

**EXPLORING LINK BETWEEN TQM IMPLEMENTATION AND CUSTOMER  
SATISFACTION IN BANKS**<sup>1</sup>Ajit Trivedi, <sup>2</sup>A K Choudhary<sup>1</sup>Research Scholar, Department of Management, Bir Tikendrajit University, Manipur, Imphal, India<sup>2</sup>Professor, Department of Management, Bir Tikendrajit University, Manipur, Imphal, India  
[trivediajit@gmail.com](mailto:trivediajit@gmail.com), [profdrakchoudhary@gmail.com](mailto:profdrakchoudhary@gmail.com)**ABSTRACT**

The “Total Quality Management” (TQM) approach has gained popularity across a range of sectors as a means to boost business output and patron happiness. There has been a lot of focus on using TQM principles in the banking industry due to the high level of competition and the importance of client happiness. This paper's overarching goal is to delve into the connection between TQM adoption and happy bank customers. This research uses an empirical analysis and a thorough literature review to look at how TQM methods affect several aspects of customer satisfaction in the banking industry. The results have theoretical and practical significance for financial institutions that want to increase customer satisfaction through TQM implementation.

**Keywords:** Total Quality Management, TQM, Customer Satisfaction, Banks, Quality Improvement, Service Excellence

**I. INTRODUCTION**

The ever-changing world of banking is characterized by intense competition and ever-changing client expectations. As a result, financial institutions are constantly looking for new ways to stay ahead of the competition and satisfy their customers. Among these methods, Total Quality Management (TQM) stands out as a powerful tool for fostering excellence in the workplace and putting the customer first. In order to ensure that processes, goods, and services consistently meet or surpass customer expectations, TQM principles stress a comprehensive approach to quality improvement. The banking industry is one that places a premium on efficiency, dependability, and trust; implementing TQM standards could help them retain customers for the long haul and stay ahead of the competition. Thanks to new technologies, evolving regulations, and evolving consumer tastes, the banking industry is experiencing a period of fast change. In this ever-changing landscape, banks are coming to realize that providing outstanding customer experiences is key to standing out from the competition and retaining loyal customers. Therefore, customer satisfaction is an important metric for banks to track since it affects retention rates, how customers view the brand, and the bottom line. Therefore, in order to maintain their relevance and competitiveness in the market, banks are always looking for methods to improve the quality of their services, streamline their procedures, and increase overall client happiness. Banks can accomplish



these goals with the help of Total Quality Management, which promotes a customer-centric, innovative, and improvement-oriented culture. In order to achieve organizational excellence, TQM principles stress the significance of data-driven decision-making, customer orientation, and staff involvement. These concepts are based on the teachings of quality gurus like Deming, Juran, and Crosby. Banks can improve service delivery, reduce errors, and strengthen customer relationships by methodically identifying and addressing quality gaps across the customer journey's touchpoints. In addition, Total Quality Management (TQM) promotes a spirit of personal responsibility and agency in the workplace, which in turn motivates workers to own quality improvement projects and aim for perfection in all that they do [1].

Although there may be some upsides to implementing TQM, doing so in the banking industry is fraught with difficulties. Strict compliance standards, risk management methods, and operational limitations define the highly regulated environment in which banks operate. There may be pushback from established hierarchies and practices while trying to implement TQM methods because they demand a complete overhaul of the organization's culture, procedures, and systems. Furthermore, there are methodological hurdles to quantifying the influence of TQM on customer satisfaction; reliable assessment of TQM projects requires strong research methodology and performance measures. In light of this, the purpose of this study is to investigate whether there is a correlation between the adoption of TQM and the level of happiness felt by bank customers. This study aims to shed light on how TQM procedures affect several aspects of customer satisfaction in the banking industry by performing a thorough literature review and empirical analysis. Customers' views of service quality, responsiveness, and general happiness with banking experiences are going to be studied in relation to TQM principles including customer focus, continuous improvement, and employee involvement. Banks that want to increase customer satisfaction through TQM adoption might use the theoretical knowledge and practical insights provided by this study. The purpose of this study is to help banks optimize their quality management processes, improve service delivery, and drive higher levels of customer satisfaction and loyalty by identifying key success factors, challenges, and best practices in TQM adoption within the banking sector.

## II. REVIEW OF LITRATURE

Pattanayak, Durgesh et al., (2017) [2] to analyze how total quality management (TQM) impacts service quality (SQ), market orientation (MO), and, in turn, customer satisfaction (CS) and loyalty (CL). Furthermore, the study examines how TQM impacts CS directly. Strategy, technique, and methodology The survey method was used to gather data from middle managers in the retail banking sector of India. In order to examine the data and check the hypotheses, structural equation modeling is employed. Findings From what we can see, TQM has a favourable correlation with SQ, MO, and CS. CS is favorably and strongly correlated with SQ and MO. Improved CL is a secondary outcome of CS. Implications for practice Increased MO, better SQ, and higher CS lead to higher CL for banks that implement TQM practices as a tool for change management. novelty and worth Improving the SQ and



MO is possible through the appropriate application of TQM in banks, as this research empirically shows. Customers will be more loyal to banks with higher CS levels and better customer service as a result of banks' market-focused mentality, well-implemented quality management practices, and other positive changes. Given the paucity of research on the topic thus far in India, this article provides banking professionals with information they may use to increase CL through the efficient application of TQM methods.

Madan, G (2018) [3] Manufacturers could sell all of their products in the past. From industry to the service sector, TQM has found application in many different fields. However, few academics have paid attention to it despite its significance in the banking industry. Examining how Total Quality Management (TQM) methods relate to happy customers in the money-keeping sector is the primary goal of this research. By constantly improving products and services, business procedures, and individuals involved, Total Quality Management (TQM) improves company performance by committing and coordinating all representatives to fully satisfying agreed-upon customer needs at the ideal overall expense. Progress through customer enchantment is one way to explain the idea of Total Quality Management. With the help of Total Quality Management (TQM) systems, businesses nowadays are becoming more responsive, providing a better product, and continuously improving. By improving quality, TQM increases customer happiness. It achieves this by enhancing business processes and inspiring employees. The buyer have greater intelligence and understanding. Consumers will shop elsewhere if you fail to meet their expectations for service. Suppliers are expected to improve their game when corporate customers begin to enhance their own quality. Finding out whether TQM improves production performance and customer satisfaction is the primary goal of this study. The findings of this study can be used to the banking industry in order to obtain quality service.

Pattanayak, Durgesh (2015) [4] Various sectors, including manufacturing and services, have used total quality management (TQM). However, few academics have paid attention to it despite its significance in the banking industry. The researchers in this study set out to learn how TQM methods in India's banking industry relate to CS. The survey method was used to gather data from middle managers in the retail banking sector of India. Data validity and reliability are examined using exploratory factor analysis, correlation, and confirmatory factor analysis. Many regression analyses are conducted to test hypotheses. Leadership, servicescape, customer focus, human resource emphasis, and technology-based banking services are the five TQM practices that were found to have a strong and positive relationship with customer satisfaction. The practitioners can use the helpful information from this research to pinpoint problem areas and implement solutions that will increase client satisfaction. We address the study's shortcomings, managerial implications, and suggestions for future research.

Lenka, Usha et al., (2010) [5] This research looks at the relationship between service quality, customer happiness, and the hard and soft components of quality management systems. Each of Orissa's 315 scheduled commercial bank branches had a manager and a valued customer fill out the data form. Using structural equation modeling, we put a relationship-based



conceptual model to the test. The results show that the soft parts of quality management methods, such as transformational leadership, spirituality in the workplace, and a service climate, do improve job satisfaction and emotional commitment among employees. The human components of service quality are positively impacted by employees' job satisfaction and affective commitment, leading to higher customer satisfaction. Service quality is improved, and customer happiness is furthered, by management information systems and tangible proof showing the hard parts of quality management techniques. Companies may provide excellent service and win over happy customers by combining the "hard" and "soft" components of quality management strategies.

### **III. CUSTOMER SATISFACTION IN THE BANKING SECTOR**

Banks can't succeed without happy customers; their happiness is the single most important factor in determining the bank's profitability, competitiveness, and longevity. To maintain a loyal client base and encourage sustainable growth in the banking sector—where trust, reliability, and personalized service are paramount—it is vital to meet and exceed customer expectations. Customer satisfaction is crucial in the banking sector for several important reasons: [6]

1. **Trust and Relationship Building:** Banks function in an environment that relies heavily on trust, since clients entrust them with their money and personal details. If you want your connections with clients to last, you need to work on building and keeping their trust. Clients are more likely to stick with the bank and use its services, as well as try out new goods and services, if they are satisfied with the service they receive [7].
2. **Competitive Differentiation:** Differentiation based on product offers or cost alone might not cut it in today's cutthroat banking industry, where clients have plenty of options. Banks may differentiate themselves from competition by providing higher service experiences, which in turn drives customer happiness. Even in the midst of fierce rivalry, banks that reliably put their clients first will have a leg up on the competitors [8].
3. **Customer Loyalty and Retention:** Happy consumers are more inclined to stick with their bank and use its services for the long haul. Banks can boost customer retention and decrease churn by creating a pleasant banking experience and quickly and effectively meeting consumer demands. Loyal customers are great for a bank since they keep coming back for more and they also bring in new customers through word of mouth recommendations [9].
4. **Brand Reputation and Perception:** The market's opinion and reputation of a bank are directly affected by how satisfied its customers are. The bank's reputation and image are boosted when customers have positive experiences, which in turn generate positive evaluations and recommendations. Negative experiences, on the other hand, might damage the bank's image and make prospective clients reluctant to use the bank's services. In order to protect and improve the bank's reputation among consumers, it is crucial to keep customer satisfaction levels high.





There are several facets of a bank's performance and competitiveness that are affected by the level of client satisfaction. When banks put their clients first, build trust, and provide outstanding service, they can meet their requirements and expectations while also building long-term partnerships that boost profits and growth [10].

#### IV. TQM IMPLEMENTATION IN BANKS

With an emphasis on continual improvement, customer attention, and staff involvement, Total Quality Management (TQM) offers a complete approach to quality improvement. The ideas of Total Quality Management (TQM) have found extensive use across a variety of industries, including banking, despite having their origins in manufacturing. Here are some important components and problems of implementing TQM in banks: [11]

1. **Customer-Centric Approach:** Customer satisfaction and the quality of service provided are the bedrock of Total Quality Management (TQM) initiatives in financial institutions. When it comes to providing outstanding customer service, banks need to make sure their procedures, goods, and services are in sync with what their clients want. Every part of a bank's operations should be focused on improving the customer experience and going above and beyond what the customer expects, according to TQM [12].

2. **Continuous Improvement:** Using TQM as a guide, businesses may foster an environment where workers at all levels are motivated to seek out ways to improve and come up with creative solutions. In the banking industry, this means constantly improving methods of operation and the channels through which services are provided in order to make things run more smoothly and efficiently. To guarantee that improvements are evidence-based and produce measurable benefits, data-driven analysis and feedback systems are put in place to support continuous improvement initiatives.

3. **Employee Involvement and Empowerment:** When people are empowered and actively involved, the implementation of TQM is much more likely to be successful. In order to tap into the knowledge, experience, and imagination of their frontline employees, supervisors, and support teams, banks should incorporate quality improvement programs. Employees are more invested and motivated when they are given responsibility for tasks that affect quality. This increases their sense of pride in their work, accountability, and ownership [13].

4. **Leadership Commitment and Support:** In order to drive TQM implementation within banks, leadership is crucial. To ensure the successful implementation of TQM, senior leaders must advocate for the idea, convey its significance, and supply the resources and support needed. The dedication of the bank's leadership establishes the standard for company culture and reaffirms quality's position as a key strategic objective.

5. **Training and Skill Development:** When implementing TQM, many banks find that training and skill development programs are necessary to provide staff with the information, resources, and expertise to do a good job. Principles of quality management, strategies for improving processes, and providing exceptional customer service are some of the subjects



that may be covered in training programs. Financial institutions may foster TQM success by funding staff training and education, which in turn produces a more competent and enthusiastic workforce.

A customer-centric strategy, empowering staff, a culture of continuous improvement, leadership commitment, and investment in training and skill development are all part of TQM adoption in banks. Financial institutions can improve their service quality, operational efficiency, and customer satisfaction by adopting TQM methods and principles [14].

## V. CONCLUSION

In conclusion, the implementation of Total Quality Management (TQM) principles holds immense potential for banks seeking to enhance customer satisfaction and achieve sustainable growth in a competitive marketplace. Through a customer-centric approach, continuous improvement efforts, employee involvement, leadership commitment, and investment in training, banks can optimize service quality, streamline operations, and foster a culture of excellence. By aligning organizational processes and systems with customer needs and expectations, banks can cultivate strong, enduring relationships with customers, driving loyalty, retention, and advocacy. Moreover, TQM implementation enables banks to differentiate themselves from competitors, enhance their brand reputation, and position themselves as trusted partners in their customers' financial journey. Moving forward, it is imperative for banks to embrace TQM as a strategic imperative, integrate its principles into their organizational DNA, and continuously strive for excellence in all aspects of service delivery. By doing so, banks can not only meet the evolving needs of customers but also thrive in an ever-changing and competitive banking landscape.

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