

**IMPACT OF TOTAL QUALITY MANAGEMENT ON FINANCIAL
PERFORMANCE OF THE BOARD OF INVESTMENT COMPANIES
IN COLOMBO DISTRICT**

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ABSTRACT

This research was carried out to find the impact of Total Quality Management (TQM) practices on Financial Performance (FP) of BOl companies in Colombo district. This study represents by the eight sectors of twenty BOl companies. The independent variable is Total Quality Management (TQM). This consists seven dimensions such as Quality data & Reporting, Role of Top Management, Employee relations, Supplier Quality Management, Training, Quality Policy and Process Management. The dependent variable is Financial Performance (FP). This consists two dimensions such as Business Volume and Growth. Thus, the chapter one mainly discusses about the background of the study, problem statement, research questions, research objectives, scope of the study, significance of the study and finally brief summary of this chapter. Chapter two discusses about theoretical background of the research. In which, the independent variable, dependent variable and the relationship between these two variables clearly defined by using previous literature reviews. Then chapter three discusses about the conceptualization & operationalization of variables. This chapter contains conceptual framework, brief introductions of the independent variables (TQM) and dependent variable (FP) and summary of operationalization of variables.

Chapter four discusses about the methodology of the research. This study was cross sectional in nature. For this research purpose, 153 observations of twenty BOl companies were obtained. E- Mailed questionnaire were used to collect the data and variable were measured by using five point Likert scale. Univariate analysis, Multiple regression analysis, Bivariate analysis and Cross tabulation analysis were used to analyze the data. The chapter five contains method of data presentation and analysis. Reliability test was done to ensure the reliability and validity of the instruments. Then frequency distribution analysis was done for personal characteristics of top level managers and research variables. Univariate analysis was done for the research variable. Findings reveal that the dimensions of TQM show high level of mean values. Among, them Role of Top management has highest mean value. TQM practices show high level of mean value as a whole. Correlation analysis was done to find out the relationship between independent and dependent variables. Results suggest all the dimensions of TQM have positive and

significant relationship with the Financial Performance. TQM Practices show strong positive and significant impact on Financial Performance. Multiple regression analysis was done to identify the impact of TQM on FP. Findings show that Employee relations, Quality policy and Process management only have significant impact on FP. According to the Beta coefficient, Employee relations show highest impact on FP. ANOVA test was run to find out the differences of applications of TQM practices across business sectors. Results indicate Export & Services sector has the highest TQM practices than others. Finally, Cross tabulation analysis was done to identify whether TQM practices vary with the personal characteristics of respondents. Mean values of TQM suggests that the extent of TQM practices can vary across demography of top level managers. Chapter six includes, discussion based on research objectives and chapter seven consists conclusion based on objectives, recommendations, limitations & suggestions for future studies and finally discuss about the implications of the study

This study recommends, the top management should provide stronger leadership and be more involved at every management level in the organization. Top management should provide staff with required resources to ensure they have all they require to perform. And also this study recommends for the need to involve workers in the application of total quality management. It has been found that supplier quality management is positively related to financial performance. When suppliers have quality management systems, they are evaluated with respect to quality and delivery performance and participate in quality training, process improvement, and the new product development process in order to improve financial performance. Allocating firm resources to training on quality pays off as professional employees know advanced statistical techniques, concepts of quality, basic characteristics of their industry, and the structure and processes of the firm.

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