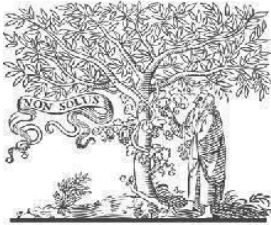


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MEASURING THE EFFECTIVENESS OF TQM IN IMPROVING SERVICE DELIVERY IN BANKING SECTOR

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ABSTRACT

A critical management approach to improving organizational performance and customer happiness, Total Quality Management (TQM) has recently arisen in many industries, including banking. Using TQM principles has become more popular in the banking industry due to the importance of service delivery in retaining customers and gaining a competitive edge. Through a thorough examination of pertinent literature, empirical data, and case studies, this research study delves into the efficacy of TQM in enhancing service delivery within the banking sector. The study delves into the fundamentals of Total Quality Management (TQM), the difficulties of implementing it, and how TQM practices have affected the quality of service and customer satisfaction in banking organizations. In addition, the study delves into several measurement frameworks and methodologies used to evaluate the success of TQM programs in banking, providing recommendations for best practices and areas for further study.

Keywords: Total Quality Management, TQM, Service Delivery, Banking Sector, Effectiveness Measurement

I. INTRODUCTION

When it comes to international monetary systems, the banking sector is indestructible. It's the foundation upon which monetary transactions, investments, and expansion rest. In this complex environment, service delivery is crucial, since it affects both the customer's experience and the viability of financial institutions as a whole. As a strategy to boost organizational performance and increase customer satisfaction across many industries, Total Quality Management (TQM) has been a hot topic in the last few decades. Adopting TQM concepts has grown more common, especially in the banking industry, which places a premium on client loyalty and trust. In order to better understand how TQM practices affect customer happiness, operational efficiency, and overall organizational performance, this introduction lays the groundwork for an in-depth investigation on TQM's efficacy in improving service delivery in the banking industry. Continual improvement, customer focus, and employee empowerment are the cornerstones of Total Quality Management (TQM) adoption in banking organizations. Quality management in a comprehensive manner,

including all aspects of an organization's processes, people, and systems, is central to Total Quality Management (TQM). Through the use of TQM principles, financial institutions aim to optimize their operations, eradicate inefficiencies, and provide exceptional customer service that surpasses client expectations. Nevertheless, there are obstacles to overcome in order to successfully adopt TQM in the banking sector. To reach the maximum potential of TQM programs, one must overcome significant challenges such as cultural opposition, organizational stagnation, and the intricate nature of banking operations. In this context, it becomes very important to investigate how TQM improves service delivery in the banking industry. There is a growing urgency for banks to evaluate and improve their TQM procedures as they try to stand out in a competitive market and deal with changing consumer demands. To fill this gap, this study uses the SERVQUAL paradigm to analyze how TQM affects the following service delivery dimensions: responsiveness, reliability, assurance, empathy, and tangibles. This study seeks to provide light on the ways in which TQM improves service delivery and customer satisfaction in financial institutions by examining empirical evidence, case studies, and industry best practices [1].

Researchers and practitioners in the banking sector face a substantial difficulty when it comes to measuring the effectiveness of TQM. We need to build more complete measurement frameworks and procedures to capture the multifaceted nature of TQM results, as traditional performance indicators may not be enough. To address this knowledge vacuum, this study reviews the literature on total quality management (TQM) efficacy in banking and then proposes new methods based on empirical data and expert opinion. This study aims to offer a detailed understanding of the elements that drive TQM success and ways to optimize its impact on service delivery in the banking sector by utilizing both quantitative and qualitative data. The complex web of connections between total quality management and banking service delivery is the subject of this research paper. Improving service quality, customer happiness, and organizational performance in financial institutions is the goal of this study, which tries to do so by combining theoretical viewpoints with actual data and practical insights. The goal of this research is to provide researchers and banking professionals with the information they need to drive excellence and continuous improvement in the delivery of banking services by explaining how TQM affects service delivery and providing guidance on effective measurement methodologies [2].

II. REVIEW OF LITRATURE

Alsada, Riyadh (2021) [3] Institutions across all sectors, including manufacturing, service provision, and financial services, are under pressure to swiftly adopt total quality management (TQM) practices in response to the current climate of fierce competition and the impending coronavirus (COVID-19) pandemic. This study provides supporting data for the effective implementation of TQM systems in the banking and financial sectors, demonstrating the significance of TQM in strengthening competitive positions in these industries. A concise summary of several total quality management (TQM) strategies that have been published in academic journals. Many benefits and advantages are achieved when

TQM is applied in the banking sector, according to this study. The idea of total quality management (TQM) is still not fully defined, though. Although there was no discernible difference in substance when analyzing TQM concepts, the majority of these writers centered on the following ideas: customer focus, operations management, human resource management, and continuous improvement. On top of that, the TQM authors all believe that the following are crucial: buy-in from upper management, focus on customers, training, staff involvement, quality data and information, and continual improvement.

Mashal, Ahmad (2015) [4] Using data from 2011–2013 and DEA methodology, this study looked at how TQM procedures affected the performance of Jordan's banking sector. Twelve Jordanian banks listed on the Amman Stock Market made up the research sample. The banks that took part in the survey received 300 questionnaires. There was a 73.3% response rate. Executives, middle managers, and VPs as well as branch and human resources managers made up the study's population. We used SPSS to analyze the data. The study's hypotheses were tested using multiple regressions analysis. If we wanted to get a good idea of how efficient the banks in Jordan were, we could utilize Data Envelopment Analysis (DEA). The findings showed that TQM methods significantly affect the efficiency and performance of banks through influencing top management, technical systems, staff happiness, and customer attention. The results showed that there is a high correlation between TQM procedures and the performance of organizations.

Nayak, Narayan et al., (2017) [5] Adoption of information technology (IT) in service systems is the focus of this study. The function of information technology in influencing the efficiency of service delivery procedures is defined. It talks about the design of the important criteria and elements and deals with the idea of IT adoption. It describes how to effectively adopt IT based on a comprehensive questionnaire survey and case studies. Its one and only goal is to provide evidence that IT adoption boosts service quality and company performance.

Sit, Wen-Yi et al., (2011) [6] This paper's goal is to look at the commercial banking industry in Malaysia and how Total Quality Management (TQM) methods relate to service quality. Results from a survey of 101 middle managers at 20 different Malaysian commercial banks formed the basis of this empirical study. To investigate the connection between TQM aspects and service quality, multiple regression analysis was employed. Leadership, strategic planning, data analysis, and human resource management are all TQM characteristics that showed a strong positive correlation with service quality, according to the results. A considered primary TQM practice for enhancing service quality levels—human resource management—was determined to be quite important. Financial institutions can utilize this study's findings to determine which aspects of TQM techniques to implement first. For instance, top management can be notified of the practices that were discovered to be positively associated with service quality. This will allow them to commit resources to further improve these practices, ultimately leading to higher service quality. Rawashdeh, Adnan. (2014) [7] In order to gain a competitive edge in the Jordanian banking sector, this study analyzes comprehensive quality management and its impact on bank performance. A

quantitative method is used in the design of this investigation. Information was gathered using a survey tool. Branch managers from several banks are participating in this survey. The population of Amman, Jordan was 224 bank branches. The study employed a random sampling method. In the end, 164 fully completed surveys were considered. After conducting a thorough literature study, two hypotheses were put to the test using descriptive statistics run through SPSS. Total quality management approaches significantly and positively affect bank performance and competitive advantage, according to the data.

Talib, Faisal et al., (2012) [8] Total quality management (TQM) has been increasingly popular among service organizations over the past 20 years as a means to enhance the quality of their services. Their recent efforts in quality and related areas indicate a growing interest in total quality management (TQM). The substantial influence that TQM has on company performance, customer happiness, and profitability has made it a focus of scholars, managers, and practitioners alike. Because of this, there has been an effort to learn about Total Quality Management (TQM), its advantages, and the different parts of services and how they are categorized. Additionally, this research delves into the existing literature on TQM's application in specific service sectors. This study's findings offer a wealth of new information about TQM theory, its function in the service industry, and the various parts that make up services. To better understand TQM, the notion of service systems, and TQM implementation in the service sector, this paper can be useful for quality practitioners and company managers. The end is when the potential for further research is laid forth.

III. CONCEPTUAL FRAMEWORK OF TOTAL QUALITY MANAGEMENT (TQM)

The overarching goal of Total Quality Management (TQM) is to ensure that all aspects of a company's operations are consistently high-quality and up to par with what the client expects. The foundational idea of Total Quality Management (TQM) is that quality is a process, not a destination, and that all stakeholders in an organization must actively participate in order to achieve it. Key components of Total Quality Management's theoretical framework are outlined below:

1. Customer Focus:

- Total quality management is based on the premise that happy customers are the best customers. In order to provide goods and services that meet the specific requirements of each individual consumer, TQM advocates for thorough research into their wants, needs, and expectations [9].
- Banking institutions can find ways to improve by focusing on their consumers. This will help them improve the way they deliver services and create loyal, long-term relationships with their clients.

2. Continuous Improvement:

- Organizations that practice Total Quality Management (TQM) aim to gradually improve their systems and processes over time by adhering to the principle of continuous improvement (Kaizen).
- To improve operational excellence, cut waste, and provide clients with higher-quality services, financial institutions should systematically identify inefficiencies, bottlenecks, and innovation opportunities.

3. Employee Empowerment:

- Total Quality Management (TQM) acknowledges that workers are the key to providing high-quality services. When workers feel valued and appreciated, they are more likely to take initiative to enhance their job and their work environment, as well as work together with coworkers to accomplish organizational goals.
- Empowering people to make decisions and contribute meaningfully to the organization's success can be fostered by banking institutions through giving them with the training, tools, and autonomy they need.

4. Process Management:

- To achieve consistent and predictable outcomes, TQM stresses the significance of process management. Financial institutions can find ways to streamline operations, automate routine tasks, and boost efficiency by mapping, evaluating, and optimizing critical processes.
- Organizations may improve service quality, reduce errors, and streamline workflows by applying tools like process mapping, Six Sigma, and Lean techniques.

5. Leadership Commitment:

- TQM can only be successfully implemented with the full backing of upper management and employees at every level of the company. A leader's role is threefold: to set an example for quality, to champion TQM projects, and to distribute resources wisely.
- Top executives may build trust, confidence, and a culture of responsibility and continual improvement by showing that they care about quality and setting a good example. [11]

Customer focus, process management, empowerment of employees, commitment from leadership, and continuous improvement are all parts of TQM's comprehensive framework for quality management. Financial institutions may thrive in today's cutthroat business climate by adhering to these values, which will help them foster a culture of excellence,

propel innovation, and provide clients with first-rate service that meets their ever-changing demands.

IV. IMPLEMENTATION OF TQM IN THE BANKING SECTOR

A systematic and strategic approach to improving service delivery, operating efficiency, and building a culture of continuous improvement is involved in implementing Total Quality Management (TQM) in the banking sector. When implementing Total Quality Management (TQM) in financial institutions, it is important to keep in mind the following points: [12]

1. Leadership Commitment:

- Unflinching dedication and strong participation from upper management are the cornerstones of a successful TQM deployment. In order to successfully adopt TQM, leaders must take the lead, provide a compelling vision for quality improvement, and distribute resources wisely.
- When top-level executives are fully committed to TQM, it sends a message throughout the company that everyone should follow suit and do their part to make things better. [13]

2. Employee Involvement and Training:

- TQM has been a huge success in banking institutions, and the reason for it is the employees. A sense of responsibility, agency, and ownership is created when workers are involved in making improvements.
- Staff members can better contribute to the success of total quality management (TQM) efforts when they have received thorough training and development programs that teach them how to recognize quality concerns, devise strategies to address them, and evaluate the results.

3. Customer-Centric Approach:

- Understanding and addressing customer wants and expectations is crucial to TQM implementation in banking. There are a number of ways for customers to provide feedback to banks, including surveys, feedback forms, and ways to resolve complaints.
- In order to increase customer happiness, loyalty, and retention, financial institutions should analyze consumer feedback and adjust service delivery procedures according to client needs.

4. Process Optimization and Standardization:

- Total Quality Management (TQM) stresses the significance of process management in attaining dependable and consistent results. Efficiency,

accuracy, and high-quality service can be achieved by mapping, analyzing, and optimizing critical operations in financial institutions.

- By establishing and adhering to standards for all processes and procedures, banks can guarantee that their customers will receive consistent and pleasant service regardless of the channel or location they interact with them.

5. Measurement and Continuous Improvement:

- TQM deployment in banking requires effective measurement and monitoring. In order to measure the efficacy of TQM programs and monitor development over time, financial institutions must set up key performance indicators (KPIs).
- Banking institutions may enhance their service in every way by conducting regular performance evaluations, audits, and feedback methods. This helps them to find problem areas, fix them, and then drive continuous development.[14]

In order to successfully implement Total Quality Management (TQM) in the banking industry, it is necessary to have a strong commitment from leadership, staff involvement, customer-centricity, process optimization, and a relentless focus on measurement and continuous improvement. By implementing the concepts and best practices of Total Quality Management (TQM), financial institutions have the ability to improve the quality of their services, increase their operational efficiency, and ultimately create sustainable development and gain a competitive edge in a market that is becoming increasingly customer-driven and dynamic. [15]

V. CONCLUSION

In sum, this research has offered an in-depth analysis of Total Quality Management's (TQM) efficacy in the financial industry. Several important conclusions have resulted from examining real-world case studies, reviewing relevant literature, and analyzing best practices. To start, a customer-centric strategy, dedicated leadership, and enthusiastic staff are essential for successful TQM implementation in the banking industry. In order to increase service quality and satisfy customer expectations, organizations should focus standardization, process optimization, and continual improvement. Second, reliable methods of measuring and monitoring are crucial to TQM's success in the banking industry. Financial organizations can boost service quality consistently by setting up feedback mechanisms and key performance indicators (KPIs) to monitor performance and spot problem areas. Finally, Total Quality Management (TQM) has tremendous promise for accelerating long-term growth, enhancing operational efficiency, and cultivating an excellence culture in financial institutions. Banks may improve their standing in the market, delight their customers more, and succeed in the long run by adopting TQM rules and best practices.

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