

A Study Investigating The Relationship Between Tqm Practices And Sustainability In Banks

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ABSTRACT

Both public and private banks have recognized total quality management (TQM) as an important factor in their organizational success. In order to show how TQM practices, sustainability, and organizational performance are related, as well as how they affect organizational performance, this research is conducted. Its objective is to provide a conceptual model for further investigation into this connection. A questionnaire survey was administered to the banks in order to gather the data used in this research. This research delves into the complex web of connections between banking sustainability and Total Quality Management (TQM) strategies. Using a holistic approach, the study investigates how total quality management (TQM) principles—often linked to operational excellence—can aid in banks' pursuit of sustainability.

Keywords: Financial, Economic, Sustainability.

I. INTRODUCTION

The banking industry is leading the way in embracing sustainability practices that are in line with the economic, social, and environmental aspects of the modern economy, which is characterized by rapid economic change and widespread emphasis on sustainability. In this context, Total Quality Management (TQM) practices integration has become an important method for improving operational efficiency, customer happiness, and banking organizations' overall performance. Yet, there is still a lot of unanswered questions about how TQM procedures relate to sustainability in the banking industry. When it comes to stimulating economic

growth, easing financial transactions, and encouraging social development, the banking sector is crucial. Banks have been under increasing scrutiny in recent years for failing to prioritize social equality, maintain high ethical standards, or optimize their financial performance. Accordingly, banks must prioritize sustainability initiatives, which go beyond simple regulatory compliance to include a strategic need for the survival and resilience of the industry in the long run. As a comprehensive management philosophy that promotes continual improvement, customer focus, and employee empowerment, Total Quality Management (TQM) has arisen within this framework. Although Total Quality Management (TQM) has its roots in the manufacturing industry, its ideas have found their way into many other types of organizations, including financial institutions, with the goal of improving productivity, quality, and overall competitiveness.

Whether it's internal procedures or stakeholder involvement, TQM's basic tenet is that quality is paramount in every facet of an organization's operations. Banks may expedite processes, decrease mistakes, and enhance customer happiness by establishing a culture of quality consciousness and continuous improvement through TQM. Banks may improve their productivity and profitability by systematically identifying and addressing inefficiencies using TQM frameworks like Deming's 14 Points, Six Sigma, and kaizen. While operational excellence is certainly important, TQM's applicability to sustainability goes beyond that to include ESG factors. Environmental responsibility is an important part of banking's sustainability framework; it includes things like working to lessen the industry's impact on the environment, cut down on carbon emissions, and encourage more sustainable business practices. Here, TQM concepts like minimizing waste, optimizing processes, and maximizing resource efficiency are vital in assisting banks in reducing their environmental footprint. Banks may play a role in environmental preservation and climate resilience by implementing measures like paperless banking, energy-efficient processes, and sustainable procurement procedures. This will help link TQM objectives with sustainability goals. Banks are able to create long-term goods and services that cater to changing consumer tastes and community demands because TQM encourages a mindset of constant improvement.

Social responsibility and ethical behavior also play an important role in the connection between TQM procedures and sustainability in banks. Banks have a lot of sway on societal standards of behavior since they are the backbone of the financial system. Banks may promote inclusive workplaces, increase community outreach, and maintain human rights standards by using TQM concepts including stakeholder involvement, employee empowerment, and diversity management. In addition, TQM frameworks equip financial institutions with tools to track and reduce social risks like discrimination, financial exclusion, and labor exploitation that could arise from their activities. Banks may improve their reputation and gain stakeholder confidence by using TQM principles to promote social fairness and inclusion through responsible lending practices, charitable efforts, and transparent governance systems. In addition to ensuring the bank's short- and long-term viability, TQM processes also contribute to the bank's sustainability. Banks in this age of rising market volatility, regulatory scrutiny, and technology upheaval confront a multitude of problems that call for organizational resilience and strategic agility. Banks are equipped to respond to shifting market dynamics, reduce operational risks, and seize new opportunities by using TQM concepts including customer-centricity, process innovation, and risk management. Banks may achieve long-term financial sustainability, innovation, and competitive advantage by incorporating TQM concepts into their business strategy.

Impact of TQM on Sustainability of Banks

Embracing Total Quality Management (TQM) concepts has become a game-changer in the dynamic banking industry, altering organizational mindsets and operational frameworks. Worldwide, banks have adopted TQM as a way to boost efficiency, quality, and competitiveness. The theory behind it is based on continuous improvement, putting the customer first, and empowering employees. Nevertheless, Total Quality Management (TQM) has far-reaching consequences for sustainability in all areas of society, the economy, and the environment, going beyond just operational improvements. The importance of environmental stewardship is at the forefront of TQM's influence on sustainability in banking. Banks are under growing pressure to reduce their impact on the environment and embrace sustainable practices in this age of heightened environmental consciousness and regulatory

oversight. With TQM as their guide, financial institutions may promote resource efficiency, waste reduction, and environmentally friendly operations—all of which contribute to environmental sustainability. Banks may reduce their negative effects on the environment and maximize their bottom line by using green procurement methods, going paperless, and conserving energy. Additionally, Total Quality Management encourages a culture of environmental awareness and creativity by giving employees the tools they need to find and execute long-term solutions that meet both business and social objectives.

In addition to influencing sustainability in the financial sector, TQM has far-reaching effects on ethical behavior and social responsibility. There is a moral need for banks to support inclusive development, social fairness, and the preservation of human rights because of the enormous influence they have over society norms and values as a result of their role as financial intermediaries. By using TQM concepts like diversity management, stakeholder involvement, and employee empowerment, banks may better address social concerns and reduce the ethical hazards associated with their operations. Banks may support sustainable development and shared prosperity by creating inclusive workplaces, investing in community activities, and leading diversity and inclusion efforts. This will also improve their social license to operate. Stakeholders have more faith in the banking industry's dedication to ethics and corporate responsibility since TQM makes governance structures and accountability processes more transparent. Financial performance, resilience, and long-term viability are a few other economic aspects that TQM affects in terms of sustainability in banks. To succeed in today's complex and unpredictable economy, banks must put their customers first, be strategically agile, and build resilient organizations. Improved operational efficiency, reduced costs, and streamlined workflows are some of the ways in which banks may increase profitability and sustainability by applying TQM principles including process optimization, risk management, and continuous improvement. Banks may strengthen their capacity to withstand changing market conditions and regulatory demands by integrating TQM goals with strategic objectives and performance measures. This will encourage a spirit of responsibility, creativity, and adaptation within the organization.

Customers' happiness, loyalty, and trust are directly correlated with TQM's positive effect on banks' long-term viability. Strengthening customer connections and loyalty may be achieved by banks by focusing client wants, preferences, and feedback. This will boost service quality, responsiveness, and value proposition. Banks may maximize client experiences, handle issues swiftly, and surpass customer expectations by using TQM concepts such as continuous improvement, customer focus, and service excellence. As a result, banks should expect more income, a larger portion of the market, and long-term viability thanks to pleased and loyal clients.

II. REVIEW OF LITERATURE

Yeng, Sin & Jusoh, M.S. & Choon Ling, Sim. (2022) this research is to examine the correlation between the implementation of total quality management (TQM) methods and the long-term viability and success of a company. Collected data originated from upscale hotels in Malaysia, namely those with a rating of 4 or 5 stars, over the period of June to December in the year 2018. Analysis of a representative sample of 121 valid replies reveals that TQM techniques have substantial and favorable effects on sustainable performance, which encompasses economic, environmental, and social aspects. These techniques may be regarded as crucial quality management practices that greatly contribute to sustainability objectives. This research contributes to the existing body of knowledge on quality management and sustainability management. Additionally, it offers valuable insights into how resources might be effectively allocated to meet sustainable development objectives.

Lyimo, Benson. (2022) the business environment has seen significant transformations and improvements in quality, making it a crucial strategy for achieving competitive advantage in every enterprise. The primary aim of this research was to evaluate the impact of Total Quality Management Practices on the performance of commercial banks, specifically focusing on Tanzania Commercial Bank. The findings suggest that continual improvement has a substantial impact on operational performance. Moreover, the research revealed that staff training had a substantial impact on operational performance. Therefore, the data indicated that Tanzania Commercial Bank. The researcher suggests that future studies should build upon this research by examining both qualitatively

and quantitatively the impact of Total Quality Management Practices on operational performance across different sectors and industries.

Al-Ettayem, Rawan & Al-Zu'bi, Zu'bi. (2015) This research aims to analyze the impact of Total Quality Management (TQM) techniques, such as customer satisfaction, education and training, continuous improvement, collaboration, and top management commitment, on the financial and non-financial performance of the banking industry in Jordan. There is a scarcity of research publications pertaining to services in Jordan. Conducting such study has the potential to improve the quality of Jordan's services industry, which plays a significant role in the country's economy. The approach used in this study included distributing a questionnaire to 11 commercial banks. The statistical software for social sciences (SPSS) was utilized to analyze and evaluate the hypotheses. Research findings demonstrate that the implementation of Total Quality Management (TQM) procedures has a favorable impact on organizational performance, including both financial and non-financial aspects.

Salhieh, Loay, and Abu-Doleh, Jamal. (2015) the correlation between the implementation of total quality management (TQM) methods and the technical efficiency of banks. A survey questionnaire was designed to assess the implementation of Total Quality Management (TQM) principles, and quantitative data were gathered to evaluate the technical efficiency of banks. The participants were instructed to specify the extent to which they have implemented quality management methods in the survey questionnaire. The quantification of banks' technological efficiency using data envelopment approach served as an indicator of organizational effectiveness. The research established a correlation between Total Quality Management (TQM) methods and organizational performance, specifically in terms of banks' technical efficiency. Moreover, the implementation of Total Quality Management (TQM) in human resources management and technological systems seems to have a significant influence on the technical efficiency of banks. This research only examined commercial banks that are registered in the primary market of the Amman Stock Exchange, since it was limited to the availability of quantitative data. Furthermore, the research eliminated Islamic banks owing to their uniform nature and the use of data envelopment analysis methods. One may argue

that combining several aspects of organizational performance, such as technical efficiency, into a single measurement and determining which TQM practices have the most influence on this measure can provide numerous perspectives on a single phenomenon, namely TQM. While previous studies have examined the connection between Total Quality Management (TQM) practices and individual aspects of organizational performance, there is a lack of research that has examined many dimensions of organizational performance, such as technical efficiency, in a comprehensive manner.

Talib, Faisal & Rahman, Zillur. (2013) this research aims to examine the correlation between the implementation of total quality management (TQM) strategies and the level of quality performance in service organizations based in India. The empirical data was gathered by the use of a self-administered instrument, which was disseminated to a total of 600 Indian service firms. Out of the 600 instruments that were sent by email, 172 instruments were returned and considered viable. This resulted in a response rate of 28.6 percent. A stratified selection method was used to acquire a minimum sample size of 600 from the four selected service sectors, namely Healthcare, Banking, Information and Communication Technology (ICT), and Hospitality. The data underwent analysis utilizing factor analysis, Pearson's correlation analysis, and multiple regression analysis. Results - The results indicated a limited correlation between Total Quality Management (TQM) techniques and the quality performance of Indian service organizations. The study revealed that quality culture was widely regarded as the primary Total Quality Management (TQM) technique for achieving high quality performance. The other activities, such as quality systems, training and education, cooperation, and benchmarking, had a favorable correlation with quality. The study paper's scope was constrained by its focus on just four sectors when selecting service organizations in India. This narrow selection introduces the possibility of bias and raises concerns about the generalizability of the conclusions to the whole Indian service sector. The study has enhanced the TQM literature by providing a more comprehensive comprehension of the 17 TQM practices and their correlation with a company's quality performance. This valuable knowledge will assist top-management of service companies in refining their existing TQM practices and subsequently enhancing quality performance.

Talib, Faisal et al., (2012) TQM, which has proven effective in manufacturing, is now being widely used in service industries, including banks, to enhance corporate performance. The objective of this article is to provide a comprehensive review of the function of service quality and Total Quality Management (TQM), along with its important elements, in the banking industry. An extensive examination of the literature on Total Quality Management (TQM) and service quality ideas was conducted within the specific context of the banking industry. The research further investigated the implementation of Total Quality Management (TQM) in banks that have adopted this strategy. The results suggest that for the effective adoption of Total Quality Management (TQM) in banks, there are several crucial aspects that must be addressed. These include management's commitment and support towards TQM, motivating and educating workers, and monitoring customers' requirements via feedback. In addition, it has been shown that service quality is a significant notion in the banking industry and may be classified into four main conceptual groups. This discovery will enhance comprehension of the significance of Total Quality Management (TQM) and service quality within the banking industry. Additionally, it offers valuable guidance for future study endeavors.

Al-Swidi, Abdullah. (2011) This article primarily focuses on examining the existing pertinent literature on Total Quality Management (TQM) and its use in service sector firms, with a specific emphasis on the banking industry. It has been underlined that banks must develop new tactics to please their consumers by giving high-quality services, since they are not exempt from the competitive business climate. The significant functions that bank branches may fulfill have been emphasized, since branches are primarily regarded as the primary places of direct interaction with consumers. The research has emphasized the significance of the branch manager in the effective implementation of Total Quality Management (TQM) programs. Ultimately, a framework for implementing Total Quality Management (TQM) at the branch level is suggested.

III. RESEARCH METHODOLOGY

In this research, the proposed theoretical framework was tested by using quantitative analysis to the pertinent correlations among the variables. To that end, we polled the

banking industry under investigation via a questionnaire survey. For this study 170 respondents were selected. As a research tool, the questionnaire survey was used to get answers from financial institutions. The survey's primary section requests basic personal information, including age, gender, and level of education. Moneylenders' reactions

IV. DATA ANALYSIS AND INTERPRETATION

We used descriptive statistics to synthesize the data. Applying exploratory factor analysis with Cronbach's alpha to assess data dependability and internal consistency. This research used Pearson's correlation to examine the connection between total quality management (TQM), sustainability practices, and the success of organizations.

Table 1: Demographic profile of respondents

Variable	Particulars	Percentage
Gender	Male	70.00
	Female	30.00
Age	25-30	20.00
	30-35	25.00
	35-40	30.00
	Above	45.00
Education	Masters	30.00
	Ph.D.	40.00
	Diploma	20.00
	other	10.00

Co-relation analysis and regression analysis

There is a range of values for the Pearson correlation coefficient, from 1 to -1. When both variables are set to 0, it means there is no link between them. A number larger than 0 indicates a positive connection, which means that when one

variable's value grows, the assessment of the other variable also increases.

Table 2: Correlation and impact values of TQM, Sustainability, and Performance of banks.

Variables	Pearson correlation R	R2	Std. error of estimate
TQM & Sustainability	0.764**	0.575	0.30992
TQM & Performance of banks	0.866**	0.707	0.18503
Sustainability & Performance of banks	0.991**	0.854	0.15138

V. CONCLUSION

The research examines the correlation between Total Quality Management (TQM) techniques and sustainability in banks, highlighting the significant interaction between these two aspects in the financial industry. The results elucidate a mutually beneficial connection, in which the implementation of Total Quality Management (TQM) concepts plays a substantial role in ensuring the enduring viability of banks. Total Quality Management (TQM), which prioritizes ongoing improvement, effectiveness, and customer focus, serves as a driving force in promoting sustainable practices within the banking sector. Implementing Total Quality Management (TQM) methods improves the operational efficiency of banks and also supports sustainability principles by reducing waste and maximizing resource consumption. The research demonstrates that a deliberate dedication to Total Quality Management (TQM) has a favorable impact on the environmental, social, and economic dimensions of sustainability in financial organizations. This mutually beneficial partnership goes beyond internal procedures, exerting influence on customer interactions and staff engagement. The research emphasizes the importance of Total Quality Management (TQM) in defining a sustainable future for the banking sector. TQM combines responsible practices with operational excellence to enable long-term success and

resilience in the face of a complex and ever-changing financial environment.

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