The Effect of Total Quality Management (TQM) on Organization Performance the Mediation of Market Orientation (Case Study Insurance Companies City of Rasht)

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Abstract

It is critical that the managers understand and design strategies to obtain a greater performance. Market orientation (MO) has emerged as a significant antecedent of performance. The current situation is one of the best tools for a dynamic organization whose purpose is to operate in a competitive environment, known as total quality management. TQM as a management paradigm has been accepted by many organizations around the world. TQM is an organization that attempts to make the structures, procedures, customs, behavior and even their infrastructure in order to maintain customer satisfaction, coupled with the emphasis on compatibility, quality improvement and organizational competitiveness improvement. So, this research aims to add systematic view to quality subject by examine the intermediation role of market organizations performance. Current research seeks to examine the effects of total quality management on performance (service quality) will intermediation of market orientation. After gathering information by questionnaire from managers, experts 8 senior, we use SPSS&AMOS for analyzing of data.

Keyword: Total Quality Management, Market Orientation, Organizational Performance, Service Quality, Insurance
Introduction

Today's quality improvement has high importance in parts of industry, production, hygiene, treatment and education and service. In general one organization has emerged based on public and social needs. Organizations in order to obtain their purpose must have relationship with other parts. This issue is very important that managers design strategies which through its improve organization performance (Pearce 2003). On the other develop institutions and various industrial organizations and commercial and increase intense of competition between them caused to organizations to survive do not short of none practical. Today's high competition and speed of changing global economy has forced organization use of creative and innovative management methods. Total quality management were used as a managerial attitudinal in many organizations. Accepting this concept caused to develop of concepts related to quality. In this study, tries to be identified add systematic view to data quality subject and simultaneously effects of this two management approaches on organizational performance by examine the intermediation role of market organizations performance. (Dess Et al. 1999)

Problem Statement

The concept of managerial attitudes, total quality management were used in many organizations and has many benefits especially in the economic parts. Accepting this concept in industry caused to develop and publication of concepts related to quality thus it seems that were conducted one less organized study in order to collect statistics and its results. In addition, it seems while many organizations known marketing concepts, recognized, accepted and used from them (Shane Et al. 2003). Less effort were conducted for study the effect of total quality management with marketing view. There is research in the field of literature about customer and market orientation. Also have been conducted a series of investigations about market orientation and business performance (Kohli 1993 & Narver 1990). For example, attract of customer satisfaction can be the tool which shows business performance that clearly shows relationship between business performance and market orientation. The issue products quality and services quality is the concepts that it's has been a lot of attention in the marketing literature (Holsapple Et al. 2009). Reviewing this literature indicates that marketing researchers have special attention to product quality and service and at result customer satisfaction, reviewing this literature also do not determine completely amount of application of total quality management in marketing. Using from methods and concepts of quality improvement in duties marketing managers and consequently in market research and the role of competitors for marketers can be as a beginning to attitudes quality improvement in task intermediate systems (Benbya 2008). In overall, it seems that do not conducted a lot studies to relationship between total quality management. With creation this in mentality this study is focused on how relationship between total quality management and market orientation with
superior quality and how they effect on organization performance. In fact the major questions of the research is total quality management and market orientation are in connection with the performance and this relationship is added to the organizations. (Milton 2002)

Previous Research

1. Thesis with title: « Impact of total quality management on organization performance intermediation market orientation » presented by Rozita Khajei and Azar Kafashpour and Ahmad Zendehdel (2009). The results indicate that the results obtained from past research about the positive impact of both approaches total quality management and market orientation on performance, but analysis of the two systems in parallel shows that organizational market orientation could not play a mediating role in hotels three, four and five star Mashhad.

2. Thesis with title: « The effects of total quality management and market orientation on small business performance » presented by Demirbag M. and S.C. Lenny koh, Ekrem Tatoglu, Selim Zaim (2006). The results showed that while market orientation has a positive effect on total quality management, it has not effect on organizational performance. Also the results showed that market orientation has a positive effect on organization performance through the role of establishment total quality management.

3. Shahram Gilaninia (2011) in study with title « The effect levels of total quality management on performance of insurance companies in Iran » has paid to reviews the effect of dimension different levels of total quality management on performance of insurance companies according to model David Garvin in insurance industry. The results showed that the effect of dimension different levels of total quality management on performance of insurance companies in Iran is different.

Theoretical Research

Total Quality Management: The total quality management overall is the ways improving management effectiveness, flexibility and competitiveness in manufacturing and service organizations. (Ebert 2005)

Market Orientation: The market orientation is a stage of organization development or as a level that reflects the organizational maturity. (Hayes 1998)

Organizational Performance: The organization performance shows that how an organization reach to its mission and goals. (Mumford Et al. 2004)
Service Quality: The service quality involves comparing customer expectations with customer perception of actual performance. (Jung et al. 2003)

Insurance: The insurance industry has an important and effective role in growth and development of sustainable economic development of countries. (Teresa et al. 2006)

Models of Research

**Figure 1**: Conceptual Model of Research
The Research Hypotheses

The Main Hypothesis

H1: Total quality management in organization has effect on service quality.

H2: Organizational market orientation has effect on service quality.

H3: Total quality management has effect on organizational market orientation.

H4: Total quality management has effect on service quality intermediation organizational market orientation.

The Sub Hypothesis

1. H1: Total quality management has effect on functional service quality.
2. H2: Total quality management has effect on technical services quality.

1. H2: Orbital customer has effect on technical services quality.
2. H2: Create and exchange of information has effect on technical services quality.
3. H2: Axial competition has effect on technical services quality.
4. H2: Orbital customer has effect on functional service quality.
5. H2: Create and exchange of information has effect on functional service quality.
6. H2: Axial competition has effect on functional services quality.

1. H3: Total quality management has effect on orbital customer.
2. H3: Total quality management has effect on create and exchange of information.
3. H3: Total quality management has effect on axial competition.
Research Methodology

In this study is used from random sampling. Statistical population in this study included all the managers and BS and MS of insurance companies city of Rasht that according to the data collected in total, 264 people (managers, BS and MS) are working in insurance companies surveyed in the city of Rasht. In this study is used questionnaires tools for data gathering.

Validation of Questionnaire

The most usual test of internal, is the Cronbach's alpha coefficient which is done for multi measure questions or classifications (Danaeefar Et al 2008). Alpha cronbakh results as the following:

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Number of Questions</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Quality Management</td>
<td>13</td>
<td>0.811</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>14</td>
<td>0.841</td>
</tr>
<tr>
<td>Service Quality</td>
<td>10</td>
<td>0.705</td>
</tr>
<tr>
<td>Entire Questionnaire</td>
<td>37</td>
<td>0.909</td>
</tr>
</tbody>
</table>

Test Results

The First Main Hypothesis Testing: Total quality management has effect on functional service quality.

Table 2: Regression model between variables total quality management and service quality

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Regression Coefficients</th>
<th>t</th>
<th>Significant</th>
<th>Determination Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Quality Management</td>
<td>Service Quality</td>
<td>0.217</td>
<td>5.875</td>
<td>0.000</td>
<td>0.260</td>
</tr>
</tbody>
</table>
According to the results obtained there is significant linear relationship between total quality management and service quality in level error 0.05 (t=5.875, Sig.<0.05). Also the variable of total quality management can determine %26.0 changes of service quality, its mean independent variable can predict %26.0 of dependent variable changes the research hypothesis is accepted.

The Second Main Hypothesis Testing: Organizational market orientation has effect on service quality.

**The Third Main Hypothesis Testing:** Total quality management has effect on organizational market orientation.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Regression Coefficients</th>
<th>t</th>
<th>Significant</th>
<th>Determination Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Orientation</td>
<td>Service Quality</td>
<td>0.215</td>
<td>5.812</td>
<td>0.000</td>
<td>0.256</td>
</tr>
</tbody>
</table>

According to the results obtained there is significant linear relationship between market orientation and service quality in level error 0.05 (t=5.812, Sig.<0.05). Also the variable of market orientation can determine %25.6 changes of service quality, its mean independent variable can predict %25.6 of dependent variable changes the research hypothesis is accepted.

Table 3: Regression model between variables market orientation and service quality

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Regression Coefficients</th>
<th>t</th>
<th>Significant</th>
<th>Determination Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Orientation</td>
<td>Service Quality</td>
<td>0.519</td>
<td>6.036</td>
<td>0.000</td>
<td>0.271</td>
</tr>
</tbody>
</table>
According to the results obtained there is significant linear relationship between total quality management and market orientation in level error 0.05 (t=6.036, Sig.<0.05). Also the variable of total quality management can determine %27.1 changes of market orientation, its mean independent variable can predict %27.1 of dependent variable changes the research hypothesis is accepted.

**The Fourth Main Hypothesis Testing** : Total quality management has effect on service quality intermediation organizational market orientation.

**Table 5** : Multiple regression model between variables of the research.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Regression Coefficients</th>
<th>t</th>
<th>Significant</th>
<th>Determination Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Quality Management</td>
<td>Service Quality</td>
<td>0.144</td>
<td>3.504</td>
<td>0.001</td>
<td>0.340</td>
</tr>
<tr>
<td>Market Orientation</td>
<td></td>
<td>0.140</td>
<td>3.416</td>
<td>0.001</td>
<td></td>
</tr>
</tbody>
</table>

According to the results obtained there is significant linear relationship between total quality management and service quality when there is market orientation variables in the model in level error 0.05 (t=3.416, Sig.<0.05) thus the research hypothesis is accepted.

**The First Sub Hypothesis Testing** : Total quality management in organization has effect on functional service quality.

According to the results obtained there is significant linear relationship between total quality management and functional service quality in level error 0.05 (t=5.801, Sig.<0.05). Also the variable of total quality management can determine
%25.6 changes of functional service quality, thus the research hypothesis is accepted.

**The Second Sub Hypothesis Testing**: Create and exchange of information has effect on technical services quality.

According to the results obtained there is significant linear relationship between create and exchange of information and technical service quality in level error 0.05 (t=3.135, Sig.<0.05). Also the variable of create and exchange of information can determine %9.1 changes of technical service quality, thus the research hypothesis is accepted.

**The Third Sub Hypothesis Testing**: Axial competition has effect on technical services quality.

According to the results obtained there is significant linear relationship between axial competition and technical service quality in level error 0.05 (t=2.517, Sig.<0.05). Also the variable of axial competition can determine %6.1 changes of technical service quality, thus the research hypothesis is accepted.

**The Fourth Sub Hypothesis Testing**: Orbital customer has effect on functional service quality.

According to the results obtained there is significant linear relationship between orbital customer and functional service quality in level error 0.05 (t=5.997, Sig.<0.05). Also the variable of orbital customer can determine %26.8 changes of functional service quality, thus the research hypothesis is accepted.

**The Fifth Sub Hypothesis Testing**: Create and exchange of information has effect on functional service quality.

According to the results obtained there is significant linear relationship between create and exchange of information and functional service quality in level error 0.05 (t=4.663, Sig.<0.05). Also the variable of create and exchange of information can determine %9.1 changes of functional service quality, thus the research hypothesis is accepted.
The Sixth Sub Hypothesis Testing: Axial competition has effect on functional services quality.

According to the results obtained there is significant linear relationship between axial competition and functional service quality in level error 0.05 (t=3.672, Sig.<0.05). Also the variable of axial competition can determine %6.1 changes of functional service quality, thus the research hypothesis is accepted.

Conclusions
The analysis results show market orientation has the mediating effect between TQM and performance in insurance companies city of Rasht. At the end, by attention to the results suggestions are presenting for improve affecting of upper system on performance.

Research Suggestions

1. Employees training (training)
2. Changes in order to continuous improvement with surveys from customers (continuous improvement)
3. Appropriate surveillance on performance by managers based on commitment principle (commitment)
4. Create offers system for customers and assign awards and lottery to best offers
5. Intercommunity and cooperation

Suggestions for Future Research

1. Investigate and accurate recognition of dimension total quality management on market orientation
2. Perform this research in other locations and times and investigate adaptive its results.
3. Investigate the effects of education, type of company and managers history on companies performance
4. Investigate and recognition the effects of organization market orientation dimension with other components of organization performance such as profitability and satisfaction.
Limitations of Research

1. Insurance companies in the city of Rasht have very much dispersion
2. Lack of managers and need to spend long time to access them.
3. Low tendency in providing the information required by some managers.
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