ABSTRACT

In the current global scenario of stiff competition, the banks and financial institutions have been reviewing the systems and processes of service delivery. One of the major reasons for tremendous improvement in delivery of services is the use of Information and Communication Technology (ICT), which proved effective in terms of costs, performance, customer satisfaction, customer retention and customer addition. While developing a model for implementation of TQM, the vital issues concentrated upon are identification of factors affecting service quality, suitability of developed factors in various service settings, flexibility of the factors to adapt for modern times like automation, computerization, ability of the factors to give directions for planning for future and improvement and suitability of the factors for measuring customer satisfaction. In order to overcome difficulties in implementation of TQM in the service sector Banks and financial institutions, the study attempts to identify and validate critical dimensions of TQM and propose an implementation framework, by empirical analysis.

This thesis deals with Total Quality Management (TQM) as a fundamental component and a large function that formulates policies and strategies for banking and non-banking financial institutions. Many quality management models had been developed in the past by the researchers in order to measure the level of quality implementation and carry out self-evaluations of the quality practices. However, these TQM models and
implementation strategies need improvement to address key characteristics of banks and financial institutions and customers’ demands on them.

A number of conceptual and case studies are available about TQM implementation, but empirical studies are inadequate. An exhaustive literature review relating to TQM implementation has been made and the critical success factors are identified in the study. There are numerous TQM implementation models available in the literature. However, there is no single model developed empirically suitable for both banking and non-banking financial institutions in India. A model is constructed based on the critical success factors identified in the literature, for investigating the quality performance at the financial institutions of India.

The study consists of two phases. In the first phase, a preliminary study is conducted and the questionnaire is empirically validated for further use. In the second phase, a final study is conducted and the model is validated by testing the various hypotheses developed in the study. Data for both the preliminary study and final study have been collected from the executives of the banks and financial institutions by following the stratified random sampling procedure.

Eight dimensions are considered and presented for successful implementation of TQM: policy and strategy, top management commitment, organizational structure, human resources, tangibles, systems and processes, continuous improvement and customer focus. SPSS version 9.0 is used for all statistical computations. Unidimensionality, Reliability, Discriminant
analysis, and criterion related validity are conducted and questionnaire is validated. Initially the instrument was designed using 94 elements, for eliciting data. Out of 94 operating elements, 70 items only are retained in the instrument after statistical analysis, for conducting final study. Based on the variables identified in the preliminary study, a TQM model has also been developed.

In the final study, the validated questionnaires were distributed to the supervisors, managers and executives in the institutions and the respondents were asked to record their degree of agreement ranging from strongly disagree to strongly agree (valued from 1 for strongly disagree to 7 for strongly agree and five point Likert’s scale ranging from very low to very high (valued from 1 for very low to 5 for very high) for the operating items related to indicators measuring TQM implementation.

The samples were obtained from ISO certified institutions and ISO non-certified institutions. The respondents are also from various age groups, income groups, graduates, post graduates, positions, various locations, various types and sizes. SPSS version 9.0 was used for all statistical computations. Descriptive statistics like mean and standard deviations were computed. Simple linear regression analysis, multiple regression analysis, step wise regression analysis, T-test, one way ANOVA, multivariate analysis and discriminant analysis were performed on variables under study.

The effects of age, education, income, and position of the respondents and sizes, location and type of the institutions on the level of
TQM in the financial institutions have been analyzed and discussed in the study. These findings can help the practitioners for better understanding of the implication of size, location and type and ultimately it can help the successful implementation of TQM.

This study has developed a reliable and valid instrument for self-assessment by the institutions for measuring the progress of TQM which will help in implementing it successfully. Using the instrument, Institutions can measure the level of TQM periodically. By this procedure, practitioners can evaluate the current extent of TQM implementation in their respective institutions. Variables scoring less can be taken up for improvement. Thus, the progress of TQM implementation can be monitored using this instrument. This study has also developed a TQM model based on the variables identified, through the perception of both banks and financial institutions. Therefore, this TQM model can be used for both banking as well as non-banking financial institutions in India for successful implementation of TQM.