

---

## TOTAL QUALITY MANAGEMENT AND CUSTOMER SATISFACTION OF DEPOSIT MONEY BANKS IN KATSINA STATE

**ABINABO, Pere**

Department of Business Management  
Faculty of Management Science  
Federal University Dutsin-Ma, Katsina State, Nigeria

**JIBRIN, Shagari Nuhu**

Department of Business Management  
Faculty of Management Science  
Federal University Dutsin-Ma, Katsina State, Nigeria

### ABSTRACT

The study examined total quality management and customer satisfaction of deposit money banks in Katsina State, Nigeria. The study used primary data collected using structured questionnaire. Respondents were selected using convenient sampling technique. The study adopted multiple regression techniques to test the hypotheses formulated. The result shows that continuous improvement, customer focus and employees' training have significant positive effect on customer satisfaction. The contribution of total quality management to customer satisfaction is quite enormous. Thus, for financial institutions to remain relevant, profitable and survive, total quality management must be accorded attention and recognition. For this reason, management of deposit money banks should invest in state-of-heart technologies that improve customer experience with banking services. Also, to improve customer satisfaction, back office and front line staff should treat customers with esteem; surpass their expectations; and improve their turnaround time.

**Keywords:** Employee training, continuous learning, customer focus, customer satisfaction, total quality management

### INTRODUCTION

Customer satisfaction is the bedrock of business sustenance in this new business era. It is no longer sufficient to manufacture great products. The complaints and expectation of the customers need to be seriously taken into cognizance and incorporated into business plans. This is because today's consumers have access to a wide range choices, hence, can switch to rival products rapidly. The intensity of competition in Nigeria's banking sector has elevated the stakes for operators, and has made the provision of excellent customer the new benchmark. Ateke and Onwujariri (2014) argue that excellent customer service is the avenue via which firms can gain enviable position in customers' mind and also gain competitive edge in today's operating milieu where it is daunting to gain and sustain differentiation.

Nigerian banking industry customer experience survey of Klynveld Peat Marwick Goerdeler (KPMG, 2020) reports that there are less differentiation and lower satisfaction scores, as the gap between rated banks closed for 13th consecutive year. Customers' lower levels of satisfaction suggest that they have higher expectations than they actually received. Customer satisfaction is a feeling that a product meet or exceed expectation (Alamgir & Shamsuddoha, 2014). Customer satisfaction comes with several benefits for companies. It increases new business opportunities, and increases market share and profitability.

The many benefits associated with customer satisfaction made it popular research problem for researchers in consumer, marketing and organizational studies. Literatures is thus replete with studies on determinants and consequences of customer satisfaction. This however, joins the discourse by examining the influence of total quality management on customer satisfaction of deposit money banks in Katsina State.

---

## LITERATURE REVIEW

### **Concept of Customer Satisfaction**

Customers are confronted with multiple choices of products that hold the promise to satisfy their preferences. Companies therefore struggle to ensure that customers are offered products that have superior quality (Pattanayak & Maddulety, 2017). The performance of organizations rely on customer satisfaction. That is why retail banks focus on customer satisfaction by offering superior value through service quality that results in customer satisfaction and loyalty. According to Chiguvi and Guruwo (2017), customer satisfaction is a post choice evaluative judgment of a specific transaction that builds trust and relationship quality. Alshurideh et al. (2012) indicates that customer satisfaction is a feeling that a product met or exceeded expectation. That is, when results are compared against expectation after the product has been used. And when the perceived product or service is judged expectation is confirmed. Disconfirmation arises wherever the perceived performance of the product is less than expectation (Amoah-Mensah, 2011).

### **Concept of Total Quality management**

Total Quality Management (TQM) has become a strategic instrument for determining satisfaction of customer in present day dynamic banking environment in Nigeria. Provision of quality services as a strategy for achieving competitive advantage has become an imperative for banks. TQM has become a key competitive weapons to attract customers, achieve excellence and to command industry and market leadership. TQM is among the most effective quality techniques firms can apply to achieve performance differential (Sadik, 2018).

Al-Abdali (2021) defined TQM as a business philosophy that aims to satisfy customers and gain long-run advantages for employees and society. Sadik (2018) defined it as a management philosophy that emphasize satisfaction of customer, employees, shareholders and other relevant publics. TQM application in a company is evidence in Japan after the Second World War has made Japan become the second largest economy in the world as it is evidence in the products of Toyota, Canon, Honda which were gaining market share, international reputation for high quality for satisfaction of its customers (Daft et al., 2010). TQM is anchored on continuous improvement =, customer focus and employee training.

### **Continuous Improvement**

Continuous improvement involves works, in the areas of advance strategic planning and decision-making, in order to implement work components on the business establishment (Al-Damen, 2017). Vilarinho et al. (2018) defined continuous improvement, in regard to organizational quality and performance focuses on improving customer satisfaction through continuous and incremental improvements to processes, including by removing unnecessary activities and variations. It strives to increase value and performance which will meet or surpass customer expectations. This can be accomplished by incorporating the quality functions and the vital processes during the course of the company. It stems from the belief that errors can be prevented and defects can be stopped. It leads to constant improving outcomes, in all phases of work, as a result of continuously improving capabilities, people, processes, and technology and machine capabilities.

### **Customer Focus**

Paying attention to customers is the first concern of TQM. While quality means meeting or surpassing customer expectations, the objectives are to meet customer needs when first identified. TQM recognizes that flawless product have little value if it is not what customers (Chiguvi & Guruwo, 2015). Customer focus according to Sharabi (2015), is a “means of meeting needs and expectations of current and potential customers by developing comprehensive understanding of their needs and delivering value to customers. It means that if customers’ need and expectations are not met, there is possibility that they can decide to discontinue purchasing the good or service, complain to the company or a third party or engage in negative word of mouth (Sia, 2021). Therefore, companies should focus their attention on collecting information constantly from market surveys, focus groups, and customer interviews in order to stay the same page with

what customers want (Al-Damen, 2017). Customer focus in banking it is the corner stone of the entire decision making process. This is why banks performance management have identified customer focus as the leading indicator for industry success both in past assessments and future predictions.

### **Employee Training**

Employee training means positive change in employees' skills, knowledge and abilities in order to bring in positive outcomes (Wanjogu & Waithaka, 2021). Organizations achieve growth and when well-designed trainings are given to employees. Employees require training to assume higher responsibilities and to contribute to quality enhancement activities required to flexibly respond to changing customer and market requirements (Cooney et al., 2002). This is because the success of the quality strategies adopted by the firm and the effectiveness of the quality management system employed within the firm, are dependent on appropriately skilled employees. When these skills are acquired, then employees will be able to know how to satisfy the customer needs if they are properly trained. Training, has direct result on productivity, internal quality and financial outcomes for firms, by raising the general level of skills and enhancing the economic value of the firm (Cooney et al., 2002).

### **TQM and Customer Satisfaction**

Considerable studies have been conducted to examine the relationship between TQM and customer satisfaction (Motlokoa et al., 2018). Al-Shobaki et al. (2010) examined TQM in the Jordanian banking sector and found that application of TQM lead to increased productivity and ability to strive in the international market. Awolusi (2013) investigated effects of TQM on customer service management in the Nigerian banking industry and revealed that human resource focus, leadership, strategic planning, process management, information and analysis, customers and market focus have positive relationship with customer service management.

Also, Mohamad and Sabri (2022) examined impact of TQM on customer satisfaction in Malaysia's telecommunication sector. The study reveal that TQM increases service quality and leads to higher customer satisfaction. Pambreni et al. (2019) examined influence of TQM on organizational performance in Malaysia. The study revealed that components of TQM (customer focus, continuous improvement, and employee involvement) have positive significant effects on organizational performance.

Similarly, Bouranta (2019) studied key factors of TQM in the service sector in Spain. The study revealed that quality practices of top management, process management, employee quality management, customer focus, and employee knowledge and education have significant positive relationship with customer satisfaction. More so, Apudo (2016) found that highest management concern, focusing on customer, employee participative role, process control and continuous improvement, education and training, recognition and awards, supplier producer quality management are able to explain customer retention variable.

Relatedly, Yala et al. (2018) in their study indicated that leadership, employee participation and empowerment, training, communication, customer focus, management of quality supplier, continual improvement, and organizational culture significantly impact market share, productivity, profitability and overall business performance. El-Moneim and El-Tohamy (2015) questioned the impact of TQM on overall effectiveness of accredited governmental hospitals in Jordan. The study showed that leadership commitment to quality, customer focus; continuous improvement, teamwork, employee involvement, education and training have significant impact on effectiveness of Jordanian hospitals. In addition, Waduu and Rugami (2019) studied TQM practices and performance of commercial banks in Kenya. The study established that TQM practices significantly influence performance of the banks studied.

From the above, it is clear that employees training, continuous improvement and customer focus are TQM practices that can deliver satisfaction to customers in the banking sector. Because it will create a work

environment where people have the ability and confidence, and obliged to initiate necessary steps to satisfy customer requirements. Thus, we hypothesize that:

Ho<sub>1</sub>: Continuous improvement does not have any significant effect on customer satisfaction

Ho<sub>2</sub>: Customer focus does not have any significant effect on customer satisfaction.

Ho<sub>3</sub>: Employees training does not have any significant effect on customer satisfaction.

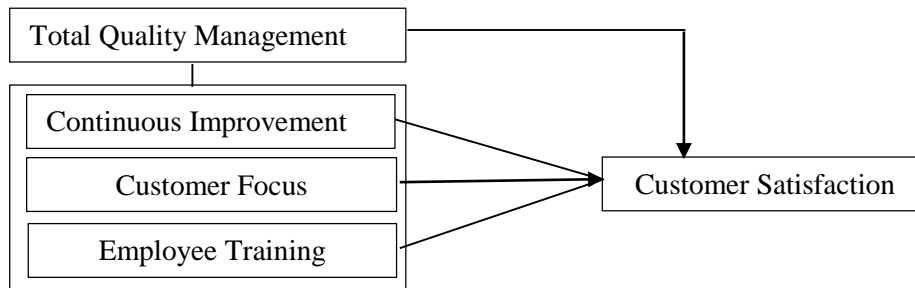


Fig. 1: Conceptual Framework

### Theoretical Framework

This study is grounded in Deming's 14 points TQM theory (Gupta, 2016) which argued that TQM is the provision of systems approach to ensure quality in an organization, support the constant attainment of customer satisfaction through integrated system of tools, techniques, training, continuous improvement of organizational processes and resulting in high quality products & services (Alauddin & Yamada, 2019). Edvardsson (1998) stressed that the consumer is the most important part of the production line and therefore quality should be aimed at the needs of the consumer, present and future.

The significance of this theory to the study is that it is a management method that has to do with creation of an organizational system that fosters cooperation and learning to facilitate implementation of process management practices, which, in turn, leads to continuous improvement of processes, products and employee fulfillment, all of which are critical to customer satisfaction, and to firm's survival (Masejane, 2012). This theory helps the banking sector execute strategies aimed at continuous improvement by focusing on rework of products.

## METHODOLOGY

This study adopted a descriptive survey research design, and collected data in a cross-sectional survey. The population of the study comprised customers of deposit money banks in Katsina state. The choice of customers of deposit money banks is because they are the only ones that can adjudge whether they are satisfied with banks' products or not. The study considered the population an infinite one because the actual population size is not readily available. The management deposit money banks were reluctant to provide the information, probably because of competition. The study obtained a sample size of 460 customers from the Banks in Katsina metropolis for the study. Using the Cochran (1977) statistical formula. The study used convenience sampling techniques to select respondents. Primary data was collected using structured questionnaire.

### Model specification

The study used simple linear model specification of multivariable function to estimate the parameters of the model. This functional effect are operationalized using the following:

$$\text{Customer satisfaction} = f(\text{total quality management}) \quad (1)$$

Where:

$$\text{Total quality management} = (\text{continuous improvement, customer focus, employee training})$$

$$\text{Therefore, CS} = f(\text{CI, CF, ET}) \quad (2)$$

Where:

CS = Customer Satisfaction

CI = Continuous Improvement

CF = Customer Focus

ET = Employee Training

The above function simply states that customer satisfaction is a function of continuous improvement, customer focus and employee training. This function is transformed into an econometric form as:

$$y_i = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + u \quad (3)$$

Where:  $y_i$  = Customer Satisfaction

$\beta_0$  = Intercept

$\beta_1$  = Parameter associated with  $x_1$

$\beta_2$  = Parameter associated with  $x_2$

$\beta_3$  = Parameter associated with  $x_3$

$x_1$  = Continuous Improvement

$x_2$  = Customer Focus

$x_3$  = Employee Training

$u$  = The error term or disturbance.

Therefore, the model becomes:

$$CS_i = \beta_0 + \beta_1CI_i + \beta_2CF_i + \beta_3ET_i + u_i \quad (4)$$

Thus, customer satisfaction is examined by the three explanatory variables and by other unobserved factors which are contained in the error term ( $u$ ). The study is still primarily interested in the relationships between total quality management and customer satisfaction, that is, this study is interested in the parameter  $\beta_1$ ,  $\beta_2$  and  $\beta_3$ .

## RESULTS AND DISCUSSIONS

**Table 1: Summary of Regression Results**

Model	Coefficients	t-values	p-values
Constant	11.004	8.960	.000
CI	.683	10.502	.000
CF	.490	5.879	.000
ET	.197	2.386	.017
R-square	.712		
Adjusted R-square	.710		
f-stats	375.234		
f-sig.			.000
D-W	1.831		

Source: Author's Computation (2022)

Evidence gathered from Table 1 reveals that CI is significantly and positively connected with customer satisfaction. This assertion is supported by the t-value of 10.502 which is significant at 1% level (p-value of .000 is less than .001). The result of the second predictor variable (CF) also exhibit positive and significant behaviour with CS. This position is confirmed by the t-value of 5.879 which is also significant at 1% level (p-value of .000 is less than .001). In a related manner, the third predictor variable (ET) also shows positive and significant link with the dependent variable (CS), although, at 5% level (t-value = 2.386; p-value of .017 is less than .005).

Tale 1 shows that the t-value of continuous improvement is positive and significant at 1% level. It follows that since the p-value of .000 is less than .01; the null hypothesis should be rejected. Thus, continuous improvement has significant positive effect on customer satisfaction. Table 1 also that the t-value for

customer focus is significant and positive at 0.01 levels. Hence, the study rejected the null hypothesis that customer focus has no significant effect on customer satisfaction. Further, Table t shows that the t-value of employees training is positive and significant as revealed by its p-value of .017, which is less than the 5% level of significance. Hence, this study rejected the null hypothesis which states that employee training has not significant effect on customer satisfaction.

The forgoing results show that TQM in the form of continuous improvement, customer focus and employee training has positive effect on customer satisfaction. This means that continuous improvement on banking services enhance customer satisfaction; and implies that creativity and innovation, and provision of quality services will result to improved customer satisfaction among deposit money banks in Katsina State.

Similarly, the results show that increased customer will lead to increase in customer satisfaction levels. The implication of this result is that focusing on customers' desires and needs has the ability to improve and enhance their satisfaction. Treating customers with esteem, meeting their expectations, handling their complaints diligently and timeously will increase customer satisfaction. Additionally, employees' training was also found to have a positive significant effect on customer satisfaction. The results show that a 1% increase employees' training is associated with 20% upsurge in level of customer satisfaction.

The implication is that providing training to employees on different aspects of banking operations including customer handling skills will lead to customer satisfaction. Training equip workers with skills and exposure required to act professionally. It can also be deduced that equipping staff with skills in customer handling; providing staff with knowledge on banking operations and products and good learning outcome as a consequence of training will enhance customer satisfaction.

These finding provide that continuous improvement, customer focus and training effect customer satisfaction, though the results show that continuous improvement has the strongest impact on customer satisfaction. This implies that continuous improvement is the most important TQM practice that determine customer satisfaction.

### **CONCLUSION AND RECOMMENDATION**

The conclusion arising from the findings of the study is that TQM enhance customer satisfaction among deposit money banks in Katsina State. Although, there are myriads other factors that influence customer satisfaction in the banking industry, the contribution of TQM in achieving customer satisfaction is quite enormous. For financial institutions to remain relevant, profitable and survive, TQM must be accorded serious attention and recognition.

Consequent upon the findings, the study recommends that deposit money banks in Katsina State that seek higher levels of customer satisfaction should continuously improve the quality of products in order to meet and surpass customers' expectation and deliver satisfaction to them. The study also recommends that deposit money banks in Katsina State embark on employee training to instill skills required to handle customers' complaints satisfactorily. The study further recommends that deposit money banks in Katsina State should monitors customer issues in order to remedy service problems promptly.



## REFERENCES

- Al-Abdali, A. S. H. (2021). The impact of total quality management on internal growth strategy in Jordanian private medical diagnostic labs. *Unpublished dissertation*. University of Petra, Jordan.
- Alamgir, M., & Shamsuddoha, M. (2004). Service quality dimensions: A conceptual analysis. *The Chittagong University Journal of Business Administration*, 19.
- Alauddin, N., & Yamada, S. (2019). Overview of Deming criteria for total quality management conceptual framework design in education services. *Journal of Engineering and Science Research*, 3(5), 12-20.
- Al-Shobaki, S. D., Fouad, R. H., & Al-Bashir, A. (2010). The implementation of total quality management (TQM) for the banking sector in Jordan. *Jordan Journal of Mechanical and Industrial Engineering*, 4(2) 304-313.
- Alshurideh, M., Masa'deh, R. M. D. T., & Alkurdi, B. (2012). The effect of customer satisfaction upon customer retention in the Jordanian mobile market: An empirical investigation. *European Journal of Economics, Finance and Administrative Sciences*, 47(12), 69-78.
- Amoah-Mensah, A. (2011). Customer satisfaction in the banking industry: A comparative study of Ghana and Spain. Universitat de Girona.
- Apudo, M. O. (2016). Quality management practices and customer retention in Micro and Small Enterprises in Nairobi City County, Kenya. *Industrial Engineering*, 4(2), 304-313.
- Ateke, B. W., & Onwujiariri, J. C. (2014). Relevance of excellent customer service in organisational competitiveness. *West African Journal of Business and Management Sciences*, 3(1), 87-95.
- Awolusi, O. D. (2013). The effects of total quality management on customer service management in the Nigerian banking industry: an empirical analysis. *International Journal of Management and Network Economics*, 3(1), 57-77.
- Bouranta, N., Psomas, E., Suárez-Barraza, M. F., & Jaca, C. (2019). The key factors of total quality management in the service sector: a cross-cultural study. *Benchmarking: An International Journal Business and Social Science*, 5(13), 1913-9004.
- Chiguvu, D. (2016). Impact of total quality management on customer satisfaction in the retail sector: Case of indigenous supermarkets in Botswana. *European Journal of Business and Management*, 8(28), 2222-1905.
- Chiguvu, D., & Guruwo, P. T. (2017). Impact of customer satisfaction on customer loyalty in the banking sector. *International Journal of Scientific Engineering and Research*, 5(2), 55-63.
- Cooney, R., Terziovski, M., & Samson, D. (2002). Employee training, quality management and the performance of Australian and New Zealand manufacturers. Monash University Faculty of Business and Economics.
- Daft, R. L., Kendrick M., & Vershinina, N (2010). *Management*. British library Cataloguing-in-Publication.
- Edvardsson, B. (1998). Service quality improvement. *Managing service quality: An International Journal*.
- Gharakhani, D., Rahmati, H., Farrokhi, M. R., & Farahmandian, A. (2013). Total quality management and organizational performance. *American Journal of Industrial Engineering*, 1(3), 46-50.
- KPMG (2020). *Customer experience survey*. KPMG.
- Masejane, T. P. (2012). Total quality management and organisational performance in the Maluti-A-Phofung municipality in the Free State Province (Doctoral dissertation).
- Mohamad, A., & Sabri, I. N. M. (2022). Impact of Total Quality Management on Customer Satisfaction for Malaysia's Telecommunication Sector in Selangor. *Research in Management of Technology and Business*, 3(1), 1021-1029.
- Nguyen, T. L. H., & Nagase, K. (2019). The influence of total quality management on customer satisfaction. *International journal of healthcare management*, 12(4), 277-285.
- Pambreni, Y., Khatibi, A., Azam, S., & Tham, J. J. M. S. L. (2019). The influence of total quality management toward organization performance. *Management Science Letters*, 9(9), 1397-1406.

- Pattanayak, D., Koilakuntla, M., & Punyatoya, P. (2017). Investigating the influence of TQM, service quality and market orientation on customer satisfaction and loyalty in the Indian banking sector. *International Journal of Quality & Reliability Management*.
- Sadik, R. M. (2018). Impact of Total Quality Management on Customer Satisfaction (E-Services). *International Journal*, 7(6), 2320 – 2602.
- Saini, V., & Tiwari, R. K. (2020). A systematic review of urban sprawl studies in India: a geospatial data perspective. *Arabian Journal of Geosciences*, 13(17), 1-21.
- Sia, K. F. (2021). Predicting effect of service orientation on organisational performance by customer contact employees in the Malaysian food service industry. *Unpublished dissertation*, UTAR.
- Waduu, D., & Rugami, M. (2019). Total quality management practices and performance of commercial banks in Kilifi Town, Kenya. *International Journal of Current Aspects*, 3(4), 1-15.
- Waduu, D., & Rugami, M. (2019). Total quality management practices and performance of commercial banks in Kilifi Town, Kenya. *International Journal of Current Aspects*, 3(4), 1-15.
- Wanjogu, B. W., & Waithaka, P. (2021). Total Quality Management and Organizational Performance of Deposit Taking Micro Finance Institutions in Nyandarua County, Kenya. *International Journal of Business Management, Entrepreneurship and Innovation*, 3(1), 121-135.
- Yala, H. O. (2018). The impact of total quality management policy on customers' satisfaction at Kenya power and lighting company in Uasin Gishu County, Kenya. *Unpublished Dissertation*. Moi University.