

A STUDY ON KEY FACTORS FOR SUCCESSFUL IMPLEMENTATION OF TQM IN KERALA'S CO-OPERATIVE BANKING SECTOR

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Abstract

"Total quality management is a customer-oriented philosophy and also a strategy." We focus on quality and the end result is customer satisfaction. 'Total' means that all personnel of the institution continuously strive to realize the goal of customer satisfaction through a planned attempt to improve the organization. "TQM" began in the 1950s as a management strategy and gradually became popular from the early 1980s. Organizations have to adopt TQM as a process and critical success factors. It is needed to attain business excellence. Generally, Banks are considered as financial institutions. In an uncertain, competitive, constantly changing and complex business environment, banks need to implement effective management practices such as TQM more than ever before to help them grow or survive rather than gain competitive advantage. This paper intends to explore the relevance of 'total quality management' in cooperative banks, focusing on the key factors for the successful implementation of 'total quality management' in the cooperative institutions (banks) in Kerala.

Keywords: Total quality management, Cooperative Banks

Introduction

"Total Quality Management is a management approach that prioritizes quality" and involves all members of an organization. Its goal is to achieve long-term success by ensuring customer satisfaction, benefiting both the organization and society. TQM is a philosophy that promotes ethical values while effectively and efficiently meeting the needs and expectations of stakeholders. Organizations that adopt TQM strive to embody this philosophy. There are some TQM practices to improve the organization

1. Staying competitive
2. Acculturating the organization that enables advancement and sustainability.
3. Creating a workspace that enables everyone to thrive and achieve success.
4. Minimizing anxiety and avoiding unnecessary consumption of fictional content.
5. Creating teams, fostering partnerships, and promoting collaboration

"TQM is a management strategy" (htt6). We pay special attention to quality, and the result is customer satisfaction Total' means that all personnel of the institution continuously strive to realize the goal of customer satisfaction through planned attempt to improve the organization. 'TQM'

began in the 1950s as a management strategy and gradually became popular from the early 1980s. Organizations must embrace TQM as a process and a critical success factor. This is essential to achieving business excellence. Banks are generally considered as financial service institutions. In an uncertain, competitive, constantly changing, and complex business environment, banks need to implement effective management practices such as TQM more than ever before to help them grow or survive rather than gain a competitive advantage. In a globalized and competitive world, banks cannot be separated into individual financial institutions. It is considered a service center. Banks must provide quality services to their customers

Statement of the problem

In today's globalized and liberalized banking sector, competition is intense, and service quality and execution management are becoming increasingly crucial. Organizations face tough challenges due to global competition and more sophisticated customers, whose needs are constantly evolving. Banks must strive to meet their customers' needs and expectations to remain efficient and grow stronger. In this context, service quality is a dominant factor that determines the continuation of service providers in the worldwide market. The cooperative sector, particularly cooperative banks, plays a vital role in Kerala's development by meeting the needs of the poor. Kerala has several active institutions in the cooperative sector, including 14 district cooperative banks, one state cooperative bank, and 56 primary agricultural cooperatives and rural development banks. Additionally, many cooperatives act as financial institutions. Nationalized banks and new-generation banks have adopted total quality management as a concept because they are customer-oriented financial institutions that strive to achieve business excellence and customer delight.

Cooperative banks, too, must adopt such techniques to retain and progress while working as institutions of the common people. Therefore, this study intends to explore the relevance of 'Total Quality Management' in cooperative banks, focusing on the key success factors associated with managing the successful implementation of 'Total Quality Management' in the cooperative sector.

Significance of the study

In India, new banks emerged as a result of the adoption of liberalization policies after 1991. Currently, There is fierce competition in the banking industry. Banks are now using various methods to retain customers and market share are paying more attention to customers and their needs. In today's business world, the focus is on the customer Cooperative banks are facing challenges and stiff competition from public, private (including new generation banks) and foreign banks. So these banks are bound to adopt new innovative strategies like TQM to retain and capture the banking market. TQM consists of several key success factors which have an important role in the fulfillment of the 'total quality of management' in all organizations. Therefore, study is needed to assess the feasibility of TQM in cooperative banks and the key success factors associated with the successful execution of 'total quality management' in cooperative banks. Hence this study.

Objectives of the study

1. To identify the relevance of TQM in the cooperative banking sector
2. To recognize the key success factors associated with successful total quality management in cooperative banks.

Methodology

A questionnaire is designed for analysis. A complete set of 'TQM key success factors' and an executive structure have been designed to apply the methodology. The instruments of statistics are utilized for analysis and interpretation.

Questionnaire design

All the items shown in the questionnaire are asked of managers, officers, and other employees. They are asked to fill out the questionnaire and rate the performance.

Research population

Secretaries, Managers, other staff members, and customers of the four cooperative banks such as "The Badagara Co-operative Rural Bank Ltd. No F 1264", "Chorode Service Cooperative bank Ltd. No D:139", "The Nadakkuthazha Service Co-operative Bank Ltd., No.D.2668" and "Uralungal Service Cooperative Bank Ltd No: 7264" in Kozhikode district are selected as the research population.

Research sample

The random sampling method is used for selecting samples from different categories of respondents. The data is collected from 80 employees and customers of four selected bank.

Data analysis and techniques

Statistical techniques like Chi-square test, variance test, t-test, and correlation analysis are to be used.

Variables for the study

Critical success factors

1. Customer focus
2. Employee empowerment
3. Employee participation
4. Employee satisfaction
5. Employee training
6. Information and analysis
7. Leadership
8. Service Design
9. Strategic planning process based on total quality

Hypothesis

1. There is no notable disparity among cooperative banks with respect to the TQM.

Definition of TQM

According to (Deming & William, 1986) "TQM is a dynamic process involving all levels in an organization to promote never ending improvement in the effectiveness and efficiency of all eyelets of business".

"Quality is a companywide issue and must be an all pervasive influence on the way every aspect of business is conducted. The quality function is the responsibility of all departments - Kaoru Ishikawa"

Review of Literature

'Priya, 2015' made an attempt to analyze "the impact of Total Quality Management (TQM) practices on the profitability and service quality of public sector commercial banks in Chennai". The participants of the study were employees from three Banks. In order to examine how TQM factors affect profitability and service quality, a multiple regression analysis was conducted. The findings indicated that TQM components including 'employee empowerment', 'employee training and education', and 'customer satisfaction' have a positive relationship with the 'profitability and service quality of public sector commercial banks located in Chennai'.

'Mwaniki & Okibo, 2014' researched "the impact of total quality management (TQM) on financial performance in the banking industry". Respondents in this study also included employees of the 'National Bank of Kenya'. The four core elements of TQM (supplier relationships, customer relationships, processes, and higher level management involvement) were treated as predictor variables, and financial performance was used as the predicted variable. The results indicated that higher level management involvement, processes, customer relationships, and supplier relationships had a positive correlation with predicted variable. The research also underscored the importance of strategic guidance in any organization, emphasizing that effective leadership is critical to its success. The support of top management in implementing TQM is crucial, and providing a clear vision, resources, and training to employees while encouraging teamwork can lead to improved financial performance for the studied Bank.

'Shah & Mandvi, 2013' investigated the influence of globalization on the overall quality of management strategy of the Indian banking sector and concluded that to overcome the challenges of globalization and achieve sustained growth, the banking industry needs to implement the following TQM practices as employee empowerment, quality measurement, training, value addition, benchmarking, reasons for corrective action, sustainable management commitment, supplier integration, statistical thinking, teamwork, and employee participation.

According to a study by 'Talib, Rahman, Siddiqui, & Jamshed, 2011', there are critical TQM practices that support service quality in various service industries through an extensive literature review, the study identified seventeen major practices. The study also found that implementing TQM practices significantly promotes service quality.

‘Pattanayak & Dr. K. Maddulety, 2011’ intended to emphasize the significance of Total Quality Management (TQM) in the banking industry”. Their study inferred that customers hold a crucial role in a bank's operations, and having loyal customers can boost a bank's profitability. By implementing TQM, banks can enhance their performance by satisfying customers, lowering costs, increasing profits, and empowering employees. Furthermore, customer satisfaction plays an important role in the banking industry, and studies have confirmed that implementing TQM can improve customer satisfaction.

‘Dr. R. Krishna Kumar, 2011’ conducted a study on the impact of globalization on banking and TQM strategies and suggested that modern TQM approaches should be implemented in the banking industry to pave the way for success and overcome the challenges of globalization. He also saw this as continual improvement and client-centric, prevention and comprehensive obligation are the most common aspects of modern TQM approaches.

‘Selvaraj M, 2009’, in his presentation, outlined the key factors that contribute to service quality in Indian commercial banks and assessed the level of ‘Total Quality Management (TQM) practices’ are executed in three different groups of Indian banks. The research highlights the following crucial components of TQM: commitment of higher level management, effective personnel management, advanced technology and central hub, client-centric approach, personnel satisfaction, work culture, and social obligation.

Result and Discussion

1. Selected Bank

Table 1 Respondents’ Frequency of Selected Bank

Bank	Frequency	Percent
“Chorode Service Cooperative bank Ltd. (CSCB)”	18	22.5
“Nadakkuthazha Service Co-operative Bank Ltd (NSCB)”	20	25.0
“Badagara Co-operative Rural Bank Ltd (BRCB)”	28	35.0
“Uralungal Service Cooperative Bank Ltd (UCB)”	14	17.5
Total	80	100.0

2. Relevance of total quality management in Cooperative banking

The questionnaire used Likert scale with five point (agree to disagree). Means and standard deviations for the various questions were calculated. If the average value is greater than 3, the customer or employee is assumed to agree with the given explanation. A mean value lower than this value indicates a negative response.

Table 2 Key Success Factors

Measures of Dispersion			
Key success factors	Number	Arithmetic Mean	Standard Deviation
Client centricity	80	3.58	0.90

Empowerment of employees	80	3.51	0.71
Employees' participations	80	3.59	0.69
Employees' satisfaction	80	4.10	0.47
Employees training	80	3.71	0.62
Information and its analysis	80	3.76	0.82
Leadership and commitment	80	3.83	0.71
Service design	80	3.85	0.90
Strategic planning on the bases of TQM	80	3.55	0.90

The table shows the descriptive result of all key success factors of TQM surveyed under this study. The mean value of every critical success factor of TQM is greater than 3.5 with a considerable standard deviation. Hence, the cooperative banks in Kozhikode district adopted the TQM concept in banking practice. The result also revealed that the highest mean value is in “Employees' satisfaction” (Mean score 4.10 with SD 0.47) followed by “Service design” (Mean score 3.85 with SD 0.90).

Hypothesis 1

H0: There is no notable disparity among cooperative banks concerning to the TQM.

H1: There is a notable disparity among cooperative banks concerning to the TQM

Table 3

ANOVA						
		SS	Degree of Freedom	MS	F Value	Significant Value
Client centricity	Between Groups	3.651	3	1.217	1.544	.210
	Within Groups	59.89	76	.788		
	Total	63.55	79			
Empowerment of employees	Between Groups	8.758	3	2.919	7.102	.000*
	Within Groups	31.24	76	.411		
	Total	40.00	79			
Employees' participations	Between Groups	3.072	3	1.024	2.268	.087
	Within Groups	34.37	76	.452		

	Total	37.3 9	79			
Employees' satisfaction	Between Groups	2.72 9	3	.910	4.778	.004*
	Within Groups	14.4 7	76	.190		
	Total	17.2 0	79			
Employees training	Between Groups	6.79 5	3	2.26 5	7.296	.000*
	Within Groups	23.5 9	76	.310		
	Total	30.3 9	79			
Information and its analysis	Between Groups	6.92 4	3	2.30 8	3.850	.013*
	Within Groups	45.5 6	76	.600		
	Total	52.4 9	79			
Leadership and commitment	Between Groups	4.54 4	3	1.51 5	3.288	.025*
	Within Groups	35.0 1	76	.461		
	Total	39.5 5	79			
Service design	Between Groups	.736	3	.245	.294	.830
	Within Groups	63.4 6	76	.835		
	Total	64.2 0	79			
Strategic planning on the bases of TQM	Between Groups	8.52 0	3	2.84 0	3.904	.012*
	Within Groups	55.2 8	76	.727		
	Total	63.8 0	79			

One way ANOVA test is carried to test the notable disparity in variance among selected cooperative banks concerning to factors of TQM.

The table depicts that the Sig. score of ANOVA is less than in empowerment of employees, employees' satisfaction, employees training, information and its analysis, leadership and commitment and strategic planning and empowerment of employees. So, the alternative hypothesis is accepted at 5 percent significance level (the entire F value greater than the table value with df.). Hence, it is inferred that there is a notable variance among the selected banks concerning to these TQM factors.

In the case of Client centricity, employees' participations and service design, the sign value of ANOVA is higher than 0.05. So, H_0 is accepted at 5 percent significance level (the entire F value less than the table value with df.). Hence, it inferred that there is no notable variance among the selected banks concerning to these TQM factors.

3. key success factors associated with ‘successful total quality management in cooperative banks’.

The second objective of this study is to recognize the factors that contributed to ‘TQM in the co-operative banking sector’. In the context of Total Quality Management, it is crucial for banking organizations to identify the key elements that make significant contributions to ensure successful execution of TQM. To achieve this objective, factor analysis is employed, which utilizes ‘principal components analysis and Varimax rotation’.

Table No. 4

‘Kaiser-Meyer-Olkin and Bartlett's Test’		
‘KMO Measure of Sampling Adequacy’.		.863
‘Bartlett's Test of Sphericity’	‘Approximate Chi-Square’	644.084
	‘Degree of freedom’	36
	Significant Value	.000

Before performing factor analysis, we use the ‘Kaiser-Meyer-Olkin measure of sampling adequacy and the Bartlett test of sphericity’ to test the reliability of the data for factor analysis. The approximate chi-square shows a large test value of 644.084 and a p-value of 0.000, and the ‘Kaiser-Meyer-Olkin measure of sampling adequacy’ is .863. They say the data is suitable for factor analysis.

Table 5 Factors of TQM – Eigen value and Variance Explained

Element	Initiation point – ‘Eigen values’			‘Rotation Sums of Squared Loadings’		
	‘Total’	‘Percentage of Variance’	‘Cumulative Percentage’	‘Total’	‘Percentage of Variance’	‘Cumulative Percentage’

1	5.779	64.211	64.211	5.779	64.211	64.211
2	1.225	13.609	77.820	1.225	13.609	77.820

Component Matrix ^a		
	Element	
	1	2
Client centrlicity	.844	
Empowerment of employees	.859	
Employees' participations	.900	
Employees' satisfaction		.690
Employees training		.598
Information and its analysis	.893	
Leadership and commitment	.816	
Service design	.873	
Strategic planning on the bases of TQM	.875	
a. 2 components extracted.		

The factor analysis reduced nine items into two. The Eigenvalues and percentage of variance explained are given in Table 5. Based on the results obtained, it can be inferred that these two factors account for 77.82% of the total variance. The factor loading value is greater than 0.80 which represents highly contributing factors. Hence, the result reveals that Employees' Participation (loading = 0.900), Information and its Analysis (loading = 0.893), Strategic Planning based on TQM (loading = 0.875), Service Design (loading = 0.873,) Empowerment of Employees (loading = 0.859) Client centrlicity (loading = 0.844) and Leadership and commitment (loading = 0.816) are the 'key success factors of TQM' in co-operative banking organization.

Conclusion

The Cooperative banks in Kozhikode district adopted the TQM concept in banking practice. The mean value of every critical success factor of TQM is greater than 3.5 with a considerable standard deviation. Hence the relevance of 'total quality management' in the cooperative banking society is high.

The findings of the research revealed that there is a significant variance among the selected banks concerning these TQM factors such as empowerment of employees, employee satisfaction, employee training, Information and its analysis, leadership and commitment, and strategic planning and empowerment of employees. However, there is no significant variance among the selected banks concerning client centrlicity, employee participation, and service design.

Employees' Participation, Information and its Analysis, Strategic Planning based on TQM, Service Design, and Empowerment of Employees, t are the key success factors of TQM in co-operative banking organization.

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