is in agreement with the findings of Majama and Magang (2017) who stated that SMEs operators do not strategically plan their business operations that most SME owner/managers had limited knowledge in the area of strategic planning.

Findings in research question three indicated that there is a low level of utilization of employee training principles in business operations by entrepreneurs in Oyo State. This finding may have resulted because of poor emphasis on employee training by operators of small and medium scale enterprises. Also the task for ensuring employee training has been given little attention by small and medium scale entrepreneurs. This is in agreement with Hasan (2016) who noted that most small business do not invest in the training of their employees.

Findings in research question four indicated that there is a high level of utilization of teamwork principles in business operations by entrepreneurs in Oyo State. This finding does not signify adequate utilization of teamwork principles in their business operations. This finding is in line with Musriha (2013) who found that team work is an integral principle that is adopted by employees in Clove Cigarette factories. However, this finding is not in line with Ejionueme and Oyoyo (2015) who reported that teamwork is applied to a high level in secondary school administration.

### **Recommendations**

Based on the findings of this study, the researcher proffers the following recommendations:

1. The National Association for Small and Medium Scale Entrepreneurs (NASME) should organize conferences and workshops of her members so as to educate them on the needs for utilizing benchmarking principles in their business operations.
2. Operators of SMEs should improve their knowledge of strategic planning principles in business operations. They can do this by reading business books and journals on effective strategic planning techniques for business operation.
3. Operators of SMEs should endeavour to invest in the training of their employees on current trends in their line of business. The business operators can further consult with experts to determine the best training programme that best suits their business size.
4. Operators of SMEs should as a business rule encourage employees to work in teams. This can be done by assigning duties to employees in groups.

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