

# Impact of Cost of Quality on Total Quality Management in Garment Industry

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## ABSTRACT

There is a very much need to take a new perspective to gain a competitive advantage in this modern era of consistently increasing of competition. This has accommodated to implement quality management in RMG (Ready-made garment) Sector. As it has much importance in maximizing the productivity and minimizing the cost of operation. But it requires spending huge cost expenses which doesn't guarantee a desired outcome. This study is taken up with the intention to evaluate the extent how cost spend on quality is advantageous to organization. To perform this study we have used some data analysis tools to analyze the collected data which were collected through survey method and discovered that evaluation of cost of poor quality will help to implement appropriate quality policy which minimize the cost and helps to reach the standard of the customer.

**Keywords:** competitive advantage, quality, quality management, productivity, textile sector. Garment industry

## Introduction

Quality management mainly focuses towards the improvement in work environment, rendering of service, procedure and policies of organization and so on... which warrants the persistent success of the organization. And it requires the willingness of all the organizational members in maintaining quality and targeting for long survival through customer satisfaction. In continuous words quality management is endless process which does not have any ceiling and destination.

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The approach that allow an organization to define the scope to which its capitals are consumed for the process that avoid low quality production that prorate the organizational quality goods and services and that effect form breakdown of internal and external environment of the organization. Quality refers to maintaining uniformity in reaching the standard of customer expectation and need in terms of goods and services that they consumed. Cost of quality is interlaced to reach those standards along with the cost that consequence when you fail to meet them.

Cost of quality mainly divided into two categories. They are

1. Cost to control quality: These costs include the appraisal and prevention cost which incurred before the operation happens and evaluating the defect in the product.
2. Cost incurred from failure to control quality: These costs include an internal and external failure cost which incurred after the process completed and cannot be identified till the defect found by the consumer.



## REVIEW OF LITERATURE

**Emilio Ruiz and Jesus David Sanchez de pabalo (2018)** "This article develops an empirical analysis through the use of structural equation modelling using the partial least squares technique Results. The results show that TQM has a strong positive causal effect on intellectual capital Therefore, identifies a key determinant of one of the most important strategic variables for companies at present: intellectual capital"

**Alimran Hossain (2018)** "This paper shows a case study on quality assurance system of a selected garment factory by applying different statistical tools. ANOVA test and independent sample test are used for data analysis purposes. Through regression analysis on average DHU percent, it is found that the quality assurance system of the industry is in a better position and implementation of TQM philosophy thoroughly is recommended for further development"

**Barbara and aquilani (2017)** "this study uses a systematic literature review to review all critical factors of TQM and identifies new research awareness and different approaches to implementing TQM, focusing on the central role that customers plays in achieving firm success"

**Farhana Rashid and Che Azlan Taibb (2016)** "This paper proposes and aims at providing a tool, a procedural framework, to enhance TQM in various RMG companies"

operating in Bangladesh via the development of appropriate TQM model which will ensure organizational sustainable competitive advantage where HRM practices will consider as mediating variable. Proposed research direction and conclusion are discussed in conclusion of this research”

**Tom m. Conley (2015)** “This chapter focuses on how security leaders and managers can provide meaningful metrics to their organization’s executive leadership team, how they can use those metrics to improve the performance of the security department, and how to drive additional funding that may be needed for security leaders and managers to do their jobs properly”

**Grace Duffy (2013)** “Cost of quality is a methodology that allows an organization to determine the extent to which its resources are used for activities that prevent poor quality, that appraise the quality of the organization’s products or services, and that result from internal and external failures.” Cultivating this information, Duffy continues, allows your organization to determine potential savings through process improvements”.

**Douglas C. Wood (2013)** “The section on cost of software quality excerpted in this article contains contributions from a number of authors whose writings have appeared over the years in Software Quality Professional. This summary treatment provides an overview and context for applying the well-established cost-of-quality approach to software development management. By providing (often surprising) data on rework and other failure-related costs, the method supports more objective decision making on investments in quality assurance and process improvement”.

**Sample cost of quality (2012)** calculating the cost of quality is a tricky task. This article offers example calculations and perspectives from other organizations attempting to quantify the value of quality within their business. Considering above aspect they are advising as you develop your own cost of quality measure. A significant tool in tracking progress and gaining support for quality improvement.

**Grace L. Duffy (2011)** “Cost of quality is a methodology that allows an organization to determine the extent to which its resources are used for activities that prevent poor quality, that appraise the quality of the organization’s products or services, and that result from internal and external failures. Having such information allows an organization to determine the potential savings to be gained by implementing process improvements.”

**Lunenburg (2010)** in his article sets the framework for transforming schools using Deming’s 14 TQM principles. The concepts formulated by Total Quality Management (TQM) founder, W. Edwards Deming, have been suggested as a basis for achieving excellence in schools. It is an opportunity to conceptualize a systematic change for schools

**Stukalina (2010)** in the article talks about how the role of quality management in education is increasing. Managing for quality is now one of the major issues for educational organizations. One of the key tasks for education managers is to provide the learning process participants with an effective and motivating educational environment.

## SCOPE OF THE STUDY

There has been very much requirement in implementation of total quality management in the RMG sector. Lack of sincerity, efficiency, and confidence especially in global market are always increasing the awareness for quality management in Indian garment industry. Only of late, the common goal and objectives is to develop the Indian industrial sector to become a more professional. Now-a-days they have enhanced an understanding of the implication of high cost on poor quality that distracts the quality management in the organization. Furthermore, it’s an emerging approach for the reduction in the poor quality of operation to increase quality standard.

## OBJECTIVE OF THE STUDY

- To determine the basic need for evaluating cost of quality in reducing cost expenses.
- To determine the role of quality management in reaching customer satisfaction in competitive era.
- To disclose the importance of quality management for the organization.

## NEED FOR THE STUDY

The main need of this study is to evaluate how cost of poor quality affects the quality management in fulfilling customer satisfaction, employee satisfaction along with increasing the productivity, profitability and survivability of the organization. And it also requires knowing the aspects that is incurring more cost and resulting in poor quality of production.

## RESEARCH METHODOLOGY

The use of proper methodology in an essential part of any research it depends on the nature of project work, methodology refers to the step by step procedure or method involved in the process of organizing the information.

### i. Type of research

The purpose of study will adopt descriptive survey and exploratory method of research.

### ii. Sampling

For the purpose of selecting the sample respondents and needed information for the study judgmental sampling will be employed.

### iii. Sample technique

To gain the in-depth knowledge on the topic 80 respondents would be selected as sample size.

Garments industry plays vital role in manufacturing sector hence it is considered for the study.

## VARIABLE

### INDEPENDENT VARIABLE

- **Cost of quality:** the method adopted to evaluate the cost incurring for producing poor quality of goods and services.

### DEPENDENT VARIABLE

- **Total quality management:** An approach of an organization to improve the all the aspects of production.
- **Productivity:** Proper implication of quality management will decreases the production of poor quality.
- **Profitability:** Profitability increases when there is a reduction in rework and waste production.
- **Survivability:** Customer satisfaction through quality management will leads to survivability of organization.
- **Employee satisfaction:** Reduction in rework and defective product gives employee satisfaction and increases customer loyalty.

## FINDINGS

We have estimated and found that impact of cost of poor quality over the importance of quality management. Cost incurs from planning to dispatch products to customer. In the mentioned process it includes quality planning costs, cost of product and process design, Employee training cost in maintaining quality and also the cost of maintaining records of information and data collected to quality management which is specification for conformance cost, On the other comparison it also includes non-conformance to specifications like inspection cost, Testing the product costs, Quality auditing to reach the designed standard as well as consists the cost of worker who spent time on quality checking and machine used for quality evaluation.

Even though the organization undertakes several procedures to improve the quality still they encounter the additional cost like discovering defects in the products before reaching the customer to correct this defective they need additional cost, and should undergo the rework and patching. But sometime the product is so defective and cannot be corrected and should throw away these enhance the material cost, machine hour cost, labour hour cost and finally results in high cost of poor quality. The next stage where organization face defect item is after reaching the site of customer which results in repair cost, Warrant claims, product return and so on... this finally conclude either with loss of sale or loss of customer.

To overcome this obstacle industries have attempted several different quality procedures to improve quality and gain customer attention and reach the designed quality level. As well as they are attempting to produce '100% quality' product and 'Zero defect' product which will reduce their high cost of poor quality and helps out to reach customer expectation. Still customers need more quality product as they are nature of more expectation. But sincere effort to improve quality from the employee of organization will definitely come out with good results.

## SUGGESTIONS

After analyzing the findings it is suggested the textile industry to implement advantageous quality policy to reach its standards. Along with that they should adopt quality control process after completing each stage of production and conduct quality audit of product intermittently. Which results in reduction of defect product, rework cost, additional labour cost and machine cost as well as helps in

the minimizing the cost of poor quality with having customer loyalty towards organization.

## CONCLUSION

Cost of quality does not have any destination and its evaluation is endless process. Organizations will try to improve as well as invent various tools and techniques which are parallel for the customer satisfaction. Estimation of cost of quality is one way a boon as it gives path for various inventions in production. On the other way it is a burden to control high cost of poor quality which is not under the control organization.

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