The Factors Influencing the Adoption of Total Quality Management with Emphasis on Innovative/Strategic Management Accounting Techniques: Evidence from Saudi Arabia

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ABSTRACT
This paper address the factors influencing the adoption of TQM (Total Quality Management), particularly the innovative management accounting techniques, where in nowadays competitive environment quality is the key to an firm’s success and survival, to compete effectively, firms must embrace the principles of TQM. Therefore, this paper reports the findings of a postal questionnaire survey based on replies from 256 companies undertaken in the KSA (Knowledge, Skills and Abilities) environment. The paper empirically examines the extent of the adoption rate of TQM and to which potential explanatory factors influence the adoption of TQM in KSA companies. A distinguishing feature of the research is that it examines and compares the practices of both manufacturing and non-manufacturing. Results show a significant relationship between TQM and some potential explanatory factors and give directions for further study.

Keywords: Accounting Techniques, Adoption, Innovative Management, Saudi Arabia, Total Quality Management

1. INTRODUCTION
Total Quality Management (TQM) is a philosophy with the aim of achieving an overall performance (Munhurren et al., 2011). TQM has become one of the competitive strategies of choice during the 1990s and has been widely implemented throughout the world (Rad, 2006). TQM has become a globally strategic force, which may lead to several benefits: improved customer satisfaction, greater employee focus and motivation, reduced waste and improved
overall performance (Juran, 1988). TQM is an organization-wide philosophy and problem-solving methodology that focuses on systematically and continuously improving the quality of products, processes, and services. In the past decades, TQM has come to be adopted the world over (Kajiwara, 2010).

This study address the factors influencing the adoption of TQM particularly the innovative management accounting techniques, where in today’s competitive environment quality is the key to an firm’s success and survival, to compete effectively, firms must embrace the principles of TQM. Six variables have been examined as the following:

a. Intensity of the competitive environment;
b. Size;
c. Impact of information technology;
d. Extent that target costing is applied;
e. Extent of use of innovative/strategic management accounting techniques.

The motivation behind undertaking this research was the TQM needs a lot of research, in this regards, Dale et al. (2001) asserted that TQM is still in an early stage of theory development. They stressed the need for scholarly development of TQM theory and the incorporation of existing management theories into its development. It could be added that the contextual factors may attract researchers to examine its effect on adoption and implementation stage, TQM strategies represent a paradigm shift from the earlier strategies of the 1980s in the approach to management science. The past decade has witnessed a remarkable spread in the use of total quality management (TQM) practices in both manufacturing and non-manufacturing firms and total quality management (TQM) has been one of the most significant management “movements” in the U.S. during the past 15 years and perhaps one of the most significant management movements since “management” became an identified professional activity (Easton et al., 1997). Intense competition in the marketplace has caused manufacturing firms to search for a competitive edge in their manufacturing operations and processes. It has been argued that the use of TQM practices has a synergistic impact on organizational performance (Schonberger, 1986; Cobb, 1993). Some studies have found that the use of TQM practices reduces manufacturing process variance, eliminates reworks and scraps, and improves quality performance (Daniel & Reitsperger, 1991; Flynn et al., 1995; Schmenner & Cook, 1985). In addition, there is considerable anecdotal evidence (Crosby, 1984; Hayes & Wheelwright, 1984; Gerwin, 1987; Harmon & Peterson, 1990) on the extent to which TQM initiatives enhance the potential for firms to improve their performance. Total quality management (TQM) has continued to develop as a strategic business improvement approach in organizations and within the Operations Management literature and Strategic TQM is a dynamic phenomenon, reflecting the complexity and technology development in the business environment (McAdam et al., 2006). There is a huge number of published literature on TQM. The main aim in these papers is that TQM is an approach to management that is characterized by the principles of customer focus, continuous improvement, and teamwork (Ugboro & Obeng, 2000; Wadsworth et al., 2002; Chan & Quazi, 2002; Hellsten & Klefsjo, 2000; Scharitzer & Korunka, 2000; Young et al., 2001; Woon, 2000; Fok et al., 2001).

Some studies for the implementation process of TQM and investigate the critical success factors for implementing TQM have been carried out by many researchers. A common conclusion of these studies is that the way TQM is implemented is central to its long-term success within an organization (Ghobadian & Gallear, 2001). Flynn et al. (1995) surveyed 42 US manufacturing firms and measured the degree of use of quality management practices. Constructs they used were top management support, customer relationship, workforce management, work attitudes, process flow management, statistical process control/feedback and product design. They found out that different core quality management practices led to success in different dimensions of quality. Allen and Kilmann (2001) reported that using a cross-functional
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