

PERCEPTION OF KANEPACKAGE PHILIPPINES INC. EMPLOYEES ON THE LEVEL OF QUALITY MANAGEMENT SYSTEM IMPLEMENTATION

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ABSTRACT

The study was conducted to assess and determine the compliance of AAJ Fabrication and Machine Shop on Baldrige Criteria of Performance Excellence to empower the whole organization in achieving organization's objectives, to improve results, to be more competitive, and to ensure continuous improvement. The study used the quantitative method in data gathering and the data were obtained through the distribution of the modified survey questionnaire patterned on Baldrige Criteria for Performance Excellence and were distributed to the owner and to the 12 employees of AAJ Fabrication and Machine Shop. The results of this study indicate that the owner and the employees agreed that the company is doing well; the leadership team manages and leads the whole organization, the organization was flexible enough in making changes, the employees built relationship with their customers as well, the owner showed importance for its employees, and the whole organization agreed that the company is a good place to work at. It also shows that there was no significant relationship with the position and how they perform; the whole organization acted as one in achieving the organization's objectives and in improving continuously the organization's results.

Keywords: *Performance, Excellence, Criteria, Leaders, Employees*

INTRODUCTION

Bassioni (2004) stated that evaluation of organizational business performance has predominantly focused on financial aspects during the past century. The organization measures its performance based on the finances due to the advancement in performance measurement. Performance measurement that appears from the financial and managerial accounting serves as a basis for the performance of the organization. In the past decades, the sole use of financial indicators in performance evaluation has been criticized because financial ratios themselves might not be reliable because different companies have their own creative accounting practices. Furthermore, there can be other factors that can contribute to the company's performance rather than financial aspects alone. In the field of quality

management, national quality awards emerged in many countries that promote criteria for business performance excellence. The Malcolm Baldrige National Quality Award in the U.S. (NIST 2004) is one of the most popular national quality awards.

The Baldrige Performance Excellence Program was created by Congress in 1987. It was created to help organizations improve performance and succeed in the competitive global marketplace. It is a Presidential Award program dedicated to improve the competitiveness and performance of organizations. The Baldrige Criteria provide a validated management approach to improve the organization's performance. It guides the organization and improves the organization's ability to think and act strategically, align processes and resources, engage workforce and customers, and emphasize key results. The Baldrige Criteria provides a valuable framework and an assessment tool for understanding organizational strengths and opportunities for improvement and for guiding planning efforts. The Baldrige Criteria help the organization focuses on the key areas of management which are leadership, strategic planning, customer focus, measurement, analysis, and knowledge management, workforce focus, operations focus and the results. (Retrieved from <http://www.nist.gov/baldrige/publications>)

The performance of the organization depends on the people involved in achieving the goals of the organization. According to Musselwhite (2008), there is a significant impact on the performance of the organization between the relationship of the management and employees. In fact, one of the relationships that is important to an organization is the management-employee relationship. According to Brien (2014), maintaining a strong management-employee relationship can be a key to the success of an organization. If there is a strong relationship between management and the employees, the latter will be more productive and more efficient.

Every industry is measuring the organizations performance to know what they have achieved and what they still need to achieve. One of the sectors of industry in the Philippines is the manufacturing industry. Manufacturing industries are industries that are involved in the manufacturing and processing of items or materials and are indulged in either creation of new product or in value addition for another production process. Manufacturing industries are important to an economy for they greatly contribute to the economy of the Philippines. The manufacturing industry's contribution to the economy of the Philippines includes the provision of employment, the development of skills and ability of employees, and the contribution in the growth of Gross Domestic Product (GDP) of the Philippines. (Retrieved from <http://www.economywatch.com>). According to the Philippines Statistics Authority (2014), compared to the estimated 16,269 manufacturing establishments that resulted from the

2010 Annual Survey of the Philippine Business and Industry, the recent result of the survey increased by 54.1 percent which is equivalent to 25,064 manufacturing establishments. Most of the manufacturing establishments were located in Luzon with a total of 57.6% or 14,447 establishments. The National Capital Region (NCR) led the regions with a total of 29.7% or 7,435 establishments. The NCR was followed by the neighboring regions CALABARZON with 17.0% or 4,269 establishments and Central Luzon with 10.9% or 2,743 establishments.

Batungbacal categorized manufacturing industries into three and among the three kinds of manufacturing industries is the so-called medium technology which includes the fabricated metal products. According to the North American Industry Classification System (2015), Fabricated Metal Product Manufacturing is an industry which transforms metal into intermediate or end products, other than machinery, computers and etc. It also treats metals and metal formed products fabricated elsewhere. It also involves many complex methods like forging, stamping, bending, forming, and machining, used to shape individual pieces of metal; and other processes, such as welding and assembling, used to join separate parts together. Establishments in fabricated metal products may use one of these processes or a combination of these processes. Fabrication comprises or overlaps with various metalworking specialties like Blacksmithing, Boiler, Jigs and Fixtures and the like. One of the companies in National Capital Region that is engaged to fabricate metal products is the AAJ Fabrication and Machine Shop.

AAJ Fabrication and Machine Shop is a manufacturing industry specialized in fabrication of Jigs and Fixtures in accordance to customer supplied specifications. It also offers other services like Machine retrofit, Conversion, Integration, Jigs, Fixtures, Tooling's, Work holders (can be a gripper or vacuum type), Customized or Special Mechanisms, Reversed Engineering, Semi-precision Fabrication of consumable parts. The company was established on May 22, 2000 and it is located in Tunasan, Muntinlupa City. The company's target markets are Semiconductors or Electronic Companies, Automotive companies and other Industrial Companies. Some of the company's customers as of July 9, 2015 are NXP Semiconductors, ISUZU Autoparts Manufacturing Corporation and Glades International Corporation.

The mission of the company is to enter into fast growing globalization and rapid growth of the industry particularly in assembling of mechanical and electronic parts. The company aims to meet the demands and urgent needs of their clients. To respond to the immediate requirements of the customer by providing them a locally fabricated product, it may require in meeting the target and satisfy its clients on the service needs. The vision of the company is to be recognized as a local

manufacturer and supplier of fabricated products.

Theoretical Framework

This study basically relies on the Baldrige Criteria for Performance Excellence by the National Institute of Standards and Technology (<http://www.nist.gov/baldrige>). Baldrige Criteria for Performance Excellence as a theoretical concept empowers any organization to reach its goals, improve results, and become more competitive by aligning the organizations plans, processes decisions, people, actions, and results. By using the criteria, the organization was assessed of where it is now and where it needs to be. The criteria give the organization the tools that were needed to examine all the parts of the management system and improve processes and results. The conceptual model of Baldrige Criteria for Performance Excellence incorporates seven categories. The seven categories are Leadership, Strategic Planning, Customer Focus, Measurement, Analysis, and Knowledge Management, Workforce Operations and Results (Criteria for Performance Excellence 2013).

Conceptual Framework

The management, employees and their socio-demographic profile are presented as independent variable. The Criteria for Performance Excellence: Leadership (Category 1), Strategic Planning (Category 2), Customer Focus (Category 3), Measurement, Analysis, and Knowledge Management (Category 4), Workforce Focus (Category 5), Operations Focus (Category 6), Results (Category 7) are presented as the dependent variables. The researchers first gathered the socio-demographic profile of the respondents in terms of position, gender, age, educational attainment, civil status, job status and length of service. The questionnaires prepared for the respondents were used to assess the performance of AAJ Fabrication and Machine Shop and was patterned to the Baldrige Criteria for Performance Excellence. Action plan for continuous improvement was based on the results gathered from the respondents.

Objectives of the Study

This study assessed the Performance Excellence of AAJ Fabrication and Machine Shop. More specifically, the study aimed to; (1) describe the socio-demographic profile of the respondents in terms of: (a) Position (b) Gender (c) Age (d) Educational Attainment (e) Civil Status (f) Job Status and (g) Length of Service; and (2) determine the compliance of the company to

the Baldrige Criteria for Performance Excellence through the leaders and employees perception in terms of: (a) Leadership (b) Strategic Planning (c) Customer Focus (d) Measurement, Analysis, and Knowledge Management (e) Workforce Focus (f) Operations Focus and (g) Results; (3) determine if there is a significant relationship between the responses of the respondents and their position regarding their perception of the company's performance; (4) propose an action plan and program for continuous improvement.

RELATED LITERATURE

Performance Excellence

As cited in the Criteria for Performance Excellence (2013), performance excellence is an integrated approach to organizational performance management that results in the contribution to the organizational sustainability by delivering an ever-improving value to customers and stakeholders, improvement of the organization's overall effectiveness and capabilities and develops organizational and personal learning.

The Baldrige Criteria provide a framework that is divided into seven categories to assess the performance excellence of the organization. The seven categories in the Baldrige Criteria are Leadership, Strategic Planning, Customer Focus, Measurement, Analysis, and Knowledge Management, Workforce Focus, Operations Focus, and Results.

The first category is leadership. According to Daphne Mallory, as cited in the Business News Daily edited by Helmrich (2015), leadership is the art of serving others by equipping them with an effective training, tools and right number of people as well as time, energy and emotional intelligence for them to realize their full potential, both personally and professionally. The second category is strategic planning. According to Robbins and Coutler (2009), for an organization to be successful, it must develop strategies. Organization's strategies are the decisions and actions that have been planned for the long-run performance of the organization. The third category is customer focus. Customers are very important to every business for they are the reason for their existence. According to Johnston & Marshall (2010), a business that is customer-centric puts the customer at the center of everything for they serve as the lifeblood of any business, and businesses that are customer-centric have a greater degree of customer satisfaction. The fourth category is measurement, analysis, and knowledge management. The fourth category focuses on the information, it is called the "brain center"; the

alignment of the organization's operations and its strategic objectives provide strategies that might result in competitive advantage and product growth of the organization (Retrieved from <http://www.baldrige21.com/>). The fifth category is workforce focus. According to Baldwin et.al. (2013), managing of employees for growth and development aims to help people build their capacity to develop and solve their own problems more effectively. It can result or make as a successful manager-employee relationship. According to Rue & Byars (2009), motivating employees usually is a function of opportunities for advancement and a corporate culture that encourages change and growth. The sixth category is operations focus. According to Evans & William (2013), the key aspects of an organization's process management, includes key product, services, and business processes, for creating customer and organizational value, and key support processes that involve all work units. The last category is business results. Business results show the performance and improvement of the organization in key business areas which include customer satisfaction, product and service performance, financial and marketplace performance, human resource results, operational performance, and governance and social responsibility (Evans & William, 2013).

Continuous Improvement

According to King & Cichy (2006), continuous improvement is definitely a journey and not a destination. It is a journey because improvement is an on-going process to have a development in what the company is doing. Kaizen is a Japanese term which means continuous improvement. According to Sayer & Williams (2007), kaizen is a continuous change in all areas that improves the whole organization. Kaizen considers the entire system of the business, and calls for a countless effort for improvement that involves everyone in the organization.

METHOD

In the study, the researchers used the descriptive method of research to gather data on the management and employees' performance of AAJ Fabrication and Machine Shop. Descriptive study is used to examine and describe the phenomena or characteristics linked with the subject population, determine the proportions of the population that have those characteristics, and discover the relationship among different variables (Cooper & Schindler, 2006). The study was conducted at AAJ Fabrication and Machine Shop in Tunasan, Muntinlupa City. The business started in the year of 2000. AAJ

Fabrication and Machine Shop is a business engaged in manufacturing customized jigs and fixtures. The participants of the study are the owner and the 13 out of 15 employees of AAJ Fabrication and Machine Shop, excluding the outsource employees of the company, or 87% of the entire population as participants.

The researchers used two instruments in data gathering: the standardized questionnaire in obtaining the socio-demographic profile of the employees; and the modified questionnaire patterned in the Baldrige Performance Excellence Framework; the framework consists of the criteria, concepts and scoring guidelines. The researchers sought the assistance of the owner of AAJ Fabrication and Machine Shop for the distribution of the survey questionnaire to the employees. After three days, all survey questionnaires were already retrieved. The researchers used the following statistical methods or tools in the analysis and interpretation of the data gathered. (1) Frequency Distribution and Percent Method was used to describe the socio-demographic profile of the respondents. (2) Weighted Mean was used to describe the performance of the management and employees of AAJ Fabrication and Machine Shop. (3) Standard Deviation was used to measure the amount of variation of the set of data. (4) Coefficient of Variation was used to measure the distribution of data points in a data series in relation to the mean of the population. (5) ANOVA was used to test the differences between two or more means. (6) Cronbach's Alpha was used to measure the internal consistency and reliability of test scores in the survey questionnaire using the statistical software SPSS.

RESULTS AND DISCUSSIONS

The objective was to determine the performance excellence of AAJ Fabrication and Machine Shop as basis for continuous improvement. After gathering the information needed through the use of survey, the researchers were able to determine the socio-demographic profile of the respondents. The researchers assessed the performance excellence of AAJ Fabrication and Machine Shop and had known if there was a significant relationship between the position and the criteria for performance excellence. Lastly, the researchers came up to a program that would help the company to improve continuously because of the data gathered.

Socio-Demographic Profile of Respondents

The findings show that majority of the respondents were from the employees. Majority of the respondents were males. Most of the respondents belonged to the age bracket of 15 to 24 years old, undergraduate (with units) or those who graduated with a technical/

vocational course and were single. Most of them were regular employees with 1 to 3 years length of service.

Assessment of Performance Excellence of AAJ Fabrication and Machine Shop

The Performance Excellence of AAJ Fabrication and Machine Shop is interpreted by using the total mean and coefficient of variation. The range in total mean is from 1 - the lowest to 5 - the highest. Coefficient of variation that range from 5% to 15% is generally acceptable. It means that both respondents agreed with the statements. The following table shows the results.

Table 1 shows the overall ranking of the assessment of the performance based on total mean from highest to lowest. The highest mean among the categories was the leadership with 4.46 and with a coefficient of 15.93% which means that the respondents consistently agreed that the leadership team ensured the achievement of the organizational objectives. Also, that the company created an environment that helped the employees to do their job through strict compliance for the rules and regulations set by the company. Second is the Workforce focus with an average total mean of 4.42 and a coefficient of 13.45% which means that the respondents consistently agreed that the company engaged its employees in achieving the organization's objectives and the company care for its employees. Third is the strategic planning with an average total mean of 4.24 and a coefficient of 17.69% which means that the company established strategy to identify strategic advantages and opportunities and the organization was flexible enough to make any changes to improve the organization's performance. The company addressed all the problems that arise and made necessary action and initiated a change to continuously improve. Fourth is the results category with an average total mean of 4.18 and a coefficient of 18.62% which means that the respondents agreed that the company was performing well and the employees agreed that AAJ Fabrication and Machine Shop was a good place to work at. In the fifth rank is the customer focus with an average total mean of 4.12 and a coefficient of 18.58% which means that the company engaged its employees in building relationship with the company's customers. The company was committed in providing quality product to satisfy customers' needs and it constantly visited or called its customers to keep a close relationship with them. Sixth is the operations focus with an average total mean of 4.08 and a coefficient of 17.76% which means that the company managed and improved work processes to improve the company's performance. Last is the measurement, analysis and knowledge management

category with the lowest average total mean of 4.05 however, it is still in the acceptable range. It has the highest coefficient of 20.36% which indicates that there must be basis for the variation of the responses of the respondents. The total average mean shows that the company used the company's data and information to improve the company's performance and the results showed that the employees were aware what the organization was doing. However, based on the high range of the coefficient it means that the employees had certain limitations in obtaining company's information and they could only obtain information in concern with their work that is why there was a gap between the response of the leaders and employees when it comes to sharing of information.

Table 1 Rank of the Overall Assessment of the Performance based on the Total Mean

Category	Average Total Mean	Std. Deviation	Coefficient of Variation
1) Leadership	4.46	0.7096	15.93%
2) Workforce Focus	4.42	0.5922	13.45%
3) Strategic Planning	4.24	0.7493	17.69%
4) Results	4.18	0.7751	18.62%
5) Customer Focus	4.12	0.7605	18.58%
6) Operations Focus	4.08	0.7236	17.76%
7) Measurement, Analysis, and Knowledge Management	4.05	0.8205	20.36%

Relationship between position and the assessment of the performance

Table 2 shows two questions which have a significant relationship on the position of the respondents. There was a significant relationship between the position of the respondents and one question from Customer Focus Category because employees were not always making decision to solve problems for their customers. The leaders were the ones responsible for solving problems regarding customer's problems. The question in measurement, analysis and knowledge management also had significant relationship because the employees could only get the information they needed up to those tasks that the leaders would like them to do.

Table 2 Summary of the Relationship between Position and the Criteria for Performance Excellence

Category	Significance	Question with significance
CUSTOMER FOCUS	w/ Significance	Our employees are allowed to making decisions to solve problems for our customers.
MEASUREMENT, ANALYSIS AND KNOWLEDGE MANAGEMENT	w/ Significance	Our employees can get all the information they need to do their work.

*The Probability value (P-value) of < 0.05 shows that there is a significant relationship between the differences on the response of the respondents.

Action Plan and Proposed Programs for Continuous Improvement

The action plan and proposed programs were plotted based on the significant findings of the research. The researchers patterned the plan and proposal to the Criteria of Philippine Quality Award which is also patterned after the Baldrige Criteria for Performance Excellence Framework. The framework is known for its effective assessment of performance excellence by using its criteria. The framework was used by many successful companies to effectively measure their performance, improve their performance and improve the company's compliance and performance with each category (Retrieved from <http://www.pqa.org.ph/index.php>).

Table 3 presents the proposed activities for the action plan and the organizations benefit if the action plan is achieved. This was a proposal for continuous improvement. The plan and programs were proposed to enhance the performance of the organization. It was proposed to guide the organization on how they would assess the performance of the organization in terms of leadership, strategic planning, customer focus, measurement, analysis, and knowledge management, workforce focus, operations focus and business result. The action plan and proposed programs that were introduced were aligned in the topic of the study which was about the assessment of performance excellence.

Table 3 Action Plan and Proposed Activities

Action Plan	Proposed Activities	Benefit
1. Management or leaders must attend seminars or workshops about performance excellence to continually improve the organizations performance.	National Quality Forum - It is a forum organized to discuss how to achieve world class organizational performance. Quality leaders and experts are invited to the forum share their insights and best practices on the standard of performance excellence.	<ul style="list-style-type: none"> • It will give insights on how you will assess the performance of you organization. • It will give you more knowledge on how your organization will compete globally.
2. The management must conduct seminar to employees, everyone that will be involved in the performance measurement, on how they will be involved in the performance of the organization.	Employee Involvement - Apply the insights that have been learned in the forum. Plan goals that you want to achieve that will help in the performance of the company. After planning, involve all the people who will work to achieve the goal. Explain them the importance and the benefits of what the organization will be doing.	<ul style="list-style-type: none"> • Involving employees in achieving organizational goal will make it easy. • Employee involvement in goals will motivate them to work hard.
3. Management must know more about Philippine Quality Award (PQA). Apply for PQA.	Philippine Quality Award - It is a global competitiveness template. It aims to encourage and engage public and private organizations and other stakeholders to strive for and attain performance excellence.	<ul style="list-style-type: none"> • This will help you gain outside perspective of your organization's strengths and opportunities from experts. • Feedback report will be received to guide the organizations quality and productivity improvements. • It will result in a greater success and increase employee involvement. • Greater success in organization's capability and flexibility to deal with rapid changes. • Improving organizational tools for achieving business results and position the organization for future growth and profitability.
4. The organization must aim to be a recipient of PQA.	AIM PQA - A program that aims to be a recipient of PQA through: <ul style="list-style-type: none"> • Plan for improvement • Assess performance using 	<ul style="list-style-type: none"> • The organization will be benchmarked and will serve as model for other organizations.

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| the Criteria for Performance Excellence | • The organization can be widely known for its exceptional management practices. |
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- Involve everyone in the organization in the improvement.
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CONCLUSIONS

Based on the data gathered, the researchers conclude that majority of the respondents are male employees and most of them belong to the age bracket of 15 to 24 years old who are graduates of technical/ vocational courses and are single. Most of them are regular employees with 1 to 3 years length of service. The researchers also conclude that there is a significant relationship between the leaders and the employees when it comes to customer focus and information management. Lastly, the researchers therefore conclude that AAJ Fabrication and Machine Shop complies with the Baldrige Criteria for Performance Excellence which signifies that the company is performing well and continuously improving overall organization's performance.

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