



Addis Ababa University Faculty of Business and Economics

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*Effect of Total Quality Management on business performance of Banks: The case of
Bunna International bank S.C*

By

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Declaration

I, Gadissa Aga, hereby declare that the thesis entitled *Effect of Total Quality Management on business performance of bank: the case of Bunna international bank S.C* is my own original work and has not been submitted for any degree in any other University. It is offered for the award of the degree of Master of Science in Management Specialization in Total Quality Management and Organizational Excellence from Addis Ababa University.

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Statement of Certification

This is to certify that the thesis prepared by Gadissa Aga entitled: *Effect of Total Quality Management on business performance of bank: the case of Bunna international bank S.C* and submitted in partial fulfillment of the requirements for the degree of Master of Science in Management Specialization in Total Quality Management and Organizational Excellence compiles with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Advisor	Dr. Mohammed Seid _____	Signature _____ Date _____

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Abstract:

Total quality management (TQM) has become an accepted technique to ensure performance and survival in the modern economies. Recent studies have claimed that the successful implementation of TQM could generate improved products and services, as well as reduced costs, more satisfied customers and employees, and improved financial performance. The purpose of this study was determining the effect of TQM on the business performance of bunna international bank S.C. This study was limited to establishing how the pillars of TQM, namely employee relationship, customer relationship, processes and top management involvement relate to business performance. The four pillars of tqm formed the independent variables of this study while business performance was the dependent variable. These variables were studied to fill the gap of explaining how the use of tqm in Bunna international bank S.C affects its business performance. This study was descriptive in nature and the researcher used case study method. The target population of the study comprised of Bunna international bank employees. The researcher used stratified random sampling in selecting respondents. The findings indicated a positive relationship between top management involvement, process and employee relationship, customer relationship and business performance. The cross used to analyze the results from the study. The research recommends that steps to improve top management involvement, process, Employee involvement and customer relationship to improve business performance.

Keywords: *total quality management, quality control, business performance & quality pillars*

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The study gives emphasizes for business performance of Bunna international bank S.C., which is one among the private commercial banks those are engaged in doing business in the state. The researcher is motivated to know how far the bank, Bunna international bank S.C is incorporating the total quality management for its bank business performance. As the competitions among the competitors are getting tough it is recommendable for the business companies to maximize their usage of total quality management.

Across the world, the banking sector is the bedrock of any developed and developing economy. A nation's economy is an aggregate expression of all activities of its citizen devoted to the production of goods and services in one form or the other. By extension, this refers to activities and processes geared towards the production of wealth for individual benefits and the society at large. The importance of banks in the economy therefore derives largely from their active role being the bastion of the financial system in promoting efficient allocation of resources. This all-important role is clearly depicted in the primary activities of banks in accepting deposit and on-lending these to borrowers in the course of these activities. (Van Horne 2005)

The most common measure of bank performance is profitability. Generally, accounting profits are the difference between revenues and costs. Profitability is considered to be the most difficult attributes of a firm to conceptualize and to measure (Ross, Westerfield, and Jaffe 2005). These ratios are used to assess the ability of the business to generate earnings in comparison with its all expenses and other relevant costs during a specific time period. More specifically, these ratios indicate firm's profitability after taking account of all expenses and income taxes, the

efficiency of operations, firm pricing policies, profitability on assets and to shareholders of the firm (Van Horne 2005). Profitability ratios are generally considered to be the basic bank financial ratio in order to evaluate how well bank is performing in terms of profit. For the most part, if a profitability ratio is relatively higher as compared to the competitor(s), industry

In today's competition quality has become one of the important factors for achieving competitive advantage. A good quality product or service enables an organization to add and retain customers. Poor quality leads to discontented customers, so the costs of poor quality are not just those of immediate waste or rectification but also the loss of future sales. Technological innovations have diffused geographical boundaries resulting in more informed customers. Constant pressure is applied on the management to improve competitiveness by lowering operating cost and improving logistic. Customers are becoming increasingly aware of rising standards, having access to wide range of products and services to choose from.

In response to increase of pressures customers' demanding superior quality of products and services, the marketplace has become very competitive; many organizations have adopted practices such as total quality management (TQM), and benchmarking. In line with that, any business organization requires a quality management program or some sort of quality program that is instituted from executive management down to the lowest level employee. While each particular function within an organization requires quality processes modeled after its own unique requirements, this individual quality processes should be designed and established based on the principles of the total quality management program. One of such quality programs is Total Quality Management (Oakland, 1994)

Total Quality Management (TQM) is an integrated organizational effort designed to improve quality at every level (Dale, 1999). TQM is also meant a quest for excellence, fitness for use, value for money, customer satisfaction etc (Mohanty and Lakhe, 1994). Therefore, Organizations that adopt a quality management strategy focus on achieving and sustaining a high quality outputs using management practices as the inputs and quality performance as the outputs (Flynn, Schroeder, & Sakakibara, 1994).

As noted by Oakland (1993), TQM considered as a strategic management tool that can be used for improving the competitiveness, effectiveness and flexibility of the whole organization. The concept of quality has existed for many years, though it's meaning has changed and evolved over time. In the early twentieth century, quality management meant inspecting products to ensure that they met specifications. In the 1940s, during World War II, quality became more statistical in nature. Statistical sampling techniques were used to evaluate quality and quality control charts were used to monitor the production process. In the 1960s, with the help of so called quality gurus, the concept took on a broader meaning.

Quality began to be viewed as something that encompassed the entire organization, not only the production process. Since all functions were responsible for product & service quality and all shared the costs of poor quality, quality was seen as a concept that affected the entire organization (Dhalla, 2010). Since the mid 80's Total Quality Management (TQM) is considered as the universal remedy for a range of problems including organization performance. Today, successful companies understand that quality provides a competitive advantage. They put the customer first and defined quality as meeting or exceeding customer expectations. Consequently, achieving quality in people, processes and products/services makes an overall organizational performance excellent. In this regard, this paper will

concentrate on the effect of applying TQM to the service industry and will use Bunna International Bank as a sample, one of the commercial banks that are operating in Ethiopia.

1.2 Statement of the problem

The issue of the relationship between successful TQM implementation and business performance is important, when considering the incentives for the large organizational change. Most organizations implement TQM in order to respond to changes in the competitive context that surrounds them, e.g. as a consequence of a discovered need to develop or as a reaction in order to survive. In the banking sector there is more than one bank trying to persuade customers for investment. The rate of interest (price) may be a critical factor for patronage, but another factor is the quality of the service. In fact, quality is often the major issue. And poor quality service can lead to erosion of goodwill, which could be very costly for any bank (Islam. A. and Haque, A. F. M.2012). Bunna international bank is faced with the challenge of stiff competition from opponents which forced the bank to implement TQM. The purpose of this study is to establish how the four pillars of TQM namely employee relationship, Customer relationship, processes and Top management involvement impact the business performance of bunna international bank S.C.

1.3 Research Questions

In order to achieve the purpose of the study, from the statement of the problem the following research questions are raised. Therefore, the research questions for this study are as follows:

- What are the top management involvements effects on the business performance of Bunna international bank S.C in deposit mobilization?
- How is the implementation of continuous improvement effects on the business performance of Bunna international bank in new product development?
- How the customer relationships affect the business performance of Bunna International Bank in handling customers compliant?
- How the internal customers or employees relationship affect the business performance in Bunna international bank on its customer base management?

1.4 Research objectives

1.4.1 General objective

The very purpose of this study is to determine effects of Total Quality Management on Business Performance in Bunna International Bank S.C

1.4.2 Specific objectives

- I. To determine how top management involvement affect business performance in Bunna international bank in deposit mobilization?
- II. To establish how continues improvement/processes affect business performance in Bunna international bank in new product/services development
- III. To ascertain how customer relationship affects business performance in Bunna international bank in handling customer compliant handling?
- IV. To find out how employee relationship affect business performance in Bunna international bank in increasing customer base

1.5 Significance of the study

The aim of this study is to examine the effect of total quality management on business performance of the bank: the case of Bunna international bank S.C. A total quality management (TQM) practice has been recognized as one of the important issues and generated a substantial amount of interest among managers and researchers. In this study, TQM practices were proposed as one of effective ways for organizations to improve their business performance.

The business performance is the most important goal of any organizations; the result of the study identified key TQM practices for effective business performance for the improvement of the company's performance which

enables quality managers to understand and make decisions on the improvement of quality and performance so as to satisfy their customers and attain organizational goal through successful business strategy.

Hence this study creates better understanding for readers on the subject matter. Finally, this study will serve as the ground for those who want to conduct further studies in the related area. Thus, it is expected to benefit researchers, firms, other financial institutions to know and appreciate the benefits of quality management systems in enhancing customer service delivery in their respective banks and enhancing their competitiveness in the market. It also benefits the policy makers/the government as they will be able to establish the benefits of implementing a TQM system in banking industry and facilitate implementation of the same through effective and relevant policies and regulations.

1.6 Scope of the Study

Even though the concept of total quality management and business performance is very wide and requires detail investigation of the practice and implementation, effectiveness and challenges of TQM. This study focused only on the investigating the effect of TQM practices on business performance of bank in the case of Bunna international bank S.C. More specifically, this study identified four TQM practices those are Top management commitment, Customer focus, Continuous improvement & employee focus. Based on the review of literatures and investigate the effect of TQM on business performance of bunna international bank S.C

This study examined the various TQM practices employed by Bunna international bank and their effects on the bank business performance against the four pillars of TQM as proposed by KEBS (2008). It was conducted within the bank's employees in the capital city of the country with a sample of 98 was used.

In line with this, the study is limited to describe the impact of TQM practices (Top Management commitment, Customer Focus, Employee focus and Process/continues improvement) on business performance in bunna international bank, selected branches in Addis Ababa. Bunna international bank is selected by the researcher due to the bank is one among emerging private commercial banks in the country in recent years.

1.7 Limitation of the study

The major constraints faced by the researcher while conducting this study were: First, lack of observed research on the related study area especially in the country, and also the non-availability of adequately published and recognized data on the topic

Lack of previously done articles for revisions on the topic area by other researcher in the country Lack of sufficient secondary data by external bodies to compare with the bank's report the study enforces the researcher to depend on only primary data which is collected through structured questionnaires

The respondents are only those on clerical work & more focus was given to supervisors & managerial position since it requires their banking experiences.

1.8 Organization of the Research Report

This research report has been organized to comprise of the following five chapters.

CHAPTER ONE - INTRODUCTION: begins with research background and discusses statement of the problem, basic research questions, objectives and significance of the study. Finally scope of the study and organization of the research report is presented.

CHAPTER TWO - LITERATURE REVIEW: This section discusses the theoretical review and empirical evidences on TQM and business performance, TQM practices are selected based on reviewed literature reviews and business performance approaches are discussed, lastly research questions of the study is presented and conceptual frame work is drawn from literature review.

CHAPTER THREE - RESEARCH METHODOLOGY: This section discusses the research design and approach of the study, data source and method of data Collection. Sampling method and sample size also presented in this section, and then measurement of variables included in the research is mentioned. To finish, methods for data analysis are discussed, and then ethical considerations are explained in the section.

CHAPTER FOUR - DATA ANALYSIS and Discussions: The section discusses the respondents' profile. Data analysis is conducted through descriptive and cross tabulation analysis.

CHAPTER FIVE – Conclusions & Recommendation: In this section the main findings of the research is summarized and conclusions on major findings is presented. Recommendations are given based on the research findings and the limitation of the study is mentioned. Finally, the study forwarded some suggestions for further investigations & definitions of terms are listed.

CHAPTER TWO: Literature Review

2.1 Theoretical Review

2.1.1 The Concept of Total Quality Management (TQM)

Total quality management (TQM) movement can be traced back to the 1980s powered by major quality gurus like Deming, Juran, Crosby, Feigenbaum, who was the first to use the term and also made the point of the need for Top management involvement. In addition, Ishikawa and Taguchi had major contributions to the TQM Movement (Martínez-Lorente et al., 1998; Gupta, 2005; Fonseka, 2015).

In the 1950's total quality movement started in the United State of America (USA) more as quality control, went back to Japan and came back to the United State of America strengthened as a total quality management philosophy (Awuor & Wambui, 2012; Fonseska, 2015). TQM first implemented in the developed countries, particularly in USA, Japan and Western Europe countries, as a means of maximizing customer satisfaction, gaining better product quality, and obtaining higher productivity through the systematic removal of waste and the reduction of non-productive activities (Yusuf et al., 2007; Martínez-Lorente et al., 1998). In the 1990s, a significant volume of research was performed to investigate the relationship between practices of TQM and organizational performance, and TQM appears to be a well-accepted system of management (Martínez-Lorente et al., 1998; Yusuf et al., 2007; Gupta, 2005). These theories and researches have gradually developed a set of TQM theoretical systems. Based on the theoretical system and the practical results from the organizations, TQM has been proved as a particularly successful approach to improve organizational performance (Yusuf et al., 2007; Gupta, 2005).

The evolution of TQM happened in a few stages which is identified as Inspection, Quality Control, Quality Assurance and now total quality management (Loughlin, 2008; Singh, 2014)

- **Inspection:** This was the first stage in evolution of TQM. This stage involves examination, measurement, testing and gauging of material or items.

- **Statistical Process control:** It is a method of quality control by using statistical methods. The tools used in statistical process control were control charts.
- **Quality Assurance:** It is a way of preventing defects in manufactured products and avoiding problems when delivering services to customers.
- **Total quality Management:** It is the combination of all the functions and process within an organization in order to achieve continuous improvement in goods and services.

What is TQM?

Different quality gurus and philosophers defined TQM differently with respect to different perspectives. One of the most prominent features of the TQM literature is the absence of any uniform definition of TQM (Talib, 2012). According to Prajogo and McDermott (2005), TQM is a management model that aims to meet customer needs and expectations within an organization through continuous improvement of the quality of goods and services and by integrating all functions and processes within an organization.

Lakhe and Mohanty (1994) defined TQM as a continuous quest for excellence by creating the right skills and attitudes in people to make prevention of defects possible and satisfy customers totally at all times.

Juran (1999, p.337) one of the quality gurus defined TQM as a management approach that centered on quality within an organization, based on involving all its members and aiming at long-term success through customer satisfaction, and benefits to all members of the organization and to society. Similarly, by focusing on everyone involvement on quality process to accomplish organizational goal and mission, Singh (2014) defined total quality management as integration of all the functions and process within an organization in order to achieve continuous improvement in goods and services. Total quality management also reduces wastes and invaluable activity while improving quality, efficiency and safety.

According to Irfan and Kee (2013) TQM is an integrated management approach based on both quality management principles, tools and techniques that enable the organizations to accelerate and continuously providing products and services that surpass both the internal and external customers' expectations.

As stated by Juran (1999, p.389) the goals of total quality which is accepted almost universally are lower costs, higher revenues, delighted customers, and empowered employee. There is also evidence from literature on TQM that enables organizations to accelerate and continuously delivering at higher levels of quality service that surpass both the internal and external customers' expectations. Successful TQM implementation aids to improve customer satisfaction and business performance in a most efficient and cost effective way in all types of industries (Yusuf et al., 2007; Irfan & Kee, 2013). The implementation of TQM practices also helped companies to improve their

image, employee's satisfaction and quality awareness (Fotopoulos & Psomas, 2010). However, according to Brah and Tee (2002), implementing TQM does not always result in a significant improvement in performance and in some cases resulted in a decline of performance. Reason offered for TQM failure to improve performance include ineffective implementation, lack of suitable corporate climate, poorly defined performance measurement, lack of management support, attempting to replicate successful program without adopting them to the unique features of their organization, failure to integrate TQM with existing managerial system, and lack of reward and recognition system. As successful implementation of TQM improves organizational performance, it is essential to carefully selecting critical success factors (CSFs) that influence the TQM implementation process through extensive review of literature especially for service sectors.

Critical Success Factors (CSFs) of TQM

Researchers have put forth a number of definitions of Critical Success Factors (CSFs). According to Irfan and Kee (2013) critical success factors mean critical areas which organizations had to accomplish to attain its mission by examining and categorizing its impacts. Al-Sabi et al. (2017) also defined CSFs as comprehensive set of TQM practices. Precisely, in this study CSFs of TQM defined as a full package of TQM practices that should be implemented by organizations to attain its objectives and missions.

The quality movement emerged early in the second world war in Japan, when Japanese goods and services were very poor in quality. Within the next twenty years, Philip B. Crosby, W. Edwards Deming, Armand v. Fregenbaum, Kaoru Ishikawa, Joseph M. Jurah, Genachi, Jaguchi and others took the quality broader realm of reliability engineering and quality assurance that traditionally "quality" meant quality assurance which stresses the need for conformance to specification. It lays emphasis with pre-determined specification. Quality is a control measure or process to ensure that they attain specific standard and the management of the quality of such goods and services so that they maintain such specified standard. TQM goes beyond just producing standardized products or services.

The theory of quality management has been developed from three different areas: First, Contributions from quality leaders (Deming, 1986; Ishikawa, 1985; Juran, 1992), Second, formal quality award models (Malcolm Baldrige National Quality Award-MBNQA; European Quality Award - EQA; The Deming Prize; Kanji Business Excellence Model)and third, measurement studies (Rahman, 2001; Sila, 2005; Prajogo, 2005; Brah and Lim,2006;; Ya'acob, 2008; Salaheldin, 2009; Satish & Srinivasan, 2010; Arumugam &Mojtahedzadeh, 2011).

This theory of quality management has recognized many quality management systems practices such as quality management systems practices which have been documented and empirically analyzed in measurement studies and in studies that have investigated the relationship between quality management systems practices and performance. Saraph, Benson and Schroeder (1989) proposed Seventy eight items that were grouped in to eight critical quality management systems practices: 1. role of divisional top management and quality policy, 2. process management, 3. product and service design, 4. training, 5. quality data and reporting, 6. supplier quality management, 7. role of the quality department and 8)employee relations. To measure quality management, Lu and Sohal (1993) used nine quality management systems practices: 1. Top management commitment, 2. Strategic quality management, 3. Process

quality management, 4. Design quality management, 5. Education and Training, 6. Information and Analysis, 7. Benchmarking, 8. Resources and 9. Statistical process control

In the same way, Flynn, Schroder and Sakakibara, (1994) proposed seven quality practices of quality management systems: 1. top management support, 2. product design, 3. process management, 4. quality information, 5. supplier involvement, 6. workforce management and 7. Customer involvement. Powell (1995) comprehended the dimensions of quality management and identified 12 factors from a thorough review of literature. These factors are 1. Committed leadership or executive commitment, 2. Employees' empowerment 3. Adoption and communication of quality management systems or adopting the philosophy, 4. Closer supplier relationships, 5. Training, 6. Open organization, 7. Closer customer relationships, 8. Benchmarking 9. Process improvement, 10. Zero-defects mentality, 11. Measurements and 12. Flexible manufacturing. Myoung- Ho lee et.al (2000) says quality management systems focuses on customer orientated approach so as to pursue strategically the continuous improvement of the results from all process.

Table: TQM pillars support

No	Factors of TQM	Authors
1	Top management Commitment	Talib et al.(2010, 2012), Irfan and Kee (2013), Al-Sabi et al. (2017), Alamutu, Hotepo, Oyeobu & Nwatulegwu (2012), Samat et al. (2006), Sureshchandar et al. (2010), Fotopoulos and Psomas (2010), Ooi, Lin, Tan & Yee-Loong (2011)
2	Customer focus	Talib et al. (2010, 2012), Irfan and Kee (2013); Al-Sabi et al. (2017), Alamutu et al. (2012), Samat et al. (2006), Sureshchandar et al. (2010), Fotopoulos and Psomas (2010), Ooi et al. (2011)
3	Employee focus	Talib et al. (2010), Samat et al. (2006)
4	Continues improvement	Talib et al. (2010, 2012), Alamutu et al. (2012), Samat et al. (2006), Sureshchandar et al. (2010)

(Source: Adopted based on reviewed literature, 2017)

2.1.2 Business Environment and TQM

Nowadays due to highly competing environment, the competitive ability of the company depends first of all on its competence when solving the problems related to external environment, e.g. responding to changes of customer needs and expectations, competitors' innovations or adjusting to the macroeconomic conditions. Thus it is inevitable for the company to be concerned with the instruments and means improving the company ability to respond to environmental changes and perceive new trends. A company operating on the competitive market must adjust not only its products and services but also its internal processes, systems and sources to customer requirements. It is also important to monitor the competition and its innovations together with new trends. These trends can be characterized as follows (Rudzki, 2004; Vokurka & Lummus, 2003):

- Immediate movement of the capital all around the world,
- Movement from mass production to customized products,
- Product operation cycle declining year by year,
- Increased reliance on purchased materials and outside processing connected with
- The reduction of the number of suppliers,
- Greater emphasis on organizational and process flexibility,
- Necessity of coordinating processes,
- Empowerment of employees,

- Competitive pressure to introduce new products more quickly

The trends mentioned above have significantly contributed to the fact that many companies have adopted the motto “doing right things right” and “continuous improvement” which are considered to be the main principles of TQM. TQM contains no new revolutionary elements; it is a systematic and consistent assertion of some methods within the framework of the organizational structure, clearly aimed at quality and customer satisfaction. TQM is based on the fact that quality is connected with supposed or specified customer’s needs. Successfully implemented TQM concept activates the employees’ interest to continuously improve all processes in the company.

2.1.3 Major Total Quality Management Models

The first TQM models were developed in the mid-1980s and came about as a result of the quality movement in the West, which in turn was a response to the advancements in quality and competitiveness in Japan. The models themselves began as quality awards or TQM models, as TQM had emerged in the mid1980s as the new philosophy and panacea for businesses. The most popular of these models are manifestations of principles of TQM implementation in the entire organization. By far the majority of organizations that use such a model do so for a self-assessment through they can identify improvement opportunities, areas of strengths, using the model as a framework for future organizational development. In the followings, some of them will be presented.

The EFQM Model: The EFQM Model has recently been reviewed and revised so to align the framework with current business needs and trends. Used as a tool for assessment, it delivers a picture of how well the organization compares to similar or very different kinds of organizations. As a management model, it can be used to define

aspirations for the organization's capability and performance. EFQM model supports organizations in defining what sustainability means, providing approaches for its implementation and ensuring consistency between apparently conflicting responsibilities toward shareholders, employees and society.

In brief, the key changes of the reviewed EFQM Model 2010 are:

- Fundamental concepts are now fully integrated with the 9 criteria.
- Bullets from Fundamental Concepts for the basis of the bullets are in the relevant criterion parts.
- Language simplified, numbers of “may include” bullets reduced and now focus on what excellent organizations do in practice.
- Concepts incorporated or emphasized include Creativity and Innovation, Sustainability, Corporate Governance, Organizational Agility, Risk Management, Promoting products & services, Supplier Management
- Results focus on “key results required to achieve the organization's vision and strategy”
- This is written into both the nine criteria and the RADAR e.g. scope, targets and benchmarks should focus on key results
- Future focus increased
- Weighting applied to the criteria has been reviewed and simplified

The Baldrige Model: The most popular and influential model in the western world is the one launched by the US government called the Malcolm Baldrige Award Model (also commonly known as the Baldrige model, the Baldrige criteria, or The Criteria for Performance Excellence). More than 60 national and state/regional awards base their

frameworks upon the Baldrige criteria. In the US nearly two million copies of the Malcolm Baldrige Model have been distributed since the award's launch in 1988.

The Baldrige model provides a systems perspective for understanding performance management and reflects validated, leading-edge management practices against which an organization can measure itself. With their acceptance nationally and internationally as referential model for performance excellence, the Baldrige criteria represent a common language for communication among organizations for sharing best practices.

The Australian model: The Australian model, named Business Excellence Framework (BEF), is defined as „an integrated leadership and management system that describes the elements essential to sustainable organizational excellence”. BEF is based on enduring principles of organizational improvement that are interpreted according to individual business settings using seven ‘Categories’ and seventeen sub-categories, or ‘Items’. The seven business settings (Categories) are the following: information and knowledge; leadership; customer and market focus; strategy and planning; people; process management, improvement and innovation; success and sustainability.

2.2 Empirical Review

2.2.1 Total Quality Management Practices

TOM involves the application of quality management practices in all aspects of organization. An extensive literature survey has been carried out to select TQM/QM frameworks for this study. Research into quality management and

TQM has identified many critical success factors that affect an organization's position. Oakland (2000) noted defined TQM as a process of addressing clients' needs and is guided by the tenets of being reliable, available and most important being cost effective. When applying TQM in an organization, the following are the pre-requisites: In line with this, the researcher has prioritized and selected the following for Ethiopian banking sector.

Top Management Commitment: The critical factor 'top management support' is cited by most researchers. Strong commitment from the top management is vital in quality management and leading to higher quality performance. Most of the researchers consented to this notion (Saraph et al., 1989; Flynn et al., 1994; 1995; Ahire et al., 1996; Juran, 1988; Anderson et al., 1995). Senior management acts a driver of TQM implementation, establishing values, goals, and systems to satisfy customers' needs and expectations and improve organizational performance (Ahire et al., 1996; EFQM Award, the Malcolm Baldrige Quality Award and King Abdullah II Award). Anderson et al. (1994) explained the concept of leadership as: The ability of top management to establish a practice, and lead a long-term vision for the firm, driven by changing customer requirements. According to Juran & Gryna (1993), the roles of top management identified as: Establish quality policies, establish and deploy quality goals, provide resources, provide problem-oriented training, and improvement.

Therefore there is very strong evidence that the leadership factor is relevant in a quality management such as Top management accepts quality responsibility; evaluated on quality; participate in quality improvement efforts; makes strategies and goals for quality; alignment of IS strategy with business strategy; considering market demands and consumer needs; and organizational performance and profitability (Saraph et al., 1989; Flynn et al., 1994, 1995; Ahire et al., 1996; Anderson et al., 1995; Black & Porter, 1996; Crosby, 1979; Deming, 1986; Juran & Gryna, 1993;

Kaynak, 2003; Powell; 1995; Prajogo & Sohal, 2003; Rao et al., 1999; Sila & Ebrahimpour, 2005; Wilson & Collier, 2000).

Leadership is important in influencing groups of people and mobilizing resources. Effective leadership promotes the strategic direction of the company to achieve customer satisfaction and business results.

Customer Focus: Several studies have reported a strong link between the delivery of high quality goods and services and profitability through customer satisfaction (Sila & Ebrahimpour, 2005).

Anderson defined Customer satisfaction as the degree to which a firm's customers continually perceives that their needs are being met by the firm's products and services (Anderson et al., 1994). An organization must identify Customer relationship to Measure customer needs and expectations; involve customers in quality improvement; determine customer satisfaction (Prajogo & Sohal, 2003; Sila & Ebrahimpour, 2005; Flynn et al., 1994, 1995; Powell, 1995; Ahire et al., 1996; Black & Porter, 1996).

Many scholars mentioned to the importance of customer satisfaction; based Deming work as "The consumer is the most important part of the production line, Quality should be aimed at the needs of the consumer, present and future" (Deming, 1986, p. 32). The customer should be closely involved in the product design and development process, with input at every stage of the process; so that there is less likelihood of quality problems once full production begins (Flynn et al., 1994).

The availability of customer complaint information to managers and the degree of the use of customer feedback to improve product quality reveal the level of customer focus in an organization. As customer expectations are dynamic,

an organization needs to survey customer expectations regularly and modify its operations accordingly (Ahire et al., 1996).

Employee Focus: By a firm having its employees involved in the TQM implementation process enables it to easily meet the TQM goals. It shouldn't be just involving them, however the firm needs to empower them as they are invited over to the decision making table and the end result of this is a firm benefiting from continuously improving its processes and systems. Employees usually do have some raw ideas and innovations that if well used by a firm will make the difference between success and failure. By involving employees, their productivity will be improved as a result of their new found motivation to work diligently for the firm, Besterfield, Michina & Sacre (2010). Employees whom get involved in the firms TQM processes as a group positively impact on the firm quality drive; this is according to Bilich and Annibal (2000). Though, a firm needs to have formal systems of motivating, monitoring and celebrating their workforce involvement in the quality management processes. If this isn't done, the level and depth of participation declines, resulting in a disoriented workforce.

The firm's management needs to develop an environment that is encouraging employees to get involved in the firm's quality activities. Such an environment should mainly aim at establishing a positive attitude amongst the employees, there should also be communication on what goals are need to be achieved and the goals should mainly address both organization and individual needs, there should also be job performance evaluation, the organization should also make work more interesting and challenging and finally there is a need to recognize top performance and celebrate it, Mann (2009).

Moreover, employees are the most important asset in any organization and better employees are always leading to better performance. In line with that, training is one of the most critical and crucial prerequisites for institutional success when implementing TQM (Oschman 2004, 189). In order to cultivate good employees companies should educate their staff by training them in new skills and knowledge which will lead to a more efficient and effective workplace (Cervená, 2011). Globalization and radical change in technology require innovative ways of providing education and training programs for employees (Vargas & Tian, 2013).

Process management/continuous Improvement: Deming and Juran observed that the overwhelming majority of quality problems are associated with processes or continuous improvements and few are caused by workers themselves (Evans & Lindsay 2008:330). Such problems can be mitigated by good management of process quality. Management of process establishes systematic processes organizations use to pursue high levels of quality and operational performance (Omachonu et al. 1998). Nearly every activity that is intended to achieve some result within an organization involves a process. Therefore, management is responsible for restructuring and continuously improving the processes with which individuals work.

Process management involves planning and administering the activities necessary to achieve a high level of performance in key organizational processes and identifying opportunities for improving quality and operational performance, and ultimately, customer satisfaction (Evans & Lindsay 2008:330). Common organization's processes include acquiring customer needs, strategic planning, conducting research and development, purchasing, developing new product or service, fulfilling customer expectations, managing information, measuring and analyzing performance and training employees. In order to improve quality, many organizations have created quality teams that are required to develop specific plans and set goals that will have a measurable impact on an organization's key area of customer satisfaction.

2.2.2 Total Quality Management and Business performance

Performance is “the results document the relationship between what organizations business do in terms of quality management practices and the results they achieve in several types of outcomes” (NIST, 2010). Wheelen and Hunger (2010), in a hypercompetitive environment, organizations are increasingly seeking development, innovation and to improve the quality of the product or service (Alam & Yasin 2010). Promoting superior quality and innovation should be one of the most important priorities in any organization (Zeng et al., 2010).

Several studies have examined the relationship between the total quality management and performance. Such researches indicated that when an organization implements TQM in effective way, then its performance will be largely enhanced from several aspects (Hendricks & Singhal, 1999; Ittner & Larcker, 1996). Saizarbitoria (2006) indicated that there is a positive direct relation between TQM and organizational performance, However, Dooyoung et al.(1998) indicated that TQM practices could hinder organizations to achieve their goals.

Nevertheless, the main conclusions that can be taken from a research by Talib F., et al. (2010) noted that customer satisfaction and quality performance of products and services can be enhanced by implementing different quality initiatives at organizations. The strategy of TQM that concentrates on enhancing the customer satisfaction levels will directly improve the organizational performances and that Leadership commitment is considered a key element for guaranteeing a successful implementation of TQM practices at organizations.

Although this research is directly focuses on distinguishing the relation between TQM and organizational performance, but several factors directly affected organizational performance were neglected such as organization size, culture and level of innovation. Therefore, future researches could study the impact of TQM on organizational performance in wider scope by investigating the influences of the above mentioned factors on performance. Another research focus should be carried out to study the implementation of TQM in the business sector to provide a better understanding of TQM implementation (Yusuf Y., et al, 2007).

2.3 Conceptual Framework

Independent Variables

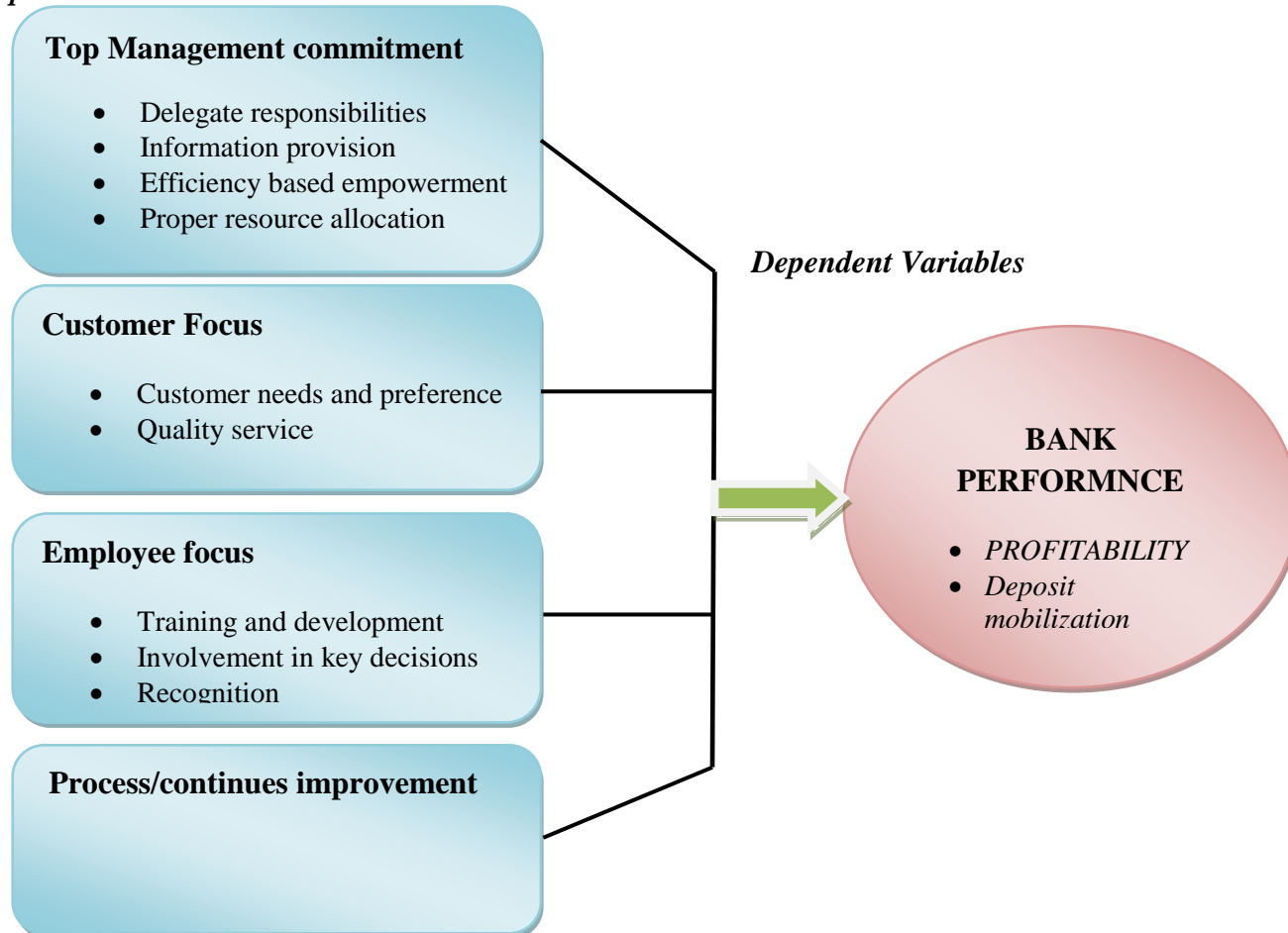


Fig.1. Conceptual Framework adopted from reviewed literatures

CHAPTER THREE: Methodology

3.1 Research Design

In a way to conducting quality research, research design has a pivotal role. This chapter discusses the research design and methodology in detail so as to have a clear picture on the processes and techniques used in conducting the study. The research design shows the general plan how to answer the research questions. It also gives information on how a sample respondent drawn from the population and gives description on the number of respondents and how they were selected. It also discuss about research design and the instruments for data collection. This chapter also discusses data analysis of the study both explanatory and descriptive design is suitable for this study. Explanatory studies establish causal relationships between variables and focuses on studying a situation or a problem in order to explain the relationships between variables (Saunders, Lewis & Thornhill, 2009, p.139). Descriptive researches are those studies for which the purpose is to produce an accurate representation of persons, events or situations (Saunders et al., p.590). The main focus of descriptive research studies is to describe the characteristics of a particular individuals or group. Therefore, this study used both descriptive and explanatory method in order to examine effect of Total quality practices on business performance of Bunna international bank S.C.

This study is conducted by using quantitative research approach; the approach is best suited for looking at cause and effect, and testing of theories and hypothesis (Muijs, 2010, p.9). The method uses to explain relationships or phenomena by collecting numerical data and analyzing based on mathematical method. The objective of the study is to examine the causal relationship between the TQM practices and SRP; quantitative research approach is chosen to this study since it is an appropriate method to create quantifiable cause and effect relationship between the variables of the study.

Quality of data and reliability of the study would also determine by the methodology to be will employed. In line with this, quantitative method will be applied. In order to quantitatively evaluate the research model to determine the effect of total quality management on business performance, primary data collection/survey and secondary data analysis will be employed.

3.2 Types & sources of data

This research will employ quantitative types of data. Quantitative data is usually measurable and cant be denoted in number (Churchill, 1996: 45). This data can further be categorized according to their sources namely primary data and secondary data.

3.3 Sampling methods & sampling size

Target Population and Sampling: The target population for this study is employees of Bunna international bank S.C in Addis Ababa which consist of **45** branches and the number of employees working in it is **429** employees. Descriptive statistics allow the generalization of the data to give an account of the structure or the characteristics of the population as represented by the sample. **Sample Size:** For quantitative information survey method from selected sample of target population will be undertaken. The sample size should be representative on the bases of credibility (Kothari, 2004).

As per Kothari (2004) for the target population which is not large in number from 5%-10% of the total could be enough. Although there are more complex formulae, the general rule of thumb is that no less than 50 participants for

a correlation or regression are required. In this regard, the total number of target population which are currently working in the bank and expected to understand the whole system/service endeavor. In line with that, potential respondents who thought that they were able to handle the questioner by their own and understand the matter were 412 employees. From the population 98 employees selected for sample size.

3.4 Data Collection

The researcher arranged convenient time by consulting the bank to avoid any possible inconveniences. The question was distributed and collected at a time and was given plenty of time to understand and respond each question. The study employed five point Likert scaled questions, dichotomous questions.

After the completion of survey, the data will be entered in to the computer using SPSS software. Open ended questions, coding will be done, and the data cleaning case by case and variable by variable.

3.5. Specifications of the Research Model

To examine the effect of total quality management practices on business performance of banks the following linear regression model is developed. Variables are carefully selected in review of literature which needs to be specified. As a rule of thumb, the higher R^2 value in multiple regressions implies more likely that the important variables included in the model. Multiple Regression techniques employed to analyze the straight-line relationships among two or more variables and estimate the β 's in the equation. Sample regression model equation for linear relationship among variables is;

$$y_j = \beta_0 + \beta_1 x_{1j} + \beta_2 x_{2j} + \dots + \beta_p x_{pj} + \epsilon_j$$

where

Y_j 's represents dependent variable for observation j .

X_j 's represents the independent variables (IV's) for observation j

β_0 is the intercept

β 's is the unknown regression coefficients.

ϵ_j is the error (residual) of observation j .

Based on the above, the model is modified based on the research variables that described in the conceptual framework in chapter two, to examine the effect of total quality management practices on business performance of banks.

$$\mathbf{BP} = \beta_0 + \beta_1 \mathbf{TMC} + \beta_2 \mathbf{CF} + \beta_3 \mathbf{CI} + \beta_4 \mathbf{Emp} + \epsilon \dots\dots\dots 3$$

Where

BP= Business performance

TMC = Top management commitment

CF= Customer focus

CI= Continues improvement

Emp= Employee focus

β_1 **TMC** = The partial change business performance of bank due to a change in Top management commitment while other things remain constant.

β_2 **CF** = The partial change business performance of bank due to a change in due to a change in Customer focus while other things remain constant.

β_3 **CI** = The partial change in business performance of bank due to a change in Continuous Improvement while other things remain constant.

β_4 **CI** = The partial change in business performance of bank due to a change in employee focus while other things remain constant

3.6. Data Analysis Techniques

The quantitative data gathered through structured questionnaires which are developed by reviewing previous studies on TQM and service literatures and quantified them through five-point likert scale. The questionnaires which were properly filled by respondents was selected, coded and entered into SPSS V20.

The collected data was analyzed in the form of descriptive, correlation and multiple regressions. The descriptive statistics was employed to quantitatively describe variables using mean, standard deviations, frequency or mode. The correlation analysis was performed to identify the direction and the strength of the relationship between variables using Spearman's rho correlation analysis. However, as correlation analysis only shows the direction and degree of association between variables, multiple regression analysis was performed to make causal inferences regarding the relationship between variables.

The data analyzed and presented in the form of diagrams, charts, and tables by using SPSS (Statistical Package for Social Science) software version 20. Various statistical tools such as descriptive arithmetic mean of constructs, correlation, and multiple regressions were used to analyze the effect of the independent variables on the dependent variables. Finally, conclusions were made based on the findings/results of the study and recommendations were forwarded on the basis of the data analyzed.

Data analysis refers to examining what has been collected in a survey or experiment and making deductions and inferences (Donald and Delno, 2006). Prior to analysis of the data, the researcher carries out data cleaning. According to him, data cleaning procedure enables the researcher to spot and eliminate all errors emanating from unclear responses, omission of unwanted data and other related mistakes. The collected data through questionnaires and documents were edited, coded, classified and tabulated so that they are amendable for analysis. SPSS package was employed in the analysis of different variables.

3.7 Validity and Reliability

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004, p.73). One of the methods to test validity, content validity, refers to whether or not the content of the manifest variables (questionnaire) is right to measure the latent concept (TQM, SRP) that the researcher trying to measure (Muijs, 2010, p.66). In this study the researcher tried to develop a content-valid constructs by extensive search of literature to select carefully all the TQM and SRP variables and their measurements from prominent sources (Ahire, 1996; Boshoff & Allen, 2000; Antony, 2002; Ooi, 2008; Fotopoulos & Psomas, 2010; Rod and Ashili, 2010; Irfan & Kee, 2013; Al Sabi et al., 2017).

The reliability of a measure refers to its consistency. One of the types of reliability, internal reliability is very important in connection with multi-scale items that determine whether each scale is measuring a single idea, and hence whether the items that make up the scale are internally consistent. (Bryman & Cramer, 1999, p.65). Coefficient alpha measures internal consistency, this measure expected to be over 0.7 before concluding the test is internally consistent (Muijs, 2010, p.73).

Based on the test for reliability shown in table 8 below, total quality management scale was found to be highly reliable. Thus, based on the test of the scales and constructs included, it is revealed that each scale represents a reliable and valid construct.

Table: 1: Validity of Regression

Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	.213	.237		.898	.371
1	leadership	.196	.094	.180	2.074	.041
	Csatisfaction	.388	.102	.401	3.812	.000
	Esatisfaction	.182	.039	.285	4.720	.000
	Contimpro	.147	.108	.160	1.361	.177

3.8. Ethical Considerations

Concerning ethical consideration all the information and data from the respondents are confidential. Respondents were informed about the aim of the research clearly. Identity and other personal related information were not written on the questionnaire instead the researcher has gave code to them. The responses for questionnaire are not exposed to third party but the researcher uses them only for academic purpose.

CHAPTER FOUR: Data Analysis & Discussions

This part is dealing with data presentation and analysis of the finding as well. The data was collected from employees of Buna International Bank S.C among 45 branches in Addis Ababa in relation to the impact of TQM on business performance of the bank. Accordingly, major characteristics of respondents, level of implementation of TQM as well as impacts have been analyzed and interpreted as follows.

4.1 Response Rate

Regarding the sex composition, according to table 1 below, majority of the sampled respondents“ 70.4% were male, while the remaining 29.6% were female. The age composition of the respondents“ the majority of the sampled respondents“ age group fall between the ages of 30 up to 45 which accounts 60.2 % of the total number of sampled respondents. The percentages of ages between 18-29, 46-60 & above 60 are 21.4%, 15.3% & 3.1% respectively. The educational level of the sample respondents indicates that 67.3% of the respondents are BA/BSC Degree; MA/MSc holders are 25.5%, Diploma holders are 5.1% and 2% of the respondents are Ph.D. candidates. Out of 105 questionnaires distributed to the employees in all selected 20 branches, 98 questioners were found to be valid and have incorporated in this part. Consequently, the response rate is 93.33%. Accordingly, the analysis has done based on the valid 98 questionnaires.

When looking to the table below of respondents profile it shows that 61.2% the respondents’ monthly salary is above 10,000.00. While the number of those are between 5,000 to 10,000 monthly salaries are 30.6% & below 5,000 is are only 8.2%. This implies that most of the bank workers salary is greater than 5,000.00 Ethiopian birr.

The current position of the respondents are supervisor/Senior, teller/ front officer, manager & other which is 40.8%, 22.4%, 18.4%, & 18.4% respectively. Most of the respondents are from supervisor which is intermediate between the management & front officers. The responses are more relevant.

The other parameter in which the researcher categorizes his respondents is the duration of the employees within banking industry. Based on this most of the respondents are those stayed from 5-10 years which is 46.9%. The other respondents are between year 2-5, above 10 years & less than two years and their percentage out of the total are 27.6%, 18.4% & 7.1%.

Table 2: Characteristics of Respondents

		FEQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
SEX	MALE	69	70.4	70.4	100.0
	FEMALE	29	29.6	29.6	29.6
AGE	19-29	21	21.4	21.4	21.4
	30-45	59	60.2	60.2	81.6
	46-60	15	15.3	15.3	96.9
	ABOVE 60	3	3.1	3.1	100.0
EDUCATION	DIPLOMA	5	5.1	5.1	5.1

STATUS	BA/BSC	66	67.3	67.3	72.4
	MA/MSC	25	25.5	25.5	98.0
	OTHER	2	2.0	2.0	100.0
MONTHLY SALARY	BELOW 5,000	8	8.2	8.2	8.2
	5,001-10,000	30	30.6	30.6	38.8
	ABOVE 10,000	60	61.2	61.2	100.0
POSITION	Manager	18	18.4	18.4	18.4
	Supervisor/Senior	40	40.8	40.8	59.2
	Teller/front office	22	22.4	22.4	81.6
	other	18	18.4	18.4	100.0
YEARS OF SERVICE IN THE BANK	0-2 years	7	7.1	7.1	7.1
	2-5 years	27	27.6	27.6	34.7
	5-10 years	46	46.9	46.9	81.6
	Above 10 years	18	18.4	18.4	100.0

TABLE: 2 Respondents profile

Table:3 Model Summary of the Regression

Model	R	R Square	Adjusted R Square	Standard error of the estimate	Change Statistics		
					R square	F Change	df1

1	.858	.737	.726	.38397	.737	65.133	4
1					Df2 93	Sig F change .000	Durbin Watson 1.706

As shown on the above table that the regression among the dependent variable business performance & the predictors or independent variable that are: top management commitment, Customer focus, Employee focus & continues improvement causing effect on the dependent, it shows the regression is valid & reliable.

Table 4: Correlation of coefficients

	Beta	Standard error	t	Sig
TMC	.180	.196	2.074	.041
CF	.401	.398	3.812	.000
EF	.285	.182	4.720	.000
CI	.160	.147	1.361	.177

According to the above table that independent variable that effects on the dependent variables are all significant but the continues improvement is not significant. This tells us one that the total quality management practices that is Top management commitment, Customer satisfaction or customer involvement & employee focus have significant effect on the business performances of banks. Therefore, it is recommendable to give considerable changes to those variables that bring significant effect on the business performances of banks in deposit mobilization, customer base improvement, new product development & profit maximization.

Correlation coefficient enables to quantify the strength of the linear relationship between two variables. Cohen and Holliday (1982), as cited by Bryman and Cramer (1999) proposed the range of correlation coefficient as 0.19 and below = very low; 0.20 to 0.39 = low; 0.40 to 0.69 = modest; 0.70 to 0.89 = high, and 0.90 to 1 = very high.

In this study, in order to easily categorize the strength of the relationship of the variables the researcher used correlation coefficient range of Cohen and Hollidays“(1982).

As indicated in table, based on the correlation coefficient ranges of Cohenn and Holliday, dependent variables; Top management commitment, Customer focus & employee focus have a strong and positive correlation business performance of TQM practices.

Dependent variable business performance has high and moderate correlation with Customer focus, Top management commitment, employee focus. These independent variables have a positive and significant relation

with the dependent variable business performance, thus the increase in Customer focus; Top management commitment & Employee encouragement have a positive relationship with business performance of the bank.

In relation to sex majority of the respondents (70.4%) were male and respondent accounting 29.6 % of them were female. Regarding to age of respondents, most of the respondents (60.2%) were found between 30-45 years followed by respondents who were aged from 18-29 (21.4%) years old. The rest of respondents, aged between 46-60 & above 60 are have accounted (15.3%) & 3.1% respectively of the total.

Related to educational status, majority of the respondents (67.3%) achieved their first degree followed by respondents who have achieved their second/master's degree 25.5% of the total respondents. Regarding to their position, most of the respondents 40.8% and 22.4% of have been placed on senior/supervisor position followed by respondents who were found on Tellers or customer service officers. On the other hand, 61.2% of the respondents have been paid above 10,000 birr and the other 30.6 % have been paid 5, 001,-10,000. To this end, majority (46.9%) of the respondents have stayed in the banking industry from 5 to 10 years followed by respondents have stayed in the bank from 2-5 (27.6%).

Diagnostics in Regression

A number of assumptions need to be met before performing regression analysis with confidence. The important assumptions that are to be tested in this section are; independent variables shouldn't be too strongly correlated to one another (Multicollinearity), the value of residuals to be independent from one another and the residuals should be normally distributed. The following tests performed to check whether the data fits the assumptions of linear regression in order to conclude the analysis results are valid and reliable.

4.2.4.1 Multicollinearity

If there is a high degree of correlation between independent variables, there is a problem of multicollinearity (Kothari, p.142). This is essentially the assumption that the predictors are not too highly correlated with one another.

When predictor variables are very highly correlated, we have to wonder whether they are not in fact measuring the same thing and would be better combined into one new variable (Muijs, 2010, p.180)

Too high pair-wise correlation between TQM practices (Independent Variables). As a rule of thumb, Bryman and Cramer (1999, p.154) stated that the independent variables that show a relationship at or in excess of 0.80 suspected of exhibiting multicollinearity. As shown, there is no relationship that equals or exceeds Spearman's rho correlation coefficients of 0.80.

Multicollinearity assumption can be also tested by looking at the coefficients table. As explained by Muijs (2010, p.181) Tolerance and Variance Inflation Factors (VIF) do exactly the same thing, tolerance is the amount of variance in the individual variable not explained by the other predictor variables. It varies from 0 to 1, a value

close to 1 indicates that the other predictors do not explain the variance in that variable. A value close to 0 implies almost all the variance in the variable is explained by the other variables. This permits us to more formally check that our independent variables are not too highly correlated.

Normality

This assumption is used to determine whether the residuals are normally distributed. This can be tested by looking at the Histogram and P-P plot for the model. To say the Normality assumption of this study is met, the Histogram should be symmetric along the center 0 and the dots at the P-P Plot should be closer to the diagonal line; Normal P-P plot –points should lie in reasonably straight diagonal line from bottom left to top right. In this case Histogram is symmetric and the P-P plot the dots are drawn closer to the diagonal line, indicating that assumption of normality is met.

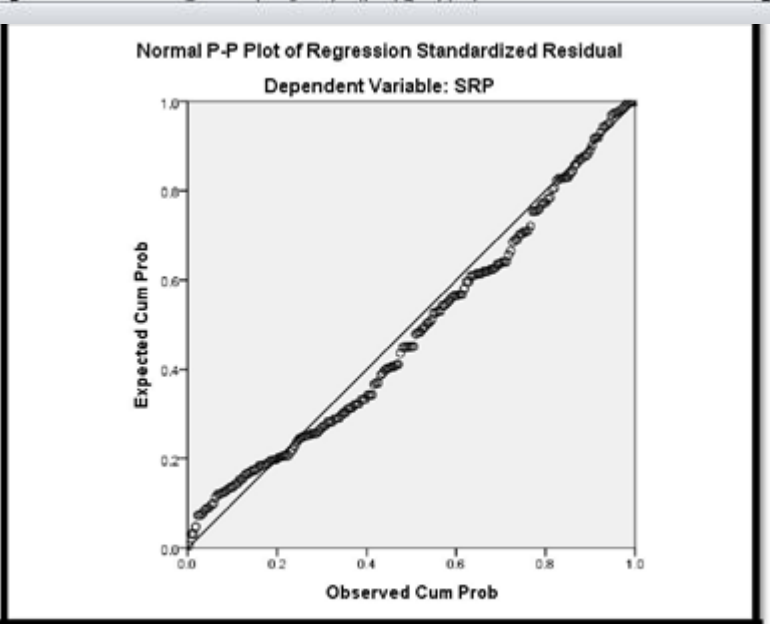
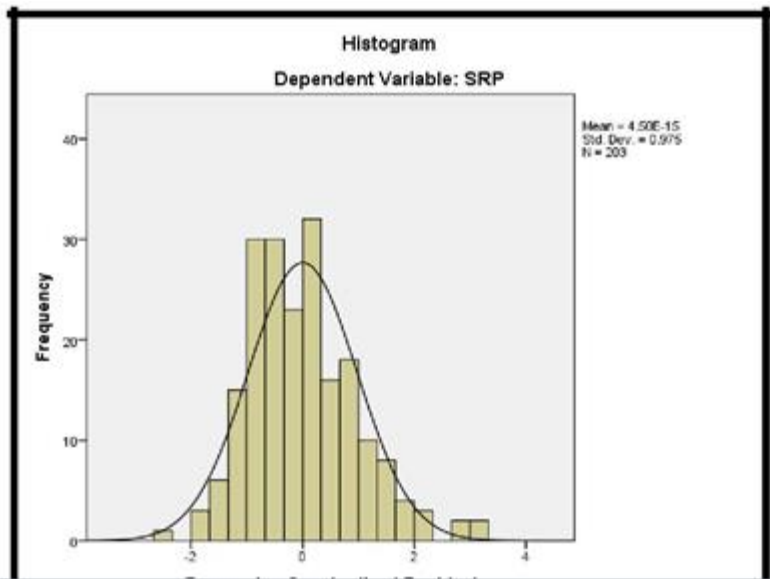


Fig2: Normality test

Multiple regression analysis is a statistical technique that can be used to analyze and measure a relationship between two or more variables (Saunders et al., 2009, p.461). This technique implemented to explore the most sophisticated interrelationship among variables, for instance the technique uses to identify which total quality management element is the best predictor of service recovery performance and the amount of variance explained in SRP variable by all TQM practices. Generally this method enables the researcher to make stronger causal inferences from observed interrelationships among variables and to predict a dependent variable based on values of a number of independent variables.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

In this section the main findings of the research is summarized and conclusions on major findings is presented. Recommendations are given based on the research findings and the limitation of the study is mentioned. Finally, the study forwarded some suggestions for further investigations.

5.1 Summary of findings

In this study the effects of total quality management practices on business performance were examined; total quality management practices were selected from previous researches and its effect on business performance was examined quantitatively. Based on the results of the regression analysis the following summaries of findings were drawn.

Multiple regression analysis was performed the overall model statistics box of dependent variable business performance revealed R which indicates strong correlation between Top management commitment, Customer focus & Employee focus with dependent variables (TQM practices).

From the coefficient table of dependent variable PSR positive and significance relationship found at seven of TQM practices out of ten independent variables; Continues improvement b ($\beta = .279$, $p = .000$), Customer focus ($\beta = .146$, $p = .007$), Top management commitment ($\beta = .138$, $p = .025$), Employee focus ($\beta = .094$, $p = .027$). Among these independent variables, Customer focus makes the strongest contribution to explaining the dependent variable business performance. Hence, a change in the above mentioned variables will result in a substantial change on the dependent variable business performance.

To test significance of these model 1 ANOVA (F- test) was performed, it can be observed from the ANOVA table that the model 1 as a whole is significant ($F_{(10, 192)} = 50.500, P=.000$).

In this study the effects of total quality management on business performance of bank: the case of Bunna international bank S.C were examined; total quality management practices were selected from reviewed researches and its effect on business performance qualitatively. Based on the results of the analysis the following summaries of findings were drawn.

The employee involvement plays a significant role Employees whom get involved in the firms TQM processes as a group positively impact on the firm quality drive; this is according to Bilich and Annibal (2000). Though, a firm needs to have formal systems of motivating, monitoring and celebrating their workforce involvement in the quality management processes. If this isn't done, the level and depth of participation declines, resulting in a disoriented workforce. The paper support that the firm's management needs to develop that is encouraging employees to get involved in the firm's quality activity as suggested by (Mann 2009)

Such an environment should mainly aim at establishing a positive attitude amongst the employees, there should also be communication on what goals are need to be achieved and the goals should mainly address both organization and individual needs.

The availability of customer complaint information to managers and the degree of the use of customer feedback to improve product quality reveal the level of customer focus in an organization. As customer expectations are dynamic, an organization needs to survey customer expectations regularly and modify its operations accordingly (Ahire et al.,

1996). As per the feedback from the respondents of Bunna international bank S.C the bank listening to customers at easily accessible for customers.

The top management of Bunna international bank S.C is applying different management for quality improvement but needs improvement since it affects the bank's performance. The findings support the senior management's acts as driver of TQM implementation, establishing values, goals & systems to satisfy customers' needs & expectations to improve organizational performance as suggested by AHire et. , 1996)

In order to improve quality, Bunna international bank has created quality teams that are required to develop specific plans and set goals that will have a measurable impact on an organization's key area of customer satisfaction.

The finding of the study shows that all the four pillars of total quality management have established in the bank & it shows the positive relationship among all the independent variables & ultimately to the dependent variable business performance of the bank

5.2 Conclusion

TQM is a holistic and ethical approach of the bank to continuously improve their services or processes involving all stakeholders in order to satisfy their customers and to improve performance so as to increase profitability as well as to ensure organizational sustainability.

The very aim of the study was to assess the impact of TQM implementation on business performance of Bunna international bank S.C. Accordingly the four pillars of the total quality management practices namely management's commitment, customer focus, employee focus and process/continuous improvement found to have positive and significant relationship with profitability of the bank.

It can be concluded that TQM practices improve various performance measures in the bank. All aspects of TQM practices should be effectively managed in the bank because each factor in TQM practices improves different aspects of bank's performance. The synergy among the TQM factors brings about exceptional or crucial improvements in the bank's profitability. As the finding depicts the bank should give attention to improve employee involvement/skill and allocate sufficient resources to implement TQM successfully.

Generally, the study conclude that good implementation of TQM in Buna international bank can enhance an overall performance that in turn helps to attain high profit margin.

5.3 Recommendation

The study effects of total quality management implementation and business performance in Buna international Bank S.C. Based on the findings revealed, the following recommendations are forwarded.

- Employee focus practice found well & significantly affect the performance of the bank therefore attention should be given implement as much as possible so as to help improve on organizational performance. Moreover, if not doing so, deploying quality employees as well as retain could be difficult.
- Though, the implementation seems quite good, the banks' top management needs to be totally involved in quality management development and implementation strategies within their organizations by making this process their number one priority.
- There is also need for commercial banks' to prioritize employees' training on quality management process. This will empower employees to become more quality aware and also identify with the quality management process apart from contributing to improvement processes of the quality management strategy.
- Giving customers due attention is quite must & needs improvement though the bank is doing its best for wining the tough competition in the industry.

5.4. Future research

This study is conducted only based on data that are gathered from Bunna international bank S.C. staff & management how the effect of total quality management on the business performance of the bank. But it is helpful if it has been conducted for all commercial banks in Ethiopia what effects does TQM have on their business performance. Therefore, I recommend future researches which can assess the effects TQM on business performance of banks & financial institute.

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Appendix: Questionnaire

Addis Ababa University
Faculty of Business and Economics
School of Graduate Studies

Department of Management
(Total Quality Management and Organizational Excellence)

Survey Questionnaire for the purpose of Master's Thesis on
Effects of Total Quality Management on Business Performance of Bunna
International Bank

Consent Statement

You are being asked to participate as a volunteer in a research study conducted by Mr. Gadissa, a post graduate student at Addis Ababa University. **The aim of this study is aimed to determine the Effects of Total Quality Management on Business Performance of Bunna International Bank.** In this regard, the objective of this study is intended to find answers to the main research problems identified only for academic purpose.

Contact: Gadissa Aga

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Email: agagadissa2020@gmail.com

NOTE: By completing and submitting this questionnaire, you are indicating that you understand the statements above, and consent to participate in this study. Do not put your name on the questionnaire please.

Please be assured that information provided in this questionnaire is purely for academic purpose and therefore would be treated with utmost CONFIDENTIALITY.

Thank you!

Survey Questionnaires

I. Demographic and some other basic variables

1. Sex Female Male
2. Age 18-29 30-45 46-60 Above 60
3. Educational Status Diploma/Certificate BA/BSc MA/MSc
 PHD Other
4. Your monthly salary
 Less than 5,000 5,001-10,000 Above 10,000
5. Your current occupational position/working in the organization
 Manager Supervisor/Senior Teller /front office Other
6. Years of service in the Bank
 0-2 years 2-5 years 5-10 years above 10 years

II. TQM Related Variables

2.1. Direction: Give your extent of agreement for all the following statements which are stated by using likert scale of 1-5,5 by putting \surd where:5= Strongly 4=Agree; 3= Neutral; 2= Disagree; 1= Strongly Disagree

No.	I. Leadership	1	2	3	4	5
1	Bank leadership has provided the necessary strategy for mobilizing resources to meet the new requirements resulting from quality management systems implementation					
2	Bank Leadership has provided conducive working environment to employee involvement in quality management process to increase the bank's return					
3	The bank leadership plays an active role in creating strategies, plans and systems for achieving superior quality in the institution by increase market share in the industry					
4	The bank leadership has inspired staff and management in effective and efficient use of the resources and efforts of the institution towards quality excellence for maximum outcome.					
5	The management has committed to inspiration, encouragement and recognition of employees for the bank's result oriented					
6	Creating and sustaining a shared vision quality management at all levels of the organization					
No.						
1	The bank management listening to the customer complaints and provide an immediate solutions for its profit maximization					
2	The bank management making surveys to know the customer needs and wants to increase the number of customers					

3	There is increased allocation of resources by the organization to customer satisfaction enhancement activities which helps for winning the competition					
4	Increased customer referrals for the organization leading to increase in market share					
5	Training of organization staff on how to understand and satisfactorily meet the customers' needs and expectation					
6	Measuring customer satisfaction levels and acting on the results					
No.						
1	Implementation of quality management in the bank employees effectively managed by the bank top management for better outcome financial					
2	The bank spends sufficient amount of its annual budget on employees training and development on total quality management systems					
3	Employees at all levels have the responsibility and authority to make decisions that affect them and their work teams					
4	Quality management systems promotes the freedom of employees to use their initiative in matters of customer delivery					
5	Reward systems that support employee performance, participation, initiative and fostering of team-work have been instituted					
6	Bank management has promoted the establishment of an environment that encourages employee efforts toward attainment of institutional objectives					
No.	II. Process/Continues improvement					
1	The bank management and its employees are making preventive and immediate corrective actions for the mistakes					
2	The management aimed to minimize the cost of different financial processes					

3	The bank has a documentation system that is introduced and applicable from employees in all levels					
4	The bank has methods to analysis the activities required to provide the service					
5	The bank has a program to simplify the steps required to provide the service					
6	The bank has a program to eliminate the unnecessary activities and training work					

Thank you for your precious time.