

Total quality management in auditing firm research proposal

[Business](#), [Company](#)



1. Topic

Total Quality Management (TQM) in auditing firm

2. Background and Overview

2. 1 Background

The audit process also needs planning and communicating and controlling. The head auditor or the auditing firm must such plans and be able to communicate that assures the effectiveness of total quality management. There has been a significant change in the concepts of management in past few decades. This change in concept has given the raise to a new set of questions associated with them. That is, with the big horizon of understanding, the terms of different sciences can be applicable in other fields. With this thought in mind, let the focus of study be in the similar direction i. e. the concept of supply chain management will be discussed with the term of financial management. More specifically the topic of total quality management (TQM) will be discussed with respect to auditing. As for earlier period it was an impossible to merge the other field's concepts into other sciences.

2. 2 Overview

An astute amount of attention in the quality section of the company has been introduced to measure the important aspects of quality management issues. Earlier, the focus of total quality management (TQM) was on products and the processes that attribute the product. However, now the emphasis of total quality management is affecting many other sectors of the study market and general market. The force working behind the concept of TQM is the total commitment of everyone working in the company and the

customers with obtaining quality and continuous improvement. Ho, (1997) broke the term of total quality management in to three parts. According to Ho (1997), the term ‘ total’ refers to the participation of every person in the company along with the undisrupted improvement; ‘ quality’ is defined by him as the implied need of the customer that need to fulfilled, and the word ‘ management’ was described as the full commitment of the managers from their clients.

Many firms apply the concept of TQM in their production facility to increase the profits earned, an increase of market share, and the market competitiveness. On the other hand, auditors are considered as the quality champions as they get to analyze every working environment for finding the flaws. This leads the external or internal auditors for having a strong strategy for implementing the auditing process effectively, so that the auditing firm’s quality improved and be met at the standards of total quality management (Bani-Ahmed, & Al-Sharairi, 2014).

3. Problem statement

The basic issue of implementing the TQM in an auditing firm is about the measuring the impact of TQM on audit planning, audit strategy making, and documenting of auditing process which is hard as auditing firm works on quality improvement and management basis (Hawkes & Adams, 1995).

4. Purpose Statement

The study represents the work importance of the concepts in a mutual understandable way. It merges the effectiveness of TQM implementation with different parts of the auditing process. The main purpose of the auditing process is to facilitate the auditors’ performance in general and to increase

the quality of the work done in an auditing firm.

This paper aims towards establishing a connection between the total quality management and the auditing process. The paper aims to achieve this objective by answering the following question,

“ Is the total quality management helping in improving the work of auditing organization?”

5. ‘ Soft’ and ‘ Hard’ elements of TQM with respect to auditing organization

As per say of Beardsell and Dale (1999), the list of characteristics for TQM is similar for every industry of this globe. That is, every industry has soft and hard TQM elements (Kumar et al., 2009, Das et al., 2011). The soft element of TQM represents the top management commitment, customer focus, human resource development, continuous improvement, fact based decision making, and strategic planning.

Also to soft elements of TQM, there are hard elements (Hokoma et al., 2010; Valmuhammadi, 2011). The hard element of TQM supports the use of scattered diagrams, control charts, benchmarking, and quality functions development. Both, the hard and soft elements of TQM are developed and worked in auditing firms. These can impact the organization working in the long run.

6. Research questions and hypotheses

6. 1 Research Questions

A research questionnaire was designed with the help of hypothesis developed from the material of the study exclusively. For writing the questions, a pilot study was carried out. In the pilot study, ten managers of different auditing firms were chosen. With the help of their input, some

mistakes in developing the questionnaire were corrected.

The questionnaire comprises of four core parts. The first part discusses the auditing firms profiles. The second part of the questionnaire consists of asking about whether or not the company had applied the concept of soft and hard elements of TQM in the auditing process. The third part discusses the level of TQM elements usage in the auditing process. The final part of the questionnaire discusses the results' impact on the future decisions of the auditing firms. Respondents were briefed about the way of questionnaire answering in the first place. The answers were to be marked on relevance bar (Likert scale) marked with numbers ranging from 1 (Strongly disagree) to 7 (strongly agree).

6. 2 Research hypotheses (RH)

The hypotheses were designed in light of the problem statement, purpose statement and the questionnaire developed.

RH1: TQM does not have any impact on auditing firm's work process.

RH2: TQM have no significant impact on audit process planning, audit process strategy, and in audit process documenting.

RH3: The soft and hard elements of TQM have a significant impact on the process of auditing firms.

RH4: TQM has a positive impact on the working of auditors.

7. Methodology and Framework

This study was done by a questionnaire developed for auditing companies who are following the ISO 9000 standards of quality management in their firm. The questionnaire was developed on the basis exploratory factor

analysis (EFA). The sample size and the data collected were satisfactory. The impact of TQM elements on auditing was determined by applying multi-linear regression analysis and EFA on SPSS 21 software.

8. Results

Results of the study indicate that the two elements of TQM have a positive impact on the auditing process of the firms. With the value of $\alpha < 0.05$, it is clear that soft element of the TQM impacts more on auditing process in comparison with the hard elements of TQM. Similarly, the α value of EFA analysis of the hard element of TQM was also less than 0.05, which results in the higher impact on auditing process of the firm.

In the end, it can be stated that both of the TQM elements are inter-related, and both put an equal impact on the auditing process.

9. References

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