



Access Online



Article DOI:

10.5281/zenodo.21241337

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How to Cite:

Dr Ashidha M
(2026), An Analysis
of T.Q.M Practices
in the Banking
Sector, International
Educational Applied
Scientific & Research
Journal (IEASRJ),
Vol: 11, Issue: 6,
31-35

AN ANALYSIS OF T.Q.M PRACTICES IN THE BANKING SECTOR

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ABSTRACT

The banking sector has faced intense competition and a shift in customer expectations over the last several years, particularly after the recession. The significance and growing focus on service quality in financial institutions is entirely justified by the socio-political changes that have occurred. Among these changes, economic globalization can be identified as a key factor, leading to a change in consumer habits regarding banking services. In recent years, banking institutions have also encountered significant competition. Quality Management is the approach that banks can implement to achieve competitive advantages. Banks can only strengthen and enhance their effectiveness by providing superior customer service, quality, costs, and innovation. In today's market, customers have a vast selection of service providers and will choose only those that offer the highest quality, reliability, and profitability, in line with international standards. Therefore, service quality is a critical element and serves as a primary factor in ensuring the survival of service providers in the global market. The current emphasis is on delivering services that exceed customer expectations. This principle is applicable across all service industries and has led to the development of Total Quality Management (TQM) in the service sector. TQM begins with leadership that is dedicated to quality. Consequently, this study focuses on the Total Quality Management (TQM) practices within the banking sectors .

KEYWORDS: Clients' Anticipations, Quality Control, Selection of Service Providers, Global Standards, and Leadership.

INTRODUCTION

Quality denotes a parameter that determines whether a product or service is superior or inferior. It can be described as a feature that sets a product or service apart from its competitors. Quality is vital in every business context. Business marketers should focus on the quality of their brands rather than quantity to remain competitive in a challenging market. Total Quality Management (TQM) practices are fundamental for the successful execution of TQM programs in any organization, whether it is in manufacturing or service. TQM is a management approach that has gained widespread acceptance and adaptation among managers and practitioners

in nearly all sectors. Nevertheless, in the last twenty years, the literature surrounding TQM has shown a trend towards its implementation primarily in the service sector. Service managers and practitioners are consistently striving to adopt TQM within their organizations to realize maximum benefits and maintain a competitive advantage in the global marketplace. Since 1989, several studies have been conducted on TQM in the manufacturing sector, but reviews of the existing literature indicate that the volume of research publications in the service sector has dramatically increased since 2000, covering a diverse array of service industries such as information and communication technology (ICT),

banking, real estate, aviation, healthcare, education, insurance, and others. Researchers have also observed that the implementation of TQM leads to improved performance, including better business outcomes, industrial growth, quality products and services, financial success, innovative performance, and, most importantly, customer satisfaction.

Objectives of the Study

This study has been conducted with the following primary objectives:

1. To investigate Total Quality Management (TQM) and its core principles.
2. To explore the role of TQM in the Banking Sector.
3. To assess the null hypothesis developed concerning the respondents' views on their personal factors and the TQM of their respective banks.
4. To offer suggestions and recommendations for the successful application of TQM in the Banking Sector.

OPERATIONAL DEFINITIONS

Total quality management (TQM) refers to comprehensive efforts across an organization to create and maintain a culture that fosters continuous improvement in delivering high-quality products and services to customers.

Total Quality Management is defined as a persistent endeavor by both management and employees of a specific organization to guarantee enduring customer loyalty and satisfaction. It is crucial to remember that one pleased and satisfied customer can lead to the acquisition of ten new customers, whereas one dissatisfied individual may share negative experiences, potentially harming several of your current and prospective customers. TQM is a management approach that prioritizes quality, relying on the involvement of an organization's workforce and aiming for long-term success (ISO 8402:1994). This is realized through customer satisfaction, which benefits all members of the organization and society. In summary, TQM is a philosophy for managing an organization that allows it to meet stakeholder needs and expectations in an efficient and effective manner, without compromising ethical principles.

ESSENTIALS OF TOTAL QUALITY MANAGEMENT

Emphasize Customer Orientation: In your endeavors to improve quality, always remember that the customers are the ones who establish the quality level. No matter what steps you take to enhance quality, including employee training and the integration of quality into process management, it is the customers who will judge the effectiveness of your initiatives.

Guarantee Total Employee Participation: You must eradicate fear from the workplace, then empower your employees and provide an appropriate environment for their development.

Process Oriented: A key element of Total Quality Management (TQM) is the emphasis on process-oriented thinking.

Holistic System: It is essential for all employees to be aware of the organization's mission and vision.

Strategic and Methodical Approach: The strategic plan should incorporate quality as a fundamental element.

Ongoing Improvement: Employing analytical tools, quality methodologies, and innovative thinking to enhance efficiency and effectiveness.

Data-Driven Decision Making: Decisions should be based solely on data rather than personal biases or situational factors.

Effective Communication: The strategy, methods, and timing of communication must be clearly defined.

TOTAL QUALITY MANAGEMENT IN THE BANKING SECTOR

The implementation of a total quality management program is a continuous endeavor that encompasses various components. Banks that have embarked on this journey describe it as a profound learning experience that lasts a lifetime. "It is a process that delves deep into the very core of the organization," states Bill Placke, president and chief operating officer at Center Bank, Waterbury, Conn. The six elements deemed essential for the successful implementation of TQM are:

Quality of personnel: The qualifications of the staff employed by the banks significantly influence the degree of TQM implementation. A high level of quality suggests that they will readily understand the training in TQM, and the opposite holds true.

Computerization: It is believed that computerization accelerates the processing of data and transactions, allowing customers to spend less time on inquiries compared to the ledger cards previously utilized. This advancement leads to quicker service times.

Employee work attitude: The work attitude of employees plays a crucial role in the success of TQM implementation. If employees exhibit negative attitudes, the likelihood of successful TQM implementation diminishes.

Awareness of organizational objectives: When employees are informed about the organization's objectives, they are more likely to strive towards achieving them. Conversely, if these objectives are not communicated, employees may assume that their actions are appropriate.

Level of motivation: This aspect pertains to the rewards and recognition for hard work and potential promotions. A higher level of motivation correlates with increased employee commitment.

Participation and involvement in decision-making: This pertains to the degree to which responsibilities are delegated to employees.

Hypothesis of the Study

The null hypotheses outlined for the study were as follows and were analyzed:

H_0^1 – There is no relationship between Gender and the Level of Satisfaction of the Respondents concerning the TQM of their Bank.

H_0^2 – There is no relationship between Age and the Level of Satisfaction of the Respondents concerning the TQM of their Bank.

H_0^3 – There is no relationship between Educational Qualification and the Level of Satisfaction of the Respondents concerning the TQM of their Bank.

H_0^4 – There is no relationship between Occupation and the Level of Satisfaction of the Respondents concerning the TQM of their Bank.

H_0^5 – There is no relationship between Income and the Level of Satisfaction of the Respondents concerning the TQM of their Bank.

ANALYSIS OF THE STUDY

H_0^1 –Chi-square examination of the relationship between Gender and Respondents' Level of Satisfaction

Table 1: The Relationship Between Gender and Respondents' Satisfaction Levels Regarding Total Quality Management

O	E	(O-E)	(O-E) ²	(O-E) ² /E
10	10.8	-0.8	0.64	0.05
14	10.4	3.6	12.96	1.24
10	14.8	-4.8	23.04	1.55
6	4	2	4	1
17	10.8	6.2	38.44	3.55
12	10.4	1.6	2.56	0.24
27	14.8	12.2	148.84	10.05
4	4	0	0	0
Total				17.68

$$\text{Degree of freedom} = (r-1)(c-1) = (2-1)(4-1) = 3$$

The chi-square table value for 3 degrees of freedom at a 5% significance level is 7.815. The computed value is 17.68, which exceeds the table value; thus, the null hypothesis is rejected. Consequently, it can be concluded that there is a significant relationship between Gender and the Level of Satisfaction of the Respondents regarding the TQM of their Bank.

H_0^2 –Chi-square analysis between Age and Level of Satisfaction of the Respondents

Table 2: Age and the Level of Satisfaction of the Respondents regarding TQM

O	E	(O-E)	(O-E) ²	(O-E) ² /E
27	20.52	6.48	41.99	2.04
8	19.76	-11.76	138.29	6.99
31	28.12	2.88	8.29	0.29
10	7.6	2.4	5.76	0.75
18	4.68	13.32	177.4	37.9
6	2.22	3.78	14.28	6.43
Total				54.4

$$\text{Degree of freedom} = (r-1)(c-1) = (3-1)(4-1) = 6$$

The tabulated value for a degree of freedom of 6 at a 5% level of significance is 12.592. The computed value is 54.4, which exceeds the tabulated value; thus, the null hypothesis is rejected. Consequently, it can be concluded that there exists a significant relationship between the Age and the Level of Satisfaction of the Respondents regarding the Total Quality Management of their Bank.

H_0^3 – Chi-square analysis regarding the relationship between Educational Qualification and the Level of Satisfaction of the Respondents

Table 3: The Level of Educational Qualification and Respondents' Satisfaction with Total Quality Management

O	E	(O-E)	(O-E) ²	(O-E) ² /E
1	1.62	-0.62	0.384	0.237
1	1.56	-0.56	0.313	0.201
2	2.22	-0.22	0.048	0.021
2	0.6	1.4	1.96	3.26
13	19.98	-6.98	48.72	2.43
20	19.24	0.76	0.577	0.030
34	27.38	6.62	43.82	1.60
7	7.4	-0.4	0.16	0.021
12	1.32	10.68	114.06	84.49
4	4.16	-0.16	0.025	0.006
1	1.08	-0.08	0.0064	0.005
1	1.04	-0.04	0.0016	0.001
1	1.48	-0.48	0.230	0.155
1	0.4	0.6	0.36	0.9
Total				93.357

$Degree\ of\ freedom = (r-1)(c-1) = (4-1)(4-1) = 9$

The tabulated value for a degree of freedom of 9 at a 5% level of significance is 16.919. The computed value is 93.357, which exceeds the tabulated value; thus, the null hypothesis is rejected. Consequently, it can be concluded that there exists a significant relationship between the Educational Qualification and the Level of Satisfaction of the Respondents regarding the Total Quality Management of their Bank.

H_0^4 – Chi-square analysis regarding the relationship between Occupation and the Level of Satisfaction among Respondents

Table 4: The Occupation and the Level of Fulfillment of the Respondents Concerning Total Quality Management

O	E	(O-E)	(O-E) ²	(O-E) ² /E
1	0.52	0.48	0.23	0.44
1	0.74	0.26	0.06	0.08
1	1.08	-0.08	0.006	0.0055
3	1.04	1.96	3.84	3.69
1	1.08	-0.08	0.006	0.0055
1	1.04	-0.04	0.001	0.0009
1	1.48	-0.48	0.23	0.15
1	0.4	0.6	0.36	0.9
25	24.3	0.7	0.49	0.02
21	23.4	-2.4	5.76	0.24
35	33.3	1.7	2.89	0.086
9	9	0	0	0
Total				5.6179

$Degree\ of\ freedom = (r-1)(c-1) = (4-1)(4-1) = 9$

The tabulated value for a degree of freedom of 9 at a 5% significance level is 16.919. The computed value is 5.6179, which is lower than the tabulated value; thus, the null hypothesis is accepted. Consequently, it can be concluded that there is no significant relationship between the Occupation and the Level of Satisfaction of the Respondents regarding the Total Quality Management of their Bank.

H_0^5 – Chi-square analysis regarding the relationship between Income and the Level of Satisfaction of the Respondents

Table 5: The Income and Satisfaction Levels of Respondents Regarding Total Quality Management

O	E	(O-E)	(O-E) ²	(O-E) ² /E
10	7.56	2.44	5.95	0.78
4	7.28	-3.28	10.75	1.47
10	10.36	-0.36	0.12	0.012
4	2.8	1.2	1.44	0.51
9	7.83	1.17	1.36	0.17
10	7.54	2.46	6.05	0.80
10	10.73	-0.73	0.53	0.04
8	11.61	-3.61	13.03	1.12
12	11.18	0.82	0.372	0.06

17	15.92	1.09	1.18	0.07
6	4.3	1.7	2.89	0.67
Total				5.702

$$\text{Degree of freedom} = (r-1)(c-1) = (4-1)(4-1) = 9$$

The tabulated value for a degree of freedom of 9 at a 5% level of significance is 16.919. The computed value is 5.702, which is lower than the tabulated value; thus, the null hypothesis is accepted. Consequently, it can be concluded that there is no significant association between the Income and the Level of Satisfaction of the Respondents regarding the TQM of their Bank.

RECOMMENDATIONS AND PROPOSALS

Based on the summary outlined above, the following recommendations are proposed to enhance the attainment of quality objectives in each of the banks.

- The quality awareness and engagement of employees through a well-structured program should be widely promoted.
- External consultants may be utilized to establish the criteria for the international standard used to assess the quality of banking services.
- An international quality standard, such as ISO 9000, could be developed to evaluate the acceptability of services provided by commercial banks.
- A quality improvement strategy should be formulated to encompass all aspects of banking transactions.
- Review procedures must be implemented in every bank.
- Banks should promote a company-wide understanding of Total Quality Management (TQM) through seminars and workshops.
- The training content for bank employees should be designed to facilitate the effective implementation of TQM.
- Senior management should engage in the ongoing monitoring of TQM progress across various departments within the banks.

CONCLUSION

Total Quality Management (TQM) within the context of Indian banking has the potential to significantly enhance current conditions, making it more beneficial for the populace and increasing profitability. Although the Indian banking system is praised by global experts, particularly during times of recession,

it still has considerable room for growth, especially regarding customer relations. Suggested strategies for implementing Total Quality Management in Banking include training employees, refining the product mix, enhancing top management's commitment to quality, optimizing processes for quality assurance from both top-down and bottom-up perspectives, reducing the retirement age, introducing employee development programs akin to academic courses, monitoring performance with appropriate rewards based on achievements, empowering employees both professionally and personally, and ensuring customer satisfaction in all aspects.

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