SUMMARY, CONCLUSION AND IMPLICATIONS

6.1 SUMMARY

It is a known fact that banks carry on business with public money and customers expect better service from them. Therefore, it can be rightly remarked that success or failure of banks depends upon the quality of service they provide to their customers and Quality management is a mechanism that can be used by banks to gain competitive advantage.

In this study an effort is made to measure the process of TQM practices and its impact on Economic Performance of banking sector and specific suggestions are made for improving the Economic Performance of banks through the practice of TQM.

After scanning the existing literature on TQM, it is possible to point out the following gap. Majority of research studies made by individual scholars and research organizations relate to a survey on the practice of TQM in manufacturing area only. In order to fill this gap, the present study is undertaken, where the practice of TQM in banking sector, which is a service industry is studied empirically. The impact of TQM on Economic Performance in banking sector was studied by selecting ten public sector banks in Mangalore region.

Review of literature revealed that most of the banks in India that implemented TQM dropped their initiatives within the first two years because they faced all kinds of new problems on account of poor background preparation for implementing TQM. The present study is undertaken to study the process of TQM practices and its impact
on Economic Performance of banking sector practicing TQM and identify the problems faced by them.

The present study was therefore taken up with the following objectives

The main objective is to study the impact of TQM on economic performance in banking sector.

1. To study the identified components of TQM in respondent banks.
2. To study the level of economic performance of respondent banks.
3. To study the relationship between TQM and Economic Performance in Respondent Banks
4. To study the influence of TQM on economic performance in respondent banks
5. To recommend suggestions based on the findings

In the present investigation, Ex post facto research design was used. This design was considered as appropriate because, the variable chosen for the study had occurred already. Further primary data was collected from the leaders of different quality improvement teams in each of banks selected. Secondary data was collected from annual reports, magazines, journals, books, and news papers.

The study was conducted in banks during October 2008, which satisfied the following criteria:

1) Practicing TQM
2) Obtained an ISO 9000 certification.

The researcher through discussion with the management consultants identified a sample of ten banks, which were public sector banks. From each of the quality improvement teams, 20 members are selected randomly, thus making the total number of the respondents to 200 for the study. The method of sampling used was multistage
sampling. Judgment sampling was followed at the first stage to select the banks and random sampling at the second stage to select the respondents.

Based on the review of literature on the practice of TQM and detailed discussion with subject experts, initially 178 relevant and appropriate statements were prepared. These statements were edited, revised and restructured to avoid ambiguity and duplication after obtaining the responses from subject specialists. Finally 161 statements were retained for further analysis.

In this study questionnaire survey was conducted. The questionnaire was designed according to European Foundation for Quality Management Excellence Model. The questionnaire covers thirteen component of TQM and each component covers five to eight statements. The questionnaire comprises totally 161 statements, which are posed as questions to which respondents should respond from among five options, 1) very low 2) low 3) average 4) high 5) very high.

Further, the data so collected was scored, tabulated and analyzed, keeping the objectives of the study in view. The various statistical techniques like mean percentages, mean standard deviation, Paired ‘t’ test, Karl Pearson’s Coefficient of Correlation analysis, Multiple Regression analysis with enter method and analysis of variance, were used to analyze and interpret the data.
6.2 MAJOR FINDINGS

The major findings of the study are summarized below:

Objective 1: To study the identified components of TQM in respondent banks.

1. Quality practice of leadership style in banks has improved by 21.30% after implementing TQM. The enhancement response on quality practice of leadership style found to be significant (t=41.88**, p<0.01). The areas like empowerment, team spirit, listening to the voice of employees, maintaining close and direct contact with suppliers are the weak areas where action has to be taken immediately.

2. Training and development systems quality in banks has improved by 23.10% after implementing TQM. The enhancement response on quality practice of training and development System found to be highly significant (t =42.98**, p<0.01). The performance was highly significant in different aspects of training and development System (F=9.83**, p<0.01). But the top management should pay immediate attention on the areas like establishment of mentor system, benchmarking the training system against world class organizations, cross cultural training to employees, statistical concepts, are the weak areas where action has to be taken immediately for the purpose of improving the work efficiency of the employees.

3. Quality practice of human resource planning and management in banks has improved by 21.44% after implementing TQM. The enhancement response on quality practice of human resource planning and management found to be highly significant (t = 36.98**, p<0.01). The performance was highly significant in different aspects of human resource planning and management (
F= 8.62**, p<0.01). The areas like include the affected people in planning a change, providing enough time for people in planning a change, establishment of new measure track employee satisfaction, establishment of many cross functional teams to solve quality problems, benchmark human resource planning and management with world class organizations are the weak areas where action has to be taken immediately for improving operational performance.

4. Work life programs practice in banks has improved by 20.64% after implementing TQM. The enhancement response on quality practice of quality of work life program found to be highly significant (t =34.34**, p<0.01). The performance was highly significant in different aspects of quality of work life program (F=15.86**, p<0.01). The areas like, flexible working hours, holding family days to motivate employees, control attrition rate of employees, has to be improved to make the environment more favorable to the well being and growth of all employees.

5. Quality of EIDS practice in banks has improved by 21.30% after implementing TQM. The enhancement response on employees involvement & development schemes found to be highly significant (t = 35.03**, p<0.01). The performance was highly significant in different aspects of EIDS (F =7.19**, p<0.01). The areas like review of EIDS, benchmark EIDs, involve unions in EIDS, creating an environment suitable for operating EIDS were to be improved to promote innovative and creative talents of employees.

6. Quality of social responsibility practice in banks has improved by 23.11% after implementing TQM. The enhancement response on social responsibility
7. found to be statistically highly significant \((t = 38.45^{**}, \ p<0.01)\). The performance was highly significant in different aspects of social responsibility \((F=8.81^{**}, p<0.01)\). The areas like supporting community service activities, encouraging employees and customers participation in community activities are the weak areas are to be further improved.

8. Quality practice of information and communication in banks has improved by 24.79\% after implementing TQM. The enhancement response on information & communication found to be statistically significant \((t = 44.38^{**}, \ p<0.01)\). The performance was highly significant in different aspects of information and communication \((F = 8.04^{**}, \ p<0.01)\). The areas like benchmarking TQM communication with world class organizations, making constant investment for improving communication infrastructure, providing systematic and periodic update to the customers were to be improved to drive quality excellence and improve competitive performance.

9. After implementing TQM, the quality of resource management in banks has improved by 23.87\%. The enhancement response on resource management found to be highly significant \((t = 39.71^{**}, \ p<0.01)\). The performance was highly significant in different aspects of resource management \((F=8.88^{**}, \ p<0.01)\). The areas like, benchmarking its resource management against world class organizations, maintenance and utilization of assets to improve total assets life cycle, incorporate quality in to annual planning and budgeting process, were to be further improved.

10. Strategic quality planning in banks has improved by 26.34\% after implementing TQM. The enhancement response on Strategic Quality Planning
11. found to be statistically highly significant (t =41.85**, p<0.01). The performance was highly significant in different aspects of strategic quality planning (F =5.93**, p<0.01). Review of policies, strategies and quality goals regularly were to be improved immediately to create a common focus for the organization and a basis for strategy.

12. Quality practice of quality assurance in banks has improved by 24.82% after implementing TQM. The enhancement response on quality assurance found to be statistically highly significant (t = 38.57**, p<0.01). The performance was highly significant in different aspects of quality assurance (F =5.52**, p<0.01). The areas like establish new measures as needed to track organizational goal improvement, succeeding in supporting and completing quality activities were to be improved.

13. Quality practice of process management in banks has improved by 25% after implementing TQM. The enhancement of mean response on process management found to be statistically highly significant (t =43.12**, p<0.01). The performance was highly significant in different aspects of Process management, (F = 2.35**, p<0.01). The areas like use of statistical techniques, establishment of new measures to track process improvement were to be enhanced immediately and to ensure sustenance and growth of business.

14. Quality practice of 5s concept and workplace management in banks has improved by 24.72% after implementing TQM. The enhancement response on 5s concept & workplace management found to be statistically highly significant (t=36.42**, p<0.01). The performance was highly significant in different aspects of 5s concept and workplace management (F =4.30**,
The areas like people assemble on time, clean up without any reminder were to be further improved to maintain work efficiency.

Quality practice of customer orientation in banks has improved by 22.10% after implementing TQM. The enhancement response on customer orientation found to be statistically highly significant (t = 39.56**, p<0.01). The performance was highly significant in different aspects of customer orientation (F=14.76**, p<0.01). The areas like, benchmarking the performance of competitor’s services, offer quality management training to customers, develop and communicate policies and procedures to remedy service errors, were to be enhanced immediately.

Objective 2: To study the level of Economic Performance of respondent banks.

1. The level of economic performance in banks has improved by 28.13% after implementing TQM. The enhancement response on economic performance found to be statistically highly significant (t=38.22**, p<0.01). The level of performance was highly significant in different aspects of economic performance (F=4.27**, p<0.01).

Objective 3: To study the Relationship between TQM and Economic Performance

1. Components like 5s concept and work place management has showed significant correlation with economic performance (r=0.710), followed by process management (r=0.647), quality of work life program (r=0.559), resource management (r=0.558), social responsibility(r=0.541), leadership style (r=0.523), information and communication (r=0.526), training and development system (r=0.519), strategic quality planning (r=0.515), has good
2. correlation with economic performance. On the other hand, the components like, quality assurance ($r=0.477$), human resource planning and management ($r=0.473$), employee involvement and development scheme($r=0.378$), has less correlation with economic performance.

**Objective 4: To study the influence of TQM on Economic Performance**

1. The findings revealed that more than 77% of variation in the level of economic performance was explained by the selected thirteen components which are included in the study. The $R^2$ value with respect to thirteen TQM components found to be 0.770 (F= 20.77**, p<0.01)

2. Six TQM components namely, leadership style, training and development system, employee involvement and development scheme, quality assurance, 5s concept & work place management, customer orientation have significant effect on economic performance, which explains 71.6% variation in the level of economic performance.

**6.3 CONCLUSION**

The present research study was confined only to ten banks situated in and around Mangalore region. Study establishes the Total Quality Management practices and measures its impact on Economic Performance in respondent banks. The study identified several areas for improvement, of which the most critical have been employee training, employee engagement, policies and strategies, process management, and customer focus. These critical areas need to be strengthened immediately by the change agents to cut down the cost of quality initiatives, to achieve new business expansion, to deliver quality services, to reach the commanding heights of competitive edge and thus gain the sustenance and growth of the banks.
Objective 5: To recommend suggestions based on the findings

Based on the above findings, the following suggestions are recommended to improve the economic performance of the banks through the practice of TQM:

1. Effective leadership from the senior management of the organization is absolutely necessary to develop and sustain a quality based organizational structure. An effective leadership system should consider the following:
   - Motivate employees and develop enthusiasm in them to provide quality service to the customers
   - Leaders must personally and regularly involve themselves in the activities such as planning, reviewing, interacting with the customers and recognizing and rewarding employees for quality achievement
   - Employees should be empowered to make on the spot decisions that are in the customer’s interests
   - There is a need to change the mindset of the management and tune them as per the need of the hour

3. The Bank employees should be imparted training on ISO 9000 systems and cost of quality. In the area of training and development system the following procedures should be taken:
   - Training should be provided to understand the philosophy and principles of TQM as well as specific skills to handle quality issue
   - Mentor system should be strengthened
   - Training process should be benchmarked with world class organizations
Training on statistical concepts, TQM techniques and tools, waste management, and cross cultural training etc., should be provided to the employees

Training targets should be revised at regular intervals

4. Though human resource planning and management were designed and implemented, the following strategies should be introduced for further improving operational performance in banks:

- Reliable information to assess banks internal quality culture should be collected
- Individual should be involved in planning a change that will affect them
- Provide enough time to the people to adjust to the cultural change
- Establish cross functional teams to solve quality problems
- Benchmark the human resource planning and management with world class organizations

5. Regarding quality of work life program, banks should introduce many more innovative programs like:

- Reward and recognize employee’s achievement
- Hold family days to motivate employees
- Benchmark quality of work life programs with world class organizations

6. The following steps should be taken to make the employee involvement and development scheme more efficient:

- Involve employees in decision making process
- Empower employees to take right decisions at the right time in the interest of customer’s
• Employee participation should be strengthened by giving rewards and publishing accomplishments in employee newsletters

• Make arrangements to send employees to visit other organizations where employee involvement and development scheme is successful

• Review employee involvement and development scheme regularly

• To make employees not only in understanding the other person better but also in understanding more about himself, banks should practice NLP (Neuro Linguistic Programming), an HRD scheme, at regular intervals

• Set up and monitor parameters to track employee satisfaction

7. Regarding social responsibility, banks should develop:

• There should be clear link between quality, health and safety

• Motivate employees to commit themselves to serve the community through visits, speeches and discussions

8. In order to ensure that appropriate communication channels are established within the organizations. The following steps should be taken:

• Information sharing, review and monitoring should be further standardized

• Eliminate communication barriers between workers and managers

9. As better resource management lead to quality enhancement, banks should pay attention to the following aspects:

• Incorporate quality in to annual planning and budgeting process

• Provide adequate resource support to all the teams

• Manage the maintenance and utilization of assets
10. The following strategies should be followed in order to create a common focus for the organization:

- Review, update and improve policies, strategies and quality goals as per the expectations of the stakeholders
- Set quality goals for all products through negotiation and data analysis
- Innovative measures should be followed to track organizational goal improvement effectively
- Advanced technology should be used to reduce operating cost and improve work efficiency, overall profitability and goodwill of the banks

11. For the sustainable growth of the banking, the quality assurance programs in banks should be improved. Therefore, they should make an effort to implement the following practices

- Formal internal quality audit should be conducted at regular intervals
- The product should be designed according to the needs and expectations of customers
- Create a work environment that promotes creativity, innovation and continuous improvement

12. To identify, manage, review and improve its processes, bank should follow the following strategies:

- Standard work procedures should be established for all related activities.
- Follow innovative methods to track process improvement.
- Senior manager should be made accountable for improving the processes.
- Formulate strategic quality planning on the basis of solid and scientific information about the customer needs
13. To do more work with less effort and least disturbance and achieve zero breakdown, the banks should follow:

- 5s concept and work place management should be practiced seriously and systematically.

14. To improve the customer satisfaction, the following quality practices should be implemented:

- Customers complaints should be analyzed and reviewed every day and their problems should be attended immediately
- An awareness should be created among the customers about the various schemes/services offered by the bank
- Benchmark the bank services with the competitor’s services
- Empower everyone in the organization to delight the customer
- Develop and communicate policies and procedures to reduce service errors
6.4 IMPLICATIONS

Banks play very important role in the development of nation. The health of economy is closely related to the soundness of the banking system. But, the present business environment for banking is highly volatile and uncertain. It is extremely competitive and every bank is finding difficult to survive and grow in this field, due to this it has become very difficult to carry out the business activities effectively and efficiently.

To survive and prosper in this competitive environment, banks have to improve the quality of services they provide to their customers. Similarly, there is a need to develop an organizational culture based on quality management approach where everybody is involved in the organizational improvement drive and they should be committed to satisfy the internal and external customer’s needs. Again, appointment of qualified and competent managers will successfully contribute for the smooth functioning of the banks.

Lastly, monitoring the customer satisfaction and taking the feedback frequently would further improve the performance of the banking sector. Above all there is a need of top-management commitment towards TQM and giving full support for its successful implementation, in order to gain sustainable business success.
6.5 SCHEME OF PLAN FOR SUCCESSFUL IMPLEMENTATION OF TQM

Based upon the findings of the study the following action plan is suggested for successful implementation of TQM in a schematic form:
6.6 SCOPE FOR THE FUTURE RESEARCH

It would be worthwhile to conduct a comprehensive study, by including private sector banks, taking large sample from all the states of India and thereby help in generalizing for a large population. The study can be extended to the service sector, manufacturing sector and small-scale organizations. It may throw new light on the practice of TQM and Economic performance and thereby improve the performance of the banks.