

THE EFFECT OF TOTAL QUALITY MANAGEMENT PRACTICE ON ORGANIZATIONAL PERFORMANCE - THE CASE OF BAHIR DAR TEXTILE SC

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Abstract

The main purpose of this paper was to investigate the effect of Total Quality Management practices on organizational performance the case of Bahir Dar Textile SC. It adopted an explanatory research design. The sample size of 71 respondents was drawn using stratified random sampling technique. The study findings of correlation analysis showed that all constructs of total quality management (customer focus, employee's empowerment, top management commitment, continuous empowerment, supplier quality management, process approach) were positively and significantly affect organizational performance. The findings of the multiple regressions analysis showed that the observed changes in organizational performance attributed by the elements of total quality management practice is 49.4% (adjusted $r^2=0.494$). The study also reveals from six major elements of total quality management practices, customer focus, top management commitment, continuous improvement, employee's empowerment, and supplier quality management has a positive effect on organizational performance, while process approach doesn't have a significant effect.

Keywords:

Total Quality Management, Customer Focus, Top Management Commitment, Employees' Empowerment, Continuous Improvement, Process Approach, Supplier Quality Management

1. INTRODUCTION

In 20th century globally competitive marketplace, the demands and requirements of customers are gradually increasing as they require not only improved quality of services and products based on their specifications but also flexible, responsive and cost-effective producer or services provider [10]. For this reason, many organizations are looking for different strategies including quality management approaches six sigma, lean, total quality management (TQM) and others to survive in this dynamic environment and maintain a competitive advantage over their rivals. Continuous improvement of all business activities with a focus on the customers throughout the entire organization and an emphasis on flexibility and quality is one of the main means by which companies face up to these competitive threats. Total quality management (TQM) as management process and philosophy can be used to continuously improve all business activities or organizational functions [6].

A business organization produces goods and services to meet its customer's needs. Quality has become a major factor in a customer's choice of products and service. Many organizations increasingly applied the principles of total quality management to improve their quality, responsiveness, flexibility and efficiency. TQM resulted in higher quality, improved customer satisfaction, better employee morale and increased productivity and profitability. In order to improve the quality standard through TQM practices, governmental, non-governmental and private organizations have to embark on reforms and programs to

continuously improve product and service quality. The culture requires quality not only in all aspects of the company's operations but also considers suppliers and customers. Even though it does not provide tangible improvements, more resource-demanding, not an optimum strategy to overcome current crisis or practical problems exist and subject to unclear notion, and its principles, such as e.g. process orientation, controllability, and zero defects are as a modern myth, and subject to complexity of management. However, according to Oakland [22], total quality management is a strategic (long-term) management tool that can be used for not only increasing quality, but also improving cost, effectiveness, responsiveness, and flexibility of organizations.

United Nations Industrial Development Organization [22], described that enterprises of developing countries unable to compete on international market and foreign imported products, as a result of different constraints inhibited their like finance and investment issues, international trading regulations and etc. However, as one critical factor, such enterprises have to improve the quality of their products (delivering products that meet and exceed customer's requirement). To do this the enterprises have to adopt total quality management (TQM) as a strategy to improve their efficiency and quality performance.

TQM is widely implemented in both private and public sector organizations and plays the largest number of historical applications in manufacturing industry including textile manufacturing sector [26]. A manufacturing company that possesses many complexities can be highly challenged when maintaining production goals and standards in conjunction with a major organizational change. Textile manufacturing is one of a complex industry involving many organizations, inputs (raw materials) and longer processes. In this sector customers have more options available with them for selecting a quality product at a much competitive price. Therefore, the only way left out to bring down the cost and to generate more yields, with competitive quality products. TQM is the appropriate strategy to meet the double demand of competition and quality [28]. According to Lazibat et al. [17] textile manufacturing industry is a sector where quality is one of the key competitive factors, and current competition does not only concern the individual firm but, rather, involves the entire supply chain.

1.1 STATEMENT OF THE PROBLEM

As a result of government reform and policy change, Ethiopia's textiles and clothing industry is achieving major development, aided by the presence of a cheap, skilled and highly-motivated workforce and availability of wide cotton production. The Ethiopian textile and apparel industry has huge potential and has grown on an average of 51% over the last 5-6 years. The economic developments in the textile and apparel sector show enormous growth in comparison to 2010/2011. The sector

contributed an export amount of just over 160 million United States dollars (USD) in 2014/2015 which represents 6% of the country's total export and employed 37,000 workers.

At moment, the textile and apparel sector consists of around 130 medium and large scale factories [21]. However, as a result of poor quality of products the sector is not in a position to compete in the international markets [7]. Ethiopia is among the fastest growing nations in the world. As a result of this, the manufacturing sector and other sectors have shown a significant improvement. Textile industry is one of the main manufacturing sectors which provide highest employment and export contribution the country. Even though the contribution of the textile sub - sector in terms of market share and GDP has increased over the last few years, the sub-sector is still being locked to compete in international market and dominated by imported products in local markets. Among the bottlenecks to compete internationally, quality problem has the lion share (major) of contribution [7].

In the country's textile manufacturing industries unnecessary scraps, defected or returned products, poor disposal of chemicals, low valued products are the main contributors and indicators for poor quality. In today's dynamic environment retaining and pulling of customers is a very difficult task for organizations. To do this there should provide nothing but highly qualified product that depends on customers' requirements and specifications with minimum possible cost, unless it should be impossible even to survive. Therefore, the product quality has to become one of the emerging issues in Ethiopian textile manufacturing sub- sector to improve their competitiveness. The problems which contributed a lot towards the above series quality problems of the sector can be reduced through the adoption of proper quality management approach like total quality management. Based on this practical problem, the study investigates the effect of total quality management practice on organizational performance.

1.2 OBJECTIVES OF THE STUDY

1.2.1 General Objective:

The general objective of this research is to examine the effect of total quality management practice on organizational performance.

1.2.2 Specific Objectives:

The specific objective specifically the study tried to address

1. To assess the relationship between customer focus and organizational performance;
2. To examine the effect of top management commitment and organizational performance;
3. To examine the relationship between continuous improvement and organizational performance;
4. To analyze the relationship between employees empowerment and organizational performance;
5. To investigate the relationship between supplier quality management organizational performance;
6. To investigate the relationship between process approach and organizational performance.

2. REVIEW OF RELATED LITERATURE AND CONCEPTUAL FRAMEWORK

2.1 ELEMENTS OF TOTAL QUALITY MANAGEMENT

There are many elements of total quality management developed by different quality scholars. The main principles of total quality management are outlines as follows;

2.1.1 Focus on Customer:

The first and the most important characteristics of TQM are the attention granted by the company to the customers. In a total quality management setting, customers define quality and employees or the company produces it. This is the quality level is granted to the customer. In any case, it is not always easy to determine what a client or customers desires, because the tastes and preferences may change frequently [20].

Customers are the important assets of the organization. Due to this, management must develop an attitude that puts the customer in every decision made. The customer is the reason for organizations in business. Without customers there would be no anyone would wish to purchase company's goods and services. In an organization that follows TQM principles, input can come from the sales representative, marketing group, the quality department, manufacturing, customer service, and engineering together according to customer's specifications. The method in which the input is provided can be reactive or proactive. However, both sources should be looked upon satisfying the customer's needs.

Companies that built their systems on foundations of customer specification must be careful that the foundation is according to on the right way. This requires a thorough and accurate knowledge of customer's (both internal and external) requirements. It is not only measuring quality internally, but also the companies have to go to analysis and ask the customers about their impression of the total set of goods and services they receive from the company [11]. According to [5], in total quality management the organizations have to consider both internal and external customers. Before the companies satisfy external customers, the organizations have to eliminate some of the obstacles to the internal customers (employees) and create the conditions necessary for them to produce and deliver quality. When using total quality management it is of crucial importance to remember that only customers determine the level of quality. Whatever efforts are made with respect to training employees or improving process, only customers especially externals are determining it [30].

2.1.2 Employee's Empowerment:

According to Oakland [22], due to technological advances, globalization and variation or fluctuation in demand for products and services worldwide has created relative instability, cyclic hiring and downsizing in many organizations. However, during these times the way in which people are managed and developed at work has become recognized as one of the primary keys to improved and sustained organizational performance. Employing the people who will most carry your team towards an overall goal of customer satisfaction is the key to the functions of every business. In TQM, employees are involved not only in decision

making, but also in processes creating that precede decision making. Employees must be encouraged and involved to participate in quality management by using control tools and techniques and the areas needing improvement [4].

The principle of employees' empowerment consists in developing employees' capacity to act and to decide independently in solving problems, and to engage in quality improvement projects and practices. Total quality management (TQM) has far-reaching implications for the management of human resources. It emphasizes self-control, autonomy, and creativity among employees and calls for greater active cooperation rather than just compliance. For this purpose it may act through measures to ensure full motivation of all staff to permanently participate to the process of improvement, innovation and creativity.

The impact of human resources in the organization depends on the kind of empowerment given to them. In TQM, the role of employees is very different from what it was in traditional systems. In traditional systems, workers or employees used only in the production process but in TQM, workers are empowered to make decisions relative to quality in the production process. They are considered a vital element of the effort to achieve high quality. Their contributions are highly valued, and their suggestions are implemented. In order to perform this function, employees are given continual and extensive training in quality measurement tools [31].

2.1.3 Continuous Improvement:

Another concept of the TQM philosophy is the focus on continuous improvement. Traditional systems operated on the assumption that once a company achieved a certain level of quality, it was successful and needed to make no further improvements. Continuous improvement, called kaizen by the Japanese, requires that the company continually strive to be better through learning and problem solving. Because we can never achieve perfection, we must always evaluate our performance and take measures to improve it [8]. Continuous improvement starts at the top and employees top-down approach of flow or movement objectives particularly those related to achieving higher quality, flexibility, responsiveness, and cost effective delivery of products and of services, chosen to increase customer confidence and drive efficiency [22]. A focus on improvement opportunities leads to the creation of teams whose membership is determined by their work on and detailed knowledge of the process, and their ability to take improvement action. The teams must then be provided with good leadership and the right tools to tackle the job. Continuous improvements in the quality of products, services, and processes can often be obtained without major capital investment [23].

2.1.4 Leadership and Top Management Commitment:

Leaders establish unity of purpose and direction. They are directly responsible for the organizations success and failure. The success of implementing a quality management system (QMS) depends on the commitment of the top management. The leadership in all organizational levels should create an environment that will initiate and promote conditions in which employees feel the commitment to achieving the objectives of the organization [19]. Structuring the system of organized leadership within a business will enhance overall management and

productivity within a company. Full commitment is needed at top of business hierarchy. Eliminating performance rating and placing an emphasis on stability and consistency in effort will help to create small gains that will add up over time when making large picture changes to business or business model, include all team members in decisions [18]. The success and failure of the organizations is depending on the personal commitment of the general manager and management structure to be involved in the implementation of the integrated approach to TQM. For this reason, top managers must focus their attention throughout the organization. Activities in which they are directly responsible for quality must be: establishing the purpose of the implementation of the quality standard; direct involvement in solving the problems that are generated by the achievement of the aim; allocation of resources required for implementation and effective operation of the quality system; rewarding employees for participation in continuous quality improvement; minimize problems of communication between organizational levels.

2.1.5 Supplier Participation or Involvement:

TQM extends the concept of quality to a company's suppliers. Traditionally, companies tended to have numerous suppliers that engaged in competitive price bidding. When materials arrived, an inspection was performed to check their quality. TQM views this practice as contributing to poor quality and wasted time and cost. The philosophy of TQM extends the concept of quality to suppliers and ensures that they engage in the same quality practices. If suppliers meet preset quality standards, materials do not have to be inspected upon arrival. At the same time the manufacturer must also take account of the interests of the supplier, so both have benefited from business conducted jointly. Relations beneficial win-win between the organization and suppliers increases the capacity of both entities to create added value. So the management of relations with suppliers focuses on providing quality and performance of services, involvement and integration provider (supplier partnership) and the capability of providing improvements in its work. Companies should work with their suppliers and extend TQM programs to them to ensure quality inputs. For many manufacturing companies, purchased components and materials account for over 50% of their production costs. Similarly, over 80% of the costs are the costs of goods intended for resale. If suppliers are providing low-quality components, materials, or goods, the purchasing company will find it impossible to achieve a high level of quality in goods and services it produces. In fact, many companies now require suppliers to have quality management programs certified by customers or by a recognized certification organization, such as the International Organization for Standardization (ISO).

2.1.6 Process Approach:

Historically leaders and managers have focused on the outcome measures. They always focus on the maximum output with acceptable quality levels. These are valid issues but they neglect the importance issues of how to achieve this output. A good leader will always look to understand the system which generate results and drive improvement in the system [14].

Results can be achieved more efficiently if necessary activities and resources are bundled and managed as a process. For this purpose, individual process steps need to be defined, inputs and outputs determined and the interfaces with the organization 's function identified. Keeping a team focused on the functional

operation of work systems and devising plans that help employees to be educated and well-trained in their particular fields will allow for the company to grow and flourish [18]. In this dynamic environment business is conducted today is characterized by what has been referred to as “the six c’s:” change, complexity, customer demands, competitive pressure, cost impacts, and constraints. All have a great impact on an organization’s ability to meet its stated business goals and objectives. To respond such challenges, the process should be effective, efficient, and adaptable. The process is effective if the output meets customer needs. It is efficient when it is effective at the least cost. The process is adaptable when it remains effective and efficient in the face of the many changes that occur over time. To understand why good process quality is the exception, not the rule, requires a close look at how processes are designed and what happens to them over time [13]. According to ISO, consistent and predictable results are achieved more effectively and efficiently when activities are understood and managed as interrelated processes that function as a coherent system.

2.2 TOTAL QUALITY MANAGEMENT AND ORGANIZATIONAL PERFORMANCE

Firm performance comprised the actual output or results of an organization as measured against its intended outputs (or goals and objectives), it involved the recurring activities to establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently [25]. To improve their performance firms looking for higher level of effectiveness across all areas and processes have chosen TQM as a strategy [3].

Despite the different nature of the organizations (manufacturing and services giving) both faces similar problems in implanting total quality management like poor implementation of ISO 9000 standards, lack of top management commitment, and expectance of radical change from inside and outside customers [12]. Eskildson [9] reported that TQM implementation has uncertain or even negative effects on performance. Excellence in manufacturing system has become important to gain the competitive advantage [27].

To improve their competitiveness, organizations are looking for a higher level of effectiveness across all functions and processes of organizations that chosen total quality management as the strategy must use in business. If total quality management is implemented well it can assist an organization to improve its process, better serve its society and its own members [1] [16]. TQM has been widely implemented throughout the world. Many firms have arrived at the conclusion that effective TQM implementation can improve their organizational and competitive abilities and provide strategic advantages in the marketplace. Several studies have shown that the adoption of TQM practices can allow firms to improve performance and to compete globally. According to Ayandele and Akpan [2] the successful implementation of TQM has significantly reduced their operating costs; wastes were significantly reduced, and boost. A study conducted by Rategan [24] also indicated that a 90% improvement rate in employee relations, operating procedures, customer satisfaction, and financial performance is achieved due to TQM implementation. Total quality management includes many elements like customer focus, top management

commitment, continuous improvement, employee empowerment, process approach, supplier quality management, and others. Many authors concluded that elements of total quality management have higher impact on organizational performance improvement. The elements of total quality management (customer focus, top management commitment, continuous improvement, employee empowerment, process approach, supplier quality management) have a positive impact on organizational performance.

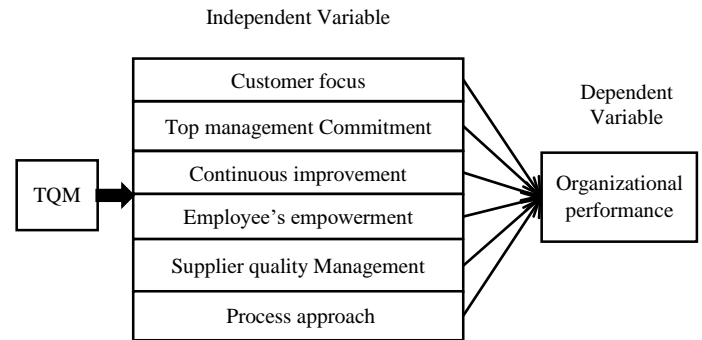


Fig.1. Conceptual Framework

3. RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

In this study, explanatory research design was applied. Explanatory research attempts to clarify ‘why’ and ‘how’, and a relationship between two or more aspects of a situation or phenomenon. The explanatory research design explains best the characteristics of variables and how to establish cause-and-effect relationship between variables. Based on this the researcher applied explanatory research to investigate the relationship between total quality management practice and organizational performance.

3.2 SAMPLING TECHNIQUES AND SAMPLE SIZE

Stratified sampling techniques and simple random sampling techniques were applied for this study. Stratified sampling techniques were applied for the employees of organizations because the target population is large and heterogenous. To make the population manageable, respondents were classified in to strata using departments as a stratum. According to [15] a sample size of 10% or more of the total population is adequate for a survey.

$$n = 10\% * N \rightarrow n = 10\% * 710, \text{ where } n = 71$$

where N is the total population and n is the sample size. After determining the samples size, the researcher was applied a lottery method (simple random sampling) to distribute questionnaires.

Table.1. Sample size of the company

Department	Total population	Computation	Sample size
Human Resource	50	$n = 10\% * 50$	5
Finance and procurement	120	$n = 10\% * 100$	12
Marketing & sales	80	$n = 10\% * 80$	8

Engineering	190	n = 10%* 190	19
Production	230	n = 10%*230	23
Quality assurance and inspection	40	n = 10%*40	4
Total	710		71

3.3 TOOL OR INSTRUMENT FOR DATA GATHERING

Questionnaire: The questionnaire method was selected because it makes measuring attitudes and orientation in a large population possible. The reason for using a questionnaire is to elicit information from the respondents that will be useful for analysis in a structured manner. In this case, the researcher is interested in determining the extent to which respondents hold a particular attitude or perspective about the effect of total quality management and organizational performance.

Interview: The use of interviews can help to gather valid and reliable data that are relevant to research questions and objectives. In reality, the research interview is a general term for several types of interview. In semi-structured interviews the researcher will have a list of themes and questions to be covered, although these may vary from interviewee to interviewee. This means that the researcher omits some questions in particular interviews and the order of questions may also be varied depending on the flow of the conversation. On the other hand, additional questions may be required to explore the research question and objectives given the nature of events within particular organizations. Due to the above justifications, semi-structured interview was employed for one purposefully selected top manager and quality manager of the organization.

3.4 DATA ANALYSIS

Using the correlation and regression method of analysis helps to identify and assess the relationship between the total quality management practices and organizational performance and in order to predict the dependent variable based on the independent variables. The dependent variable is organizational performances. Whereas the independent variables are involving the customer focus, top management commitment, employee empowerment, continuous improvement, supplier quality management, and process approach i.e. the elements of total quality management practices. In order to establish the statistical significance of independent variables on the dependent variable multiple linear regression models was employed. The following Regression model is developed to show the relationship among total quality management practices and organization performance.

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4x_4 + b_5x_5 + b_6x_6 + e$$

where,

Y: represents organizational performance,

a: the Y intercept when X and A are zero;

B₁, B₂, B₃, B₄, B₅ and B₆ are the regression weights attached to the variables;

X₁: customer focus,

X₂: top management commitment,

X₃: continuous improvement,

X₄: continuous improvement,

X₅: supplier quality management,

X₆: process approach and

e: is the margin of error considered 5%.

4. RESULTS AND DISCUSSION

4.1 CORRELATION ANALYSIS

Based on the Table.2, the result of correlation matrix between each total quality management practice constructs and Organizational performance (OP) is analyzed as follow: As per Table.2 showed, customer focus (CF), positively related to organizational performance (OP) with a Pearson correlation coefficient of 0.524 (r=0.524) and significance value 0.000. This significance tells that there is high effect and positive relationship between customer focus and organizational performance (OP). The Table.2 also depict that as there is high effect and positive association between top management commitment (TMC) and organizational performance (OP) with a Pearson correlation coefficient of 0.684 (r=0.684) significance value 0. This significance tells that there is high effect and positive relationship between top management commitment (TMC) and organizational performance.

On the other hand, the Pearson correlation test indicated in the Table.2 also showed that there is high effect and positive correlation between continuous improvement (CI) and organizational performance (OP) with a Pearson correlation coefficient of 0.739 (r=0.739) and significance value is 0.000. This significance tells that there is significant association of continuous improvement and organizational performance. As per the Table.2, the correlation test conducted between employees' empowerment (EE) and organizational performance, clearly indicates that there is high and positive relation between the two. The result of correlation coefficient showed 0.511 (r=0.511) and significance value is 0.000 which indicates as there is significant relation between them. The correlation test on supplier quality management (SQM) and Organizational Performance (OP) also shown a medium effect and positive correlation with a Pearson correlation coefficient of 0.378 (r=0.378) and significance value 0.000. This significance tells that there is significant relation between supplier quality management (SQM) and Organizational Performance (OP). The Table 4.3 below, also depicts that as there is a medium effect and positive relationship between process approach (PA) and organizational performance (OP) with a Pearson correlation coefficient of 0.374 (r= 0.374) significance value is 0.000. As Table.1, indicated all the independent variables are positively correlate with the dependent variable at 0.01 level of significant.

Table.2. Correlation between elements of total quality management and organizational performance

		CF	TPM	CI	EE	PA	SQM	OP
CF	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	71						

TPM	Pearson Correlation	.511**	1					
	Sig. (2-tailed)	.000						
	N	71	71					
CI	Pearson Correlation	.530**	.399**	1				
	Sig. (2-tailed)	.000	.000					
	N	71	71	71				
EE	Pearson Correlation	.534**	.430**	.481**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	71	71	71	71			
PA	Pearson Correlation	.567**	.547**	.480**	.480**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	71	71	71	71	71		
SQM	Pearson Correlation	.525**	.461**	.554**	.403**	.605**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
	N	71	71	71	71	71	71	
OP	Pearson Correlation	.524**	.684**	.739**	.511**	.378**	.374**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	71	71	71	71	71	71	71
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

4.2 REGRESSION ANALYSIS

So as to verify how the independent variable predicts the dependent variable, multiple linear regression analysis was conducted. multiple linear regressions were made to determine the predictive power of the independent variables (i.e. customer focus, top management commitment, continuous improvement, employees empowerment, supplier quality management, and process approach) on the dependent Variable (organizational performance).

Table.4.3. Regression Analysis of ANOVA Test Table, Model Summary and Coefficient between Total Quality Management Practices and Organizational Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
Anova ^a	Regression	6.799	8	.850	9.539	.000 ^b
	Residual	5.524	62	.089		
	Total	12.323	70			

Model Summary		R	R ²	Adjusted R ²	Std. Error of the Estimate	
		.743 ^a	.552	.494	.29849	
Model	Unstandardized Coefficients	Standardized Coefficients			T	Sig.
		B	Std. Error	Beta		
Coefficient	(Constant)	1.076	.252		4.261	.000
	Customer focus	.472	.087	.530	9.450	.001
	Top management commitment	.243	.052	.301	3.379	.003
	Continuous improvement	.658	.090	.583	5.676	.001
	Process approach	.020	.077	.028	0.254	.800
	Employees empowerment	.361	.082	.469	4.430	.001
	Supplier quality management	.256	.067	.400	3.808	.000

a. Dependent variable: Organizational performance

b. Predictors: (Constant), Customer Focus, Top Management Commitment, Continuous Improvement, Employees Empowerment, Process Approach and Supplier Quality Management

Source: Researcher's survey, 2018

The findings regarding with the causal relationship between the total quality management practices and organizational performance revealed in the ANOVA test table demonstrates and confirmed that the model has acceptability from the statistical perspective as its p-value is 0.000 less than 0.05(5%) i.e. it is statistically significant at 0.05(5%) significance level. The results of the above model summary proves that the value of R is 0.743 which states the strong and positive causal relationship between total quality management practices and organizational performance as well as the value of adjusted R square is also 0.494(49.4%) which verifies that 49.4% of the changes/variations in the organizational performance are explained by the total quality management practices i.e. the essentials of the total quality management practices plays a key role with the probability or possibility of 49.4% of changing the organizational performance of the company. However, 49.6% of the variations in the organizational performance are explained by the factors other than the constructs of the total quality management practices.

The regression coefficient matrix table illustrates the causal relationship between total quality management practices and organizational performance of the company. Based on the above result customer focus, top management commitment, continuous improvement, employees' empowerment and supplier quality management is statistically significant with the significance value of 0.001, 0.003, 0.001, 0.001, and 0 respectively which are less than 0.05(5%).

While process approach does not have a significant relationship with organizational performance at 5% level of significance. As a result of the regression coefficient matrix between the total quality management practices and organizational performance of the industry, a regression equation is developed as follows;

$$Y = A + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7 + B_8X_8 + e$$

$$Y = 1.076 + 0.530X_1 + 0.301X_2 + 0.583X_3 + 0.028X_4 + 0.469X_5 + 0.400X_6 + e$$

where,

Y : represents organizational performance,

a : the Y intercept when X and A are zero;

B_1, B_2, B_3, B_4, B_5 and B_6 are the regression weights attached to the variables;

X_1 : customer focus,

X_2 : top management commitment,

X_3 : continuous improvement,

X_4 : process approach,

X_5 : employee empowerment,

X_6 : supplier quality management and

e : is the margin of error considered 5%.

5. CONCLUSIONS AND FUTURE RESEARCH DIRECTION

The study sought to examine the effect of total quality management practice on organizational performance. The study findings of correlation analysis showed that all constructs of total quality management (customer focus, employee's empowerment, top management commitment, continuous empowerment, supplier quality management, process approach) were positively and significantly affect organizational performance. The findings of the multiple regressions analysis showed that the observed changes in organizational performance attributed by the elements of total quality management practice is 49.4% (adjusted $r^2=0.494$). This finding of this research shows total quality management practices significantly affect organizational performance of Bahir Dar textile SC. The study also reveals from six major elements of total quality management practices, customer focus, top management commitment, continuous improvement, employee's empowerment, and supplier quality management has a positive effect on organizational performance, while process approach doesn't have a significant effect. The study recommends that future studies should test the effects of the other elements of total quality management practices on organizational performance that were not part of this study.

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