

Abstract

The purpose of this study is to study the effect of Total Quality Management (TQM) on firms' financial performance. It aims to study and analyze the nature of the relationship between TQM and the possibility of promoting and activating the financial and strategic performance of the pharmaceutical drug manufacturing companies in Jordan.

To achieve the objective of the study, descriptive analytical approach has been followed with an emphasis on the use of financial analysis and strategic status to the companies of the sample. A list of strengths and weaknesses for the sampled firms has been constructed based on firms' financial indices from previous periods. The data on these firms have been generated using 146 questionnaires distributed to department heads, financial managers, and quality managers in the sampled firms.

Descriptive statistical tools and financial analytical tools have been utilized to test the hypotheses. The findings show that the Dar Ed Dawa Company for Development and Investment has occupied the first position among the companies. While Amman Company for Pharmaceutics occupied the first position in relation to companies with limited liability. In addition, it has been shown that the public shareholders companies enjoyed a better financial strategic position than those companies of limited liability. The findings have also revealed that there exists a significant relationship between TQM and financial performance. Moreover, the findings have also indicated another important relation with a statistical significance among all the independent variables such as; the application of the philosophy of the total quality management and adoptability, the strong relation with the consumers, the use of bench comparison with the competitors, the reaction and openness of the organisation, zero defect, continuous training and promotion of the staff, continuous improvement and promotion, participation of the personnel, and analysis of ISO and the improvement of strategic financial performance of the sample companies. Finally, the findings have demonstrated that there is no significant relationship between the independent variable such as; industrial flexibility and strong relation with importers and the dependent variable, improvement of the strategic financial performance.

The study recommends that the drug manufacturing companies in Jordan could lay down a comprehensive system for quality management. This system aims to deal with the scientific application of this philosophy, the strategic analysis of financial positions, and the diligent follow up of developments and changes of financial effects. The study also recommends the creation of a long-range strong relation with suppliers and the concentration on external environmental changes and their reflections on the Jordanian drug industry. Finally, further research studies in this area are also recommended.