



# THE IMPACT OF TOTAL QUALITY MANAGEMENT ON FIRM PERFORMANCE: CASE STUDY OF HAMOUD BOUALAM IN ALGERIA

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Article history:	Abstract:
<b>Received:</b> February 8 <sup>th</sup> 2022 <b>Accepted:</b> March 11 <sup>th</sup> 2022 <b>Published:</b> April 28 <sup>th</sup> 2022	The contribution of total quality management (TQM) is extremely valuable for organizations to overcome inside and outside challenges. The aim of this study to understand the impact of quality management on firm performance. Through conducting a case study of Hamoud Boualam Company, the findings show there is a positive impact of quality management on firm performance. Limitations and recommendations for future studies are provided.

**Keywords:** Quality management, firm performance, Hamoud Boualam, Algeria

## INTRODUCTION

High performance has been a common demand among shareholders in the contemporary corporate environment (van Heck, van Baalen, van der Meulen, & van Oosterhout, 2012). Because a high-performing organization can function in a complex and dangerous environment, adopt strategies that set it apart from competitors, coach employees on how to achieve better results, continuously innovate core competencies, and pay more attention to ways to continuously improve customer value (de Waal, Goedegebuure, & Akaraborworn, 2014). Organizations are frequently characterized as tools for achieving a specific goal. Intentions and goals are regarded as coordinating them (James & Robert, 1997). The aim of organizational success and the inability to achieve those goals are a prominent component of traditional discourse. Profits, sales, market share, productivity, debt ratios, and stock prices are compared between companies. They used cost recovery, mortality, morbidity rates, physician board certification, and occupancy rates for hospitals (James & Robert, 1997).

An organization, regardless of its size or location, may achieve high performance if it can adopt methods to overcome variability in its performance. Given that good performance and, ultimately, competitive advantage are mostly determined by the economy's total influence, independent of the organization's sector, size, or structure (Wiesner, McDonald, & Banham, 2007). Small businesses, for example, are a key source of economic development and one of Asia's best performing economies (Mandah, 2012).

In the literature, many studies tries to examine competitive advantage (Potjanjaruwit, 2018), environmental management (Claver, Lopez, Molina, & Tari, 2007), organizational culture (Yusoff, 2011), management involvement (Wooldridge & Floyd, 1990), staff motivation (Furnham, 2012), working environment (Robbins, 2008), training and skill (Luis, David, & Robert, 2010), corporate governance (Bhagat & Bolton, 2008), board meeting frequency (Vafeas, 1999), cooperative R&D (Belderbos, Carree, & Lokshin, 2004), strategic resources (Andersén, 2011), information technology (Chen & Zhu, 2004), interaction orientation (Ramani & Kumar, 2008), Marketing performance



(O'sullivan & Abela, 2007), business strategy, technology policy (Zahra & Covin, 1993), inherited control (Pérez-González, 2006). However, there has been rather limited research on strengthening effects of quality management and, how it can affect firm performance. There were a couple of studies found that quality management can help an enterprise coordinate and implement all activities, thus improve the quality of its operations (Safari and Mohebibakhsh, 2010; Ghanbari Nejad and Mohammadi, 2015; Quang et al., 2016; Soares et al., 2017). Bon and Mustafa (2013) defined Total Quality Management (TQM), as a "management philosophy". Thus, it should be focused on a broad set of issues, ranging from sourcing activities to the final product delivery and after-sales service. Furthermore, Terziovski (2006) believed that QM is characterized by the constant search for continuous improvements in the processes and procedures, to achieve excellence and to attain efficiency, sustainability, and competitiveness.

## **1. LITERATURE REVIEW**

### **2.1. Quality management and firm performance**

Total Quality Management (TQM) is a strategy for improving the quality of goods and services delivered by enlisting the help of people at all levels of a company. It is a worldwide business concept based on three key principles: 'Overall' refers to all individuals and departments participating; 'Quality' refers to meeting customer wants and expectations; and 'Management' refers to supporting total quality conditions (Dale & Plunkett, 2017; Irvine & Irvine, 2018; Ross, 2017).

The relationship between quality management practices and operational performance has been well-documented in the literature, with a positive impact (Chatzoglou, Chatzoudes, & Kipraios, 2015; Prajogo, Huo, & Han, 2012; Garca-Fernández, M., Claver-Cortés, E., & Tar, J. J. 2022; Sainis, G., Kriemadis, A., & Kappas Customer attentiveness, for example, may reduce complaints and so increase customer satisfaction (Das, Handfield, Calantone, & Ghosh, 2000). Furthermore, process and supplier management assists in the delivery of a product that satisfies customer expectations, thereby improving manufacturing standards (Prajogo et al., 2012) and product quality (Grandzol & Gershon, 1998).

Total quality management approaches may also have an impact on process innovation (Perdomo-Ortiz, Gonzalez-Benito, & Galende, 2006). Communication, cooperation, and people management, for example, are quality management approaches that make it easier for employees to contribute incremental or radical changes

to their work processes (Prajogo & Sohal, 2004; Parra et al., 2014).

## **2. METHOD**

In academia, the case study method is the most often utilized method for qualitative researchers (Baskarada, 2014). Case studies are often chosen as a technique by research students who are unaware of the variety of elements that might influence the outcome of their studies. Because performing research takes a significant amount of time and money (Office, 1990), any misinterpretation of the study purpose, application of the technique, or confirmation of the findings may have unanticipated negative implications (Baskarada, 2014). In this line, this study conduct a case study of Hamoud Boualam where it shows the role of total quality management to enhance the firm performance.

## **3. CASE STUDY**

Hammoud Boualem is a private Algerian company for the manufacture of various beverages. It is a family company founded in 1879 in the popular district of Belkour, Algiers, by Youssef Hammoud.

The product is mainly consumed in Algeria, but it began to spread in various countries where the Algerian communities are located, such as France, the United States, England and Canada. Hammoud Boualem shares the sales ladder of soft drinks across the entire national market, with a local coverage rate of nearly 50% in the capital and its suburbs and 25% in other regions, It is followed by Coca-Cola, with a coverage rate of 25%, followed by PepsiCo.

The success of this drink appeared when it won no less than 20% of the gold medal, and the diversity and development of the drink expanded its activity remarkably after the unparalleled demand for it. Son Boualem had to find a bigger place, especially since the old, narrow factory in Bamoor neighborhood could no longer absorb the reputation of Hamoud Boualem's liquor, so the choice was made on a plot of land in the industrial zone parallel to Hassiba Street today. Where was the big factory built in 1921, and it is the same factory that still exists today.

The colonial authorities worked to break up the company in order for the family to give up a large percentage of its shares for the benefit of one of the centenarians, which actually happened. And here the family lost all control of its company to the extent that Youssef, who no longer owns only a small part of the shares, became just a simple worker.

Then the company returned to its owners by repurchasing 70% of the shares by the grandson



Youssef, and Arefa Hafeez, a relative of Arefa Hammoud, took over the remaining 30% so that a new activity expanded after 1949 to the manufacture of food pastes of all kinds.

The year 1962 is a crucial stage in the history of the Hammoud Boualem Company. With the issuance of the nationalization law, the Hammoud and Hafeez families opposed this and adhered to their opinion on the grounds that the same company contributed to the Algerian revolution.

It is not possible for the owners to be rewarded with such a measure, which prompted the authorities at the time to enact another law exempting seven workers from nationalizing their property, including the Hammoud Boualem Company, which was formed by nationalization in the pasta and foodstuffs factory, and the march of the century continued in steady steps until 1978, the year that began The company was once again aware of some problems as a result of the policy adopted at the time, especially the second-class industrial sector into which soft drinks are grown, and this made the factory facing great difficulties in finding raw materials.

The eighties were the worst years in the history of Hammoud Boualem, as the company's turnover witnessed a noticeable decline that almost completely ravaged it. The situation continued like this until 1993, the year in which the Algerian market witnessed some openness with the entry of some international companies, which made Hammoud Boualem take advantage of the opportunity to return to the market again. .

Among the most prominent and most famous products in Algeria by Hammoud Boualem are:

- Selecto: a soft drink extracted from apples, formerly called "Victoria".
- Lemonade: He was the one who won the gold medal at the Paris World Fair and was previously called the Royal.
- Crush: It is a soft drink extracted from oranges, but its production has been discontinued. There are those who say the reason is due to its sensitive components.
- Saleem: It includes three soft drinks, yellow lemon, orange, and strawberry. It also has many juices, including milk, in addition to mineral water.

**The main reasons for the success of the company:**

- The company was able to build an effective visual identity
- Diversity in products by Hammoud Boualem Company.

- Gaining, maintaining and developing a competitive advantage.
- The company's access to the required quality of its products. And by the latter, we mean the quality of the drinks offered by the company to customers in terms of packaging and packaging and their impressions of it, as well as their opinion on the image of the institution's brand.

#### **4. DISCUSSION**

Through addressing Hamoud Boualem case study, we reached a number of results

- Through the study of the institution, we found that there is a significant decline in terms of the efforts made to prepare high quality in the institution's drinks and the failure to take care of all the elements of quality, especially in terms of the decrease in the amount of gases present in the institution's drinks and the increase in the amount of sugar compared to previous years, and this is due to the lack of good follow-up and continuous quality.
- The institution's interest in the process of distributing its drinks throughout the country.
- The establishment makes considerable efforts to satisfy the different tastes of its customers by producing new drinks such as Slim apple and pineapple.
- The characteristics of the beverage packaging and packaging of Hammoud Boualem Corporation are fairly good, and this is because the corporation did not make extensive efforts to change the shape of the packaging and packaging of its bottles compared to the shape of the packaging and packaging of beverage bottles of other competing establishments.

By comparing Hammoud Boualem Company with Vitago Company, we find the same results and objectives, which we mention:

- Reaching customer satisfaction.
- Maintaining the organization's activity, and renewing production processes, in order to ensure the survival of the organization and increase profitability.
- Encouraging teamwork and improving communication between all employees, which contributes to solving the problems facing the



organization, and thus increasing organizational effectiveness.

- Improving the quality of services, products, packaging and creating new markets

## 5. CONCLUSION

Organizations globally have been determining ways to improve business practices to gain competitive advantage. In today's global competition quality has been pondered as an important factor for attaining competitive advantage. This research paper aims to study the impact of the effectiveness of total quality management in improving the mental image of the Algerian economic institution Hammoud Boualem for Beverages. The importance of the study of total quality management lies in developing and diversifying drinks and producing new drinks that are in line with market requirements and competition so that the institution can defend its position in the market and influence consumer behavior, and attract his attention by acquiring the product and drawing a good picture of it, and this is in order to protect the image of the institution n disappearance among similar drinks in the competitive market.

## 6. LIMITATION AND DIRECTION FOR FUTURE STUDIES

The present study has a several limitations, this study has limitations. In this research paper, we dealt with the impact of the effectiveness of total quality management in improving the mental image of the Algerian economic institution Hammoud Boualem for beverages on the company's performance. The results were measured by presenting a case study of Hammoud Boualem Company. We would like to suggest that researchers in the future study other factors, such as the positioning of the brand in the mind of the Algerian consumer, and whether the quality of the product can guarantee a permanent competitive advantage for the institution, which may affect the performance of the company. We also recommend a lengthy study to get better results through a quantitative or qualitative study.

For suggestions and recommendations:

The Total Quality Department within the Hammoud Boualem Foundation should plan and set the policy for continuous improvement of beverages, meaning that the institution sets plans and policies to ensure the development of the skills and knowledge of individuals working in the institution, on a continuous basis and within the framework of continuous quality learning.

Work on evaluating the annual performance of working individuals and benefiting from its results by analyzing

the results of the evaluation and coming up with indicators that reveal individuals with performance to excellence, and the possibility of granting distinguished individuals material or moral rewards, and working to encourage others to reach the level of outstanding performance.

The institution provides an appropriate work structure and adopts a management philosophy that believes in dialogue, as well as providing a set of characteristics to generate creative ideas that lead to improving the mental image of the institution with its customers.

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