

## **Total Quality Management Practices and Performance of Organizations in the Real Estate Industry, Case of Property Developers in Nairobi City County, Kenya**

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### **ABSTRACT**

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*The real estate industry is one of the most important industries for the development and economy of a nation and therefore important that adequate measures are put in place to ensure quality in the sector. Most of the studies reviewed locally provide no conclusive evidence on whether TQM is linked to performance in the real estate industry in Kenya. This study sought to determine the effect of adoption of TQM practices on performance of firms within the real estate industry in Kenya. The specific objectives of the study were: to assess the extent to which customer orientation, top management commitment to quality, employees' empowerment and continuous improvement focus effect on performance of real estate firms in Kenya. The study adopted a descriptive research design. The target population for this study was senior management and customer service officers within real estate property developers companies in Nairobi County, Kenya. Purposive sampling was used to select 20 firms from the published list of Kenya Private Developers Association (KPSA). Questionnaires were employed as the instrument of data collection whereby both closed and open-ended questions were asked. Data collected was analyzed using SPSS. Descriptive analysis was undertaken to examine the effects of TQM practices on performance. Data was presented in tables and interpretation was made based on research objectives. The organizational performance of the Real Estate Companies involved in the study was generally great. The extent to which customer orientation, top management commitment to quality, employees' empowerment and continuous improvement has influenced the organizational performance of the Real Estate Companies was great. Pearson correlation coefficient showed there was a strong association between the organizational performance and customer orientation, top management commitment, employee empowerment and continuous improvement. Regression model established that 73.7% of the variation in organizational performance in real estate industry is explained by customer orientation, employee empowerment, top management commitment and continuous improvement leaving 26.3% unexplained. The study further recommended that the top management should ensure effective customer orientation process is carried out so as to ensure customers are satisfied with the products and services they receive. Top management should show more commitment to ensuring quality by channeling more resources on processes or activities focused towards ensuring delivery of high quality products and services. The management should empower their employees through frequent trainings on matters pertaining to quality as this will improve on their skills in ensuring delivery of quality products and services to customers. Organizations should always encourage efforts from their employees aimed at improving their products, services or processes.*

**Keywords:** *Total Quality Management Practices, Performance of Organizations, Real Estate Industry, Property Developers in Nairobi City County*

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## 1. INTRODUCTION

The utilization of quality management has turned out to be across the board among associations in the cutting edge business world. Business systems are concentrating on the significance of clients as an issue of basic premium, and to empower associations to adjust to new client prerequisites on a worldwide market with the point of making long haul progress (Survey, 2012). As seen by Dale (2011) quality administration has been perceived as a noteworthy edge for intensity and long haul productivity. One of the administration approaches that can be utilized to accomplish persistent quality improvement is Total Quality Management (TQM) in light of the fact that it assumes a key job in improving consumer loyalty, worker investment, reinforcing provider associations and encouraging an authoritative climate of constant quality improvement (Hughes, 2013). TQM is a widely used management philosophy too across many sectors and most organizations are adopting it as a tool in the improvement of their performance. Firms that implemented TQM outperform non-TQM firms on measures such as profitability revenues, costs, capital expenditure, total assets and number of employees (Hendricks and Singhal, 2001) The construction sector in Kenya is a competitive sector and as such quality in such an industry is very vital. Organizations implement TQM in order to gain competitive advantage in terms of productivity and customer satisfaction. Organizations implement these practices to ensure the benefits of improved operational performance (Garca-Bermal & Ralez-Aleson, 2015), and financial performance (O'Neill et al, 2016)

The TQM idea is a general rationality of the board which incorporates every key prerequisite that contribute not exclusively to client saw quality, yet additionally to consumer loyalty (Mahmoud, 2012). The drive by associations in the land business to give items or administrations which reliably meet or surpass clients' desires and on time should depend on quality as the premise of adequacy. This is on the grounds that quality has the totality of highlights and attributes of an item or administration that bears on it the capacity to fulfill given needs in congruity to requirement (ASQ, 2012, Crosby (2012). Juran (1985) indicates that quality is fitness for use of a product, quality service or product. One of the most popular definitions of quality is meeting or exceeding customer expectations (Evans, 2013). In the construction industry continuous improvement is pivotal in their effort to meet or exceed customer expectations, conform to the government regulations and increase their profitability. This will only be made possible by training of real estate private developers firms on the importance of TQM, how to implement the same and incorporate it in their processes and systems and on how to achieve and utilize both institutional and resource capital. Real estate private developers firms should also endeavor to have top management support, mutually beneficial supplier relationships and share mutually beneficial information with their competitors via such methods as inter-agency contracts. This proposition is further corroborated by the works of Walter Shewhart and W. Edwards Deming in the field of TQM, which have gained significant acceptance throughout the world and formed basis for developing definitions (Zhang, 2010). According to Arditi (2010) management

commitment to quality and to continuous quality improvement is a very important concept in construction industry as professionals are well aware of the importance of quality management as a strategic aspect.

Performance in enterprises has been characterized as accomplishment of business, money related, viability and conduct targets (Halachimi, 2015). Performance of land firms like some other business is shown by piece of the overall industry, deals development and improvement of new items while monetary performance is demonstrated by net revenue, all out resources and value multiplier. Indicators of viability in land firms incorporate; quality of administration, level of social obligation, positive work culture, great picture of the organization and the dimension of consumer loyalty. Performance in land firms does concentrate on what the organizations accomplish as well as accomplish it (Armstrong, 2010). The last includes concentrating on moral viewpoints and this is for the most part the maintaining the estimations of the association. Armstrong (2010) includes that in a land business set down and acknowledged hard working attitudes should dependably be centered around as an assessment of yields that are esteem based. Performance of associations on the planet is estimated utilizing different methodologies, which run from those that have been created by people to those that have been created by associations and different governments, for example, adjusted score card and performance and results frameworks (Halachimi, 2015). Adjusted Score Card (BSC) is at present the most widely recognized methodology in the classification of the performance estimation approaches created by people (Chavanand, 2010). The BSC digs on how an association performs relying upon winning conditions and spotlights on viewpoints, for example, monetary, client care, adequacy of interior business procedures, learning and development. In the BSC performance estimation approach, measures and targets are set and the association at that point sets up activity and plans to meet the set targets (Kaplan, 2011). Current arrangement of 9000 benchmarks are additionally famous in the classification of performance estimation approaches created by associations (Martinez, 2009). Global Organization for Standardization (ISO) measures guarantee that universal gauges of products and enterprises are set and kept up in any nation. These arrangement of ISO norms expects to accomplish different goals, for example, upgraded administration performance, better consumer loyalty, improved profitability, more prominent effectiveness, cost decrease and more noteworthy piece of the overall industry which are additionally angles accomplished through TQM.

All out quality management (TQM) starting points can be followed back very nearly 80 years to the primary utilization of factual apparatuses to improve the quality of made items in the United States of America. The beginning of current quality management had its foundations in assembling. With the blooming of the open area in pretty much every economy, quality objectives are never again the sole worry of assembling associations (Hughes, 2013). Worldwide challenge has expanded as nations progressively grasp the free market model and open up their fringes for outside ventures and exchanging (Lee, 2012). To remain aggressive, organizations need to concentrate their business systems on key favorable circumstances through the upgrade of business brilliance and performance. Quality management gives a successful way to deal with accomplishing this objective. Organizations are endeavoring to embrace and execute diverse types of quality management frameworks, for example, ISO, British Standards (BS) and TQM. Quality-based organizations have turned out to be trustworthy and draw in more clients through the arrangement of higher quality administrations and items interestingly with non-quality-based organizations (Low, 2014).

In the worldwide setting ISO 9000 which has been moved up to 9001 out of 2008 confirmation has gone about as an impetus of the current inclinations, so as to prompt associations towards an auxiliary model dependent on the rationale of key quality management (Withers, 2014). The value of ISO 9000 arrangement has gotten overall acknowledgment and affirmation from different establishments, organizations, and quality scientists. Probably the most critical advantages of actualizing these gauges as per Douglas (2013) are delineated by expanded market openings, as clients will see an organization as progressively powerful and better sorted out. The contrast among TQM and ISO standard lies in the way that TQM is a procedure of quality management, though benchmarks speak to a specific quality dimension or degree. The essential estimation of ISO 9000 benchmarks is that they synchronize a general methodology for quality confirmation in all periods of a generation or business process (Oddy, 2013).

From the worldwide point of view up to the finish of 2013, more than one million authentications had been issued in 187 nations (ISO, 2013). In Europe, the dispersion of TQM has been high as appeared by the quantity of ISO 9001 endorsements issued (Armstrong M. 2010). At the point when European firms began to force the standard on their providers abroad, these outside providers brought the standard into their very own nations. At that point they spread the standard to different firms in their own nations (Corbett, 2006). Generally speaking, a few coercive and subjective instruments lead to worldwide dispersion of ISO 9001. Coercive instruments incorporate lawful guidelines, authorizes, and advertise initiated prerequisites. Subjective systems incorporate prominence of ISO 9001, proclivities for formal authoritative arrangements like ISO 9001, and position in connection to other people who have effectively embraced ISO 9001 (Mendel, 2012). The top three nations for the all out number of endorsements issued in 2013 were China, Italy and Germany. The best three nations revealed for development in the quantity of authentications in 2013 were Italy, India and USA (ISO, 2013). Comprehensively, various associations have received quality activities. Toyota Company for example built up the rationalities of client first and quality first. They set up quality confirmation frameworks crosswise over different divisions and offices (Omware, 2014). They presented Statistical Quality Control (SQC) in 1949 pursued by TQM activities dependent on the perpetual standards of 'client first' and complete interest. Through their quality activities, they won the Deming Application Prize in 1965 and the Japan Quality Medal Award in 1970 (Ikezawa, 1987). Sony Company set out to regard their clients' perspectives and stay resolved to convey quality items and client administration that surpass their clients' desires. To accomplish this, Sony actualized constant, conclusive endeavors in upgrading item quality and ceaselessly improves its quality management framework (Sony Company, 2012).

In Africa TQM began to diffuse during the 1990s as a training brought by multinationals who were setting up bases in the African landmass (Kasongo, 2013). The larger rationale of privatization because of auxiliary alteration programs arranged the ground for extensive changes in management rehearses by organizations working in Africa and TQM progressed toward becoming urged as another method for assembling (Salaheldin, 2009). This new management idea was displayed as a critical piece of new corporate achievement and put solid accentuation on strengthening of businesses, client administration and charming authority (Kasongo, 2013). In the underlying stages, organizations embracing TQM in Africa indicated eagerness for mimetic adapting however it worked out that making an interpretation of the idea into explicit new practices by method for new schedules remained a perplexing issue (Omware, 2014). In spite of the fact that this management idea some of the time turned out to be a piece of the dispositional routine with regards to chiefs another training is being embraced by organizations in Africa



through the appropriation of ISO 9000 rules (ISO, 2014). Quality in the real estate industry should be understood in terms of fitness for purpose or quality of workmanship. The latest approach to quality in the construction industry has been the adoption of TQM and the ISO 9000 series with focus on quality characteristics, quality of design and quality of conformance (The Constructor, 2012). In the past quality measures were focused on satisfying the specification mentioned in the contract and completing the project on time, fulfilling the owner's requirement within the proposed budget, avoiding disputes claims and ensuring the contractors perform their intended purpose (Chase, 2013). However, currently, most contractors have resorted to quality assurance and quality control initiatives such as periodical training for their workers, putting in place good safety programs, using a sound procurement system to get best quality material and suppliers, use of a reward scheme for innovative work and competitive career progress scheme to ensure productivity (Nkechi, 2010).

Reliable Concrete Works Company which is based in Kenya for instance has developed quality programs that enable them give value to their customers. They believe that through quality construction, superior design and an unparalleled commitment to customer service, they are able to create lasting customer value. The Kenyan real estate sector is under the Ministry of Housing and Urban Development and the National Construction Authority (NCA) and covers work done on buildings and infrastructures. With the emerging of devolution, the county governments have also been mandated with regulation of this industry in their areas of jurisdiction. The construction sector is approximated to create over 130,000 private sector jobs per year (Government of Kenya, 2014). The Kenyan market has been lucrative attracting foreign investors because of the high profit margins of 20 to 30 per cent which analyst Luesby(2012) argued are impossible even in the United States of America or European markets. The construction and real estate industry contributed to 8.0% of Kenya's Gross Domestic Product in the first quarter of 2016, and a growth of 6.7% year on year backed by a vibrant real estate sector and the gains from infrastructural projects such as the Standard Gauge Railway (Cytonn Real Estate, 2016). The country's capital Nairobi has emerged as leader in this industry.

According to Kenya Property Developers Association KPDA (2014), the major challenges facing construction companies in Kenya are capital, dealing with the strict quality standards and a dynamic customer demand. The growth of real estate in Kenya has led to mushrooming of real estate development firms and agents. However, it has been observed in the past few years that even with the remarkable growth of the real estate sector, quality has not always been part of the game. Low- quality constructions can be found all over the country because most of the sales were off plan (Daily Nation, 2016). A number of buildings have been reportedly collapsed due to quality issues. In 2013, a five storey building collapsed in Kisumu killing 9 people. In March 2016 another four-storey building collapsed in Zimmerman, Nairobi, in May another one collapsed in Huruma killing over 50 people and in November it happened in Kisii leaving 9 people dead. Quality assurance in the sector has in the past been left to the local authorities. Currently the counties are mandated to inspect buildings for quality alongside set standards(NCA, 2014). Private companies have also come up to assist local contractors in building, inspection and certification services by assessing projects in accordance with the unique requirements of the country (MOPW, 2014). It has been accounted for that in Kenya there are insufficient specialized staff in development, and too couple of directors and organizers in government with a comprehension of TQM to empower Kenyan development organizations to contend, on quality terms, on the planet economy (MOPW, 2013). The Kenyan structure guideline experts need to put more exertion in choosing and holding skilled representatives and,

with specific pertinence to the development business; they have to improve the nation dissemination of experienced specialists (Wesonga, 2012).

The Buyrent Real Estate Report of Quarter 1 2018 showed that there were high mortgage rates averaging between 12% and 15% and a high demand for affordable housing. However the political unrest that took place in 2017 had its effects felt in 2018 causing investors to hold back their investments. However, with the handshake event, the economy started picking up and the real estate was not left behind. Cytonn Investments Business Market outlook of 2018 reports that the entrance of new international brands into the Kenyan Market, the adoption of the shopping malls concept and the growth of the small and medium sized businesses will lead to increased demand for residential, office space and industrial real estate. This therefore means that the real estate future looks bright. Real estate investments require high capital and fair borrowing interest rates. The lowering of interest rates by the Central Bank of Kenya coupled with the capping rule may encourage real estate firms and investors going into the future. However, cheap credit has not been forthcoming because banks have opted to be strict in the vetting process probably in defiance to the capping rule. Another emerging issue is that one of the government's Big Four Agenda is affordable housing. The concept may lead to increased investors seeking for partnerships with the government. However with the huge investments required in real estate investments, the government will need to raise money to fund this projects and it might mean increased tax burden on Kenyans. Already there is a fierce ongoing debate on the proposed Housing Fund Levy. With the affordable housing concept, the government will predictably aim at reducing construction costs and probably introduce new construction methods which will definitely be adopted by real estate firms. It will be interesting to see how that will balance with quality.

## **2. STATEMENT OF THE PROBLEM**

The land business is a key marker of performance in the development part and all things considered the issue of quality is of incredible significance particularly with the regularly developing concerns and requests from different players in the market. Owing to increased consumer awareness due to globalization there is increased demand for quality of structures that attract the demand for consumers. Emerging issues like the frequent collapse of structures that has led to injuries and deaths has also triggered greater regulations from government bodies like the NCA in Kenya putting more pressure on the construction firms to keep abreast on TQM in a bid to increase their performance. The main aim for this study is to establish the effects of TQM in improving top management system, improved customer satisfaction, employee empowerment, continuous improvement and consequently the overall firm performance which consequently affects the economy of the county. With the increased regulation in the real estate industry in Kenya many real estate companies are shifting to implementing TQM practices in order to survive in the increasing competition in the industry. According to KNBS (2018) report on real estate industry in Kenya, there has been a downward trend on the real estate industry in Nairobi. The construction sector grew by 7.2% in 2018 as compared to 8.2% in 2017. The deceleration was evidenced in the declined consumption of cement from 6 million tonnes to 5.2 million tonnes in time between the two periods.

However, the issue of TQM and performance in the industry has not been studied especially in the construction sector. Available studies have focused on international scope and have shown some consistency in this regard. Among them includes Hendricks (2009) study that shows that there is a strong link between TQM adoption and organizational performance in construction

industry in that it leads to improved customer satisfaction leading to larger market share and improved processes system leading to cost cuts leading to low price quotations thus higher demand. In Kenya most of the studies differ either in their context or content including the study by Ngugi (2016) whose study on continuous improvement systems in real estate firms fell short of relating it to organizational competitive positioning. Likewise, a study by Mang'eli (2013) who observed that most real estate agents in the real estate sector do not have formal training failed to explain how the lack of training impacts on the performance of such organizations. Given the critical role played by real estate industry, the situation facing them may lead to continued stagnant growth of this institution. While, TQM has been emphasised as an important tool for their healthy performance, most of the studies reviewed locally do not provide conclusive evidence on how TQM is linked with their performance. Moreover, most of the available studies have been conducted in the manufacturing and service industry. Therefore this study attempted to fill the gap by evaluating the effects of implementation of TQM practices on the performance of firms in the real estate industry in Kenya focusing on construction firms based in Nairobi.

### **3. OBJECTIVES OF THE STUDY**

The main purpose of this study was to determine the effect of adoption of TQM practices on performance of firms within the real estate industry in Nairobi County in Kenya. The specific objectives were:

- i. To assess the extent to which customer orientation impacts on the performance of real estate firms in Kenya.
- ii. To determine the influence of top management commitment to quality and its effect on performance of real estate firms in Kenya.
- iii. To investigate the extent of employees' empowerment and its effect on performance of real estate firms in Kenya.
- iv. To establish the extent of continuous improvement focus and its effect on performance of real estate firms in Kenya

### **4. THEORETICAL REVIEW OF LITERATURE**

Theoretical review entails a discussion of theories put forward to explain phenomena in relation to a given research topic. ISO 9000 (2005) provides for the definition of quality as the degree to which a set of inherent characteristics fulfills requirements; the requirement here being a need or expectation that is stated, generally implied or obligatory. This study presents a discussion of the contingency theory, service gap theory, and the theory of performance.

#### **4.1 Contingency Theory**

Contingency theory, developed by Woodward (1965), is one of the most influential research models on studies of management of organizations indicating that the optimal course of action is dependent upon the internal and external situation. The contingency theory applies to TQM from the perspective argued by Kahn (2009) that contingency approach applies to the influence of external environment on the internal operations of an organization in responding to external forces. From this regard the study will use the contingency theory to explain how external factors in the real estate industry enlighten the adoption and implementation of TQM practices. The contingency theory therefore informs the manner in which the real estate firms can establish a functional relationship between quality factors and organizational variables as argued by (Perrow, 1970). On his part Galbraith (1973) observed that as organizations become more complex they face increasing environmental uncertainty which requires a structural mechanism

for competitiveness. This study was informed by the contingency theory's variables that impact organizational performance as defined by (Turner, 1969). To begin with, customer focuses is key as the client eventually decides the dimension of quality. Regardless of what an association does to cultivate quality improvement; preparing representatives, coordinating quality into the structure procedure, overhauling PCs or programming, or purchasing new estimating apparatuses the client decides if the endeavors were advantageous. Second is worker inclusion. All representatives take an interest in progressing in the direction of shared objectives. All out representative duty must be gotten after dread has been driven from the work environment, when strengthening has happened, and management has given the best possible condition. Superior work frameworks coordinate persistent improvement endeavors with ordinary business tasks. Self-guided work groups are one type of strengthening. The third practice is being process focused. It expresses that a basic piece of TQM is an attention on procedure considering. A procedure is a progression of steps that take contributions from providers and changes them into yields that are conveyed to clients. The means required to complete the procedure are characterized, and performance measures are consistently observed so as to recognize surprising variety. The fourth practice is having an incorporated framework. In spite of the fact that an association may comprise of a wide range of utilitarian claims to fame frequently sorted out into vertically organized divisions, it is the level procedures interconnecting these capacities that are the focal point of TQM. Smaller scale forms mean bigger procedures, and all procedures total into the business forms required for characterizing and executing system.

#### **4.2 Service Gap Theory**

This service gap theory was postulated by Parasuraman (1985). This theory was developed to try and address the customer satisfaction problem faced by business entities. This theory is based on gaps which are seen to be the critical areas of concern to the management as far as customer satisfaction is concerned. As indicated by this model, administration quality depends on a correlation of client's desires with view of the administration really got (Juga, 2010). This hypothesis takes a gander at the five wide elements of administration quality including substance, responsiveness, dependability, affirmation and empathy (Zeithaml, 1990). Zeithaml (1990) additionally underscored four fundamental attributes of administrations including immaterialness, perishability, heterogeneity, and synchronization. Elusiveness proposes that administrations are performances just experienced by the client; perishability shows that an administration can't be created and put away for sometime later; heterogeneity mirrors that administrations are naturally factor and need consistency and synchronization implies the generation of the administrations happen in the meantime as utilization. This means that customers have their expectations based on their past experience with product or service in question. The management is therefore tasked with ensuring that these expectations are met failure to which the performance of the organization will be in jeopardy. The theory identifies five gaps which must be quantified, managed, and minimized. These gaps are; the disparity between the expectations of the customers and the views of the managers on the customers' expectations, the managers perception and the actual specification of the experience of the customer, the customers specification and the delivery of this experience by the company, the delivery of the experience of the customer in relation to what the firm asserts to deliver, and finally the perception of the customer in terms of experience and the expectation of the customer in relation to the service. In an effort to bridge these gaps the theory suggests that managers should diligently address each of these gaps (Grigoroudis & Siskos 2001). The facts of this theory can be used to assess how real estate firms can implement TQM principles in an effort to



boost their performance. By focusing on the aforesaid gaps, entities will be enhancing the services offered to their clients. This way the firms can therefore establish and develop a strong customer relationship which will in the long run improve the performance of the firm. The facts of this theory will be used to guide this study by identifying gaps in TQM that can be addressed to improve the performance of the entity.

### **4.3 Theory of Performance**

This theory tries to explain the trend of performance in organizations. The theory develops foundational concepts based on which an explanation is given as to how and why performance can be improved overtime in an organization. Elger (2010) in an effort to expound on this theory defines performance as the ability to produce valued results. According to this theory performance cannot be improved overnight but rather takes a considerable amount of time and effort (Zakuan, Yousof, Laosirihongthong & Shaharoun 2010). Elger (2010) describes performance improvement as a journey and the level of performance as the location in the journey. A multi-dimensional performance measure will be used in this study incorporating both financial and non-financial measures including cost reduction, increased profitability and market shares in subsequent years, product reliability and service quality. Profitability estimates the degree to which a business creates a benefit from the components of generation: work, management and capital. Profitability is the most significant proportion of accomplishment of the business. A business that isn't beneficial can't endure, yet an exceedingly gainful one can remunerate its proprietors with an extensive profit for their venture. Profitability examination centers around the connection among incomes and costs and on the dimension of benefits with respect to the extent of interest in the business (Masood, Hassan and Saqi 2013). Four helpful proportions of firm profitability are the rate of Return on Assets (ROA), the Rate of Return on Equity (ROE), working overall revenue and net firm salary. The ROA estimates the arrival to every single firm resource and is regularly utilized as a general record of profitability, and the higher the esteem, the more gainful the firm business. The ROE estimates the rate of profit for the proprietor's value utilized in the firm business.

According to this theory the prevailing level of performance in an organization is determined by six crucial components, which are; the context, knowledge levels of the concerned individuals, levels of skills, identity level, the personal factors of the respective individual(s), and fixed factors which are basically constant and cannot be altered. According to this theory these factors are crucial since they determine the ease with which performance of the individuals and thus the firm in general can be improved. The theory further proposes three axioms which are important in ensuring there is effective improvement of performance in a firm. These include: the mind-set of the performer, being based on a quality end product or service, and being engaged in a customer oriented process. This theory asserts that by upholding these axioms then it is possible to radically improve the performance of individuals in a firm and thus improve the performance of the entity in general (Reinel, 2006). Zakuan et al (2010) in their investigation estimated authoritative performance through two classifications which are fulfillment level (precedent worker fulfillment and consumer loyalty) and business results (model efficiency, number of fruitful new items, cost performance and profitability). According to Dessler (2012) a great many people see representative's performance as a framework structured on individual performance as opposed to bunch performance meaning you are taken a gander at for qualities and shortcomings to figure out where you may improve. Any issue that may prevent this improvement, for example, a physical impediment is considered to survey the performance you give. The facts of

the theory of performance in different aspects of the organization can be used to explain how performance can be improved in the real estate organizations. Salaheldin (2009) further found that TQM has a positive and significant effect on operational and organizational performance contrary to Powell (2009), whose result show that only soft factors of TQM yield a positive correlation with performance. An extent review of previous TQM studies on organizational performance suggests that there are various performance measures indicators Arumugam (2009) measured organizational performance from quality performance (example quality of product and service, customer relations, customer satisfaction with products quality, and level of quality performance relative to industry norms). Top management in the real estate companies ought to know about the intermediating effect of operational performance that TQM-related monetary and non-money related performance must be upgraded by improving operational performance in any case. They ought to know that the up and coming focused weights influencing the land development market can be pacified through improving both operational performance and authoritative performance and this relies upon the effective usage of TQM.

## 5. THE CONCEPTUAL FRAMEWORK

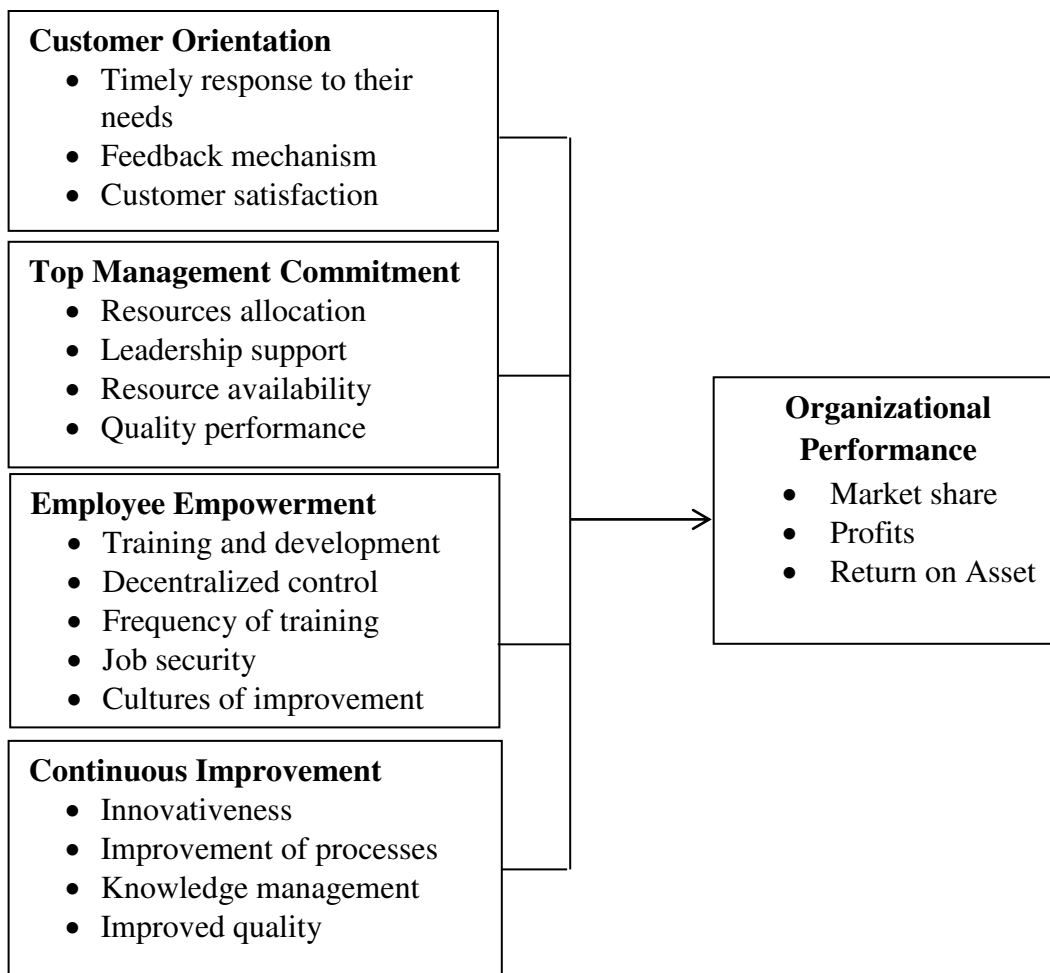


Figure 1: Conceptual framework

In this study the dependent variable is organizational performance while the independent variables are the TQM practices which are: customer orientation, top management commitment,

employee empowerment, and continuous improvement. Figure 1 above conceptualizes the relationship between independent variables and dependent variables. The independent variable is conceptualized as TQM practices and is measured by constructs such as top management commitment, customer orientation, employee empowerment and continuous improvement. The dependent variable on the other hand is taken as organizational performance which constructs are employee satisfaction and customer satisfaction. The adoption of TQM practices by real estate firms may affect organizational performance of the organizations.

## **6. RESEARCH METHODOLOGY**

This examination embraced descriptive research design. The populations of this study were real estate firms in Kenya. According to the KPDA (2017) there are 67 registered property developers firms in Kenya. The target population of this study comprised of senior managers and customer service officers from 20 construction companies in Nairobi County. The participants were assumed to have reliable information on the effect of adoption of TQM practices on performance of firms within the real estate industry. From the population of 67 property developers in Kenya mentioned earlier, 20 real estate property developers were selected purposively from within Nairobi County to be a reflection of the private developers in Kenya. Purposive sampling was used because it allowed the researcher to focus on particular characteristics of the population that are of interest which would enable to get answers to the research questions quickly and cheaply. The respondents sample was decided utilizing stratified arbitrary testing procedure to guarantee that diverse gatherings of a populace are satisfactorily spoken to in the example. Essential information was gathered with respect with the impact of TQM rehearses on authoritative performance for land firms in Nairobi. The respondents for this examination were chosen workers from different utilitarian territories in the associations. Information was gathered utilizing organized polls which were self-controlled. The poll comprised of both shut finished and open finished inquiries. The researcher at that point picked the polls after the respondents had filled them. As per Nachmias and Nachmias (1992), Questionnaires are less complex in organization, scoring of things and investigation. The researcher gathered the surveys three days after organization.

The data was coded and analyzed through SPSS. This made certain accuracy of the information, recurrence tables and diagrams used to introduce the outcomes for simpler comprehension and investigation. Also normal subjects were caught through substance investigation. The factual programming SPSS was utilized to examine the created information. Descriptive and inferential factual investigations were utilized (George, 2003). Information was outlined utilizing realistic introductions for the understanding of discoveries. Measurements depended on rates and frequencies. Connection and relapse examination was performed to find out the presence of connection between the factors. Connection examination was performed to learn the presence of connection between the factors. Connection is a factual procedure that can demonstrate whether and how emphatically matches of factors are connected. A multiple regression model was used to establish the relationship between TQM practices and performance of firms within the real estate industry in Nairobi County. A multiple regression model establishes a relationship between one dependent variable and several independent variables. The results obtained from the model were presented in tables to aid analysis and ease of interpretation. Inferential statistics were drawn from the model in order to determine the nature and significance of relationship between changes in the dependent variable and independent variables.

## 7. DATA ANALYSIS RESULTS

The study used correlation and regression analysis to achieve the study objectives. Correlation results are presented in Table 1.

**Table 1: Pearson correlation Coefficient**

Independent Variable	Organizational Performance
Customer Orientation	0.665
Top Management Commitment	0.546
Employee Empowerment	0.583
Continuous Improvement	0.520

Pearson correlation coefficient of 0.665 between customer orientation and organizational performance was also obtained. This showed that there was a positive strong association between customer orientation and organizational performance suggesting that increase in the level of efficiency of customer orientation process will result to improvement in organizational performance and vice versa. These findings are in line with the findings of Gountas & Sandra (2014) who indicated that customer orientation has a positive and statistically significant relationship with organizational standards for service delivery, co-worker support and supervisor support. Pearson connection coefficient of 0.546 between top management pledge to quality and authoritative performance was additionally acquired. This demonstrated there was a positive solid relationship between top management pledge to quality and hierarchical performance recommending that expansion in the dimension of top management responsibility to quality will result to progress in authoritative performance and the other way around. These discoveries were in accordance with the discoveries of Zhang (2007) who built up that responsibility and individual inclusion is required from top management in making and sending clear quality qualities and objectives predictable with the destinations of the organization and in making and conveying very much characterized frameworks, strategies and performance measures for accomplishing those objectives. Pearson correlation coefficient of 0.583 between employees' empowerment and organizational performance was also obtained. This showed that there was a positive strong association between employees' empowerment and organizational performance suggesting that increase in the level of efficiency of employees' empowerment process will result to improvement in organizational performance and vice versa. These findings are in line with the findings of Cole (2008) who stated that, performance of employees increases the productivity of company if the employees are given the right working environment. He further stated that every organization should seek to improve and increase its performance level by empowering its workers. Hogan (2014) also established that organizational performance can be enhanced by empowering employees. He further stated that capability development enhances the skills of the employees and understanding of their work which in return benefits the organizations resulting to improved performance.

Pearson correlation coefficient of 0.520 between continuous improvement and organizational performance was also obtained. This showed that there was a positive strong association between continuous improvement and organizational performance suggesting that increase in the level of

efficiency of continuous improvement process will result to improvement in organizational performance and vice versa. These findings were in line with the findings of Haraburda (2012) who asserted that continuous improvement practices have a positive impact on organizational performance. Savolainen (1999), whose findings were also in line with the findings of this study also noted that there is a great possibility of an organization creating a competitive potential that is less likely to be imitated by competitors through the implementation of continuous improvement systems. A multiple regression model was used to establish the relationship between independent variables, which in this case were the TQM practices (customer orientation, top management commitment, employee empowerment and continuous improvement) and the dependent variable, which was the organizational performance of firms within the real estate industry.

A summary of the coefficients of regression equation is presented in Table 2.

**Table 2: Coefficients of Regression Equation**

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.242	0.968		2.317	0.003
X <sub>1</sub>	0.344	0.101	0.477	3.414	0.001
X <sub>2</sub>	0.064	0.066	0.117	0.962	0.000
X <sub>3</sub>	0.077	0.080	0.143	0.953	0.002
X <sub>4</sub>	0.002	0.103	0.002	0.017	0.000

All the independent variables are significant due to the fact that all their significance values are less than 0.05. The fitted regression model therefore became as follows:  $Y = 2.242 + 0.344 X_1 + 0.064 X_2 + 0.077 X_3 + 0.002 X_4$ . Using the standardized coefficients, it was established that customer orientation influenced organizational performance the most followed by employee empowerment then top management commitment and finally the least influential being continuous improvement. Similar findings were also established using Pearson correlation coefficient as indicated in table 2 indicating customer orientation as having the highest correlation coefficient while continuous improvement having the least correlation coefficient.

**Table 3: Regression Model Summary**

R	R Square	Adjusted R Square	Std. Error of the Estimate	Sig.
0.881	0.763	0.737	3.271	0.000

As indicated in Table 3, the fitted model was diagnosed and found that the regression model was statistically significant at 5% significance level. This shows that the combination of these factors (customer orientation, top management commitment, employee empowerment and continuous improvement) affect the response variable (organizational performance). Further, R square = 73.7% implying that the explanatory variables accounted for 73.7% of the response variable. This implies that 73.7% of the variation in organizational performance is explained by customer orientation, employee empowerment, top management commitment and continuous improvement leaving 26.3% unexplained. The P-value of 0.000 (less than 0.05) implies that the model is significant at the 5% level of significance.



## 8. CONCLUSION

The findings of this research concluded that most real estate firms consider customer orientation as a key factor in their performance. According to the findings, the extent at which customer orientation at which customer orientation has influenced on real estate firms was rated as great. It also concluded that customer needs should be met in order to ensure that the customers are satisfied. The findings also concluded that top managements viewed improved quality as a way to increase profits. The findings also concluded that the extent to which top management commitment to quality on Real Estate companies' performance was generally great. The findings of this study concluded that most organizations involve their employees in the decision making process. The findings concluded that employee empowerment helped the employees to be more productive and efficient. According to the findings, the extent to which employee empowerment has influenced on the performance of Real Estate firms was great. The findings of this study concluded that most organizations have initiated quality circles and team improvement for better performance. The findings also concluded that continuous improvement ensures improved efficiency and effectiveness of work-processes. It was clear from the findings that continuous improvement has greatly influenced on the performance of Real Estate firms.

## 9. RECOMMENDATIONS

Based on the findings of this study, the following recommendations were made to real estate firms and other organizations embracing TQM practices for better performance. The top management should ensure effective customer orientation process is carried out so as to ensure customers are satisfied with the products and services they receive. Customer needs and complaints should be handled in the shortest time possible. The top management should also show more commitment to quality achievement by channeling more resources on processes or activities focused towards ensuring delivery of high quality products and services. They should also make their organization's vision clear on attainment of organizational goals. Organizations should also make deliberate efforts to empower their employees through frequent trainings on matters pertaining to quality as this will improve on their skills in ensuring delivery of quality products and services to customers. Employee empowerment will also make employees feel secure and adapt to change. Organizations should also encourage efforts from its employees aimed at improving their products, services or processes. Organizations should also embrace a culture of continuous improvement through quality circles, innovation and benchmarking. Continuous improvement practices will lead to efficiency and effectiveness of work processes.

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