A Study of Impact of Total Quality Management (TQM) in Banking Sector in Raipur City [With special reference to SBI an ICICI]

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Abstract: Liberalization and globalization of the banking sector has created an era of fierce competition, as a result of which service management and quality performance is expected to assume an increasing important role in these industries. Banks can become stronger and effective only if they come out with better customer service, quality, costs, and innovation. Furthermore, the Indian banking environment is at present engulfed in a very healthy and intense competition between public sector banks and private sector banks. In order to retain and enlarge a competitive edge in such a highly competitive market place, banks ought to offer various strategic programmes. One of the significant programmes is Total Quality Management. TQM is an integrative philosophy of management for continuously improving the quality of products and processes of an organization. This research is aimed to examine whether the TQM practices are being adopted in the banks – SBI (public sector bank) and ICICI (private sector bank), in Raipur city of Chhattisgarh state and identify the impact of TQM on the organizational performance, business excellence and service quality of the aforementioned sector. The data collection method used in this research is mixed method, meaning that both qualitative and quantitative data were collected. A survey questionnaire was distributed to bank employees (TQM survey questionnaire). The findings indicated that the proper TQM within the organization ensures better operations and functions through employee participation and training.

Keywords: Customer's Expectations, Total Quality Management, Choice of Service Providers, Employee Training.
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Importance of TQM In Banking Sector

A bank is a financial intermediary who accepts deposit funds from those who have excess funds and provides funds to those who are in requirement of funds. Banks pay interest to the depositor for the amount they deposit at bank, and they charge interest to the borrower who borrows money from the bank. The difference between the interest rate which the banks pay to the depositors and the interest rate which the banks charge to the borrower forms the net interest margin (NIM) for the banks. Thus banking is a part of service sector and it is extremely crucial for the banks to retain their existing customers and also to attract potential customers.

There has been a phenomenal change in the Indian Banking sector post liberalization. The liberalization policy has allowed the entry of private sector into banking industries. The main difference which is quite evident between private sector banks and public sector banks is the level of service the private sector banks provide to its customers. The focus of the private banks is always on the customer needs and requirement thus providing them with a wide range of financial products and services. Thus as a result of which private banks have outperformed the public sector banks. The competition in banking sector is going to change further if the FDI norms in banking sector is relaxed and the global giants in banking sector enter the Indian Economy. The worst affected would be the public sector banks and they really need to gear up to face the competition. Thus it is needless to say how important the TQM practices are in banking sector.

RBI initiative for TQM implementation:

RBI is taking initiatives for implementing TQM practices in banking sector for improving and upgrading the professional skills of the employees. RBI also suggests different public sector banks and commercial banks to adopt TQM practices and implement the same for their employees. The initial approach taken by RBI for implementation of TQM is the introduction of TQM training programmes which includes all the basics of TQM i.e. introduction to TQM, customer focus, employee involvement. The bank employees were also provided training on ISO 9000 system and cost of quality. According to RBI, such TQM oriented trainings would help their employees to upgrade their skills, understand the importance of quality of product and service as well as equip them with the necessary professional skills to face challenges from competition.

Review of Literature

The first study by Pattanayak and Maddulety (2011) review the link between TQM and customer satisfaction in Indian banks, stressing dimensions like top management commitment and employee empowerment, while identifying challenges such as poor leadership and cultural resistance. Saraph et al. (1989) identified leadership, training, employee involvement, and process management as critical factors influencing successful TQM implementation. Powell (1995) argued that the cultural and behavioural dimensions of TQM such as leadership commitment, employee empowerment, and organizational culture contribute more significantly to competitive advantage than technical quality tools. In service industries, Parasuraman et al. (1988) proposed the SERVQUAL model, identifying reliability, responsiveness, assurance, empathy, and tangibles as key service quality dimensions. These dimensions closely align with TQM principles and have been widely applied in banking research.

Angur et al. (1999) empirically demonstrated the relevance of SERVQUAL dimensions in evaluating banking service quality in developing economies. Flynn et al. (1995) categorized TQM practices into infrastructure practices (leadership, human resource management) and core practices (process management and continuous improvement). Their findings suggest that infrastructure practices create an enabling environment for quality improvement. In the Indian banking context, Mishra and Bhardwaj (2012) observed that public sector banks often face challenges in TQM implementation due to rigid structures and bureaucratic procedures, whereas private sector banks exhibit greater flexibility.

Total Quality Management (TQM) in State Bank of India (SBI) focuses on enhancing customer satisfaction through continuous process improvement, employee training, and technology-driven service delivery. SBI shifted from conventional quality management to TQM, emphasizing proactive error prevention, quality circles, and faster, reliable banking services. Key Aspects of TQM in SBI:

- Customer-Centric Approach: SBI prioritizes customer needs through regular feedback mechanisms.
- Continuous Improvement (Kaizen): The bank focuses on refining processes to improve efficiency and reduce errors.
- Technology Integration: Adoption of digital tools to enhance banking services, improving speed and quality.
- Employee Involvement: Empowering staff via training and quality circles to identify improvements and reduce waste.
- Service Quality Focus: Emphasizes reliability, responsiveness, and professional service to stay competitive against private banks.

Total Quality Management (TQM) in Industrial Credit and Investment Corporation of India (ICICI Bank) focuses on continuous improvement of services, employee involvement, and customer-centricity to maintain a competitive advantage in the private banking sector. The bank emphasizes technology-driven service quality, utilizing digital channels and rigorous, data-driven processes to minimize errors and enhance customer satisfaction.
Key TQM Aspects at ICICI Bank:

- Customer-Centric Approach: The bank aligns its services with customer needs, using initiatives like the "Khayal Aapka" campaign to build long-term relationships.
- Service Quality & Digitalization: TQM is applied through the enhancement of e-services (internet banking), automated channels (ATMs), and fast transaction processing to meet high customer expectations.
- Performance Management: ICICI Bank has recently moved toward a team-based performance model, ditching the traditional "Bell Curve" to foster better collaboration and continuous, rather than annual, feedback.
- Quality Control & Feedback: ICICI uses quality analysis tools, including recording and evaluating customer calls, to ensure high service standards and continuous improvement.
- Process Efficiency: The bank focuses on optimizing operational processes (e.g., in loan processing and account opening) to minimize delays and enhance efficiency.

Objectives of the Study

- To investigate the relationship between employee involvement and TQM in banks.
- To identify challenges faced in implementing TQM..
- To suggest and recommend views and ideas for successiveness of TQM in Banks.

Hypothesis of the Study

H0: There is no significant difference in the application of TQM among SBI & ICICI Banks
H1: There is significant difference in the application of TQM among SBI & ICICI Banks.

Data Analysis and Interpretation

Table 1: Demographic Profile of the 110 Respondents

Category of Bank	No. of respondent	Age	No. of respondent	Work Experience	No. of respondent	Training of Employees	No. of respondent
Public		25-35	36	5 to 10 years	56	Yes	51

sector bank (SBI)	60						
		35-45	24	10 to 20 years	4	No	9
Private sector bank (ICICI)	50	25-35	37	5 to 10 years	48	Yes	44
		35-45	13	10 to 20 years	2	No	6
Total	110	Total	110	Total	110	Total	110

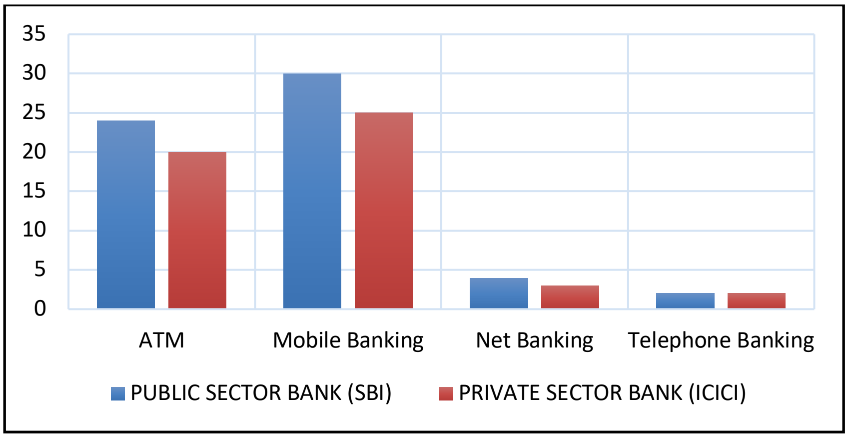
Table 1 depicts the Age, Work experience, training of employees working in public and private sector banks. It can be inferred that there is slight difference between the private sector bank (ICICI) and public sector bank (SBI) regarding the work Experience and training of employees.

Q1. Most popular E-Banking facility among Customers
(a) Very high (b) High (c) Average (d) Low

Table 2: Most popular E-Banking facility

Most popular E-Banking facility	Number of Respondents				Total Number	In Percentage
	Public Sector Bank (SBI)		Private Sector Bank (ICICI)			
	Number	Percentage	Number	Percentage		
ATM	24	40.0	20	40.0	44	40.0
Mobile Banking	30	50.0	25	50.0	55	50.0
Net Banking	4	6.7	3	6.0	7	6.4
Tele Banking	2	3.3	2	4.0	4	3.6
Total	60	100.0	50	100.0	110	100.0

Figure 1 : Contribution of New Technology to the success



Above table 2 depicts the opinion of employees regarding the contribution of new Technology in public sector bank and private sector bank. Majority of employees i.e. 50 per cent responded it as Mobile Banking followed by ATM with 40 per cent of the total respondents.

Q2. More employees training/education is needed for application of Total Quality Management

(a) Strongly Disagree b) Disagree (c) Neutral (d) Agree (e) Strongly Agree

Table 3 : Training and Education needed

Training and Education needed	Number of Respondents				Total Number	In Percentage
	Public Sector Bank (SBI)		Private Sector Bank (ICICI)			
	Number	Percentage	Number	Percentage		
Strongly Agree	31	51.7	17	34.0	48	43.6
Agree	22	36.7	12	24.0	34	30.9
Neutral	5	8.3	18	36.0	23	20.9
Disagree	2	3.3	3	6.0	5	4.5
Strongly Disagree	0	0	0	0	0	0
Total	60	100.0	50	100.0	110	100.0

Figure 3 : Training /Education needed

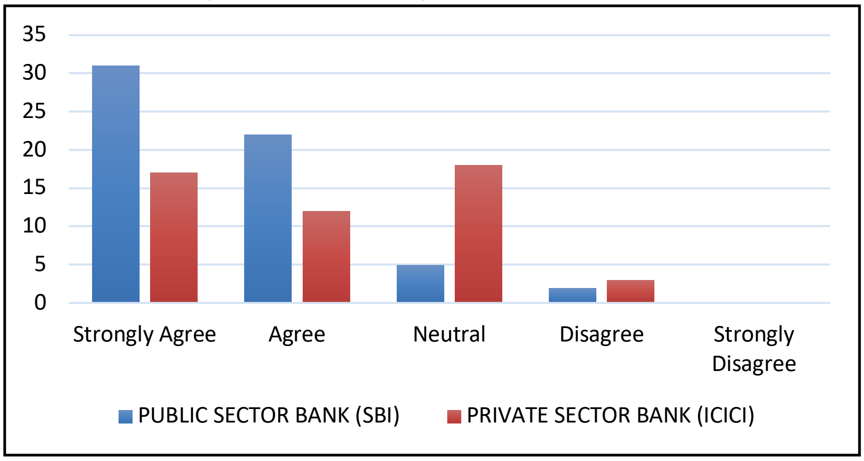


Table 3 depicts the opinion of employees regarding more customer training required to implement Total Quality Management. As adoption requires lots of alertness and awareness of latest technologies. It is observed from the table that 43.6 per cent were strongly agreed and 30.9 per cent were agreed with that feature of Total Quality Management while only 4.5 per cent of employees were disagreed and 20.9 per cent remains neutral.

Q3. Total Quality Management reduces repetitive task

(a) Strongly Disagree b) Disagree (c) Neutral (d) Agree (e) Strongly Agree

Table 4 : Total Quality Management reduces repetitive task

Total Quality Management reduces repetitive task	Number of Respondents				Total Number	In Percentage
	Public Sector Bank (SBI)		Private Sector Bank (ICICI)			
	Number	Percentage	Number	Percentage		
Strongly Disagree	2	1.8	2	4.0	4	3.6
Disagree	1	1.7	1	2.0	2	1.8

Neutral	11	18.3	1	2.0	12	10.9
Agree	33	56.7	14	30.0	47	44.5
Strongly Agree	13	21.7	32	64.0	45	40.9
Total	60	100.0	50	100.0	110	100.0

Figure 3 : Total Quality Management reduces repetitive task

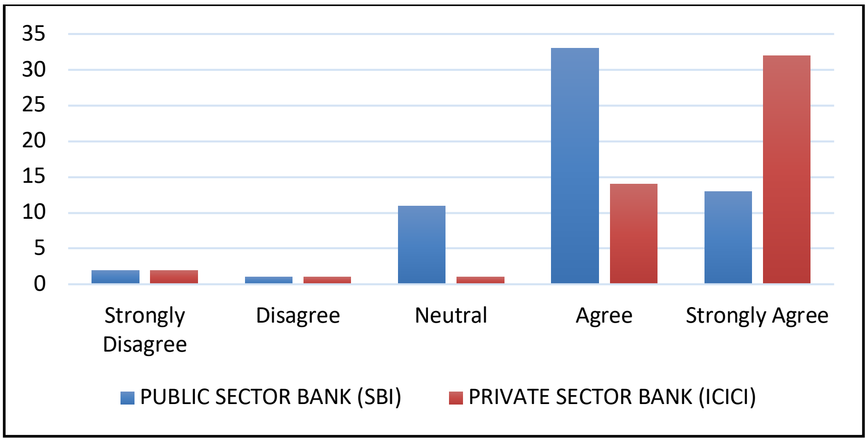


Table 3 depicts the opinion of employees regarding reduces repetitive task of employees. It is observed from the table that, out of 110 employees, 40.9 per cent were strongly agreed and 44.5 were agreed with that feature of Total Quality Management services.

Q4 . Total Quality Management assist in providing convenience for bank's customers
(a) Strongly Disagree b) Disagree (c) Neutral (d) Agree (e) Strongly Agree

Table 5: Total Quality Management assist in providing convenience

TQM assist in providing convenience	Number of Respondents				Total Number	In Percentage
	Public Sector Bank (SBI)		Private Sector Bank (ICICI)			
	Number	Percentage	Number	Percentage		
Strongly Disagree	2	3.3	1	2.0	3	2.7
Disagree	1	1.7	0	0	1	0.9
Neutral	10	16.7	2	4.0	12	10.9
Agree	35	58.3	10	20.0	45	40.9
Strongly Agree	12	20.0	37	74.0	49	44.5
Total	60	100.0	50	100.0	110	100.0

Figure 4 : Total Quality Management assist in providing convenience

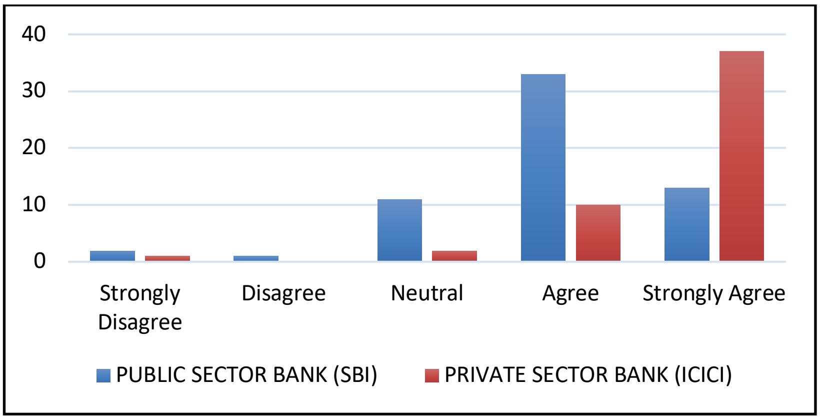


Table 5 depicts the opinion of employees regarding convenience for banks customers. It is observed from the table that , 44.5 per cent were strongly agreed and 40.9 were agreed with that feature of Total Quality Management.

Q5. Total Quality Management reduces cost of bank's daily performance
(a) Strongly Disagree b) Disagree (c) Neutral (d) Agree (e) Strongly Agree

Table 6 : Total Quality Management reduces cost of bank's daily performance

TQM reduces cost of bank's daily performance	Number of Respondents				Total Number	In Percentage
	Public Sector Bank (SBI)		Private Sector Bank (ICICI)			
	Number	Percentage	Number	Percentage		
Strongly Disagree	3	5.0	3	6.0	6	5.5
Disagree	3	5.0	7	14.0	10	9.1
Neutral	2	3.3	3	6.0	5	4.5
Agree	44	73.3	10	20.0	54	49.1
Strongly Agree	8	13.3	27	54.0	35	31.8
Total	60	100.0	50	100.0	110	100.0

Figure 5 : Total Quality Management reduces cost of bank's daily performance

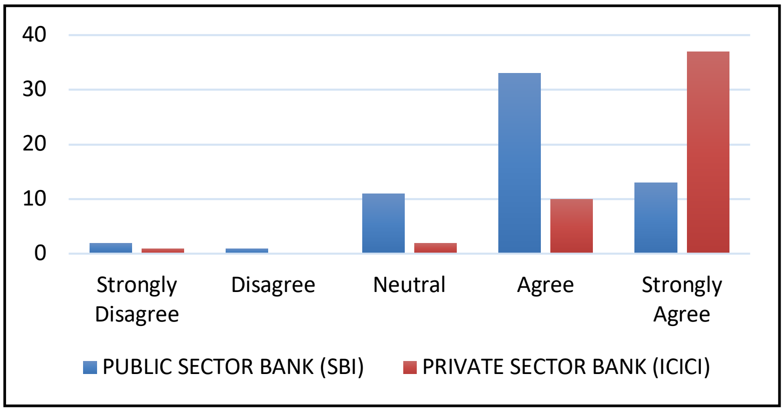


Table 6 depicts the opinion of employees regarding cost of daily performance. It is observed from the table that 31.8 per cent were strongly agreed and 49.1 per cent were agreed with that feature of Total Quality Management.

Q6. Total Quality Management leads to considerable Time Saving.
(a) Strongly Disagree b) Disagree (c) Neutral (d) Agree (e) Strongly Agree

Table 7: Total Quality Management leads to considerable time saving

TQM leads to considerable time saving	Number of Respondents				Total Number	In Percentage
	Public Sector Bank (SBI)		Private Sector Bank (ICICI)			
	Number	Percentage	Number	Percentage		
Strongly Disagree	2	3.3	2	4.0	4	3.6
Disagree	2	3.3	1	2.0	3	2.7
Neutral	5	8.3	5	10.0	10	9.1
Agree	28	46.7	20	40.0	48	43.6
Strongly Agree	23	38.3	22	44.0	45	40.9
Total	60	100.0	50	100.0	110	100.0

Figure 6 : Total Quality Management leads to considerable time saving

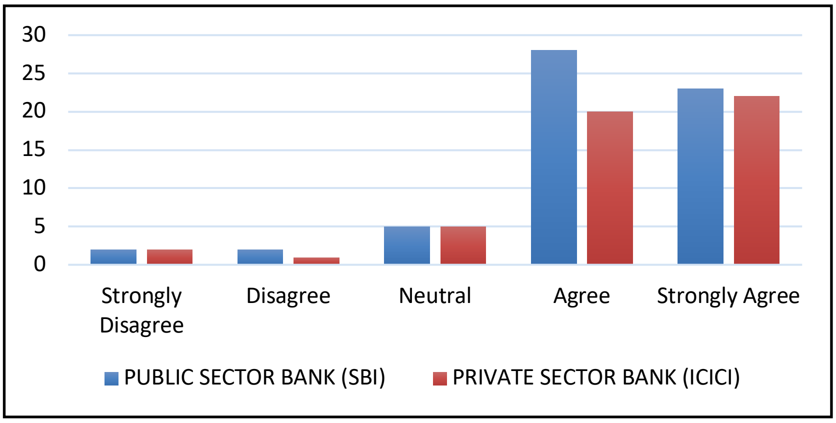


Table 7 depicts the opinion of employees regarding comparison of Modern with traditional banking in terms of time saving. As in traditional banking there was time consuming work culture but E-banking services leads to saving of time and therefore better utilisation of time at workplace, now the employees are freed from the hassle of counting cash for every transaction. It is observed from the table that 40.9 per cent were strongly agreed and 43.6 per cent were agreed with that feature

Q 7 Total Quality Management implementation speeds up work
(a) Strongly Disagree b) Disagree (c) Neutral (d) Agree (e) Strongly Agree

Table 8 : Total Quality Management Implementation speeds up work

TQM implementation speeds up work	Number of Customers				Total Number	In Percentage
	Public Sector Bank (SBI)		Private Sector Bank (ICICI)			
	Number	Percentage	Number	Percentage		
Strongly Disagree	3	2.7	1	0.9	4	3.6
Disagree	6	10.0	2	4.0	8	7.3
Neutral	17	28.3	5	10.0	22	20.0

Agree	22	36.7	20	40.0	42	38.2
Strongly Agree	12	20.0	22	44.0	34	30.9
Total	60	100.0	50	100.0	110	100.0

Figure 6 : Total Quality Management implementation speeds up work

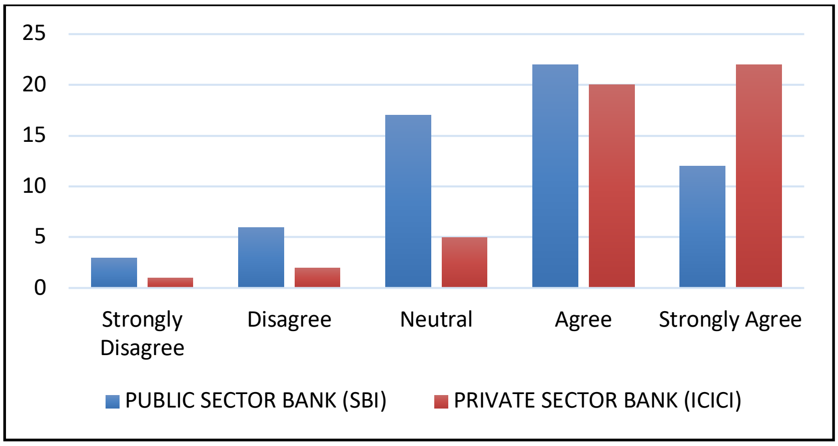


Table 8 depicts the opinion of employees regarding speed of work. It is observed from the table that 30.9 per cent were strongly agreed and 38.2 per cent were agreed with that feature of Total Quality Management.

Q 8. Total Quality Management leads to overall improvement in performance of banks
(a) To large extent b) To some extent (c) A little (d) Very Little (e) Not at all

Table 9 : Overall improvement in bank's performance

Overall improvement in performance	Number of Respondents				Total Number	In Percentage
	Public Sector Bank (SBI)		Private Sector Bank (ICICI)			
	Number	Percentage	Number	Percentage		
To large extent	31	51.7	17	34.0	48	43.6
To some extent	15	25.0	17	34.0	32	29.1
A Little	9	15.0	13	26.0	22	20.0
Very Little	3	5.0	2	4.0	5	4.5
Not at all	2	3.3	1	2.0	3	2.7
Total	60	100.0	50	100.0	110	100.0

Figure 8 : Overall improvement in bank's performance

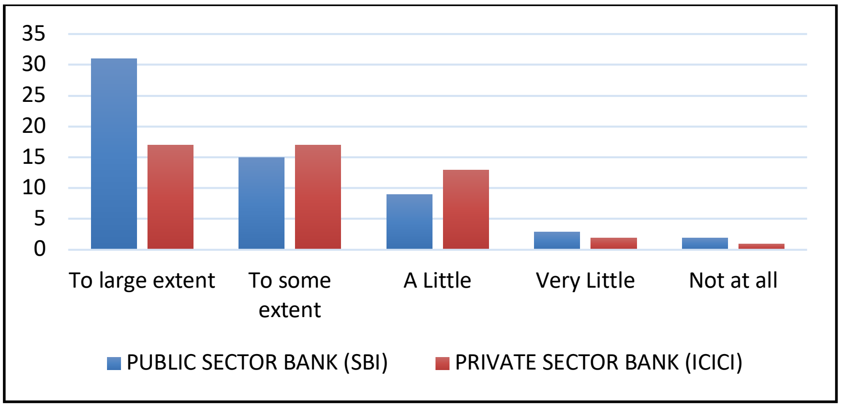


Table 9 depicts the opinion of employees regarding the overall performance of the banks. It is observed from the table 43.6 per cent of employees think that Total Quality Management has improved the performance of banks to large extent. Most of the employees who are satisfied with the Total Quality Management technology are from public sector bank.

Conclusion

The liberalization policy and globalization has changed the way the banks used to function earlier. TQM practices can be adopted in banks which would be a successful strategy to meet the new challenges. In the service industries like banking, most of the basic operation involves direct interaction of the employees with the customers. So banks should implement modern approach of Total Quality Management to face the globalization challenges as well as for the continuous and sustained growth. Studies indicate that customers perceive high-quality TQM services from private banks like ICICI, attributing this to effective management, employee training, and a strong service-oriented culture. Total Quality Management (TQM) in State Bank of India (SBI) and ICICI Bank represents a shift towards customer-centric, proactive service models, though they operate with different priorities and methodologies. While ICICI Bank generally excels in technology-driven, proactive service quality, SBI is shifting from traditional, inspection-based quality control toward comprehensive, technology-driven TQM (e.g., YONO platform) to meet the needs of its massive, diverse customer base. A study of Total Quality Management (TQM) in SBI and ICICI Bank typically reveals that ICICI Bank leads in customer service efficiency and technology-driven, AI-based, agile service delivery, while SBI dominates in reach, trust, and massive customer base. Studies often highlight that private sector banks like ICICI Bank excel in faster service delivery and proactive customer feedback mechanisms, whereas public sector banks like SBI focus on extensive network reach and regulatory compliance-driven quality. The level of satisfied customers is the key to business success. By adopting TQM practices such as customer focus, employee involvement, training, and continuous improvement, banks can enhance customer satisfaction and achieve long-term sustainability. Despite implementation challenges, a committed and structured approach to TQM can significantly improve banking performance. This conceptual study enriches existing literature and provides a strong foundation for future empirical research.

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