AN INVESTIGATION OF THE FACTORS INFLUENCING TOTAL QUALITY MANAGEMENT PRACTICES IN THE BANKING INDUSTRY IN KENYA

(Case of Banks within Nairobi County)

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SCHOOL OF BUSINESS KENYATTA UNIVERSITY

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DECLARATION

This research project is my original work and has not been presented in any university for examination or any other credit.

SIGN.......................... DATE..........................

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SUPERVISOR'S APPROVAL

This research project has been submitted for examination with my approval as the university supervisor.

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CHAIRMAN'S APPROVAL

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SIGN.......................... DATE..........................

Dr. Stephen Muathe
DEDICATION

I dedicate this research project to my family and esteemed friends without whom this would not have been possible. This research is also dedicated to the banking management fraternity and it’s my hope that the findings will be useful in helping them make prudent decisions concerning quality management aspects in this very important sector of the economy.
ACKNOWLEDGEMENT

This research project would not have been possible without the unwavering support of my supervisor Mr. Shadrack Bett. I sincerely thank him for the time he took to go through the work and the advice he rendered to bring this study to a successful completion. Special thanks go to Mr. Reuben Njuguna for his guidance during the course of the research. I also wish to acknowledge my fellow students who gave me steadfast support in the fulfillment of this research. I hope that their endeavors will come to fruition.
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<td>CBK</td>
<td>Central Bank of Kenya</td>
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<tr>
<td>HR</td>
<td>Human Resource</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>ISO</td>
<td>International Organisation for Standardization</td>
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<td>KEBS</td>
<td>Kenya Bureau of Standards</td>
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<td>NCBD</td>
<td>Nairobi Central Business District</td>
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<tr>
<td>PDCA</td>
<td>Plan Act Do Check Act cycle</td>
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<tr>
<td>QC</td>
<td>Quality Circles</td>
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<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
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<tr>
<td>TARP</td>
<td>Troubled Asset Relief Program</td>
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<td>TQM</td>
<td>Total Quality Management</td>
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<td>Term</td>
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<td>Kaizen</td>
<td>A Japanese quality management guru associated with total quality management practice aspect of continuous improvement. The name Kaizen is synonymous with continuous improvement.</td>
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<tr>
<td>Learning Organizations</td>
<td>An aspect of organizations that continually seek to improve the knowledge of their workers through training. This concept was popularized in the 1980s by such scholars as Peter Senge.</td>
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<tr>
<td>Quality Management Systems</td>
<td>Refers to a family of quality oriented processes mainly incorporating the requirements of ISO: 9000 series.</td>
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<tr>
<td>Malcolm Baldridge</td>
<td>This is an American National Quality award that recognizes the organizations that adhere and excel in Total Quality Management aspects.</td>
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<tr>
<td>Quality Tools</td>
<td>A collection of statistically oriented methods to aid in decision making. The tools include Pareto charts, control charts, cause and effect diagrams, checklists etc.</td>
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<tr>
<td>Quality Circles</td>
<td>A term referring to innovation teams of employees that seek answers to problems and engage the management in decision making. They adhere to the Total quality management aspect of teamwork and employee empowerment which seeks towards creating flat organizations.</td>
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ABSTRACT

The banking sector in Kenya is among the fastest growing industries serving a huge base of clients. It is also the backbone of the economy serving a critical role of channeling funds from where there is a surplus to where there is a deficit. Given the intensive competition among the forty two banks in Kenya (see appendix), it is imperative that they embrace management practices that ensure efficient operations, high quality services that are differentiated from competitors and reduce operational costs incurred due to flawed systems. This is where Total Quality Management (TQM) comes in. From the literature of TQM it has been argued that organizations can benefit a lot from employing quality practices. In areas such as Asia particularly Japan and Malaysia it has been identified that TQM practices have a positive impact on the operations of the service sectors particularly in healthcare, aviation and education. However, due to some contradictory findings in some areas such as Philippines and Russia it was imperative to find out how situation was like in Kenyan Banks. Moreover there was no study on TQM done in Kenyan Banks beforehand which necessitated this research. The study aimed to find out the current level of TQM adoption in Kenyan Banks and the general factors that have influenced the practice. The research was broken down into four main objectives which were how management commitment, customer focus, continuous improvement and employee empowerment influenced the TQM practice among the Banks. The methodology employed involved distributing questionnaires to 42 heads of departments from seven banks using the drop and pick method. The heads of departments were chosen as they are primarily responsible for quality management within the banks. Of the 42 questionnaires distributed 36 were filled giving forth to 86 percent response rate. The research data was analyzed using SPSS. The study found that 36 percent of banks had some form of quality adherence having possession of ISO 9000 series certification. The level of TQM awareness was found to be very high among the respondents with 80 percent indicating they knew of TQM concepts. However the study found that only 19 percent of banks practiced TQM in their operations. To answer the research questions, the study found that management commitment affected TQM the most having a Pearson’s correlation of (.826) and 65 percent of respondents affirming this. The study also found that employee empowerment and continuous improvement moderately affected the TQM practice having a Pearson’s correlation of (.547) and (.529) respectively and a support of 80 percent from the respondents. Customer focus was found to have the lowest influence on TQM practice. Although the aspect of benchmarking was popular with 81 percent of banks supporting it, other customer care aspects were dismally practiced. This gave rise to a Pearson’s correlation of (.418) which indicates a low positive influence on the TQM practice. With this regard the study concluded that management commitment, employee empowerment, continuous improvement and customer focus influenced TQM practice in that order. The study therefore recommends that management commitment be adopted strongly in banks as it is the single most factor that affects TQM practice the most. The study also recommends that employee empowerment, continuous improvement and customer focus be revamped in banks as they have positive influence on TQM. The research found that there was a significance difference between TQM perception on banks and practice. It is therefore likely for the study findings to change in the near-term hence a longitudinal study is highly encouraged. As well it would be prudent for future researchers to study how TQM practices affect performance of banks as a guideline to which TQM efforts the banks should employ in order to maximize their return on investments.
CHAPTER ONE

INTRODUCTION

Total Quality Management (TQM) is an approach that seeks to improve quality and performance which will meet or exceed customer expectations. It involves all members of the organisation participating in a continuous cycle of improving the firm’s processes, products, services and culture with the aim of meeting customer expectations and exceeding those expectations. This management practice was applied mostly in the manufacturing industry in Japan to improve on the quality of their products so as to compete effectively at the global stage. However following it’s success in the 1980’s it was adopted in the service industries such as schools, healthcare institutions, airlines and financial institutions (Ross, 2004).

The core aim of TQM is to establish a sustainable competitive advantage through meeting the needs of the customers at present and anticipating the changes in those needs in future. This can be achieved by implementing the teachings of management gurus who popularized this concept. One such concept is Plan, Do, Check and Act cycle (PDCA) by Deming. Other management concepts have been conceived by gurus such as Philip Crosby, Armand Feigenbaum, Kaoru Ishikawa and Joseph Juran (Ngware et al., 2006).

The practices involved in TQM include management commitment. This is the most crucial factor of all the practices and directly influences the success or failure of TQM strategy. Management commitment influences the organizational culture and the team spirit of the workers. It has been established more than 80 percent of decisions in organizations are made by management. Therefore a simple fault by management could have major repercussions on TQM implementation (Chuan & Soon, 2000).

Customer focus is another TQM practice that has a great bearing on the success of an organisation. It involves having a long term relationship with existing customers and having strategies to attract others. This can by part be conducted by the marketing department. Knowing customer needs may be achieved thorough surveys, keeping customer database to follow consumption patterns among other ways. Once customers are drawn, efforts to sustain them can be achieved by offering personalized services (Hunt, 2001). Another practice employed in TQM
Employee involvement. This aspect of TQM seeks to create flat organizations by ensuring teamwork, recognizing innovation and motivating them to boost their interest and productivity (Edward, 2006).

A very critical practice in TQM is continuous improvement. Also known as Kaizen, it is an ongoing effort to improve products, services or processes. The best way to implement kaizen is by through the PDCA model. Opportunities and needs are identified in the plan stage, implemented in the Do stage, gauged to the required expectations in the check stage and corrected to conformance in the Act stage (Arawati, 2005). Other TQM practices include ISO certification which in Kenya is mandated to KEBS. It has been noted to win organizations new businesses (Magutu et al., 2010).

The importance of TQM to organizations is operational efficiency, reduced cost of operations and improved performance. With the increasing competition, many companies are looking for ways to gain sustainable competitive advantage through employing TQM. To achieve this, companies employ TQM in various ways which include product quality through the use of quality management programs, the companies can produce products and services that perform according to the stated promises. An increase in revenues is assured by removing unnecessary processes, preventing reworks and wastage. Finally companies seek TQM to improve teamwork through such initiatives as quality circles (AI-Mansour, 2007).

1.1 Background to the study problem
Banking in Kenya can be traced back to the year 1694 with the establishment of the bank of England. The bank was started by a few individuals who were actually money lenders with an aim of lending money at interest. Banking in Kenya started in 1896 with the National Bank of India opening its first branch (Mugambi, 2006).

Standard Chartered Bank opened its first branches in Mombasa and Nairobi in January 1911. The Kenya Commercial Bank was established in 1958 with Grindlays Bank of Britain merging with the National Bank of India. The Cooperative Bank of Kenya was established in 1965 for the express purpose of providing financial services to Co-operative societies. Three years later, National Bank of Kenya (NBK) was incorporated (Mugambi, 2006). Currently there are 42 registered banks in Kenya (CBK, 2011).
In their operation, banks have been fraught with many challenges. However most of those challenges arise due to oversight in the management practices. It follows therefore that many could be corrected by employing TQM practices. Many banks do not recognize that they are in the service industry. For this reason they devote many of their resources towards management of assets rather than customers. Many banks in Kenya give customers a low priority and accord it less prestigious management. In rewarding the employees it is common practice to award more benefits according to loans given out or deposits made rather than the number of customers drawn (Mugambi, 2006).

As competition intensifies and levels of awareness in customers become greater, banks are experiencing a challenge of maintaining their customer base. This is because the switching costs are minimal and customers look for partners with favorable terms. However many banks are not in a position to avert this because they have not established optimal customer relationship management. This is exacerbated by the fact that banks rarely give priority and weight to customer grievances. They do not effect a proper mechanism to get feedback from customers on whether their problems were solved and what should be done to avert future incidences (Sampson Research Institute, 2010).

According to Saunders (2005) the scope and size of banks is getting bigger as of the moment, with more customers getting banked. With the growth in size, so does bureaucracy and complacency. This stifles customer service as well as innovation which in turn creates a possibility of the big banks losing customers due to slow and lengthy procedures. As well, employees are demotivated. This is because of monotony of doing same thing severally without being given the chance to participate in management roles that could define new ways of handling banking problems.

Other problems affecting the banking industry include lack of effecting their systems in tandem with best practices, process mistakes such as giving customers wrong information on their accounts, keeping customers waiting whenever there are is an ATM breakdown, poor customer grievance procedure and outdated services in particularly in ICT. Banks have also been reported to have hidden charges on what customers should pay for loans and dishonoring agreements on interest rates which customers should pay (Naeem et al., 2008).
The roots of Total Quality Management can be traced back to early 1920s when statistical theory was first applied to product quality control. This concept was further developed in Japan in the 1940s led by Americans, such as Deming, Juran and Feigenbaum. The focus widened from quality of products to quality of all issues within an organisation. After the Second World War, Japan needed to boost their manufacturing industries. Using the help of Deming, who the United States dispatched as a gesture to help with post-war recovery, use of quality control in became popular in the 1950s. Following the success of quality control in the manufacturing firms, other organizations began to adopt quality practices and Total quality management became a common practice during the 1980s (Dale, 2003).

Due to the importance of banks in the economy of any country, a great deal of attention has been given to study the effect of TQM on the banks’ organizational performance. However, by closely looking at the literature of quality management, one can discover that the effect and implementation of TQM practices in banks has been greatly neglected. As a result of that, only limited and conceptual research work has been conducted to investigate the level of TQM implementation and its impact on organizational performance in the banking (AlMarri et al., 2007).

Although there have been studies done in the past on TQM in banks (Olabode, 2003; Arawati, 2005), a critical look at quality management literature turns up to be inconclusive regarding the factors influencing the TQM practice. More importantly however, is that studies remain elusive on the extent to which those factors influence the TQM practice in different service oriented sectors of the economy. While the majority of the research conducted to determine the performance implication of TQM reported positive evidences (Douglas & Judge, 2001; Kaynak, 2003), some other studies reported the opposite results (Dooyoung, Kalinowski, & El-Enein, 2004).
1.2 Statement of the problem
As studies in many service oriented industries have revealed, TQM has been identified as a critical factor of competitive advantage in the current challenging business environment (Reed et al., 2000). Moreover, it has been established in the literature that the objective of TQM is the development of a sustainable efficiency manifested in cost reduction and customer satisfaction. It is clearly evident that TQM can address many challenges facing the banking sector. This is backed by the fact that the literature of TQM reveals that Quality management practices are important to firms of all sizes in all industries (Naeem et al., 2008).

Despite the benefits that banks can accrue from adopting TQM practices, no study had been done extensively in Kenya to determine the extent to which these practices have been put in place and well implemented in existing systems in the banking industry (World Bank, 2008). It is against this background that the purpose of this study was to investigate the factors influencing TQM practices in commercial banks within Nairobi County.

Most research on TQM in the service industry in Kenya has tended to focus on the institutions of higher education. Moreover these studies have tended to dwell on how TQM has affected the performance of the institutions. Though the studies have shown significant improvements on institutions of higher learning, it was paramount to conduct more studies in other service sectors in Kenya (Magutu et al., 2010). It has been established that the level of TQM in Japan where adoption stands at 82 percent, every TQM activity is evaluated to find underlying factors that influence it (Lakhe et al., 2005). In Kenya however, little is known about TQM practices in the banking industry hence the reason why this study was necessary.

1.3 Objectives of the study
The research sought to fulfill the following objectives:

1.3.1 General objective
i. To investigate the factors influencing Total Quality Management practices of banks within Nairobi County.
1.3.2 Specific objectives
The study also sought to cover the following specific objectives

1. To find out how management commitment influences the TQM practice of banks within Nairobi County.
2. To establish the extent to which customer focus and orientation affects the TQM practice of banks within Nairobi County.
3. To inquire the effects of continuous improvement on TQM practice in banks within Nairobi County.
4. To determine how employee empowerment affects TQM practice in banks within Nairobi County.

1.4 Research questions

1. How does management commitment influence the TQM practice of banks within Nairobi County?
2. To what extent does customer focus influence TQM practice of banks within Nairobi County?
3. What is the effect of continuous improvement on TQM practice of banks within Nairobi County?
4. How does employee empowerment influence TQM practice of banks within Nairobi County?

1.5 Significance of the study
The study was to be instrumental in unearthing the extent to which total quality management practices were adopted and implemented in Kenyan banks. This in turn was to be useful to management by unveiling to them the facts on the current levels of TQM practice hence be able to make informed decisions regarding the changes they need to make depending on the TQM practices they employ.

The research viewed to contribute to the existing principles of Total Quality Management given the ongoing debate that TQM can only be applicable in the manufacturing sector. The study findings were to contribute factually to the debate. It was also to add more information to the
body of knowledge especially considering that TQM literature is considered to be still in the infancy. The study findings were to help the employees grasp more facts about how their current contribution to the TQM practice and finally the research was intended to be useful to future researchers.

1.6 Scope of the study
This study was conducted in Nairobi County. The research took a period of 6 weeks in the collection of data, analysis and presentation. The dependent variable to be studied was TQM practices in banks while the independent variables were how management commitment, customer focus, continuous improvement and employee empowerment influenced TQM practice of banks.

1.7 Limitations of the study
The anticipated limitations of this study were time and financial constraints. These constraints would make it difficult to study the entire population and balance between the numerous tasks involved in consulting, collecting data, analyzing data and presenting the findings. To overcome these limitations, the researcher consulted the supervisor well in advance to avoid last minute rush. The study focused on a sample of the population which was be identified through probability sampling making the research findings generalizable to the large population. The researcher made financial savings in advance to overcome financial constraints.

1.8 Assumptions of the study
This study assumed that the sample would represent the whole population. It also assumed that the respondents answered the questions truthfully. This was enhanced by making sure that the questions asked were well calibrated to make them clear and well understood. In addition the researcher assumed that the information collected was correct and up to date. Also the research assumed that the all the respondents selected would be available to fill in the questionnaires in time to enable the study to be completed as per the research schedule thereby eliminating chances of delays in submitting the findings.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In the uncertain, competitive, ever-changing and challenging business environment, companies are required, as never before, to adopt productive management practices, such as TQM, in order for them to grow or even survive in addition to gaining competitive edge. Total Quality Management, since its inception in the 1980s has enriched the management practices and opened the door for researchers to explore the determinants of effective organizational performance worldwide (Al-Mansour, 2007).

Over the previous three decades, the concept of quality has grown rapidly starting with the descriptions of the quality management gurus Crosby, Deming, Juran, Feigenbaum, Taguchi, Ishikawa, and others. However, the discipline of TQM has been witnessing significant contributions in terms of theory development from many researchers. In spite of the huge amount of research conducted, TQM is still in the early stages of theory development (Kaynak, 2003).

Recently, many models have been developed for TQM initiatives implemented by different organizations to be based on their capabilities aiming to achieve their own goals through their cultural situation. In other words, TQM strategy has no universal model; rather, it is being customized by different organizations to fit their activities and desired goals (Llorens et al., 2004; Ngware et al., 2006).

In today's business environment, banks are, like other industries, not left behind in terms of quality. Like other organizations banks, are required to face a global business challenges, uncertain environment, critical customers with high quality service demands (Al-Mansour, 2007). Therefore, banks, like other organization have been urged to adopt innovative strategies to ensure their survival and business growth. In the literature of TQM, little attention has been given to the factors influencing TQM practice in banks. Rather, most of the studies conducted have been case studies or conceptual in nature.
According to Magutu et al. (2010), the pressure has been piling on many organizations to provide quality services. He observes that with every increase in level of consumer awareness, education and economic purchasing power, today's customers are demanding higher quality products, be it in the manufacturing or service sector. Globally, there has been an increasing understanding of importance of TQM strategy for business performance; hence many organizations initiate huge efforts in the TQM adoption as a response to the stiff global competition and aware and quality-conscious customers.

2.2 Theoretical Review

The need for quality as a fundamental component in the formulation of strategies for institutions to implement TQM is a key attribute for businesses wishing to remain competitive today. According to Bilich and Neto (2005) quality as a macro function of all institutions must be present in day-to-day running of an institution in aspects such as establishment of policies, decision process, allocation of resources, selection of personnel, definition of priorities and service delivery to satisfy customer requirements. Quality is no longer an optional extra; it is an essential strategy to survive. TQM is therefore a solution to improving the quality of products and services.

Quality has been defined in many ways and there appears to be no consensus on one particular definition. Although many definitions of quality exist, it is prudent to create a deeper insight into the definitions of researchers such as quality gurus, Deming, Crosby, Feigenbaum, Ishikawa and Juran. They identify eight attribute of quality which are, performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality. Crosby defined quality as "conformance to requirements." In this definition one must know the requirements and translate them into measurable products and service characteristics (Ahire et al., 2004).

In Deming's view, quality is multidimensional to produce a product and/or deliver a service that meets customer expectations to ensure customer satisfaction. This definition equates high quality to customer satisfaction. His argument is that quality must be defined in terms of customer satisfaction. Feigenbaum defines quality as the total composite product and services characteristics of marketing, engineering, manufacturing and maintenance through which the product and service will meet the expectations of the customer (Dale, 2003).
According to Magutu et al. (2010) service quality involves a comparison of customers' expectations with their perceptions of the actual service performance. Service must consist of all the support the customer expects which includes the service itself as well as the image and reputation of the institution involved. Due to the fact that services are intangible and that customers can only experience that the service has been rendered, their perception of the service quality is of utmost importance. As the standards of living improve the customers are demanding better quality of services rendered in a personalized way.

To obtain an understanding of service quality, three well documented characteristics must be acknowledged. These are: intangibility or the aspect of service not being touched or felt, stored counted and verified before being rendered. Heterogeneity an aspect that acknowledges that customers have heterogeneous needs and that customers have different priorities of the same service. Finally inseparability which implies that services cannot be separated from the processes or the confines within which they are delivered (Dale, 2003).

The reasons why institutions adopt TQM is to decrease the errors produced during the production of service processes, amplify customer satisfaction, aim for modernization of equipment, streamline supply chain management and make sure workers have the highest rank of training. One of the most important aims is focus on zero defects. The purpose of TQM can diverge tremendously from business to business, even diagonally the similar industry. At its center, Total Quality Management is focused towards long-term achievement through customer contentment. In a TQM effort, all members of an association contribute in improving products, processes, services and the customs in which they work (Ngware et al., 2006).

A core conception in implementing TQM is Deming’s 14 points, a set of managing practices to aid companies enlarge their quality and productivity: Adopt and institution leadership, drive out fear, break down barriers between staff areas, eliminate exhortations, slogans, and targets for the workforce eliminate numerical quotas for the workforce and statistical goals for management, remove barriers that deprive people of pride of workmanship (Naeem et al., 2008).
Deming also advocates for removal of the annual rating or merit system. In addition to that, Deming also encourages institutions to institute a vigorous program of education and self-improvement for everyone, create faithfulness of intention for improving products and services, institute training on the job and embrace teamwork. The ideal bank model is shown below.

**Figure 2.1: Ideal Customized Deming's TQM model for banks**

- **Implementation of TQM Practices in banks**

  - Solves problems in banks such as
    - Poor customer services
    - Inefficiencies, wastage and reworks
    - Faulty systems/products by matching suppliers to needs
    - Employee turnover
    - Dissimilar services across the branches

  - Compliance to TQM practices leads to
    - Maximum customer satisfaction
    - Lesser or no audit objections
    - Satisfaction of internal customers/job satisfaction
    - Higher productivity levels

- **Source**: Naeem *et al.* (2008)
For effective implementation of TQM, it is imperative for institutions to gauge their activities using total quality management tools. These include Pareto principle which suggests that most effects come from relatively few causes. In quantitative terms, 80 percent of the problems come from 20 percent of the causes; therefore efforts aimed at the right 20 percent causes can solve 80 percent of the problems. Scatter plot is another tool used to model the characteristics behavior which the organisation wants to predict. Other TQM tools used include control charts, flow charts and check sheets (Douglas & judge, 2001).

Owing to the fact that TQM adoption varies from organisation to organisation, as such there is no agreed formula used in different organizations and even across the units of one organisation. Work regarding quality improvement, role of management, focus on customers and employee empowerment are areas yet to be explored as they apply from institution to institution (Kekale & Kekale, 2004).

2.3 Empirical Review

A thorough review of the literature of TQM revealed that only limited research work has been conducted to investigate the level of TQM implementation and its impact on organizational performance in the banking industry. Naeem et al. (2008) examined the level of TQM implementation among Pakistan’s commercial banks and proposed a practical model.

In the TQM study of Pakistan, Naeem et al. (2008) concluded that the TQM implementation is still in its infancy level. The literature reviewed in their study revealed that TQM implementation is usually associated with higher service quality. Essentially, it has been emphasized that to lead successful TQM initiatives, banks should develop an organizational culture enhanced by the top management support and the employees’ involvement to be able to satisfy internal as well as external customers.

Olabode (2003) carried out a study to in order to examine the level of TQM implementation in the Nigerian banks. His data was collected from 75 bank staff, 12 managers, and 300 customers to test for the differences among the three generations of banks, according to their age, in terms of some TQM factors namely, quality personnel, computerization, attitudes of employees to work, awareness of organizational objectives, level of motivation, and participation in the decision-making processes. His conclusion supported the positive relationship between TQM
strategy and the performance of banks. His study has also concluded that top management support has a crucial role in successful TQM initiatives. Highlighting the importance of organizational culture, his study emphasized the significant role of employees in developing the TQM culture as the mean to achieve organizational goals.

To identify the TQM critical success factors, Al-Marri et al. (2007) used the data collected from 250 UAE banks to carry out his empirical study. However, they identified sixteen TQM success factors namely, top management support, strategy, continuous improvement, benchmarking, customer focus, quality department, quality system, human resource management, recognition and rewards, problem analysis, quality technology, service design, employee, service culture, and finally social responsibility.

In the results Al-Marri et al. (2007) showed that all the sixteen identified factors in their study were positively related to the TQM success and consequently performance. The study concluded that TQM strategy is essential to the banking industry and other service-oriented organizations to create and sustain their competitive advantage.

2.3.1 Banking industry in Kenya

Banks in Kenya have grown tremendously in the past seven years and expanded to East African countries and other neighboring countries such as South Sudan. This has seen an increase in competition among the local banks and international ones. The competition and several other gridlocks have seen closing up of four banks in the period between 2007 and 2011. Currently there are 42 banks, down from the 46 there used to be in 2007. More than ever before banks in Kenya are at a constant need of coming up with innovative ideas to stay relevant and sustain a competitive edge against their rivals (Mugambi, 2006).

The central bank of Kenya is the financial watchdog regulating all the banks in Kenya to meet minimal operating standards. These minimum requirements include adherence to banks' act, making sure banks hold a minimal capital requirement of one billion shillings among others. In addition to that, central bank oversees the maintenance of solvency in the market, adjusts the interest rates and ensures proper functioning of financial systems (CBK, 2011).
According to Mwangi (2003), meeting the financial regulations has seen the banks embracing management practices that ensure minimal loses and promise high returns. In the local scene, banks are experiencing competition from international banks such that are well equipped with modern technology and adhere to quality in all processes as a way to capture both local and international investors.

To be appealing to customers is a challenge that has prompted the local banks to invest heavily in modern technology especially ICT so as not to lose their market share. This hurried move has however led to acquisition of technology that in some cases is obsolete or that they cannot adequately handle. Many customers complain of delays as a result of networking hitches. TQM if implemented effectively could help with this by matching needs to quality certified suppliers (Mwangi, 2003).

Moreover the rapid growth of the banks’ branches has led to inadequacies such as dissimilar services across multiple branches of same bank. In a bid to capture lost market and stem competition from rivals, banks have adopted the agency model where they outsource their services to third parties. Besides aggravating dissimilar services, this practice has led to lower quality services compared to those of the bank itself. This is because agency banking in many cases is not the core activity of the agents thus many premises run a plethora of other businesses compromising on the contracted banking service (Mugambi, 2006).

Banking in Kenya is fraught with many other challenges such as exhibiting little market orientation and employing services that have little regard to customer needs and requirements. Many customers report that they are unimpressed with long queues, hostile security, dissimilar services, transaction errors, too much bureaucracy in the banking halls and constant network failures. This leads to time wastage on part of the customers and lost business on part of the banks. In addition to that, banks do not have standard time to serve their customers like is the case in many countries that fully comply with TQM practices such as Japan (Mugambi, 2006).

In the TQM literature, there has been a significant support for the effect of TQM practices and organizational performance relationship through many empirical conducted studies worldwide. However, it has been argued that the application of TQM practices in service organizations
require modified models should be made compatible to enable the service organization to reap the utmost potential benefits (Al-Mansour, 2007).

It has been emphasized by researchers such as Huq and Stolen, (2004) and Prajogo, (2005) that the behavioral factors of TQM as leadership, customer focus, empowerment, and involvement are crucial factors in service-oriented organizations. Despite this revelation research on how these individual variables are adopted and implemented in service organisation remains abysmal (Douglas & judge, 2001).

2.3.2 Management Commitment
Management role in quality management has been highlighted as one of the crucial requirement for a successful quality improvement implementation. According to Pheng and Jasmine (2004), the degree of support that management takes in the implementation a total quality environment is very critical to the success of TQM implementation and TQM cannot be fully implemented if there is lack of commitment from top management. Commitment of top managers in TQM implementation will enable the employees to follow their direction and way of working.

Quality leadership by top management has been emphasized and supported by many researchers as the basis for proper implementation of TQM in order to achieve customer satisfaction, quality product, continuous improvement and job satisfaction. In order to achieve total quality it is imperative that the top managers should clearly define the quality goals and as well treat quality as an important aspect. They are expected to set quality as a priority while allocating adequate resources to continuous quality improvement and evaluating employees based on their performances (Minjoon et al., 2006).

In a study focusing on TQM adoption in Kenya secondary schools, it was found that board of governors and chairpersons in secondary schools are not providing the necessary leadership that would promote TQM practices necessary for schools' continuous improvement. However, some head teachers are providing the required leadership with a considerable number of school managements empowering their employees. The majority of schools are not committed to strategic quality planning, though they do promote human resource development initiatives. Overall lack of management commitment has led to poor TQM implementation (Ngware et al., 2006).
Many organizations have failed in implementing TQM because of the reluctance of top management in delegating some authorities and empower employees. This is a very crucial aspect because if the managers are committed in empowering the employees, the employees will be responsible for the quality of their work and this will go a long way to enhance continuous improvement. Top management should demonstrate their resolve to employee empowerment by allowing its project managers to take full responsibility and make decisions (Pheng & Jasmine, 2004).

TQM initiative programs, always emphasizes on the importance of top management as the main driver of TQM activities. Lakhe et al. (2005) further perceived TQM as a culture. He pointed out that priorities should be set by top managers by ensuring that commitment to the principle of TQM exists throughout all departments in their organization. Other advocates of TQM such as Deming pointed out that most quality problems are caused by management and the system they create and operate. Deming also pointed out that managerial leadership requires management at all level to shift their role from authoritarian decision maker to coaching facilitator.

The magnitude of successful projects depends on the level of top management committed. In their survey of Nigerian banks, Olorunniwo and Udo (2002) identified three main facets of top management support which are crucial in TQM in realizing the company objectives. These were showing interest by participating in team meetings, willingness to spend time with people and listen to feedback as well as willing to help resolve problem.

Another objective identified by Olorunniwo and Udo (2002) in their study was providing necessary resources, including training and other crucial resources to the banking staff this served as a motivation to the staff as well as reducing resistance to change. Lastly they identified gaps in provision of leadership by helping to translate plan into action, regular review of project programs and official commissioning of project leaders and project team.

They also emphasizes the fact that top management are expected to set the overall directions of the project by formally forming an executive steering committee to tract, review and monitor the project progress.
2.3.3 Customer Focus

This is a chief principle of Total Quality Management. In the current times, it has been proven that businesses will draw most of their revenue from 60 percent of their existing customers. The ultimate goal of TQM strategy is to satisfy the customers' need and meet their changing expectations. However, if the TQM strategy implementation does not add value to the customers, the TQM strategy is deemed a failure. Towards achieving the customers' satisfaction, there should be a continuous and effective communication between organizations and customers and customers should be actively involved in products and service design (Kaynak, 2003).

To be able to get the full involvement of customers in all the marketing activities, there should be long-life relationship strategies with customers through direct interaction. Moreover, all organization, especially banks should develop reliable customer-related databases on customers' needs and expectations alongside continuous monitoring of their satisfaction level. Since banks are completely driven by customers and seek their satisfaction through innovative and high quality services, customer focus factor of TQM strategy is expected to help banks to achieve better performance (Naeem et al., 2008).

The lifeblood of any business is its customers. Businesses in the service industry try to lure as many customers as possible because they positively correlate with sales. Customers decide sales based on their perception of service quality. In short, quality determines profits, and customers alone define and determine what that quality is and should be (Edward, 2006).

TQM strategy was basically built on the fact that it is a management philosophy that seeks to satisfy customers through continuous improvements it can help banks to increase their customer satisfaction and loyalty. Moreover, sophisticated service quality offered by banks should be mainly based on a comprehensive knowledge about the customers' needs, requirements, and expectations. To acquire such knowledge, there should be an effective communication between bank's employees, including top and middle managers, and as an essential component of the quality system (Al-Mansour, 2007).
Given the increasing competition among banks, the successful banks are based on their ability to satisfy both internal as well as external customers. It is upon this backdrop that banks should conduct marketing researches to identify customers’ needs and expectations. Besides, banks should develop an environment in which the customers are encouraged to be actively involved in designing and evaluating the services they need based on their emerging situations (Al-Mansour, 2007).

In a survey conducted by Interbrand Sampson (2010) Clients are choosing banks that have better services, are easy to work with, and those that offer relevant products over traditional factors such as how long they have been in operation, and brand leadership. This points out that total quality management is increasing in importance in how customers choose their banks. According to John A. Young, President and CEO, Hewlett - Packard (2010), "Our one major goal is to create satisfied customers. Hence, all systems, objectives, and measurements are designed to improve customer satisfaction." Service industries applying TQM should track as goals and benchmarks those that matter to the customer.

Goals and benchmarks that matter to customers are: processing times of key products and services, like loans, new accounts, ATM cards, credit cards, check encashment; waiting times like downtime and queuing time; customer complaints, written or verbal; friendliness and efficiency of staff; accuracy and timeliness of statements of accounts and records; effective interest rates, inclusive of all service and hidden charges; promptness in responding to customer inquiries such as in answering the phone, the number of rings before phone is picked up, and number of transfers before the caller talks to the right person and attention to lost customers and accounts (Olabode, 2003).

Increasingly, manufacturing and service organizations are using customer satisfaction as the measure of quality. This fact is reflected in the Malcolm Baldridge National Quality Award, wherein customer satisfaction accounts for 300 out of the 1000 total points. An organization must give its customers a quality product or service that meets their needs, at reasonable price, on-time delivery, and outstanding service. It has been advocated in today’s organizations that if TQM is aimed at anything; it is winning customers and keeping them delighted (Dale, 2003).

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Listening to the customers and responding quickly to their changing needs, expectations and perceptions is one of the TQM basic approaches. By keeping close to their customer, companies can establish customer needs; gather information on customer trend and benchmarking them with their competitors. This can be a winning strategy towards winning new customers and retaining customer loyalty (Edward, 2006).

The sensitivity of customers is a critical aspect that service organizations should be aware of. According to a customer behavioral report (TARP) on American customers submitted to the White House: ninety six percent of unhappy customers never complain about rude or discourteous treatment. Ninety percent of customers or more who are dissatisfied with the service they receive will not buy again or come back (TARP, 2010).

The TARP report further notes that each of the unhappy customers tells his or her story to at least nine other people. It also found that thirteen percent of those unhappy former customers will tell their stories to more than 20 people. The financial consequences of slow service and processing could also be staggering. In manufacturing, the quality cost, or the cost of not doing the right things right the first time, is estimated at 15%-35% of sales of any company (TARP, 2010).

Total customer satisfaction also means giving an unwavering focus on the internal customer. Before external customers can be satisfied, obstacles faced by internal customers have to be eliminated in the first place. This is because employees are the asset and part of the firm’s process. It is important to create a good working condition necessary for them to produce and deliver quality by providing them proper training, tools, information and empowerment required for self-management to work efficiently. Only then, the entire workforce can truly be utilized through active involvement from committed and satisfied employees (Edward, 2006).

2.3.4 Continuous Improvement

The Kaizen principle is a Japanese philosophy and practice that seeks continuous improvement in manufacturing, engineering, and management processes. Kaizen methods have been used in the administration of a plethora of industries, including government and banking. The Kaizen philosophy addresses the functions and performance of all employees, from the president and CEO to entry-level workers. Kaizen seeks to reduce waste and improve efficiency by increasing standardization (Al Marri et al., 2007).
Basically, the TQM strategy has been defined as the management philosophy that seeks to satisfy the customers through continuous improvement efforts at all organizational levels. Therefore, organizations should expand their continuous improvement practices to cover all kind of processes including management activities and styles (Benavent et al., 2005).

From the operations standpoint, there are many activities in banks that might be the subject of quality improvement. These aspects such as the service processing time, loan application, ATM, credit cards, procedure of opening new accounts, waiting times, and accuracy and timeliness of financial records. Moreover, time to respond to customers’ inquiries and guiding lost customers are considered as some of the activities that need continuous improvements (Kaynak, 2003).

Continuous improvement of all systems and processes in an organization is essential for TQM success. A continuous improvement system gears the organization toward attainment of the vision. The improvement system must not only be continuously applied, but also consistently, throughout the organization (Ngware et al., 2006).

For it to be successful continuous improvement efforts require a system based on trust, with everyone in the organization striving to improve the system. It has however been noted that many organizations in Asia particularly Malaysia fail in their dedication to continuous improvement. Failure has been attributed to poor strategy alignment, poor coordination by management and failing to realize that continuous improvement is a journey not a destination (Arawati, 2005).

For continuous Improvement to be effective, Deming suggested a continuous system cycle that involves 5 stages. The cycle starts by defining the vision or mission of the organization. Top leadership determines the vision, with input from everyone. Then everyone in the organization ascertains his specific mission to accomplish the overall vision. In doing so this, the focus and priorities of the vision are determined, established, understood and supported by all (Naeem, 2008).

The next phase after defining their vision includes listing all improvement opportunities. It is important to obtain an understanding of the process of determining improvement opportunity at this stage. Customers, both internal and external, are identified and their needs and expectations
understood. Suppliers also are matched with requirements. Any potential problems are identified during this process (Kaynak, 2003).

For the third stage of selecting improvement opportunity, specific improvement opportunities are selected based on the critical processes that have the greatest impact on customer satisfaction. These problems are solved using a disciplined methodology such as statistical process control, quality function deployment and process analysis and should be used consistently to complete a mission, improve a process and solve problems throughout the organization.

The final stage is Shewhart or Deming’s Plan Do Check Act cycle (PDCA), the results for the impact of improvements are evaluated against the overall mission. In this case, a sixth stage can be added as a reminder: Do it again and again and again. The cycle is never ending in a continuous improvement system (Kaynak, 2003).

2.3.5 Employee Empowerment

Part of the TQM philosophy is to empower all employees to seek out quality problems and correct them. With the old concept of quality, employees were afraid to identify problems for fear that they would be reprimanded. Often poor quality was passed on to someone else, in order to make it “someone else’s problem.” The new concept of quality, TQM, provides incentives for employees to identify quality problems. Employees are rewarded for uncovering quality problems, not punished (Saunders, 2005).

Ahire et al. (2004) defined HRM as an element of TQM strategy to be the employee involvement, employee training and employee empowerment. However, Arawati (2005) argued that the human resource of an organization is the building block for competitive advantage. In relation to that, it has been widely acknowledged by proponents of change and change management that TQM implementation requires changing the organizational culture to support the suitable TQM model adopted by an organization.

To benefit from successful quality practices, any organization should develop a suitable TQM model based on HRM practices that help all the employees to accept and successfully implement any intended quality initiatives (Magutu et al., 2010). In TQM initiatives, the human element has been playing a vital role as employees are the factor behind the continuous improvements that to
be delivered to customers to acquire their satisfaction and then loyalty which is the pillar of successful business.

In the team approach to employee empowerment, TQM stresses that quality is an organizational effort. To facilitate the solving of quality problems, it places great emphasis on teamwork. Using techniques such as brainstorming, discussion, and quality control tools, teams work regularly to correct problems. The contributions of teams are considered vital to the success of the company. For this reason, companies set aside time in the workday for team meetings (Edward, 2006).

Employee involvement is a process for empowering members of an organization to make decisions and to solve problems appropriate to their levels in the organization. Empowerment is equally effective in service industries, where most frequently customer perception of quality stands or falls based on the action of the employee in a one-on-one relationship with the customer. This can be achieved by making the employee part of the organization, which is essential to the success of the organization. Employees who believe they are important will be motivated to ensure that their efforts are consistent and dependable upon the contributions made (Saunders, 2005).

Training and education provide the necessary skills and knowledge - the ability to make it happen. This process is an investment that must be made. According to Naeem (2008) Japan, Estonia and India are reported to allocate between 65 and 80 hours per year for each educational and training activities per employee. They believe that satisfaction of the workforce and hence motivation and ability to act as a constructive part in the process of continuous improvement depend on education and training.

Specific job skills training must be provided and constantly updated to reflect the improved processes. All too often management exhorts employees to get things right first time, to operate effectively in quality improvement teams and to participate in the never ending search for excellence. However, they often fail to provide the training, tools, information and empowerment required for self management to work effectively.

For it to be effective, it is paramount that all training be geared to specific, clearly define objectives; it must be performed as close as possible to the time it is required and must be
reinforced to ensure the results needed to achieve victory. It should bear in mind that training and education are never ending for everyone in the organization. Continuous improvement means learning and companies seeking to adopt TQM need to become learning organizations (Bilich & Neto, 2005).

Reward and recognition should be appropriate to the situation by being rank ordered- the higher the achievement, the higher the reward. It could be such things as a bonus, salary increase, and change in the title or promotion. In a TQM environment, there must be a change in the usual recognition system. One must give recognition for efforts, not just for goal attainment. This recognition of effort provides a powerful incentive for everyone to become involved in quality improvement.
2.4 Conceptual Framework

Figure 2.2: Conceptual framework

Independent variables

Management commitment
- Quality tools
- Quality policies
- Quality audits
- Quality suppliers

Customer focus
- Customer surveys
- Response time
- Grievance procedure
- Benchmarking

Continuous improvement
- Quality circles/groups
- PDCA cycle
- Statistical processes
- Continuous education

Employee empowerment
- Training
- Rewards/Motivation
- Delegation of duties
- Teamwork

TQM Practice in Banks

Source: Researcher (2012)
The indicators of TQM practice in the banks will be gauged using the level of awareness about the same, the duration of use, percentage of resource allocation towards adoption of the practices, number of statistical tools used in decision making and the frequency of use.

2.5 Summary of Research Gaps

Total Quality Management practices have been established to be very important in organizations of sizes in all industries. Despite all the benefits arising from the adoption of these practices, no Kenyan study has been done to determine the extent to which these practices have been put in place and well implemented in existing systems in the banking industry.

A review of research conducted in other parts of the world particularly places like Malaysia and Russia tend to come up with gaps and inconsistencies with some studies citing positive impacts on firms employing TQM and other studies citing no improvement at all. This is why the study aims to find how the situation is like in Kenya. In addition to that many researchers have focused on the importance of TQM and ignored the extent to which the individual TQM practices have been adopted and implemented.

An empirical review of the Total Quality Management practice also reveals a raging debate on the applicability of TQM in other areas other than the service sector. This study which is leaning more on the service sector aims to add more insights to the body of knowledge. Moreover, owing the fact that there is no agreed formula or model of TQM that is consistently agreed upon makes it imperative to find out individual institutions apply quality practices (Ngware et al., 2006).
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This section highlights the method used in undertaking the study. It covers the research design, target population and the resulting sample size. The sample size was derived using approved statistical method as to be representative of the population. The section also highlights the data to collected, the instrument which was used in collecting data and how the instrument was architecture to ensure validity and reliability. The section concludes by showing how the data collected would be analyzed and presented to be of use to decision makers and other interested stakeholders.

3.2 Research Design
The research employed descriptive type of design. This is the design whose purpose is to provide a description of affairs as they are (Delno & Kombo, 2006). Another reason is the fact that the research is based on an existing body of knowledge that is TQM. This type of research is suitable in cases where the problem has been defined specifically and the researcher wants to establish certain issues about the problem.

The researcher also made use of qualitative data. This was very useful in guiding the material was contained in the questionnaires. Qualitative data was collected by means of observing the banks materials, general banking environment to establish whether critical aspects of TQM are practiced. The study also made use of information from materials in the bank for instance pamphlets and other secondary written material. This was helpful in pilot testing to make sure that the information contained in the questionnaire was adequate and relevant.

Quantitative design was considered because it gave the researcher an opportunity to administer a questionnaire to a sample of respondents who are the Head of Departments. The design was implemented in such a way to prevent bias as the questions were largely close ended. The reason the heads of departments were chosen is because in respect to Pareto principle that TQM ascribes, management is responsible for making 80 percent of decisions that determine the success or failure of the total quality management strategy.

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3.3 Target Population
The target population was leading commercial banks in Nairobi. According to CBK (2011) there are a total of 42 banks in Kenya (see appendix). Most of these banks have six departments which are finance and accounting, human resource, research and development, procurement, customer care and sales and marketing. This results in 252 heads of departments. The proposed study focused on those heads of departments within these banks.

3.4 Sampling Design
From the population of 42 banks mentioned earlier, 7 banks were considered. These constituted 17 percent of the population. To arrive at the sample size of 7 banks, probabilistic sampling criteria was employed. Random sampling was the preferred method to choose the banks. To achieve this, the banks were numbered from 1-42. Using excel random function, a sample of seven banks was then selected. This sample was a reflection of the total banks in Kenya. The researcher visited the headquarters of these banks. The focus of the research was on the banks’ departments as shown in the table below.

Table 3.1: Target population and Resulting Sample Size

<table>
<thead>
<tr>
<th>Banks’ Departments</th>
<th>Total H.O.Ds (P)</th>
<th>Sample size (S)</th>
<th>Sample Percentage (S/P*100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>42</td>
<td>7</td>
<td>16.6666</td>
</tr>
<tr>
<td>HR</td>
<td>42</td>
<td>7</td>
<td>16.6666</td>
</tr>
<tr>
<td>Customer care</td>
<td>42</td>
<td>7</td>
<td>16.6666</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>42</td>
<td>7</td>
<td>16.6666</td>
</tr>
<tr>
<td>Procurement</td>
<td>42</td>
<td>7</td>
<td>16.6666</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>42</td>
<td>7</td>
<td>16.6666</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>252</strong></td>
<td><strong>42</strong></td>
<td><strong>16.6667</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2012)
From the resulting 42 heads of departments within the seven banks, a complete census was then undertaken. This sample size was been considered based on three factors namely: the need for the sample to be representative of the population in which Mugenda and Mugenda (2003) recommends 10 percent of the population. In addition the researcher had considered that Total Quality Management as a management practice is a decision by management hence the head of departments will give the most informed information on its practices in the banks. Lastly the researcher considered time and budget constraints as articulated by Kothari (2004).

3.5 Data collection Procedure, Instrument and Method

The research instrument used to collect data for the study was a structured questionnaire. The questionnaire employed had largely closed ended questions with few open questions. A likert scale was used so respondents could not give answers outside the scope of the scale. The choice for this questionnaire was backed by two reasons. First it enabled data to be collected to the specifics required to enable testing of the variables in a candid way. Secondly the questionnaire allowed inputs from the respondents. This accorded the study some liberty to harvest variables not captured or anticipated in the study.

Data was be collected using the drop and pick method for the questionnaires. The respondents were given an ample period of three weeks to fill the questionnaire after which the questionnaires were collected in the second fourth and analyzed in the fifth and sixth weeks. The advantage of questionnaire method was that the researcher was able to isolate the responses from external influences and on the other hand give freedom to the respondents to express their views in an unbiased manner.

3.6 Validity and Reliability of Instruments

An instrument is valid when if it measures what is intended to measure and accurately achieves the purpose for which it is designed. Kothari (2004) defines validity as the accuracy and meaningfulness based on research results. To ensure validity of the instrument the researcher carried out a pilot test so as test and debug the questionnaire. The desired changes were effected on the questionnaire before actual data collection. This eliminated the possibility of the questionnaire covering indicators not represented in the banking environment.
Reliability is the consistency of the measuring instrument. To make sure that the instruments measure the same thing at different times the researcher used test-retest method prior to the actual data collection. All resulting discrepancies were corrected to ensure that the results would remain the same if the research were to be repeated under similar circumstances. The questionnaires were self administered whereby the Head of departments were left to fill the questionnaire for collection by the researcher as per the period agreed upon with the respondents. This was preferred due to the busy schedules of the head of departments.

To further ensure on the integrity of the questionnaire, reliability and validity of the likert scale were tested in the statistical package for social sciences using the Cronbach’s alpha for reliability. The guideline for this test is that the parameters used to calibrate the dependent and independent variables should have a Cronbach’s alpha of more than .6000 as the requisite admissible minimum value. All the variables passed the test exceeding the minimum value by far.

3.7 Data Analysis

The data collected using questionnaires, was analyzed by the use quantitative data analysis in SPSS 8. This included measures of central tendency such as mean and measures of dispersion such as standard deviation. Data was also analyzed by use of percentages. This enabled comparison of the adoption of TQM practices against other industries in the country as well as in other countries. Use of percentages in analysis enabled the variables being studied to be compared easily so as to determine the influence they have on TQM practice. The likert scale employed in the questionnaires was used to gauge the adoption levels of TQM practices hence act as a good yardstick to measure the average adoption within the banks.

To aid in analysis of qualitative data, the researcher employed the use of pivot table feature of Ms-excel. This involved listing the non numerical data against the number of banks it applies to. Using the grouping and sorting commands within the pivot table feature the researcher was able to analyze the data. Use of descriptive terms was used such as most influential and least influential. The researcher reported the facts as they were collected.
In order to determine the specific level of influence the independent variables had on the dependent variable, a correlation analysis using Pearson’s correlation in SPSS was carried out. This analysis not only shows the relationship to the dependent variable but also how the independent variables interrelate. This was done in order to find out whether there was a multicollinearity problem where the inter-variable relationship presents a Pearson value greater than 0.9000 in which case the variables would be deemed replacements of each other.

To have a firm conclusion on the significance of perception of TQM and Practice of TQM in the banks, a paired t-test was conducted for the difference of means. This was with the help of a formulation of a hypothesis. The t-test was conducted at the 95% confidence interval to be able to be resolutely sure if there was a significant probability of the occurrence happening five times in hundred chances.

3.8 Data Presentation

Data was presented by use of descriptive data presentation methods such as pie charts and bar graphs to provide a vivid visual presentation of the research findings and for ease of understanding, comparison and interpretation of those findings. Tables were used to summarize the findings of the research. Percentages were also used to show the influence of the independent variables on the dependent variable. This was instrumental for comparative analysis for ease in understanding the level of influence of the variables.
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter covers the findings of the research. The aim of the research was to investigate the factors influencing Total quality Management practice in the banking industry. To be able to fulfill this purpose the study was broken down to four independent variables namely Management commitment, Customer focus, continuous improvement and Employee involvement and empowerment. The study had proposed 42 Heads of Departments within 7 banks chosen by random sampling from a total of 42 banks in Kenya. This was taken into consideration because heads of departments are the ones concerned with ensuring quality management practices in the banks.

Data was collected using questionnaires based on a five point likert scale. Some open questions were also captured at the end of the closed ones to gather some critical information which may not have been captured in the likert scale. The questionnaires were delivered to the heads of departments and were collected at a convenient time agreed. Out of the 42 questionnaires delivered, 36 were picked which constituted a response rate of 86 percent.

To aid in analysis of the data, SPSS version 8 was used. The data in this section is summarized in terms of means, standard deviations, and percentages the results are presented in tables, bar charts and bar graphs for comparative purposes. Reliability and validity of the likert scale used is tested using the Cronbach’s alpha (α). Correlationship between the independent variables and the dependent variable is done using the Pearson’s correlation. A test for significance of perception and practice of TQM is done to show if there was any difference between the perceived benefits and the practice of TQM.

4.2 General profile of the respondents

In accordance to gender, the survey found that there was a significant difference between the males and females with males forming 44 percent and females 56 percent of the heads of departments. In terms of departmentation, the respondents grouping is analyzed in table 4.1 below.
Table 4.1 Breakdown of respondents according to Departments

<table>
<thead>
<tr>
<th>Department</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>18%</td>
</tr>
<tr>
<td>Sales, Marketing/ Promotion</td>
<td>20%</td>
</tr>
<tr>
<td>Procurement</td>
<td>20%</td>
</tr>
<tr>
<td>HR</td>
<td>16%</td>
</tr>
<tr>
<td>Customer Care</td>
<td>18%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research Data

In accordance to education, 19 percent of the respondents had Diploma qualification while a further 20 percent had Bachelors degree. Those with Masters accounted for the rest with 61 percent. In response to how long the Bank has been in operation, the survey found that all the banks involved in the survey had operated for a considerable period of more than 15 years.

4.3 Level of Quality Involvement

In response to whether the bank possessed an ISO 9000 series certification as the primary pointer of commitment to quality practices, the survey found that the race towards quality services in banks has gained momentum. An analysis of quality adherence has been summarized in figure 4.1 indicated by the bar chart.
The level of quality implementation with regards to ISO certification is relatively low at 36 percent as shown in figure 4.1. This finding shows that banks are just gaining traction in a bid to ensuring conformance to the best standards adopted in the global scene and articulated in the ISO 9000 series certification.

The survey however found out that out of the 64 percent non ISO certified banks, 44 percent were either planning or at an advanced stage of acquiring the ISO 9000 series certification. In response to the number of years the ISO certified Banks were in operation, 31 percent stated they had operated for a period less than 5 years while the rest had been in operation for a period exceeding 6 years.

The level of Total quality management awareness level was exceedingly high. All the respondents cited they had heard of TQM. However when asked how well they understood TQM concepts, 20 percent had little knowledge, 63 percent said they knew TQM concepts fairly well and 17 percent had complete knowledge of TQM concepts.
4.4 Perception and practice of TQM in Banks

The respondents were asked on their perceptions and practice of TQM as part of Bank’s operation. Their views were corrected on a likert scale (from 1=strongly disagree to 5= strongly agree) as analyzed and presented in the table 4.2 shown below.

Table 4.2 Means on perception and practice of TQM

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of TQM can improve the banking operations to a great extent.</td>
<td>4.3889</td>
<td>.4994</td>
</tr>
<tr>
<td>The bank uses TQM practices in all its operations</td>
<td>3.3839</td>
<td>.8028</td>
</tr>
</tbody>
</table>

Source: Research Data

The table shows that there is a high perception that TQM can greatly improve banking operations. This is because the mean of 4.3889 is slightly above 4=Agree point on the likert scale. The standard deviation of .4994 is very close to the mean which shows most respondents relate positively with TQM on banking operations. Meanwhile TQM practice is relatively low with a mean of 3.3839 with a significant standard deviation. Further analysis of the data reveals that 19.4 percent of banks actually employ TQM in their operations.

The researcher through observation of the quality manuals, the quality policies and brochures available within the banking halls noted that most of the banks had a commitment to quality services. The frequency of use of statistical methods such as checklists, flow of activities and Shewart’s cycle was however prevalent in approximately 40 percent of the Banks. Observation of the different departments also revealed that application of these processes was not consistently carried throughout the departments as prescribed in TQM.

As an indicator of TQM practice, training on quality management aspects was highlighted as part of the study. The respondents were asked how many training sessions they have annually. Figure 4.2 that follows shows that training sessions relating to TQM in banks are in the initial stages of being widely employed in the effort to popularize the practice in existing banking systems.
The research found that 60 percent of the banks did not conduct training on quality management aspects. The survey also found that 20 percent of the banks conducted one to three training sessions yearly which is on the low spectrum. Moderate training on Quality management was evident in 13 percent of the banks. Performing high on quality management training were seven percent of the banks which had more than 6 training sessions per year. This further shows that training on TQM is considerably low among the banks.

Another indicator highlighted for the independent TQM variable was the percentage of budget dedicated in the development of Total Quality Management. The survey found that 80 percent of the banks dedicated less than five percent of their budget to Total Quality Management practices. Only 20 percent of the banks dedicated a budget of six percent and above to total quality management aspects.
4.5 Test for validity and reliability of the scale used

As a way to ensure that the items used in the research were valid and reliable a test a Cronbach’s alpha (α) test was conducted. The aim was to establish whether both the independent variable (TQM practices) and dependent variable items (Management Commitment, Customer Focus, Continuous Improvement and Employee Empowerment) were accurate and consistent. A Cronbach’s alpha of .6000 is considered the minimum admissible for the measure of reliability. The results of the alpha test are shown in table 4.3 below.

Table 4.3: Reliability Analysis

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Number of cases (N)</th>
<th>Original Items</th>
<th>Cronbach’s Alpha(α) for (Reliability)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Commitment</td>
<td>36</td>
<td>5</td>
<td>.8016</td>
</tr>
<tr>
<td>Customer Focus</td>
<td>36</td>
<td>5</td>
<td>.7390</td>
</tr>
<tr>
<td>Continuous Improvement</td>
<td>36</td>
<td>5</td>
<td>.7863</td>
</tr>
<tr>
<td>Employee Empowerment</td>
<td>36</td>
<td>5</td>
<td>.7360</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Quality Management</td>
<td>36</td>
<td>5</td>
<td>.8822</td>
</tr>
</tbody>
</table>

Source: Research Data

A Cronbach’s alpha greater than .7000 is considered a strong show of reliability and validity. Given that all the items had a Cronbach’s alpha greater than .7000, it follows that the scale used is considered both reliable and valid.
4.6 Independent Variables

4.6.1 Management Commitment

As a key attribute of the success of Total Quality Management, it is paramount that the management renders full support to establishment and support of quality principles. The research tested whether there was any support from management in critical areas of policy, statistical tools and methods, teamwork, quality audits and quality supplier relationship. These items were gauged on a likert scale of 1-5 where (1=strongly disagree and 5= strongly agree). The means of these items and standard deviation is shown in table 4.4 below.

Table 4.4: Means of Management Commitment Items

<table>
<thead>
<tr>
<th>Management commitment aspects</th>
<th>Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>Standard Deviation</td>
</tr>
<tr>
<td>Management adheres to internal quality practices like audits and experimental designs</td>
<td>4.3056</td>
</tr>
<tr>
<td>Management adheres to process control to prevent defective services</td>
<td>4.1389</td>
</tr>
<tr>
<td>Management supports use of quality tools and statistical methods to make decisions</td>
<td>4.0556</td>
</tr>
<tr>
<td>The bank’s management has clearly defined policies on Quality practices</td>
<td>4.0000</td>
</tr>
<tr>
<td>Management matches the needs of bank to quality certified suppliers</td>
<td>3.7500</td>
</tr>
</tbody>
</table>

Source: Research Data

From the results it is evident that management commitment to internal quality practices is very highly practiced. The other practices were popular too with all but one having a mean of 4.0000 and above denoting high practice the low standard deviations of the factors denotes that the
factors are closely observed in most of the banks. The least popular management practice is matching of needs to quality certified suppliers.

The percentage analysis of banks support for management commitment aspects indicates that 65 percent of banks support quality audits. Process control is supported by 57 percent of the banks while use of quality tools for design of quality workflows is supported by 53 percent of the banks. Quality policies that ensure the banks' adherence to quality management by all factions are supported by 50 percent of the banks. The least supported aspect was commitment to quality certified suppliers which is popular in 38 percent of the banks. This is indicated in figure 4.3 below.

**Figure 4.3: Popularity of Management Commitment aspects in Banks**

![Management Commitment in Banks chart]

Source: Research Data

**4.6.2 Customer Focus**

Customer focus as a critical ingredient to the excellence of any service firm is a strong determinant factor that influences total quality management. As an independent factor to gauge the extent to which it affects TQM respondents were asked to gauge various aspects of customer focus on a likert scale of 1 to 5(where 1= Strongly Disagree and 5= Strongly Agree). It can be noted that aspects such as rapid response, grievance procedure and customer surveys have low
means and significant standard deviations. The results of the survey are analyzed in table 4.5 using mean and standard deviation.

### Table 4.5: Survey results for Customer Focus

<table>
<thead>
<tr>
<th>Customer Focus Aspect</th>
<th>Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>The bank benchmarks their system and processes to the best practices for the benefit of customers</td>
<td>Mean: 4.6111, SD: .4944</td>
</tr>
<tr>
<td>The bank has a rapid response strategy which limits the time for responding to customer grievances</td>
<td>Mean: 3.8333, SD: 1.1832</td>
</tr>
<tr>
<td>Customer grievance procedures limit bureaucracy to the minimum</td>
<td>Mean: 3.8333, SD: 1.0000</td>
</tr>
<tr>
<td>The bank maintains a regular service review policy of its products to meet the customers emerging requirements</td>
<td>Mean: 3.8056, SD: .4014</td>
</tr>
<tr>
<td>Customer surveys are an integral part of the bank in tracking customer needs</td>
<td>Mean: 3.0278, SD: 1.2758</td>
</tr>
</tbody>
</table>

Source: Research Data

In terms of percentage comparison to customer care aspects in banks, it was evident that benchmarking was supported by 80 percent of the banks. Rapid response to customer grievances and needs was mildly popular with 42 percent of the banks supporting it. Grievance procedure or the banks’ commitment to reducing the number of steps taken before a customer is fully satisfied is supported by 42 percent of the banks.

The researcher mingled with customers in the banking halls and many of them expressed dismay with the service procedures. Most of the customers expressed that the long queues was one of the things that irritated them most followed by delays in service rendering and faulty systems. The researcher also observed that many customers did not fully know about the terms of contract regarding the loans payment.

Regular service review is supported by 40 percent of the banks. Least supported aspect as noted in table 4.5 was regular conducting of customer surveys to be able to ascertain the needs of the
customers and put measures to respond to those needs. This aspect was supported by roughly one percent of the banks. Figure 4.4 presents the percentage of banks supporting customer care aspects that were being investigated.

**Figure 4.4: Percentage of banks supporting customer care aspects**

![Customer Care Aspects](image)

Source: Research Data

The figure shows that benchmarking is very popular probably driven by the banks’ quest not to lose customers to their competitors. Customer surveys are the least supported aspect of customer care which has significantly reduced the level of influence customer care has on Total Quality Management in Kenyan banks.

When asked to rate five departments in order of importance, the heads of departments rated Human Resource the highest at 27 percent. Finance department came second with 23 percent of the respondents rating it as most important. Customer care came third with 19 percent of the respondents rating it highest followed by Research and development and Procurement departments at fourth and fifth position with 17 percent and 14 percent respectively.

It was expected that Customer Care department would be given first priority but as the results of the survey shows, it was ranked third. Human resource and Finance are seen as more important to banks’ processes than customer care. This however is contrary to Total Quality Management
which advocates that customers should have first priority in organizations as they determine the success of other banking processes.

In response to what investments the banks had put in place to ensure personalized services the 80 percent of the respondents cited investment information systems like Customer Relationship Management (CRM), 20 percent cited training of staff to be friendly to customers, while a further 20 percent said that asking for customer opinions through investing in opinion boxes was key to serving them better. Other factors listed as influencing the service to customers were, monitoring customers to ensure their loyalty and retention at 15 percent and borrowing ideas from competition at 10 percent.

4.6.3 Continuous Improvement

As a key success factor for Total quality management Continuous Improvement is critical in ensuring that the bank gains a competitive advantage through streamlining their operations, cutting operational costs and creating unique products that are path dependent. To investigate the level to which continuous improvement affected Total quality management, respondents were served with a five point likert questionnaire (where 1=strongly disagree and 5=strongly agree) to gauge various unique items that are crucial to quality management. Their responses were analyzed in table 4.6 as follows.

Table 4.6: Continuous Improvement

<table>
<thead>
<tr>
<th>Continuous Improvement aspects</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous Training of Employees</td>
<td>4.6111</td>
<td>.8028</td>
</tr>
<tr>
<td>Vision, mission and objectives</td>
<td>4.4167</td>
<td>.50000</td>
</tr>
<tr>
<td>PDCA cycle highly mobilized within banking processes</td>
<td>4.0556</td>
<td>.9241</td>
</tr>
<tr>
<td>Bank has invested in innovation groups</td>
<td>4.0000</td>
<td>.9524</td>
</tr>
<tr>
<td>Improvements based on Statistical approach</td>
<td>3.8056</td>
<td>.4014</td>
</tr>
</tbody>
</table>

Source: Research Data
The table shows that continuous improvement aspects have been adopted to a high level with continuous training of employees given the highest priority in banks. Statistical based approach or the taguchi process has been poorly implemented which shows that statistical improvements as required by TQM are yet to pick traction among the banks.

The widespread support for the individual continuous improvement aspects by the banks shows that continuous learning an aspect popularized in 1980s is very popular supported by 81 percent of the banks. Quality vision mission and objectives comes second with 71 percent of the banks indicating they supported the aspect. The Shewhart’s Cycle or Plan Do Check and Act cycle was supported by 53 percent of the Banks.

Figure 4.5: Percentage of banks supporting Continuous Improvement Aspects

Innovation groups to develop or come up with new processes and procedures would give the banks a competitive edge, are supported by 50 percent of the banks. Lastly statistical improvements are supported by 40 percent of the banks. Use of statistical improvements has potential to grow however given that management support for quality measurement tools is 52 percent.
In response to stakeholders the banks relied on to identify gaps so as to improve quality of services, the respondents identified three main stakeholders which figure 4.6 that follows shows as being the most utilized by banks to identify quality gaps.

**Figure 4.6: Stakeholders involved in identifying quality gaps by Banks**

<table>
<thead>
<tr>
<th>Stakeholders involved in identifying gaps for improvement in banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers 36%</td>
</tr>
</tbody>
</table>

Source: Research Data

Employees are the most involved stakeholders in the banking industry when it comes to identifying gaps for continuous improvement. The other two stakeholders cited were Customers at 36 percent and quality experts at 27 percent.

**4.6.4 Employee Involvement and Empowerment**

In response to five aspects of employee involvement and empowerment, the respondents were asked to gauge their influence to quality management on a scale of 1 to 5 (where 1= strongly disagree and 5= strongly agree) items featured in the questionnaire were management delegation, employee motivation, teamwork rewards and recognition and employee training. The respondents gave their inputs which are analyzed in table 4.7 shown below.
Table 4.7: Employee Involvement and Empowerment

<table>
<thead>
<tr>
<th>Employee involvement and empowerment item</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delegation of managerial duties</td>
<td>4.6111</td>
<td>.4944</td>
</tr>
<tr>
<td>Employee Motivation</td>
<td>4.4167</td>
<td>.8062</td>
</tr>
<tr>
<td>Teamwork</td>
<td>4.3333</td>
<td>.8619</td>
</tr>
<tr>
<td>Rewards and Recognition</td>
<td>4.2222</td>
<td>.4216</td>
</tr>
<tr>
<td>Employee Training</td>
<td>3.8333</td>
<td>.7746</td>
</tr>
</tbody>
</table>

Source: Research Data

From the table it was evident that employee involvement and motivation was to a large extent practiced with delegation of managerial duties being the most popular item with a mean of 4.6 which is very close to strongly agree or most significant level. Training of employees trails last in what is seen as high cost of fulfilling the obligation. However it is close to the agree level which places it in the moderate category of practice among the banks.

The use of percentages was employed to show the widespread support of customer care aspects by the banks. The results reveal that managerial delegation was very popular with 81 percent of the banks supporting it. Employee motivation was supported by 71 percent of the banks. Teamwork received 67 percent support by the banks while rewards and recognition aspect was supported by 61 percent of the banks. Employee training however was least supported of the employee empowerment aspects commanding a paltry 42 percent support by the banks. Figure 4.7 shows the percentage of banks supporting the various employee empowerment factors.
Figure 4.7: Banks Support for Employee Empowerment aspects

<table>
<thead>
<tr>
<th>Employee Empowerment Aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>90.00%</td>
</tr>
<tr>
<td>80.00%</td>
</tr>
<tr>
<td>70.00%</td>
</tr>
<tr>
<td>60.00%</td>
</tr>
<tr>
<td>50.00%</td>
</tr>
<tr>
<td>40.00%</td>
</tr>
<tr>
<td>30.00%</td>
</tr>
<tr>
<td>20.00%</td>
</tr>
<tr>
<td>10.00%</td>
</tr>
<tr>
<td>0.00%</td>
</tr>
</tbody>
</table>

- Level of Support

Source: Research Data

In response to the how they would rank the independent factors in order of influence to total quality management, the respondents views were captured in the pie chart as shown in figure 4.8 below.

Figure 4.8: Perception of Variables influence on TQM

<table>
<thead>
<tr>
<th>Respondents perception on variable influence to TQM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Empowerment</td>
</tr>
<tr>
<td>12%</td>
</tr>
<tr>
<td>Continuous Improvement</td>
</tr>
<tr>
<td>21%</td>
</tr>
<tr>
<td>Management Commitment</td>
</tr>
<tr>
<td>39%</td>
</tr>
<tr>
<td>Customer Focus</td>
</tr>
<tr>
<td>28%</td>
</tr>
</tbody>
</table>

Source: Research Data
From the pie chart most respondents thought that Management Commitment influenced TQM the most. Customer focus was number two with 28 percent of the respondents ranking it most influential. Continuous improvement and employee empowerment came at number three and four with 21 percent and 12 percent respectively.

It must be noted that the perception of the respondents on what influenced Total Quality Management the most does not necessarily tally with the actual way these aspects influence TQM. It may however be a pointer to future disruption of those practices.

4.7 Correlation analysis between the Variables

In order to establish the nature of relationship between the independent and dependent variables, a Pearson’s correlation between the variables was conducted. In Pearson’s correlation, it is required that the value between the independent variables should not exceed 0.9. This is because the relationship would exhibit signs of multicollinearity. The values between same variables have a Pearson value of 1 because they are perfectly linear. A negative value indicates a negative relationship between the variables. A positive correlation is achieved if the p-value is greater than .5000. The results of the correlation are shown in table 4.8 below.

Table 4.8: Correlation between the variables

<table>
<thead>
<tr>
<th></th>
<th>MC</th>
<th>CF</th>
<th>CI</th>
<th>EE</th>
<th>TQM</th>
</tr>
</thead>
<tbody>
<tr>
<td>MC</td>
<td>1.000</td>
<td>.292</td>
<td>.226</td>
<td>.414*</td>
<td>.826**</td>
</tr>
<tr>
<td>CF</td>
<td>.292</td>
<td>1.000</td>
<td>.214</td>
<td>.156</td>
<td>.418*</td>
</tr>
<tr>
<td>CI</td>
<td>.226</td>
<td>.214</td>
<td>1.000</td>
<td>.145</td>
<td>.529**</td>
</tr>
<tr>
<td>EE</td>
<td>.414*</td>
<td>.156</td>
<td>.145</td>
<td>1.000</td>
<td>.547**</td>
</tr>
<tr>
<td>TQM</td>
<td>.826**</td>
<td>.418*</td>
<td>.529**</td>
<td>.547**</td>
<td>1.000</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2 tailed)
* Correlation is significant at the 0.05 level (2 tailed).

The analysis is two tailed at (p < 0.01) significance level. The abbreviations are MC: Management Commitment, CF: Customer Focus, CI: Continuous Improvement, EE: Employee Empowerment and TQM: Total Quality Management.

Source: Research Data
From table 4.8 above it is evident that Management commitment has the most significant influence on TQM. With this regard it follows that it has a high positive correlation with the dependent variable TQM. Employee Empowerment follows next with a moderate positive correlation followed by Continuous Improvement. Customer focus has low positive correlation with TQM.

4.8 Challenges facing TQM implementation in Banks
Many heads of departments, 55 percent, claimed that resources to train and effect Total Quality Management principles were hard to acquire. A further 30 percent claimed that guidance from topmost management was lacking. Twenty two percent of the heads also noted that the staff was reluctant to embrace TQM in all aspects of banking operations. Additionally 17 percent of the respondents cited procurement wrangles in the vetting of quality certified suppliers. Lastly 14 percent of the respondents claimed that information access and translation to the banking operations was a major hardship.

4.9 Test for significance between TQM perception and practice
To test whether there was significance between TQM perception and practice in the banks, a paired test was conducted for the difference of their means at 95 percent confidence interval. As was highlighted in table 4.2 above, the mean for the perception TQM would have on banks operations is 4.3889 while the mean for the practice of TQM is 3.3839. Following these means, a hypothesis is developed as follows:

i. H0: There is no significant difference between the means of TQM perception and Practice thus \( \mu_1 - \mu_2 \neq 0 \)

ii. H1: There is a significant difference between the means of TQM perception and practice thus \( \mu_1 - \mu_2 = 0 \)

The results for the paired t-test are analyzed in the table 4.9 below with the last column indicating the verdict for the test. The (N) denotes the population while the p-value is the Pearson’s value or \( (\mu_1 - \mu_2) \) result.
Table 4.9: Test for significance of TQM Perception and Practice

<table>
<thead>
<tr>
<th>Paired test items</th>
<th>Mean</th>
<th>Cases (N)</th>
<th>t-value</th>
<th>p-value</th>
<th>Sig. (2tailed)</th>
<th>Verdict</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of TQM on bank operations</td>
<td>4.389</td>
<td>36</td>
<td>9.487</td>
<td>0.000</td>
<td>Significant</td>
<td></td>
</tr>
<tr>
<td>Total Quality Management practice</td>
<td>3.383</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research Data

The basis of the test is that if the p-value is less than 0.05 then there is a significant difference and the null hypothesis is rejected whereas if the p-value is greater than 0.05 then there is no significant difference. The test outcome of p-value was 0.000. This indicates that there is indeed a significant difference between TQM perception and practice. It is hence conclusive to say that though managers realize that TQM is important to banks’ operations most of them have not practiced it in existing banking systems. This is evidenced in the fact that only 19 percent of the banks have employed TQM.

The main aim of the research was to find out the general factors that influence total quality management and the extent to which TQM practices have been employed within the banking industry in Kenya. The study had four objectives, to find out how Management Commitment, Customer focus, Continuous Improvement and Employee Empowerment have influenced the TQM practice within the banking industry in Kenya.

The study reveals that Total quality management is just beginning to take roots with 19 percent of the banks indicating they are employing it. However there is a considerably higher percentage of banks employing quality management systems with 36 percent revealing that they had acquired ISO certification. More to the point is that though majority of the banks are not employing TQM in totality, the level of practice of the TQM principles is quite high in some aspects of the banking operations.
In comparison to other sectors in Kenya, the banking sector is considerably better in terms of quality management systems. According to the World Bank (2010), the level of ISO certification in Kenya currently stands at 9.8 percent. With 36 percent of banks ISO certified, it shows that they are very committed to instituting quality standards in their operations. The results of the research also reveal that 44 percent of the non ISO certified institutions are either in the advanced stages of acquiring an ISO certification or are planning on acquiring the same in future.

On the global scene however, Kenya is behind in terms of ISO certification and TQM levels in Kenya is distant. In Africa for instance, Chad leads in ISO certification with 44 percent of organizations being certified. In Europe, Turkey has 75 percent ISO certification manufacturing and service firms while over 45 percent are involved in and TQM and over 60 percent of Australian firms are involved in TQM (World Bank, 2010). The study found that among the ISO certified banks, the number of years of operation was considerably high with 69 percent indicating they had operated for more than five years while the rest had operated for less than five years.

The level of TQM awareness was very high among the respondents with 20 percent of them indicating they had little knowledge while the rest were fairly to completely knowledgeable on TQM aspects. Many of the respondents regarded TQM aspects as very important to the banking operations. This however translates to very low on implementation with only 19 percent of the banks revealing to using TQM principles within the existing banking systems. This shows there is need for actions geared towards translating the positive perceptions on TQM to actual practice.

As key indicators to TQM commitment, the research found that fund allocation to for it’s advancement was very low with over 80 percent of the respondents indicating funds allocation of less than five percent of their total budget to TQM. Equally low was the level of training with majority of the banks having less training sessions in a year than would be optimal for TQM efficacy.

Management commitment to quality management was very highly rated with commitment to statistical methods, process control, quality policies and internal controls such as audits being very highly supported. However commitment to quality certified suppliers was low. This is a
blow to quality efforts since banks processes based on materials from non quality certified suppliers can jeopardize the quality of banking services.

Management commitment was the one factor that influenced Total Quality Management the most. This finding connects very well with TQM literature that advocates for unwavered management support for quality efforts to be realized. The finding is also similar to other research findings by Ngware (2006) in which management support was cited as very essential in the implementation of Total Quality Management in Kenya’s secondary schools.

The second most influential factor to Total Quality Management was Employee Empowerment. Delegation of managerial duties as an ingredient for nurturing leadership continuity was very highly implemented. Rewards and recognition for exemplary performance of employees in their work was also seen to influence how the employees commit themselves to desired quality efforts. Motivation was also highly supported as it influences employees’ morale in quality commitment.

Training of the employees was expected to be very crucial in quality management commitment. This is because the literature reveals that it increases confidence and resistance to change. However the research shows that it is poorly implemented within the banking sector managing a mean of 3.8. This could be attributed dismal funds allocation to further TQM within the banking sector.

It could as well be attributed to the low level of TQM in the banking industry as it would be logical to assume that with more quality management support the training would have gone higher. These findings provide further proof that indeed employee empowerment cannot be overlooked in the race to quality management.

Continuous improvement level of influence to TQM was moderate. This factor was the third influential to TQM. It was also ranked third by the respondents in the order of influence to quality management. Of key concern were indicators such as innovation teams, the Shewart’s cycle or PDCA and improvements based on statistical approach.

The research found that statistical improvements were poorly supported. Overall continuous improvement is of much importance to organizations because it safeguards their competitive
advantage. Previous research on institutions of higher education in Kenya by Magutu et al. (2010) also showed that continuous improvement and regular review of education content was critical success factor for quality management.

The least influential factor was Customer focus. This came as a surprise since both literature and practice of TQM in many parts cite Customer focus as the most important ingredient to ensuring success of organizations. Though the research found that there was a low level of positive correlationship between TQM and customer focus, it was expected that the level of correlationship would be more positive. Even though the respondents ranked it as the second most influential factor to TQM the analysis of the critical support items for this factor within the banks show that it has been poorly implemented.

With the exception of benchmarking of banks processes to best practices for the benefit of customers, other indicators such as rapid response to customer grievances, customer surveys, regular products review, and limiting bureaucracy all had means less than 4. This finding shows that though the banks have to a relative degree of success implemented other TQM factors, they have sidelined customer focus. This finding goes contrary to TQM literature which in itself is primarily based on the premise of meeting customer needs. Quality management gurus such as Juran define quality strictly as fitness for use by customers while Deming describes it as fulfilling customer expectations.

Many banks are however yet to dedicate their efforts to delighting their customers as is espoused in the literature of TQM. A research by Mugambi (2006) on Kenyan banks further supports this finding in that customers face many challenges in the hands of banks such as system failures, delays and processing mistakes of their transactions. This shows that banks actually place a lower cadre to customers than other processes as this research shows.
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter includes a summary of findings and answers to the research questions highlighted in chapter one. It also includes the conclusion subsection which shows the major issues that can be deduced from the research findings. The chapter also includes a recommendation section which shows what the study pinpoints as critical strong areas that need to be employed to enable TQM to be embraced more in the banks. As well the recommendation includes weak areas pointed out in the study that require to be redressed. Lastly the chapter includes suggestions for further research where this research was not able to cover or portends changes in future.

5.2 Summary of Findings and answers to Research Questions
On the summary of major findings, four research questions were asked. The first question was on how management commitment influences TQM practices in the banking industry in Kenya. The research found that most respondents (65 percent) agree that indeed management commitment influences Total Quality Management. An analysis of correlation matrix in fact reveals that management commitment is most influential (Pearson’s correlation of .826) to the TQM practice in Kenyan banks.

On the extent to which Customer focus influences the TQM practice of banks in Kenya, the research found that while benchmarking banking activities to best practices is very popular (80 percent) majority of other customer care aspects have very low support. A Pearson’s correlation matrix reveals that customer care indeed influences TQM practice (Pearson of .418) but to a very low extent.

The third question was the effect Continuous Improvement had on TQM practice of banks in Kenya. The study found that majority of the respondents (81 percent), agree that continuous improvement indeed does influence the TQM practice in banks. In addition to that a Pearson correlation matrix (.529) reveals that there is a positive relationship between Continuous improvement and TQM.
On Employee Empowerment, most of the respondents (80 percent) affirm that employee empowerment influences the TQM practice of Kenyan banks. This is further reinforced by the Pearson’s correlation matrix (.547), which suggests a positive influence of Employee Empowerment on TQM practice.

The research noted that there were many challenges affecting the implementation of TQM in the banks. These included scarcity of funds for training and implementing TQM, resistance from the staff to TQM, procurement wrangles with effect to choice of quality certified suppliers and limitation in access to quality oriented information.

Lastly the research found that though most of the management was privy to TQM matters and indeed perceive TQM to be very important in aiding the banking operations, a paired t-test reveals that few of those in management have followed it with actual implementation. In short there was a significant difference between TQM perception on banking operations and implementation of the same.

5.3 Conclusions
Given the importance of Total Quality Management in the service sector, it was important to establish its practice in the Kenyan Banks. The study unveiled that the level of TQM practice stands at 19 percent in the Kenyan Banks. The study also revealed that quality management with regard to ISO certification was on the rise at 36 percent within the banks against the industry standard of 10 percent according to World Bank (2010) statistics. The study found that there was a significant difference between perception of TQM and its practice in Kenyan Banks.

On management commitment, it can be concluded that it is the practice that affects Total Quality Management the most. The research has shown that there was strong support in critical success factors of management commitment as quality policies and objectives, quality audits and process control. There was moderate support for quality certified suppliers by the management.

With regards to customer focus, it can be concluded that this practice has a low influence on Total Quality Management in Kenyan Banks. With the exception of benchmarking banking operations for customer benefits, other critical areas of customer focus have moderate to low support with customer surveys getting the least attention in banks.
On continuous improvement, it can be concluded that this practice has a strong positive effect on Total Quality Management in Kenyan banks. Not only do 81 percent of respondents agree with this but also Pearson’s Matrix Correlation indeed shows a strong positive influence. Continuous training, vision and mission, innovation groups and PDCA cycle are well supported in existing banking systems. Improvements based on statistical approach receive moderate support however. From the research it can be concluded that employee involvement and empowerment influences TQM in Kenyan banks. This is backed by the fact that most of the respondents, (80 percent), agree with this fact. Critical areas of delegation of managerial duties, motivation, teamwork rewards and employees training are well supported. The research found that the main challenges that face TQM implementation in the banks are lack of enough resources for training and reengineering banking processes to adopt TQM, resistance from the staff to new quality management approaches and procurement hurdles that bar the choice of quality certified suppliers.

5.4 Recommendations

With regard to management commitment, it is recommended that this factor be highly adopted in banks with a view to increase TQM efforts. This is because it was found to be the most influential factor to Total Quality Management. In order to have TQM practices gain more impact in existing banking systems, it is recommended that management should support matching of banks needs to quality certified suppliers as this was the least supported area of management commitment.

On customer focus, it is recommended that prudent measures be put in place within the banking system to enhance the support of rapid response to customer needs and grievances. It is also recommended that bureaucracy be kept to the absolute minimum because it is inhibiting efforts to delight customers presently. The banks should also up their efforts to bring forth products review policies to meet customers emerging requirements. Of critical importance it is recommended that the banks take customer surveys seriously. This is the single most reason that has narrowed the effect customer care has on Total Quality Management because most banks do not support it.
On continuous improvement, it is recommended that this factor be upheld since it positively influences Total Quality Management. One area that requires more effort to increase the influence it has to TQM is observance of statistical approaches in identifying areas that require improvements.

With regard to employee involvement and empowerment it is recommended that banks should sustain and even improve more on this factor since it has been shown to strongly influence Total Quality Management. An area within this factor that requires more support is training which at the moment is being moderately implemented.

5.5 Suggestions for Further Research

The main aim of this research was to identify the current levels to which total quality management practices have been implemented in the banking sector. Although this has been successfully accomplished, it is noteworthy that due to limitations in terms of time and budget the study was not able to unearth the level of practice of all the total quality aspects. There is therefore a need for further research in areas of TQM such as information management systems, service design, and experimental design to name but a few.

Due to the fact that Total Quality Management is a form of business reengineering which costs lots of resources to establish, it would be important for banks to establish the level of return on investments they would accrue for employing each TQM practice. For this purpose it is essential for a research to be conducted with the aim to establish the different performance benefits each aspect of TQM has on the banking operations. This would be helpful to enable banks optimize their resources where their return on investments is highest.

As the research pointed, the level of interest in TQM as was noted by the importance on its perception of benefits is high. It is therefore expected that there could be drastic changes in future regarding TQM practice. A longitudinal study would be very important to unearth the changes that will affect the TQM practice in the banking scene in future. It would also be important for future researchers to establish the frame of reference used by the banks to monitor their progress and challenges in the application of TQM.
REFERENCES


APPENDICES

Appendix 1: Sampling Frame

Banks in Nairobi Central Business District

- **African Banking Corporation Ltd**: Postal Address: P.O Box 46452-00100, Nairobi. Physical Address: ABC Bank House, Mezzanine Floor, Koinange Street.

- **Bank of Africa Kenya Ltd**: Postal Address: P. O. Box 69562-00400 Nairobi. Physical Address: Re-Insurance Plaza, Ground Floor, Taifa Rd.

- **Bank of Baroda (K) Ltd**: Postal Address: P. O Box 30033 – 00100 Nairobi. Physical Address: Baroda House, Koinange Street.

- **Bank of India**: Physical Address: Bank of India Building, Kenyatta Avenue.

- **Barclays Bank of Kenya Ltd**: Postal Address: P. O. Box 30120 – 00100, Nairobi. Physical Address: Barclays Plaza, Loita Street.

- **CFC Stanbic Bank Ltd**: Physical Address: CFC Centre, Chiromo Road, Westlands. Postal Address: P. O. Box 72833 - 00200 Nairobi

- **Charterhouse Bank Ltd**: UNDER - STATUTORY MANAGEMENT. Postal Address: P.O. Box 43252 Nairobi: Physical Address: Longonot Place, 6th Floor, Kijabe Street.

- **Chase Bank (K) Ltd**: Postal Address: P. O. Box 66015-00800 Nairobi. Physical Address: Riverside Mews, Riverside Drive, Nairobi.

- **Citibank N.A Kenya**: Postal Address: P. O. Box 30711 - 00100 Nairobi: Physical Address: Citibank House, Upper Hill Road, Nairobi.

- **Commercial Bank of Africa Ltd**: Postal Address: P.O. Box 30437– 00100, Nairobi Physical Address: CBA Building, Mara/Ragati Road, Upper Hill Nairobi.

- **Consolidated Bank of Kenya Ltd**: Postal Address: P. O. Box 51133 - 00200, Nairobi. Physical Address: Consolidated Bank House, 6th Floor, Koinange Street.

- **Co-operative Bank of Kenya Ltd**: Postal Address: P. O. Box 48231 - 00100 Nairobi: Physical Address: Co-operative House, 4th Floor Annex, Haile Selassie Avenue.

- **Credit Bank Ltd**: Postal Address: P. O. Box 61064-00200 Nairobi: Physical Address: Mercantile House, Ground Floor, Koinange Street.

- **Development Bank of Kenya Ltd**: Postal Address: P. O. Box 30483 - 00100, Nairobi: Physical Address: Finance House, 16th Floor, Loita Street.
- **Diamond Trust Bank Kenya Ltd.** Postal Address: P. O. Box 61711 – 00200, Nairobi: Physical Address: Nation Centre, 8th Floor, Kimathi Street.

- **Dubai Bank Kenya Ltd.** Postal Address: P. O. Box 11129 – 00400, Nairobi: Physical Address: I.C.E.A. Building, Ground Floor, Kenyatta Avenue.

- **Ecobank Kenya Ltd.** Postal Address: P. O. Box 49584- 00100 Nairobi: Physical Address: Ecobank Towers, Muindi Mbingu Street.

- **Equatorial Commercial Bank Ltd.** Postal Address: P. O. Box 52467-00200 Nairobi: Physical Address: Equatorial Commercial Bank Centre, Nyerere Road.

- **Equity Bank Ltd.** Postal Address: P. O. Box 75104-00200, Nairobi: Physical Address: Equity Centre, 9th Floor, Hospital Road, Upper Hill.

- **Family Bank Limited.** Postal Address: P. O. Box 74145-00200 Nairobi: Physical Address: Four Ways Towers, 6th Floor, Muindi Mbingu Street.

- **Fidelity Commercial Bank Ltd.** Postal Address: P. O. Box 34886-00100 Nairobi: Physical Address: I.P.S Building, 7th Floor, Kimathi Street.

- **Fina Bank Ltd.** Postal Address: P. O. Box 20613 – 00200, Nairobi: Physical Address: Fina House, Kimathi Street.

- **First community Bank Limited.** Postal Address: P. O. Box 26219-00100, Nairobi: Physical Address: Prudential Assurance Building, 1st Floor, Wabera Street.

- **Giro Commercial Bank Ltd.** Postal Address: P.O. Box 46739 – 00200, Nairobi: Physical Address: Giro House, Kimathi Street.

- **Guardian Bank Ltd.** Postal Address: P. O. Box 67681 – 00200, Nairobi: Physical Address: Guardian Centre, Biashara Street.

- **Gulf African Bank Limited.** Postal Address: P. O. Box 43683 – 00100, Nairobi: Physical Address: Gemina Insurance Plaza, Kilimanjaro Avenue, Upper Hill.

- **Habib Bank A.G Zurich.** Postal Address: P. O. Box 30584 - 00100 Nairobi: Physical Address: Habib House, Koinange Street.

- **Imperial Bank Ltd.** Postal Address: P. O. Box 44905 – 00100, Nairobi: Physical Address: Imperial Bank House, Bunyala Road, Upper Hill.

- **I & M Bank Ltd.** Postal Address: P.O. Box 30238 – 00100, Nairobi: Physical Address: I & M Bank House, 2nd Ngong Avenue.
• Jamii Bora Bank Limited. Postal Address: P. O. Box 22741 – 00400, Nairobi. Physical Address: Jamii Bora House, Koinange Street.

• Kenya Commercial Bank Ltd. Postal Address: P. O. Box 48400 – 00100, Nairobi. Physical Address: Kencom House, 8th Floor, Moi Avenue.

• K-Rep Bank Ltd. Postal Address: P. O. Box 25363 – 00603, Nairobi. Physical Address: K-Rep Centre, Wood Avenue, Kilimani.

• Middle East Bank (K) Ltd. Postal Address: P. O. Box 47387 - 0100 Nairobi. Physical Address: Mebank Tower, Milimani Road.

• National Bank of Kenya Ltd: Postal Address: P. O. Box 72866 - 00200 Nairobi. Physical Address: National Bank Building, 2nd Floor, Harambee Avenue.

• NIC Bank Ltd. Postal Address: P. O. Box 44599 - 00100 Nairobi. Physical Address: N.I.C House, Masaba Road, Upper Hill.

• Oriental Commercial Bank Ltd. Postal Address: P.O BOX 14357-00800, Nairobi. Physical Address: Apollo Centre, 2nd Floor, Ring Road, Westlands.

• Paramount Universal Bank Ltd. Postal Address: P. O. Box 14001 -00800 Nairobi. Physical Address: Sound Plaza Building, 4th Floor, Woodvale Grove, Westlands.

• Prime Bank Ltd. Postal Address: P. O. Box 43825 – 00100, Nairobi. Physical Address: Prime Bank Building, Chiromo Lane/Riverside Drive Junction, Westlands.

• Standard Chartered Bank Kenya Ltd. Postal Address: P. O. Box 30003 - 00100 Nairobi. Physical Address: Standard Chartered Building, Westlands Road, Chiromo Lane, Westlands.

• Trans-National Bank Ltd. Postal Address: P. O. Box 34353 - 00100 Nairobi. Physical Address: Transnational Plaza, City Hall Way.

• UBA Kenya Bank Limited. Postal Address: P. O. Box 34154 - 00100 Nairobi. Physical Address: Apollo Centre, 1stFloor, Ring Road/Vale Close, Westlands.

• Victoria Commercial Bank Ltd. Postal Address: P. O. Box 41114 - 00100 Nairobi. Physical Address: Victoria Towers, Mezzanine Floor, Kilimanjaro Avenue, Upper Hill.
Appendix 2: Letter of introduction

Rugendo Henry Mwenda,
P.O Box 30036-00100,
Nairobi.
May 15, 2012.

Dear Respondents,

RE: REQUEST FOR APPROVAL TO CARRY OUT RESEARCH IN THE BANK

My name is Henry Mwenda from Kenyatta University. I am undertaking a research on the factors influencing the TQM practice in the Banking industry in Kenya. I am humbly requesting you to avail truthful information in all the aspects covered in this research. I wish to affirm to you that this is an academic research and will in no way whatsoever be used for any other purpose other than academics.

Your anonymity will be preserved as will be your views. I kindly request you to answer all the questions appearing in each section of the questionnaire. I will be highly indebted for your unreserved participation in this research. Thank you very much for your time and cooperation.

Faithfully yours,

Henry Mwenda
Appendix 3: Research Questionnaire

QUESTIONNAIRE ON THE FACTORS INFLUENCING THE TQM PRACTICE IN BANKS WITHIN NAIROBI CENTRAL BUSINESS DISTRICT

A. Background Information

1. What is your gender?
   Male [ ] Female [ ]

2. What is your position (designation) in the bank?
   Branch manager [ ] Head of department [ ] Others [ ] Specify

3. Division/Department
   Finance [ ] Sales & Marketing [ ] Procurement [ ]
   R&D [ ] Customer care [ ]
   HR [ ] Others [ ] Specify

3. What is your highest education qualification?
   Certificate [ ] Diploma [ ] Bachelors degree [ ]
   Masters [ ] PhD [ ] Others [ ] Specify

4. How long has this bank been in operation .................

5. Does the bank possess ISO 9000 series certification?
   Yes [ ] No [ ]
   If no, is the bank planning on acquiring an ISO 9000 series certification?
   Yes [ ] No [ ]
   How long has the bank been ISO certified?
   Less than 5 years [ ] 5-10 years [ ] More than 10 years [ ]

6. Have you heard of total quality management?
   Yes [ ] No [ ]
7. How well do you understand TQM concepts?
   - Completely [ ]
   - Fairly well [ ]
   - Somewhat [ ]
   - A little [ ]
   - Confused [ ]

8. What is your perception on the effects of TQM on the bank’s operation?
   - Very significant [ ]
   - Significant [ ]
   - None [ ]
   - Moderate [ ]
   - Very little [ ]

9. The bank employs TQM practices in their everyday operations
   - Strongly Agree [ ]
   - Agree [ ]
   - Neutral [ ]
   - Disagree [ ]
   - Strongly Disagree [ ]

10. The bank uses different statistical methods to design their operations
    - Strongly Agree [ ]
    - Agree [ ]
    - Neutral [ ]
    - Disagree [ ]
    - Strongly Disagree [ ]

11. How many staff trainings sessions on total quality management practices do you conduct annually?
    - None [ ]
    - 4-6 [ ]
    - 1-3 [ ]
    - More than 6 [ ]

12. What prompts you to use total quality practices in your bank? Tick where applicable.
    - Customer requirements [ ]
    - Staff empowerment [ ]
    - Streamline operations [ ]
    - Management requirement [ ]
    - Others [ ] Specify

13. What percentage of your budget is used in development of Total Quality Practices?
    - 0-5 [ ]
    - 5-10 [ ]
    - 10-15 [ ]
    - Other [ ] Specify
### B. Management Commitment

12. Tick (✓) your most appropriate responses to the statements below.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>The banks management has clearly defined policies on quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>The management always use quality tools eg statistical methods, cause effect diagrams etc to make decisions</td>
<td></td>
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<tr>
<td>c</td>
<td>Delegation and teamwork by staff are highly prioritized by the management</td>
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<tr>
<td>d</td>
<td>Management adheres to process control to prevent defective services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f</td>
<td>The management commits to quality activities such as internal quality audit, quality awareness programs, and design of experiments</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g</td>
<td>The management commits to particular quality certified suppliers and compare their standards with those of world class expectations</td>
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</tbody>
</table>
13. What other management commitment factors do you think influence the use of total quality practices in your bank?

C. Customer Focus

For numbers 14 to 18 below, indicate any of the following in the box after each statement:
(1=strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5=strongly agree)

14. The bank regularly conducts satisfaction surveys to understand customer needs

15. The bank has a regular product review policy to cater for changing customer needs

16. The bank benchmarks their services with the requirements of CBK and the best practices in the industry

17. The bank has a time limit for responding to customer grievances

18. The bank requires customers to have their grievances served by the branch hosting their accounts

19. How many customer surveys does the bank conduct annually?

20. How would you rate the following departments in order of importance to the bank?

(Choose 1 for the lowest score and five for the highest score)

- Human resource
- Finance & Accounts
- Customer care
- R&D
- Procurement

21. What investments have you put in place to ensure personalized customer services?
22. What other customer focus factors do you think influence the use of quality practices in the bank?

D. Continuous Improvement

23. Tick (✓) the most appropriate response to the following statements

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. The vision of the bank is well understood and everyone has an ascertained mission to support the priorities of the vision</td>
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<td></td>
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<tr>
<td>b. Improvement opportunities are identified using statistical methods</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>c. Suppliers are matched with the requirements of the banks</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>d. The bank lacks a proper defined Plan, Act, Do and Check cycle</td>
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<tr>
<td>e. The bank makes use of quality circles or innovation groups within the bank to improve and come up with efficient processes to existing systems</td>
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<tr>
<td>f. The bank is committed to train and educate employees on new skills that seek to improve existing systems</td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>
24. Which stakeholders does the bank involve in identifying the areas that require continuous improvement? (Tick where applicable, more than one box may be ticked)

Employees [ ]
Quality experts [ ]
Customers [ ]
Others [ ] Specify

24. What other continuous improvement factors do you think influence the adoption of total quality management practices in your bank?

E. Employee Involvement and Empowerment

25. Tick (✓) the most appropriate response to the statements below.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Employees are part and parcel of decision making in the banks</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>b. Employee training is difficult due to funding restrictions</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Employee motivation influences the quality and satisfaction of their jobs</td>
<td></td>
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</tr>
<tr>
<td>d. The bank gives rating on employee contributions low priority</td>
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</tr>
<tr>
<td>e. Management delegates duties to employees as part of successive leadership</td>
<td></td>
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</tr>
</tbody>
</table>
26. What other employee involvement and empowerment factors influence the use of TQM practice in the bank?

...........................................................................................................................
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F. Overall

27. Overall, how would you rank the following factors as influencing the adoption of Total Quality Management practices?

(Rank from 1 = most influential to 4 = least influential)

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>RANKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management commitment</td>
<td></td>
</tr>
<tr>
<td>Customer focus</td>
<td></td>
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<tr>
<td>Continuous improvement</td>
<td></td>
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<tr>
<td>Employee involvement and empowerment</td>
<td></td>
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</tbody>
</table>

28. What challenges do you face in implementing TQM on the day to day bank operation?

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29. What recommendation do you have on how adoption of TQM can be increased among the banks?

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-THE END-
## Appendix 4: Research Budget

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ESTIMATED AMOUNT (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Production of documents (printing of the draft supervision copies and final proposal)</td>
<td>7000</td>
</tr>
<tr>
<td>2 Travelling expenses</td>
<td>8000</td>
</tr>
<tr>
<td>3 Communication(telephone and internet)</td>
<td>5000</td>
</tr>
<tr>
<td>4 Other sundry expenses</td>
<td>4000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24,000</strong></td>
</tr>
</tbody>
</table>
## Appendix 5: Research Work Plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>January 2012</th>
<th>February 2012</th>
<th>March 2012</th>
<th>April 2012</th>
<th>May 2012</th>
<th>June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discuss the draft proposal with the supervisor and effect the recommendations and defense of proposal</td>
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<td>Effect the recommendations of the defense panel and pilot test the research instrument</td>
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<tr>
<td>Data collection</td>
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<tr>
<td>Data analysis, report writing and report submission</td>
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</tbody>
</table>