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Business Excellence (BE) as Predictor of Total Quality Management (TQM) under Mediation of Corporate Social Responsibility (CSR) Practices

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Abstract
In fact, every business strives to achieve business excellence and competitiveness in the light of globalization, scientific and technological advancement. Hence, companies must adopt new technologies in order to achieve excellence. Many companies have adopted multiple management systems to promote business. It is known that the success of the business depends on the satisfaction of internal and external stakeholders, and to reach business excellence requires the adoption of a management model that can achieve the aims of the company and push them to success in its business. Corporate social responsibility practices and total quality management are considered as strategic orientations allowing the achievement of business excellence. In this current study, the researcher developed a model of the connection between total quality management (TQM), corporate social responsibility (CSR) practices as a mediator, and business excellence (BE). The researcher examined the model with the gathered information from a sample of 354 Palestinian companies in 2019 by utilizing the structural equation modeling to analyse the model. The results added a contribution to the strong correlation between TQM and business excellence by illustrating that corporate social responsibility practices mediate the relationship between total quality management and business excellence. By focusing on their stakeholders' managers can improve company performance and achieve business excellence. Anyhow, both TQM and CSR practices ultimately lead to the company doing the right thing.

Keywords: Corporate Social Responsibility (CSR) Practices, Total Quality Management (TQM), Business Excellence (BE).

Introduction
The principles of Total Quality Management (TQM) are the cornerstones by which excellence models have been evolved, on which they have established the management philosophy of long-term success and improved performance. During the appearance and occurrence of excellence models, it has become a widespread practice to utilize them as a practical definition of total quality management (Gómez, Costa, & Lorente, 2017).
An excellent company involves much more than implementing and issuing one or more models of administration systems. This implies evolving business excellence strategies and instruments that drive the company to superior performance in costs, quality and deadlines to satisfy the anticipations of all stakeholders. Such a way and approach is required particularly in the context of a highly complex and dynamic globalized economy that is causing significant alterations in the business environment by combining more than quality management norms to evolve continual excellence (Dinu, 2017). The satisfaction of all stakeholders is the need for business excellence. For this reason, TQM and CSR practices play critical functions in preserving constant competitive merit in the universal marketplace. According to Benavides-Velasco, Quintana-García, and Marchante-Lara (2014), TQM and CSR practices are widely acknowledged management approach. Moreover, CSR is believed as an effective and dynamic technique for excellent financial performance and a vigorous source of competitive merit. However, CSR is a broad notion, and there is no general agreement about its definition and limits. CSR is a business path that participates in constant development by presenting economical, ethical, social and ecological advantages to all practitioners and stakeholders (Carroll & Shabana, 2010). Furthermore, TQM is recognized as a management belief that is vastly chosen by managers, with a focus on continually improving the company's operations, meeting customer needs and allowing the company to improve its gainfulness and accomplish business excellence (Manzani, Sidmou, & Cegarra, 2017). According to Benavides-Velasco et al. (2014), TQM and CSR participate in the consensus that interior and exterior stakeholders continue to be as a significant factor in increasing and enhancing stakeholders' interests and advantages.

In prior research studies, several models were evolved to gauge business performance and company's excellence. For instance, performance appraisal models as European Foundation for Quality Management (EFQM), Malcom Baldrige National Quality Award (MBNQA), and others are based on quality management, but because of their applicability and implications scholars critique these models. Such as Wongrassamee, Simmons, and Gardiner (2003) indicate that It is hard to apply and combine the EFQM framework in any kind of enterprise due to variants in business processes in a varied regulatory situation. TQM and CSR have the power to make a feasible upper hand in today's unique business condition at the point when both executed together (Wang, Chen, & Chen, 2012). The execution of TQM empowers companies to convey better an incentive than customers, and thus accomplish hierarchical destinations.

There is a shortage of empirical studies in this vital sector, particularly in developing countries such as Palestine, which have a lack of effective quality systems and applications at the firms level (Herzallah, Gutiérrez-Gutiérrez, & Rosas, 2014). Also, the contemporary and current literature on TQM and CSR urging for conducting research studies on how TQM and CSR link to impact firms outcomes (Aquilani, Silvestri, Ruggieri, & Gatti, 2017; Khurshid, Amin, & Ismail, 2018; Tari, 2011). In order to bridge this gap, the current study examines how CSR practices mediate the relationship between TQM and business excellence on the one hand, and how TQM and CSR influence business excellence on the other. Moreover, the present study contributes to the literature by utilizing and combining a path in examining how the implementation of TQM practices processes can affect the embedding CSR practices in daily processes, and thus improve company business excellence. Accordingly, this study aims to achieve the following objectives;

- To determine the effect of TQM on business excellence.
- To determine the effect of TQM on CSR practices.
- To determine the effect of CSR practices on business excellence.
To determine the mediating effect of CSR practices on the relationship between TQM and business excellence. Most previous studies used the stakeholder theory (e.g. (Jamali, 2008)) in studying CSR, the stakeholder theory is also compatible with TQM (Sila, 2018). Since TQM has a fundamental similarity to CSR practices in that it has a moral side (Van der Wiele, Kok, McKenna, & Brown, 2001). For CSR practices and TQM, the types of stakeholders and stakeholder theory literature largely overlap, with some variations that can be taken into account. Accordingly, the stakeholder theory was used in this study to develop the TQM and CSR practices and their relationships with business excellence.

**Literature Review**

Regarding the literature review, it concentrates on three significant constructs of interest in the present research study. They are business excellence and total quality management, as well as corporate social responsibility practices.

**Business Excellence (BE)**

According to Oakland (2011), business excellence is about achieving tangible levels of results, with evidence of the trust that these outcomes can be continued. It is also the ability of companies in achieving and maintaining outstanding performance levels that satisfy or exceed the anticipations of practitioners and those all who may concern. Moreover, according to Adebanjo and Mann (2008), business excellence is about achieving strategy, information management, customer focus, leadership, people and processing, and most significantly accomplishing outstanding business outcomes. Business excellence depends heavily on the type of strategies, techniques and tools to measure and evaluate business performance. Thus, identifying and implementing best practices ultimately decides business excellence. It is essential to recognize and understand the elements that influence the business excellence of the company in order to take reasonable steps to make them available.

The use of business excellence models is considered as the way to assess the company's power and zones of development and instruct them on what to do then. According to Mann, Mohammad, and Agustin (2010) the business excellence models work as the company’s interior business counsellor assuring business decisions, which integrate the demands of all stakeholders, are connected to the company’s goals and consider current thought on universal superior practices. This will provides an overall framework for managers that help them to modify the strategies of their companies into a set of business excellence measures.

**Total Quality Management (TQM)**

Salameh, Alzyadat, and Alnsour (2011) indicated that total quality management is deemed as a management philosophy which can be utilized in all companies to obtain excellent outcomes in the shape of performances, profits and productivity and with the increasing of the company reputation in the community. By applying Total Quality Management, the work will be organized towards acquiring excellence and presents a group of rules for continuous improvement of the goods and services presented to clients (Al-Qayoudhi, Hussaini, & Khan, 2017). Any company is an interdependent modular system. For TQM to succeed, all components within the company must be shared collectively. TQM involves several aspects such as leadership, training and development, teamwork, the obligation of top management, rewards and recognition and employee engagement.
These crucial elements are the basis of the transformative approach to creating a constant development culture to achieve competitive merit over continuously (Jha & Joshi, 2007). Build supplier relationships, matrices, and adopt practical approaches to problem-solving (Agus, 2004). This depends on the practical analysis and evaluation of the above aspects that the organization can successfully achieve for TQM.

Four concepts of change should direct total quality Management interferences or actions. These concepts or principles are business processes, variance, analysis and continual development. Regarding product design and production, their operations should be progressed and increased, and variance should be controlled to assure high-quality. Concerning information, they should be regularly gathered and analysed in the pattern of problem-solving; and obligation to continual learning by the employees about their work (Selladurai, 2000).

**Corporate Social Responsibility (CSR) Practices**
The concept of Corporate Social Responsibility (CSR) focuses on the moral and ethical sides that influences decision making and behaviour in companies (Fadun, 2014). Generally, corporate social responsibility is defined as the voluntary integration of social concerns into abroad business processes and in their interaction with local stakeholders (Vilanova, Lozano, & Arenas, 2009). Moreover, it refers to the responsibility of society and stakeholders who influence company policies and practices (Khanifar, Nazari, Emami, & Soltani, 2012). Accordingly, corporate social responsibility is the voluntary effort of the business community to act responsibly concerning all stakeholders (Cetindamar, 2007).

Since globalization has inserted new defiance and chances emerging from rising connections between social, political, economic and environmental functions of businesses, the companies implement the CSR in their business operations in order to overcome the risks in the dynamic global environment (Fadun, 2014).

CSR practices are essential in all sustainable business through over the world, many companies have reclassified their essence values to involve social responsibility and practice that has significant impacts on environmental matters, poverty elimination education and human development (Khan, Khan, Ahmed, & Ali, 2012). From a business sight, one can debate that corporate social responsibility practices and being a good corporate citizen can give companies a competitive advantage. However, such social practices start from inside a company and need employee support (Vinerean, Cetină, Dumitrescu, & Tichindelean, 2013).

**Total Quality Management and Business Excellence**
Total Quality Management (TQM) is the foundation on which excellence models have been developed, and the basis of which it has established the management philosophy of long-term success and improved performance (Gómez et al., 2017).

According to Androniceanu (2017), if companies improve the quality dimensions of products, services and components of TQM, the economic indicators will be significantly improved, and it will reach business excellence. As for García-Bernal and Ramírez-Alesón (2015), the chosen of TQM only has direct and vital impacts on functioning performance. In the side of customer and employee satisfaction, Benavides-Velasco et al. (2014) found that TQM practices have a significant and positive
impact. Moreover, TQM positively and significantly influences companies performance (Fening, Amaria, & Frempong, 2013; Luqman, Azam, & Aamir, 2018). The philosophy of Total Quality Management takes place under continuous improvement of performance. Continuous improvement of processes, products or quality of service will reduce scrap and rework costs, reduce waste and non-value-added activities, and improve efficiency and execution time (Sadikoglu & Zehir, 2010). Under these procedures, the performance of the company and its business excellence will be positively affected. Thus, the following hypothesis is presented for examination.

H₁: Total quality management has a significant effect on business excellence.

**Total Quality Management and Corporate Social Responsibility Practices**

CSR practices can effectively be combined with the frame of quality management in the present administration and business models (Mellat-Parast, 2013). Total quality management can help develop CSR practices, and the interactive features of TQM practices, involving individuals management, process management, provisioner management, leadership, planning, customer focus, data analysis, and design can support the improvement of CSR practices (Tari, 2011). TQM and CSR practices are two notions with joint philosophical sources; they are very comparable concerning their prospective results (Ghobadian, Gallear, & Hopkins, 2007). CSR practices primarily depend on top management uphold for quality and that CSR considerably influence interior quality results (Parast & Adams, 2012). Moreover, TQM directly influences employee and customer results. while Benavides-Velasco et al. (2014) indicated that CSR considerably impacts the three stakeholders, primarily staff, customers, and society. Moreover, the application of TQM strongly impacts the level of growth and advancement of CSR. Hence, the suggested hypothesis is as follows:

H₂: TQM is significantly correlated with CSR practices.

**Corporate Social Responsibility Practices and Business Excellence**

The function of CSR practice is to improve the company image and magnetize clients and staff into the company's processes. Furthermore, this will improve company's long-term competitiveness and lead to a positive relationship between CSR practices and financial performance and business success as stated by (Boehe & Cruz, 2010; Dhaliwal, Li, Tsang, & Yang, 2011; Fuzi, Habidin, & Ong, 2018; Turcsanyi & Sisaye, 2013; Wang, Dou, & Jia, 2016).

In the excellence models, CSR has been eminent in Baldrige's standards of performance excellence since its start as an essential element of the leadership model that will drive to quality and high performance (Foote, Gaffney, & Evans, 2010). In the same context, Porter and Tanner (2004) believe that the practices of CSR are considered as a part of the Business Excellence models. Moreover, as for Ghobadian et al. (2007), CSR practices a combined part of the philosophy of Business Excellence. The adoption of CSR practices can improve the business excellence model of the organization. This opinion was developed by Frolova and Lapina (2014) when they connected the CSR with quality management systems as instruments for accomplishing the Business Excellence state.

The majority of the previous empirical studies emphasized the considerable and robust connection between CSR practices and business performance of the company (Bakker, 2008; Zaitsev & Dror, 2017). Also, the scientific studies and theoretical discussions have proven the direct relationship between the increased of corporate social responsibility and ethical cooperation of management and
partners, and improved economic efficiency, and a lower degree of corruptibility (Peršič, Markič, & Peršič, 2018).

In order to achieve long-term and sustainable development of an organization, innovations and business process reengineering including appropriate incentives for the staff, and constant improvement in the managers’ abilities and staff are needed to produce more significant benefits required to improve the performance of the organization (Havenga, Linde, & Visagie, 2011; Peršič et al., 2018). Hence, many researchers claim that CSR practices is an instrument, and one of the requirements to accomplish the Business Excellence (Jankalová & Vartiak, 2017; SPRING SINGAPORE, 2011). So, on the relationship between CSR practices and business excellence, the following hypothesis is proposed:

H₃: CSR practices have a significant effect on business excellence.

Corporate Social Responsibility Practices as Mediator

CSR activities uphold the firm to make a positive effect on the surrounding environment, stakeholders, and business practice. Some authors believe that CSR practices can be used as a mediator in the management models to improve business operations and reach excellence. According to Manzoor et al. (2019), in their study, they found that CSR practices positively mediate the connection between transformational leadership and job performance. Also, Iqbal, Farid, Ma, Khattak, and Nurunnabi (2018) on the side of authentic leadership and its relation with organizational citizenship behaviour it was found that CSR practices positively mediate the relation. Moreover, Sial et al. (2018) prove that CSR practices fully mediates the relationship between boardroom gender variety and company performance. On the other hand, Boso, Afrane, and Inkoom (2017) found that the application and performing of CSR practices mediate the initiatives in societies of mining. Nevertheless, Titisari, Moeljadi, Ratnawati, and Indrawati (2018) indicated that CSR practices were not confirmed and proved to mediate the connection between corporate governance and company value as measured by NPM. Further, CSR practices do not mediate the relationship between corporate governance and corporate value as measured by ROE. In the mediating role of CSR practices between TQM and business excellence, the following hypothesis is introduced to be examined:

H₄: CSR practices mediate the relationship between TQM and business excellence.

Research Model

![Figure 1: The Research Model](image-url)
Research Methods
The method of this research was illustrated as following

Design and Sample
This study, among a sample of 354 managers of different types of companies operating in Palestine. The data were collected by using questionnaire as a research instrument. In July 2019, the questionnaires were distributed by hand and respondents filled out the questionnaires. Under the light of the present study’s hypotheses, the researchers explored the relationship between total quality management and business excellence under mediation by corporate social responsibility practices.

Measures
All scales used in this study were measured by using a 7-point Likert scale and extended from one (strongly disagree) to seven (strongly agree). In order to measure Total Quality Management (30) items were used adapted from (Ahmed & Ali, 2016; Al Shobaki & Abu-Naser, 2017; Rosa & Amaral, 2007; Sayyad, 2017). To measure corporate social responsibility practices we used (10) items adapted from (Chan & Mohd Hasan, 2018; Gulavani, Nayak, & Nayak, 2016; Vázquez, Lanero, & Licandro, 2013)
To measure business excellence (10) items were used adapted from (Al Shobaki & Abu-Naser, 2017; Gourlay & Stevenson, 2017; Tambi, 2000; Sunder & Antony, 2018).

Finding
The study used the PLS-SEM to analysis the data, which is a non-parametric analysis and does not require normality of data. Consequently, chances are there that the t-values will be inflated or deflated, which led to a type one error. Thus, by using bootstrapping (5000) as suggested by Chin (1998) the results of the direct effects of the hypotheses are tabulated in table 1.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Direct Effect</th>
<th>Standard Error</th>
<th>T Stats</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>TQM → Business Excellence</td>
<td>0.115</td>
<td>0.045</td>
<td>2.56</td>
<td>0.011</td>
</tr>
<tr>
<td>H2</td>
<td>TQM → CSR Practices</td>
<td>0.112</td>
<td>0.05</td>
<td>2.253</td>
<td>0.024</td>
</tr>
<tr>
<td>H3</td>
<td>CSR Practices → Business Excellence</td>
<td>0.318</td>
<td>0.059</td>
<td>5.404</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Relationship between TQM and Business Excellence (H1)
As for the relationship between total quality management and business excellence, the above table (table 1) of path coefficient assessment shows that the relationship discovered to be positive and considerable at 5% level of significance. With β = 0.115, t-value = 2.56 and p-value = 0.011, indicated that H1 of the study is supported. This means that TQM has a significant and positive impact on business excellence.
Relationship between TQM and Corporate Social Responsibility Practices (H2)
In the relationship of TQM and CSR practices. The above table (table 1) of path coefficient assessment shows that the relationship found to be favourable and considerable at 5% level of significance. With \( \beta = 0.112 \), \( t \)-value = 2.253 and \( p \)-value = 0.024. The results show that TQM has a significant and positive impact on CSR practices. Which, supported the hypothesis (H2) of the study.

Mediating Role of CSR Practices between TQM and Business Excellence (H4)
The mediating relationship of CSR practices between TQM and business excellence tested in this study by followed guidelines suggested by (Preacher & Hayes, 2004, 2008). Table 2 below shows the result of mediating hypothesis.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Indirect effect (( \beta ))</th>
<th>Standard Error</th>
<th>T Statistics</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4</td>
<td>TQM -&gt; CSR Practices -&gt; Business Excellence</td>
<td>0.036</td>
<td>0.017</td>
<td>2.099</td>
<td>0.036</td>
</tr>
</tbody>
</table>

According to table 1 and 2 above, the result found that the direct impact coefficient (\( \beta \)) is 0.115, with a \( p \)-value of 0.011 (\( p<0.05 \)), while the indirect effect coefficient (\( \beta \)) is 0.036, with \( p \)-value of 0.036 (\( p<0.05 \)). The mediating variance accounted for (VAF=indirect effect/total effect*100%), was calculated as recommended by Hair, Sarstedt, Hopkins, and Kuppelwieser (2014) and the mediating value was 23.84%, but as partial mediation value between 20-80%, the effect came into play (Hair et
al., 2014). This means that there is a significant mediation of CSR practices in the relationship between TQM and Business Excellence.

![Figure 5: CSR Practices Effect between TQM and Business Excellence](image)

**Discussion**

In the present study, the connection between TQM and business excellence through the mediation effect of CSR practices have been examined. For this aim, the objectives were to watch and note the connection between TQM and business excellence directly and between TQM and business excellence indirectly, using CSR practices as a mediator.

The current study expands the literature on the connection between TQM and business excellence. The findings confirmed and uphold the hypothesis that TQM has a favourable impact on business excellence. These findings are compatible with the prior studies that have established that TQM has a positive influence on business excellence such as; (Samawi, Abu-Tayeh, Yosef, Madanat, & Al-Qatawneh, 2018; Shafiq, Lasrado, & Hafeez, 2019) and others.

According to Mellat-Parast (2013), CSR practices can most efficiently be combined with quality management models in current management and business excellence models and practices. Thus, the best comprehension of how the combined process of TQM and CSR practices influence on business excellence will importantly assist companies to acquire competitive merits in the local and international marketplace.

As the results confirm that the application of TQM has a considerable effect on business excellence, it also has a positive effect on CSR practices. This proof is harmonious with the previous contributions that have indicated a considerable connection between total quality management in organizations and the success of the business as Androniceanu (2017). In the other hand, the results show that CSR practices have a positive impact on business excellence. This result is compatible with other prior contributions that have indicated a strong connection between CSR practices and the organizational performance that lead to business excellence. Barnett (2007) and Perrini, Russo, Tencati, and Vurro (2011), found a positive relationship between CSR and business performance.

Accordingly, the findings of the study confirmed and uphold that CSR practices mediate the impact of TQM on business excellence (β=0.036, p-value=0.036 <0.05), which uphold hypothesis H₄. The result shows that the application and performance of TQM in companies developed CSR practices. Notably, the result is consistent with other similar studies that have proposed that quality management models and techniques stimulate the prevalence of CSR practices within companies and institutions (Luqman et al., 2018; Zink, 2007).

**Conclusion**

The results suggest that companies perceive TQM stimulate and assist the development of CSR practices in convincing the practitioners and stakeholders and in gaining competitive advantages. This
will develop the right company image and reputation in constructing a good connection between companies, practitioners and community, and raise and improve business excellence. Therefore, the quality of life for people and hence for society will improve. Improving through the company's commitment to social responsibility will ensure improving employee performance, increasing competitiveness, ensuring long-term corporate success, achieving growth and development, and achieving a balance in social, economic, and environmental aspects.

This study contributes theoretically by developing an integrated business excellence (BE) model. This BE-model will contribute to the theory of TQM and CSR practices by incorporating the idea of meeting stakeholder requirements and sustaining future business. The present study expanded the integrated concept of TQM and CSR practices toward improving all the business stakeholders because both approaches are useful for resolving stakeholder issues through quality and social responsibility. Also, this study has a managerial contribution. It allows managers to understand the possible interaction between CSR practices, TQM, and use it as a driver of the business excellence of their companies. by providing an important view for the management of the company to develop a good company image in building a good relationship between companies and stakeholders, which will increase business excellence. Finally, this study lays the groundwork for further studies in this area.

Limitations and Future Research Directions
The sample of the current study was restricted to the respondents were from the West Bank of Palestine only. Also, in this study, all of the respondents were the managers of companies from different types of companies. Nevertheless, comparable studies might be conducted in order to make a comparison between trading, industrial and service companies in terms of TQM and CSR practices impact on business excellence. In respect to future studies, they can examine the impact of other variables in the context of the business environment that can motivate the operational processes in companies’ management system to improve quality and reach their business excellence.

References


