

**ST. MARY'S UNIVERSITY COLLEGE**  
**FACULTY OF BUSINESS**  
**DEPARTMENT OF MANAGEMENT**

**The Assessment of Total Quality Management Practice:  
The Case of Wegagen Bank**

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# ST. MARY'S UNIVERSITY COLLEGE

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### FACULTY OF BUSINESS DEPARTMENT OF MANAGEMENT

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# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Total Quality Management (TQM) is a management style that implies non-stop process of quality improvement of products, processes and personnel work. This is a bunch of methodologies that drive company to strategic goals achievement through unceasing quality development. It is focused on production of goods and services that possess high-quality from viewpoint of customers. TQM was elaborated on basis of Edward Deming's theory. TQM has shown phenomenal results and now it is used in many successful enterprises all across the world. It allows obtaining faster, fundamental and more efficient business development, because it stimulates production of much better products for better prices.

There are "sicknesses" or mistakes that should be driven out of organization for successful implementation of TQM. If these "sicknesses" are not eliminated, they can entail failure of TQM and gradually destroy a company. Organization that takes care only about basic line of development and manages only numeric results is doomed to failure. Management is a hard work and manager that works only with numbers lightens his/her task. Actually manager should know all process workflow and being involved into the process, understand what can be the source of problems and be an example for subordinates.

Evaluation of activity with the help of quantitative rates system: Evaluating that uses system of quantitative rates, reports, annual reviews of attainments, etc. can cause forced quotes, classification and ratings that entail unhealthy competition, break of team collaboration within company. Instead of such systems managers should personally comment employees' work, advice and help to improve it. If employees have experience of getting fast profits they will try to work in the same way. Management should convince workers that it is better to prefer long-term and stable growth and improvement than quick, short-term profits. If there is no any sequence of realizing goals in a company, employees will feel uncertainty about possibility of constant professional and carrier growth. Organization should have continuously realizing strategic plan where considerable part should be devoted to questions of quality improvement. If high staff turnover within

organization is apparent, this indicates serious problems. Eliminating of previous four sicknesses will help to solve this one. Management should assume the proper arrangement to make employee feel as an important part of one consolidated team.

## **1.2. Statement of the Problem**

Total Quality Management gives some short-term advantages, however majority of advantages is long-termed, and tangible benefits from them appear only after successful realization. In big organizations this process can take few years. Long-term benefits expected from implementation of Total Quality Management - higher productivity, higher moral tonus of personnel, decreasing of costs and increasing of consumers' trust. This will make company popular and increase its status within society. Avoidance of mistakes allows company to save money and time. Extra resources can be used for range of products and services expansion or for other improvements. Total Quality Management creates atmosphere of enthusiasm and satisfaction with performed job and welcomes awarding bonuses for creative approach to professional duties.

On the other hand, Total Quality Management intensively uses team style of work that allows employees share their experience, use their skills effectively and apply joint efforts for solving issues. As far as team members gain experience of team problem solving they can be a part of cross-department "mega teams" that work at tasks that are beyond of local group possibilities. TQM gives to organization more flexibility in work and problem solving and improve work environment for each employee.

Through having such facts in mind, Wegagen bank develops Total Quality management system in order to get done all its strategic goals and enhance customers' satisfaction and share holders equity. However, application of such management system greatly requires emphasis in which organizational or service line be better to apply to get the desired effect visible. So that, data obtained through preliminary observation signifies that, complain frequently heard form employees of the bank regarding the right application and implementation of the system within the bank service operational lines.

Hence, the study try to assess application of total quality management system, in Wegagen bank and find out the possible gap that need to be seen by respective management of the Bank.

### **1.3. Research Questions**

In order to accomplish the study objective the following basic questions was raised by the researcher.

1. What are the factors that affect the effective operation of the TQM system of the bank?
2. What kind of role TQM played in the enhancement of the service quality of the bank?
3. What are the indicators used to install such a system in the bank operation?
4. What kind of mechanism used to make the system familiar with the bank environment?
5. Dose the bank apply the total quality management system in all functional area?

### **1.4. Objectives of the Study**

The general objective of the study was to assess and investigate the gap in application of total quality management system in Wegagen bank. Whereas the specific objectives of the study includes:

- To indicate factors those affect the effective operation of the TQM system of the bank.
- To identify the kind of role TQM played in the enhancement of the service quality of the bank.
- To signify the kind of indicators used to install such a system in the bank operation.
- To examine the mechanism used to make the system familiar with the bank environment.
- To indicate the area which the bank apply the total quality management system.

### **1.5. Significance of the Study**

This study will have various contributions to different bodies. It serves as stepping stone for the research conducted on similar to related area and also it can provide relevant



feedback to Wegagen bank regarding total quality management system and related problems exist. Furthermore, it will have paramount role in enhancing the level of knowledge possessed on research work to researcher.

## **1.6. Delimitation of the Study**

The study was conducted in the head office of Wegagen Bank. Since the nature of the study forced the researcher to focus on specific area, this study was delimited itself only total quality management application in finance department. Moreover, data to be analyzed and interpreted to the study collected from respondents such department from head office located here in Addis Ababa around bole road.

## **1.8. Research Design and Methodology**

### **1.8.1. Research Design**

To undertake this study, the researcher used descriptive research method and assessed the practice of Total Quality Management of Wegagen Bank.

### **1.8.2. Population and Sampling Technique**

Employees and management of the Head Office, which is counted to be 170, of Wegagen Bank was considered as a population of the study. Among the entire population 30 percent were given a chance to be considered in the sample that was made by the researcher. In order to take the respondents aforementioned paragraph, simple random sampling techniques was used. This technique was believed to give equal chance for all the employees. Note also that the researcher was employed purposive sampling to get the right management body to have a seat and share ideas related to the practice of TQM at the organization.

### **1.8.3. Type of Data Used**

All relevant and useful primary and secondary data were collected to make the study complete and to achieve its proposed objectives.

#### **1.8.4. Methods of Data Collection**

The primary data will be collected through interview and questionnaires. On the other hand, secondary data will also gathered from different written documents, such as books, magazines, journals, company profiles and reports and electronic sources and other important document to the study.

#### **1.8.5. Methods of Data Analysis**

The student researcher has implemented descriptive research method in order to analyze and interpret the data. Thus, percentage, frequency count and tabulation was used to analyze and interpret the data collected from sample respondents.

### **1.9. Organization of the Study**

The study is going to organize and arrange in to four chapters. The first chapter consists of the introductory part, such as background of the study, statement of the problem, research question, objectives of the study, significance of the study, scope and methodology of the study. The second chapter concerned with review of related literature. Chapter three deals with data presentation data analysis and interpretation and chapter four include summary, conclusions and recommendations. Finally, bibliography and other important documents are attached.

# CHAPTER TWO

## REVIEW OF RELATED LITERATURE

### 2.1. Introduction

Total Quality Management (TQM) is an approach that seeks to improve quality and performance which will meet or exceed customer expectations. This can be achieved by integrating all quality-related functions and processes throughout the company. TQM looks at the overall quality measures used by a company including managing quality design and development, quality control and maintenance, quality improvement, and quality assurance. TQM takes into account all quality measures taken at all levels and involving all company employees. Total quality management has evolved from the quality assurance methods that were first developed around the time of the First World War. The war effort led to large scale manufacturing efforts that often produced poor quality. To help correct this, quality inspectors were introduced on the production line to ensure that the level of failures due to quality was minimized (Hunter, 2008: 265).

After the First World War, quality inspection became more commonplace in manufacturing environments and this led to the introduction of Statistical Quality Control (SQC), a theory developed by Dr. W. Edwards Deming. This quality method provided a statistical method of quality based on sampling. Where it was not possible to inspect every item, a sample was tested for quality. The theory of SQC was based on the notion that a variation in the production process leads to variation in the end product. If the variation in the process could be removed this would lead to a higher level of quality in the end product.

After World War Two, the industrial manufacturers in Japan produced poor quality items. In a response to this, the Japanese Union of Scientists and Engineers invited Dr. Deming to train engineers in quality processes. By the 1950's quality control was an integral part of Japanese manufacturing and was adopted by all levels of workers within an organization.

By the 1970's the notion of total quality was being discussed. This was seen as company-wide quality control that involves all employees from top management to the workers, in quality control. In the next decade more non-Japanese companies were introducing quality management procedures that based on the results seen in Japan. The new wave of quality

control became known as Total Quality Management, which was used to describe the many quality-focused strategies and techniques that became the center of focus for the quality movement (Hunter,2008:265).

## **2.2. The Importance of Quality Management**

Quality management is a principle that ensures quality in a company's products and services. There are various types of quality management programs which include but are not limited to Six Sigma, Theory of Constraints and TQM (Total Quality Management). Although the approach to solving quality issues vary with the different quality management programs, the goal remains the same--to create a high quality, high-performing product or service that meets and exceeds the customers' expectations. Quality management is important to companies for a variety of reasons.

### ***Product quality***

Quality management ensures product quality. Some primary aspects of product quality include: performance, reliability and durability. Through the use of a quality management program, the company can produce a product that performs according to its stated promises. The will endure normal, everyday use. Use quality management programs to improve the quality of a product and to design new products.

### ***Customer Satisfaction***

Quality management ensures customer satisfaction. Conduct customer satisfaction surveys to understand the qualities of the product important to the customer. Also conduct surveys with those who are not the company's customers. This will also provide insight into why these businesses use the services of the competitor. Use customer surveys to target those features of a product or service that need improvement. The quality management program provides a methodology to use to create the type of product the customer desires.

### ***Increased Revenues***

Quality products and services give the company a spotless reputation in the industry. This reputation allows the company to gain new customers and sell additional products and services to existing customers. A quality management program also removes inefficient processes within the system. By removing unnecessary processes, employee productivity

increases. The employee is spending less time on activities that do not contribute to the product's quality. As a result, the employee is producing more work in less time while the company has not increased the salary. Quality management programs help recaptures lost monies due to inefficiencies.

### *Reduce Waste*

A quality management program helps companies reduce waste. Companies that house inventory are paying for the storage, management and tracking of the inventory. The costs of having the inventory are built into the price of the product. Implementing a quality management program reduces the amount of inventory that costs the company money and occupies valuable space. Quality management means that there is a systematic approach to keeping inventories at acceptable levels without incurring waste. Work closely with suppliers to manage inventory using a Just-in-Time (JIT) philosophy. In short, a JIT inventory system helps the suppliers and manufacturer remain in close communication to become more responsive to the customer.

### *Teamwork*

Quality management systems force company departments to work as a team. Different areas of the company become reliant upon one another to produce a quality product that meets and exceeds the customers' expectations. A quality system incorporates measures that affect sales, finance, operations, customer service and marketing. The balanced scorecard is a one-stop-shop for evaluating how various departments are operating against their performance expectations. Use the balanced scorecard to show how close the company is to the financial, operational, customer service and learning/growth targets.

## **2.3. The Cost of TQM**

Many companies believe that the costs of the introduction of TQM are far greater than the benefits it will produce. However research across a number of industries has costs involved in doing nothing, i.e. the direct and indirect costs of quality problems, are far greater than the costs of implementing TQM. The American quality expert, Phil Crosby, wrote that many companies chose to pay for the poor quality in what he referred to as the "Price of Nonconformance". The costs are identified in the Prevention, Appraisal, and Failure (PAF) Model. (Hunter, 2008: 321).

Prevention costs are associated with the design, implementation and maintenance of the TQM system. They are planned and incurred before actual operation, and can include:

- Product Requirements – The setting specifications for incoming materials, processes, finished products/services.
- Quality Planning – Creation of plans for quality, reliability, operational, production and inspections.
- Quality Assurance – The creation and maintenance of the quality system.
- Training – The development, preparation and maintenance of processes.

Appraisal costs are associated with the vendors and customers evaluation of purchased materials and services to ensure they are within specification. They can include:

- Verification – Inspection of incoming material against agreed upon specifications.
- Quality Audits – Check that the quality system is functioning correctly.
- Vendor Evaluation – Assessment and approval of vendors.

Failure costs can be split into those resulting from internal and external failure. Internal failure costs occur when results fail to reach quality standards and are detected before they are shipped to the customer. These can include:

- Waste – Unnecessary work or holding stocks as a result of errors, poor organization or communication.
- Scrap – Defective product or material that cannot be repaired, used or sold.
- Rework – Correction of defective material or errors.
- Failure Analysis – This is required to establish the causes of internal product failure.

External failure costs occur when the products or services fail to reach quality standards, but are not detected until after the customer receives the item. These can include:

- Repairs – Servicing of returned products or at the customer site.
- Warranty Claims – Items are replaced or services re-performed under warranty.
- Complaints – All work and costs associated with dealing with customer's complaints.
- Returns – Transportation, investigation and handling of returned items.

## **2.4. Core Steps to Implement TQM**

Management approach to long-term success through customer satisfaction, In a TQM effort, all members of an organization participate in improving processes, products, services and the culture in which they work. A core concept in implementing TQM is Deming's 14 points, a set of management practices to help companies increase their quality and productivity. ( Richards, 2010: 332)

1. Create constancy of purpose for improving products and services.
2. Adopt the new philosophy.
3. Cease dependence on inspection to achieve quality.
4. End the practice of awarding business on price alone; instead, minimize total cost by working with a single supplier.
5. Improve constantly and forever every process for planning, production and service.
6. Institute training on the job.
7. Adopt and institute leadership.
8. Drive out fear.
9. Break down barriers between staff areas.
10. Eliminate slogans, exhortations and targets for the workforce.
11. Eliminate numerical quotas for the workforce and numerical goals for management.
12. Remove barriers that rob people of pride of workmanship, and eliminate the annual rating or merit system.
13. Institute a vigorous program of education and self-improvement for everyone.
14. Put everybody in the company to work accomplishing the transformation.

The term "Total Quality Management" has lost favor in the United States in recent years: "Quality management" is commonly substituted. "Total Quality Management," however, is still used extensively in Europe.

## **2.5. Significance of Total Quality Management**

TQM has changed the face of business as we know it today. Even though the bottom line for business has always been focused on profit as a benchmark for success, much disagreement and confusion has existed from the time of the industrial revolution to

present on how to achieve that goal. How does a company make a great profit? By making a good-quality product that sells itself and works reliably for the customer, resulting in customer satisfaction while maintaining the lowest costs possible and selling at the best price the market will bear. TQM principles have determined that individual ownership and pride in workmanship for all departments and employees results in a better product.

## **2.6. Quality Management System Tools**

Quality management professionals can benefit from the use of a variety of tools. Quality management is important for any organization. Unfortunately, small organizations in particular may feel somewhat threatened by the thought of all of the measurements, numbers and bits of data that they feel quality management will entail. But while it's true that numbers and data are important elements of the quality management system, there are a number of tools that can help businesses use those numbers effectively (Richards, 2010: 334)

### **Control Charts**

A control chart is tools that can help businesses understand when a change is due to chance/variation and when a change is meaningful in some way. One month's drop in quality output may not be cause for concern and may simply represent random variation. Control charts plot data points over time and through statistical process control analysis allow companies to identify random versus meaningful variation by showing performance against the mean based on standard deviation. Easy-to-use charts mean that even those without experience in statistical process control can readily learn to apply these principles to control quality output. Control charges generally contain a center line that represents the average of all points plotted, upper and lower control limits that define the range of data points within a range that would suggest random variation and performance plotted across time (Ibid, 2010: 334).

### **Affinity Diagrams**

The affinity diagram was designed specifically for use in quality management by Kawakita Jiro and is widely used in Japan for quality management. Its use has rapidly spread to the United States as well. Affinity diagrams are used in quality management systems to show meaning groups of ideas based on a brainstorming sessions which involve input from a



variety of people. Affinity diagrams can be especially helpful in situations where there is uncertainty or the need for structure. After brainstorming a list of ideas, the affinity diagram is used to depict these ideas in groups or affinity sets to visually illustrate connections between the various points.

### **Pareto Charts**

Pareto charts were developed by Vilfredo Pareto, an Italian economist who discovered a common 80/20 distribution of numbers for a range of events. Initially studying the distribution of wealth, he learned that about 20 percent of the people controlled about 80 percent of the wealth. This principle has spread to other areas, including quality, where it is found that about 80 percent of the quality problems experienced generally are the result of about 20 percent of the identified potential causes. This has come to be referred to as the "Pareto Principle" and Pareto charts are used to visually depict the principle as data is arranged to indicate cause and effect. The value for quality management systems lies in identifying those few areas where specific focus can result in the greatest results.

## **2.7. Principles of Total Quality Management**

Total Quality Management (TQM) is a business paradigm that puts customer satisfaction as a company's highest priority and implements a variety of specific measures to ensure that the company succeeds at satisfying customers. Total Quality Management targets such areas as error reduction, process streamlining, and increase in employee satisfaction to improve business performance. In a small business environment, it can be challenging to implement a TQM system, but with the right strategy and goals, a company of any size can draw upon its principles (Nancy, 2008: 421)

### **Give Employees "Ownership" of TQM**

Large and even midsized companies often create a position for oversight of TQM and make the implementation of TQM a manager's full-time role. Small companies usually do not have this luxury and have to draw upon all of their employees to join forces in order to use sound TQM practices. The first step is communicating to your staff the importance of this approach. Beginning with a managerial presentation, seminar or round-table discussion, discuss with your entire staff the value of TQM and the ways in which boosting customer satisfaction improves the business' overall forecast for success. Talk about the evidence

supporting the value of TQM, and have some examples of companies for whom this approach has made a significant and measurable difference (Nancy, 2008: 426).

### **Use Customer Feedback as Your Primary Benchmark**

Although businesses may feel they don't have the resources that larger companies do for analyzing their business practices, soliciting customer feedback is a simple process that any company can execute. Provide questionnaires (online or hard copy) that customers can fill out, rating their transactions. Install a suggestion box in your lobby or near your customer exit point. Encourage managers to make frequent appearances on the floor or wherever customers can be found, to talk to them informally, ask them for feedback and subjectively gauge their satisfaction with the company. In addition, ask employees to rate customer satisfaction themselves, by asking for short written summaries from employees following sales or service calls (Ibid, 2008, 426).

### **Empower Your Employees to Make Improvements**

Most of the time, the best way to improve a workplace process---whether it relates to supply chain, manufacturing, administration or customer relations---is to ask the employees directly involved with the process for their ideas for improvement. Employees who feel empowered to suggest changes are more likely to take pride in their work and to be on the lookout for new opportunities to make the company functions better. Quarterly awards recognizing the good work of exemplary employees are a good way to continually reinstate the message that success and change lie in the hands of the employees.

### **Keep an Eye on Your Competitors**

Don't lose track of the fact that making your customers like your business is only part of the equation; the other half is ensuring they don't like a competitor better. Avoid the tendency of some small businesses to fixate on your own company at the cost of losing sight of the competition. Know what your competitors are offering in terms of products and incentives. Have your employees do "sneak visits" or calls to the competitors to learn about their approach to business. If you see a tactic you like, devise a way to incorporate it into your own business practices.

## **Hire an Expert**

As a small business owner, maybe you can't afford to pay a full-time TQM manager, but maybe you can instead bring experts in for occasional consultations, evaluations and presentations. Use your local business network or industry group to get references for a TQM expert, or inquire at nearby universities with graduate business programs. Consultants often charge a high hourly fee, but you'll still reap a huge savings over paying a full-time employee to step into this role. Consider contracting a consultant to spend a few days or a week analyzing your business' approach to TQM.

## **2.8. Training before TQM**

Total Quality Management (TQM), is a form of management training that seeks to improve the overall functioning of a business by conforming to a strict set of occupational guidelines that aim to reduce errors while increasing customer satisfaction. Similar in many ways to the popular Six Sigma form of management training, TQM is an older and more widely used school of thought. TQM training sessions are held in cities across the world, and they are popular events for new hires and transferred employees. Familiarizing yourself with some basic concepts of TQM can make the training process much smoother (Loraine, 2009: 522).

Examine your workplace and look at all areas of customer interaction. Are there instances where a company policy leads to frustration or confusion? Consider your company's mission statement or business philosophy. How do these ideas influence standard procedure? Familiarize yourself with employees across the varied positions working at your company: what kind of jobs are they doing and how do they feel about these jobs? Brainstorming in this matter before starting TQM training can help get your mind working and open your eyes to new opportunities for growth and streamlining. (Ibid, 2009: 522).

Understand the corporate culture and structure of your place of business. TQM is about teamwork, policy, administration and organization. One of the most important parts of breaking down your business for TQM analysis understands the corporate hierarchy or management structure of your company. How is power distributed? Who is in control of what decisions? A foundational element of TQM training is increasing the amount of direct communication and teamwork that occurs within the company. This means undertaking a

new, TQM-based approach to your business will require the efforts of many people. Becoming more available to your coworkers and more aware of every sector of your business will greatly help a transition to TQM management styles.

Ask for resources if your company already follows TQM procedures or guidelines; it will likely have materials for you to study. If you are attending a conference with other employees for your first experience with TQM training, get copies of the event programming and look into recommended texts. TQM can sound mysterious and intimidating to people, but it is actually a rather simple approach to running a business. Having resources to clarify what TQM actually stands for will make the transition into training and daily work ethic much more seamless. (Loraine, 2009:523).

Speak up during training exercises. Don't be a spectator during training events, be an active participant. This will allow you to crystallize some of the more abstract aspects of TQM training by turning them into action. It will also make a good impression on other employees and management in attendance. Don't ever be afraid of asking a stupid question, it is better to spend five extra minutes to fully understand a topic than to misunderstand it for months or years to follow (Ibid).

## **2.9. The History and Origin of Total Quality Management**

The History of TQM is said to have evolved from a few key figures and their ideas--from Armand Fiegenbaum's book "Quality Control: Principles, Practice, and Administration" of 1951, Joseph Juran, an electrical engineer and consultant in quality control during the time of World War II, and Dr. Edward W. Deming, an American statistician who devised the "Fourteen Points of Management." Deming introduced many of his ideas to top management, first in Japan, having a great impact on their success in manufacturing and business and then later in the United States where companies like Ford Motor Company implemented many of Dr. Deming's points on management. (Wesley, 2006: 86)

### ***Total Quality Management' Defined***

Total quality management, or TQM, does not have an exact definition, perhaps because the concept itself is so encompassing of every part of a business' practices. It is a process of continual improvement, ever-changing and growing and redefining itself. Simply put, it is

the complete management of all business aspects to provide quality, as it relates to defects or customer satisfaction; the end goal being zero defects or perfect customer satisfaction. (Ibid, 2006: 86).

### *The Phrase "Total Quality Management"*

The phrase "total quality management" is believed to have been coined by the Department of the Navy when they adapted the Deming principles to their quality management program. TQM has become a buzzword in the world of business, with many a business latching on to it as part of their consulting niche.

### *The Evolution and Branching Out of the Total Quality Management Premise*

TQM is a concept that has evolved over time and continues to evolve. It is a concept that overlaps with similar concepts like that of the 'Quality Management Systems' laid out in the International Organization for Standardization (ISO 9000 series), which provides world standards for management best practices. The Six Sigma concept and its principles evolved out of a similar history with TQM. Many Six Sigma concepts are synonymous with TQM, as are some of the principles of the Lean Manufacturing concept. (Ibid, 2006: 86).

William Deming (1900-1993) was a statistician who developed in the mid-20th century a process for ensuring greater product quality. He eventually termed his statistical approach to production total quality management (TQM). TQM is a method for reducing errors in production, increasing total production during a given time frame and giving customers greater satisfaction. Although slow to be adopted, TQM is today one of the cornerstones for modern manufacturing, distribution and retail sales businesses.

### *History*

Before WWII, production quality was maintained mainly by visual inspection and reworking any item not meeting specifications. Deming realized this method was slow and cumbersome. In the time it took to inspect, remove, rework and re-inspect a production item, several pieces meeting specification could be produced. Deming theorized that a means of statistically analyzing production and recognizing a portion of all work will fail inspection would mean more productivity and greater profits.

## *Japan*

After WWII, the United States occupied Japan and administered civil and national affairs. Deming was asked by the Allies to help organize and administer a census of the Japanese people. He traveled to Japan where many industrialists were already familiar with his ideas of statistical quality control. Japanese industry was the first to implement Deming's theories and prove the concept did lead to greater productivity, reduced defects and greater profit (Wesley, 2006:92)

## *Total Quality Management*

Further research and development of statistical quality control led to total quality management. When fewer products are rejected by inspection, employee morale improves. Workers enjoy being recognized for quality work. Improved employee morale reduces absenteeism, greater enthusiasm for the business's success and more productivity during a given time period. When productivity on the clock increases, the need for expensive overtime pay decreases.

## *Supply Chain Management*

Of course, no business is isolated. Materials are constantly received and finished products are shipped. TQM works to also improve the supply chain that is the lifeblood of the business. As a business works toward total quality management, it will insist on better quality from suppliers. This reduces poor quality production. As quality improves, receivers of finished goods enjoy fewer rejections and customer returns. This also improves profits and, more important, the reputation of the businesses involved.

## CHAPTER THREE

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with presentation, analysis and interpretation of data obtained from respondents through administration of questionnaire and interview. Out of 52 questionnaires distributed to the respondents, 52 (100%) of them were properly filled and returned and also interview conducted to management bodies of the target departments.

Accordingly, all the data gathered were presented, analyzed and interpreted in the upcoming chapter.

#### 3.1. General Characteristics of Respondents

Table 3.1.1 below shows, the general characteristic of respondent in terms of their sex distribution, age category, year of service in the bank and work experience of respondents.

**Table 3.1.1:** Sex Distribution, Age, Year of Service and Educational Background

S.N	Item	Respondents		
		No	%	
1	Sex	Male	41	79
		Female	11	21
	<b>Total</b>		<b>52</b>	<b>100</b>
2	Age	15-19	-	-
		20-24	16	31
		25-29	20	39
		30-34	14	26
		35-39	-	-
		40 and plus	2	4
	<b>Total</b>		<b>52</b>	<b>100</b>
3	Position held	Accountant	32	61
		supervisors	10	20
		clerk	4	8
		Finance assistance	6	10

**Table 3.1.1:** [Continued]

S.N	Item	Respondents	
		No	%
	<b>Total</b>	<b>52</b>	<b>100</b>
4	<b>Work Experience</b> Below 5 years	17	32
	5-10 years	32	64
	10-15 years	3	4
	Above 15 years	-	-
	<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As can be seen in table 3.1.1, majority of the respondents i.e. 41(79%) are male. While the rest 11(21%) of them are female. This indicates that, the study can address both sex categories.

Table 3.1.1 above indicated that, majority of the respondents i.e. 20(39%) of the respondents are in the age category of 25-29. While the rest 16(31%), 14(26%) and 2(4%) of the respondents are fall in the age category of 20-24, 30-34 and 40 and plus respectively. This indicates that, mach of the study respondents are fall under productive age.

Item 3 of the same table indicated that, majority of the respondents i.e. 32(61%) of them replied that they are an accountant. While the remaining 10(20%), 6(10%) and 4(8%) of them are supervisor, finance assistance and clerk respectively. This shows that, respondents are addressed from different position.

Item 4 of the same table signifies that, majority of t the respondents 32(64%), of them replied that they are working within the bank 5-10 years. While the remaining 17(32%) and 3(4%) of the respondents have work experience of below 5 year, and 10-15 years respectively. Form this one can understand that, respondents have reach experience to judge the fact within the bank.



### 3.2. Analysis of Major Findings

**Table 3.2.1:** Total Quality Management Practice of the Bank

Item	Respondents	
	No	%
<b>How do you rate the TQM practice of the bank?</b>		
Very high	-	-
High	-	-
Medium	17	32
Low	41	68
Very low	-	-
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As can be seen in table 3.2.1 above, 41(68%) of the respondents i.e. majority replied that, the total quality management practice of the bank is low, while the remaining 17(32%) of them replied that the TQM practice of the bank is rated at medium level. This implies that, the total quality management practice of the bank is not as such satisfactory according to the view of employees.

**Table 3.2.2:** Level of Utilising the System

Item	Respondents	
	No	%
<b>The bank properly utilizes the system in it over all service delivery operation?</b>		
Strongly agree	-	-
Agree	16	31
Neutral	-	-
Disagree	31	59
Strongly disagree	5	10
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As can be seen in table above majority of the respondent's i.e. 31(59%) replied that they are disagreed with proper utilization of the system in the overall operation, while the remaining 16(31%) and 5(10%) of the respondents replied that they agree and strongly disagree. Form

this one can realize that, the bank does not properly applied the system in the overall operation of service delivery.

**Table 3.2.3:** Suitability of the System to the Bank

Item	Respondents	
	No	%
<b>Do you think total quality management is suitable for the bank?</b>		
Yes	40	76
No	12	24
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

Item 1 of the above table shows that, majority of the respondents i.e. 40 (76%) of them replied that, yes the total quality management system is suitable for Wegagen bank operation. While the remaining 12(24%) of the respondents replied that, No total quality management system is not suitable for the bank in current existing situation. This indicated that, total quality management system installed by the bank is computable with the existing situation.

**Table 3.2.4:** Considerations take during installing the system

Item	Respondents	
	No	%
<b>To what extent you the bank take in to account all the considerations when installing the system?</b>		
To very great extent	-	-
To great extent	12	23
To some extent	6	12
To lower extent	34	65
To very lower extent	-	-
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As can be seen in table 5 above, 34(65%) of the respondents i.e. majority replied that, to lower extent the bank take in to account all the consideration when installing the system, while the remaining 12(23) and 6(12%) of them replied that, to great extent and to some extent the bank take in to account all considerations when installing the system. This implies that, the possibility of the system being effective to assist the bank operation is not such insurable.

**Table 3.2.5: Management Capacity**

Item	Respondents	
	No	%
<b>To what extent the management of the bank is capable of handling TQM system?</b>		
To very great extent	-	-
To great extent	11	21
To some extent	40	78
To lower extent	1	1
To very lower extent	-	-
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As can be seen in the table above, Majority of the respondents i.e. 40(78%) replied that, to some extent the bank managers are capable of handling the system. While the remaining, 11(21%) and insignificant number of the respondents replied that, to great extent and to lower extent the bank managers are capable of handling total quality management system respectively. This implies that managers those assigned in the bank to handle the system are not complete to effectively ran the system.

**Table 3.2.6: Purpose of installing TQM**

Item	Respondents	
	No	%
<b>The bank installs such a system in order to solve operational problems?</b>		
Yes	52	100
No	-	-
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As shown in the above table, all of the respondents i.e. 52(100 %) replied that, they are agreed with installation of total quality management is for the purpose of solving problems occur during service delivery operation such as speeding up the day to day services delivery, enhancing customer satisfaction by the bank service and reducing possible operation related error from various activities. From this one can easily understand that, respondents are aware about the aim of applying total quality management system.

**Table 3.2.7:** Contribution and compatibility of the system

Item	Respondents	
	No	%
<b>How do you rate compatibility of the system with the bank operation?</b>		
Very high	-	-
High	31	59
Medium	-	-
Low	21	41
Very low	-	-
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As can be observed of the table, Majority of the respondents i.e. 31(59%) replied that, the level of compatibility of the system with Wegagen bank service delivery operation is high. While the rest, 21(41%) of the respondents replied that, the level of compatibility with the operation of the bank is low. From this one can easily understand that, the system can possibly assist activities carried out by the bank since the system installed is compatible with the existing operation.

**Table 3.2.8:** Adjustment made on the system

Item	Respondents	
	No	%
<b>Dose that bank made any adjustment on the system?</b>		
Yes	46	88
No	6	12
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As can be seen table 3.2.8 above, majority of respondents i.e. 46(88%), replied that, yes the bank made adjustment on the system, that is, the service of the bank become widen and there is need of adjusting overall service delivered to customers due to this reason the management of the bank made some quality assurance measures in order to encounter possible problems, said respondents when explaining their reason. while the remaining, 6(12%) of the respondents replied that, no he bank does not make any adjustment over the system.

Form this one can infer, the total quality management system currently installed in Wegagen bank somehow has important features.

**Table 3.2.9:** TQM contribution for the Bank Profitability

Item	Respondents	
	No	%
<b>To what extent the system contribute to the profitability of the bank?</b>		
To very great extent	-	-
To great extent	49	95
To some extent	3	5
To lower extent	-	-
To very lower extent	-	-
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As it is depicted in table 3.2.9 above, majority of the respondent's i.e. 95(49%) replied that, to great extent total quality management of the bank assist enhancing the profitability of the bank. While the remaining insignificant number i.e. 3(5%) of the respondents replied that, to some extent the total quality management system of the bank assist profitability of the bank.

Form this one can realize that, the bank management can have the possibility to maximize its profitability through proper application of the system in to its overall operation..

**Table 3.2.10:** Indicators used to implement the system

Item	Respondents	
	No	%
<b>Which indicators is very influence the bank to install the system?</b>		
Operation expansion	24	46
Customer demand	-	-
Computers position	-	-
Obtaining strategic advantage	28	54
Other	-	-
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As it is depicted in table 3.2.10 above, majority of the respondent's i.e. 28(54%) replied that, obtaining strategic advantage is the basic indicators that influence the bank to install total quality management. While the remaining 24(46%) of the respondents replied that, operation expansion plan of the bank is another indicator that can push the bank to install total quality management system. Form this one can realize that, through total quality management Wegagen bank can obtain strategic advantage in delivering banking service to it customers.

**Table 3.2.11:** The extent of TQM assisting Functional Unites

Item	Respondents	
	No	%
<b>To what extent total quality management assist functional areas?</b>		
To very great extent	-	-
To great extent	45	87
To some extent	7	13
To lower extent	-	-
To very lower extent	-	-
<b>Total</b>	<b>52</b>	<b>100</b>

**Source:** Primary data, 2011

As it is indicated in table 3.2.11 above, majority of the respondent's i.e. 45(87%) replied that, to great extent total quality management assist functional area in accomplishing overall aim of the department. While the remaining 7(13%) of the respondents replied that, to some

extent the total quality management system of the bank support functional areas in carrying out their overall activities. This implies that bank can achieve its overall objective effectively since functional units can carry out their respective task with the support of TQM.

Finally, respondents in their open ended question subjected that, even if the total quality management system installed and operational in the day to day activity carried out by the bank, its proper application is not as such reliable. And also awareness creation and triaging should provide in order to make employees easily handle the system.

## CHAPTER FOUR

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In the previous chapter major findings of the study are presented and analyzed in detail. Based on this, major findings are summarized, conclusions are drawn and possible recommendations are forwarded to the management body of the bank.

#### 4.1. Summaries of Major Findings

Findings of the study were made from the analysis of primary and secondary data, interview and observation. Depending on the result of data analysis the following major findings are obtained:

- The study signifies that, 41(68%) of the respondents agreed on the total quality management practice of the bank is minimal.
- According to the study, majority of the respondents are disagreed with proper utilization of the system in the overall operation.
- The study indicated that, 40 (76%) of them decided on the total quality management system is suitable for Wegagen bank service operation.
- As revealed by the study, majority of the respondents agree to lower extent the bank takes in to account all the consideration when installing the system.
- According to the study, 40(78%) of them to some extent the bank managers are capable of handling the system.
- As revealed by the study all of the respondents agreed with installation of total quality management are for the purpose of solving problems occur during service delivery operation.
- The study indicated that, majority of the respondents agreed on the level of compatibility of the system with Wegagen bank service delivery operation is high.
- 46(88%)of the respondents ensure that the bank made adjustment on the system i.e. the service of the bank become widen and there is need of adjusting overall service delivered to customers due to this reason the management of the bank made some quality assurance measures in order to encounter possible problems, as indicated by the study.



- According to the study, majority of the respondents agreed on total quality management of the bank assist enhancing the profitability of the bank to great extent.
- The study indicated that, obtaining strategic advantage is the basic indicators that influence the bank to install total quality management.
- The study revealed that, total quality management system installed and operational in the day to day activity carried out by the bank, but its proper application is not as such reliable.

## **4.2. Conclusions**

On the basis of the findings presented above the following conclusions are drawn.

- The Total quality management practice of the bank is not as such satisfactory, which can cause lacking the possible benefit obtained from the system.
- The bank does not properly applied the system in the overall operation of service delivery, this might cause deviation in outcome of the system and the pre determined measurement and/or target.
- Total quality management system installed by the bank is computable with the existing situation, which can assist the bank to be advantageous in quality matter if properly monitoring it.
- The possibility of the system being effective to assist the bank operation not as such insurable, which might result faller in day to day service quality delivered to customers.
- Managers those assigned in the bank to handle the system are not complete to effectively ran the system, which create serious error in functionality of the system.
- Employees are aware about the aim of applying total quality management system; this can assist the bank easily to convert the system in to practical application.
- The system can possibly assist activities carried out by the bank since the system installed is compatible with the existing operation.
- Total quality management system currently installed in Wegagen bank somehow has important features, which is positively affect service delivery operation.
- This implies that bank can achieve its overall objective effectively since functional units can carry out their respective task with the support of TQM.

### **4.3. Recommendations**

To solve the existing problem and to keep positive achievements related to TQM implementation the following recommendations are forwarded.

- In order to obtain the intended benefit from the system, the bank strongly advised, implementing the system in agreeable manner.
- In order to reduce the possible deviation that exist between standard and application of the system, proper application of the system should be maintained.
- The bank strongly advised to farther improving compatibility of the system with the existing situation, in order to fully utilized TQM out cam to the success of the bank.
- In order to make the system ensuring profitability and quality service delivery, the management of the bank recommended creating mechanism in reduction of faller of the system.
- Training should be maintained toe the needy staff those managerial or not for proper application and conversion of the system in the operation of the bank.
- In order to maintain positive contribution of Total quality management system currently installed by Wegagen, the management strongly advised make serious follow-up on the system practicality.
- The bank advised to maintain support form Total Quality Management system, for ensuring of effective achievement of overall objective.
- Finally, he bank strongly advised to review it total quality management system, in order to identify and make remedial measure over it.

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# APPENDICES

## A. Questionnaire [English Version]

The Assessment of Total Quality Management Practice: The Case of Wegagen Bank

Addis Ababa, 2011

### For Employees Use only

#### Informed Confidentiality and Consent

I am a prospective graduate of St. Mary's University College from the department of Management. I am conducting a research for the partial fulfillment of my B. A. Degree in management, entitled **"The Assessment of Total Quality Management Practice: the Case of Wegagen Bank"**

The general objective of the research is to assess the practices of Total Quality Management, identify problems related to TQM and its consequences in your organization and to suggest possible recommendations that would help to minimize problems.

Since your honest and timely response is valuable for the success of the research, please try to answer the questions frankly with due attention.

**Thank you in advance for your cooperation**

**Note:**

- No need of writing your name since the questionnaire is prepared for academic purpose.
- Please, put a tick mark (✓) in the box or circle choices for your answers
- Discusses briefly open ended questions

#### **PART I: Background Characteristics of the Respondents.**

1. Sex

Male  Female

2. Age

15 - 19 years  20-24 years

25 - 29  30 - 34 years

35 - 39  40 and plus

3. Position held

Accountant  Supervisors

Finance assistance clerk

4. Work Experience

- |               |                       |                |                       |
|---------------|-----------------------|----------------|-----------------------|
| Below 5 years | <input type="radio"/> | 5 - 10 years   | <input type="radio"/> |
| 10 - 15 years | <input type="radio"/> | Above 15 years | <input type="radio"/> |

**PART II: Questions Related to the Study**

1. How do you rate the TQM practice of the bank?

- |           |                       |      |                       |
|-----------|-----------------------|------|-----------------------|
| Very high | <input type="radio"/> | High | <input type="radio"/> |
| Medium    | <input type="radio"/> | Low  | <input type="radio"/> |
| Very low  | <input type="radio"/> |      |                       |

2. The bank properly utilizes the system in it over all service delivery operation?

- |                   |                       |          |                       |
|-------------------|-----------------------|----------|-----------------------|
| Strongly agree    | <input type="radio"/> | Agree    | <input type="radio"/> |
| Neutral           | <input type="radio"/> | Disagree | <input type="radio"/> |
| Strongly disagree | <input type="radio"/> |          |                       |

3. Do you think total quality management is suitable for the bank?

- |     |                       |    |                       |
|-----|-----------------------|----|-----------------------|
| Yes | <input type="radio"/> | No | <input type="radio"/> |
|-----|-----------------------|----|-----------------------|

If you side no for the above question please specify your reason?

---

---

4. To what extent you the bank take in to account all the considerations when installing the system?

- |                      |                       |                 |                       |
|----------------------|-----------------------|-----------------|-----------------------|
| To very great extent | <input type="radio"/> | To great extent | <input type="radio"/> |
| To some extent       | <input type="radio"/> | To lower extent | <input type="radio"/> |
| To very great extent | <input type="radio"/> |                 |                       |

5. To what extent the management of the bank is capable of handling TQM system?

- |                      |                       |                 |                       |
|----------------------|-----------------------|-----------------|-----------------------|
| To very great extent | <input type="radio"/> | To great extent | <input type="radio"/> |
| To some extent       | <input type="radio"/> | To lower extent | <input type="radio"/> |
| To very great extent | <input type="radio"/> |                 |                       |

6. To very lower extent• The bank installs such a system in order to solve operational problems?

The bank installs such a system in order to solve operational problems?

- |     |                       |    |                       |
|-----|-----------------------|----|-----------------------|
| Yes | <input type="radio"/> | No | <input type="radio"/> |
|-----|-----------------------|----|-----------------------|

If you said yes for the above question please specify your reason:

---

---

7. How do you rate compatibility of the system with the bank operation?

Very high  High

Medium  Low

Very low

8. Dose that bank made any adjustment on the system?

Yes  No

9. To what extent the system contribute to the profitability of the bank?

To very great extent  To great extent

To some extent  To lower extent

To very great extent

10. Which indicators is very influence the bank to install the system?

Operation expansion

Customer demand

Computers position

Obtaining strategic advantage

Other, Please, specify

11. To what extent total quality management assist functional areas?

To very great extent  To great extent

To some extent  To lower extent

To very great extent

## DECLARATION

I, the undersigned, declare that this senior essay is my original work, prepared under the guidance of Ato **Daniel Meread**. All sources of materials used for the manuscript have been duly acknowledged.

Name: **Kinfe Woldemariam**

Signature: \_\_\_\_\_

Place of submissions: St. Mary's University College  
Faculty of Business  
Department of Management  
Addis Ababa

Date of submission: \_\_\_\_\_

## SUBMISSION APPROVAL SHEET

This Senior Research Paper has been submitted to the Department of Management in partial fulfillment for the requirement of BA Degree in Management with my approval as an advisor.

Name: Daniel Meread

Signature: \_\_\_\_\_

Date: \_\_\_\_\_