



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION**

**EFFECT OF TOTAL QUALITY MANAGEMENT ON ORGANIZATIONAL
EFFECTIVENESS: THE CASE OF COMMERCIAL BANK OF ETHIOPIA**

BY

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MAY, 2024

ADDIS ABABA, ETHIOPIA

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COLLEGE OF BUSINESS AND ECONOMICS
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STATEMENT OF DECLARATION

I, the undersigned, announcing this study entitled “**The Effects of Total Quality Management on Organizational Effectiveness: the case of Commercial Bank of Ethiopia**” is my original work prepared under the guidance of **Desta Mulugeta (PhD)**. To the best of my knowledge and effort, all sources of materials used for this thesis have been duly acknowledged. I further confirm that the thesis has not been offered either in part or in full to any other higher learning institution for the purpose of earning any degree.

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STATEMENT OF CERTIFICATION

This is to confirm that **Rawda Ali Mohammed** conducted her research on the topic of “**The Effects of Total Quality Management on Organizational Effectiveness: the case of Commercial Bank of Ethiopia**”. This project is new and appropriate for submission in partial achievement of the Master of Business Administration degree requirement.

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TABLE OF CONTENTS

TABLE OF	
TABLE OF CONTENTS	vi
ACKNOWLEDGEMENTS	viii
ABBREVIATION AND ACRONYMS	ix
LIST OF TABLES	x
LIST OF FIGURES	xi
ABSTRACT	xii
CHAPTER ONE	1
INTRODUCTION	1
1.1. Background to the Study	1
1.2. Statement of the Problem	4
1.3. Objective of the study.....	6
1.3.1. General objective	6
1.3.2. Specific objective.....	6
1.4. Research Questions	7
1.5. Significance of the Study.....	7
1.6. Scope of the study	7
1.7. Limitation of the Study.....	8
1.8. Organization of the Study.....	8
CHAPTER TWO	9
REVIEW OF LITERATURE	9
2.1. Theoretical Literature	9
2.1.1. The concept of Quality and Total Quality Management.....	9
2.1.2. The Concept of Quality.....	9
2.1.3. The concept of Total Quality Management	10
2.1.3.1 Total Quality Management practices	11
2.1.3.2. Top management commitment	12
2.1.3.3. Customer focus	12
2.1.3.4. Quality focus.....	13
2.1.3.5. Employee training.....	14
2.1.3.6. Employee involvement	15
2.1.3.7. Employee Empowerment.....	15
2.1.3.8. Rewards and Recognition	16
2.1.3.9. Continuous improvement.....	16
2.1.4. The concepts of organizational effectiveness	17
2.1.4.1 Approaches to organizational effectiveness.....	18
2.1.4.2 Measurement of organizational effectiveness.....	19
2.1.4.3. Customer satisfaction.....	19
2.1.4.4. Employee performance	20
2.1.5. Relationship between TQM and organizational effectiveness.....	21
2.1.6. Obstacles and barriers to TQM implementation	22
2.2. Empirical Review	24
2.2.1. Empirical studies from other countries.....	24

2.2.2. Empirical studies from Ethiopia	25
2.3. Summary and Literatures Gap	27
2.4. Conceptual Framework of the Study	27
CHAPTER THREE.....	30
RESEARCH DESIGN AND METHODOLOGY	30
3.1. Research Design and Approach	30
3.2. Study population, Sampling Technique and Sample Size Determination	30
3.3. Method of Data Collection	31
3.4. Method of Data Analysis	32
3.5. Variable Operationalization and Model specification	33
3.6. Reliability Test	33
3.7. Validity Test	34
3.8. Ethical Considerations	34
CHAPTER FOUR	36
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	36
4.1. Response Rate	36
4.2. Descriptive statistics of the Demographic Profile of Respondents.....	36
4.3. Descriptive Analysis of TQM Practices and Organizational Effectiveness	38
4.3.1. The level of TQM practices implementation at CBE	38
4.3.1.1. Top management Commitment.....	38
4.3.1.2. Customer focus	39
4.3.1.3. Quality focus.....	40
4.3.1.4. Employee Training	40
4.3.1.5. Employee involvement	41
4.3.1.6. Employee empowerment	42
4.3.1.7. Reward and recognition	42
4.3.1.8. Continuous improvement.....	43
4.3.2. Ranks of the level of TQM practices implementation at CBE	44
4.3.2. The level of organizational effectiveness at CBE.....	45
4.4. Correlation Analysis between TQM Practices and Organizational Effectiveness of CBE	46
4.5. Regression analysis on the Effects of TQM Practice son Organizational Effectiveness.....	48
4.5.1. Testing the assumptions of Regression model.....	49
4.5.2. Model summary	54
4.5.3. Analysis of Variance (ANOVA).....	54
4.5.4. Multiple Linear Regression Analysis.....	55
4.5.5. Testing of the study hypothesis with the regression result	56
4.5. The Main Barriers to the Implementation of TQM Practices at CBE	60
CHAPTER FIVE.....	63
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION.....	63
5.1. Summary of Major Findings.....	63
5.2. Conclusions	64
5.3. Recommendations	65
REFERENCE	67
APPENDEX	74

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ABBREVIATION AND ACRONYMS

ASQ	American Society of Quality
CF	Customer Focus
CI	Continuous Improvement
CS	Customer Satisfaction
EE	Employee Empowerment
EI	Employee Involvement
EP	Employee Performance
ET	Employee Training
OE	Organizational Effectiveness
QF	Quality Focus
RR	Rewards and Recognition
TMC	Top Management Commitment
TQM	Total Quality Management

LIST OF TABLES

Table 1: Reliability measure of the Variables	34
Table 2: Demographic Profile of selected employees.....	37
Table 3: the level of Top management Commitment practices at CBE.....	39
Table 4: the level of Customer focus practices at CBE.....	39
Table 5: the level of Quality focus practices at CBE	40
Table 6: the level of Employee Training practices at CBE.....	40
Table 7: the level of Employee involvement practices at CBE.....	41
Table 8: the level of Employee empowerment practices at CBE.....	42
Table 9: the level of Reward and recognition practices at CBE	43
Table 10: the level of Continuous improvement practices at CBE	43
Table 11: Ranking of the level of TQM practices implementation at CBE.....	44
Table 12: Organizational Effectiveness (customer satisfaction and employee performance)	45
Table 13: Customer Satisfaction	45
Table 14: Organizational Effectiveness (customer satisfaction and employee performance)	46
Table 15: Pearson correlation results	47
Table 16: Correlation between overall TQM and overall OE	48
Table 17: Multicollinearity Diagnosis.....	49
Table 18: Kurtosis and Skewness.....	50
Table 19: Test of No Autocorrelation	53
Table 20: Overall Model Fit of the Regression Model (ANOVA ^a)	54
Table 21: Multiple Regression Coefficients.....	55
Table 22: Summary of Tested Hypothesis	59
Table 23: Results regarding TQM implementation obstacleless	60

LIST OF FIGURES

Figure 2.1 Conceptual framework of the study	28
Figure 4.1 Frequency Distribution of Standardized Residual.....	50
Figure 4.2 Normal Point Plot of Standardized Residual.....	52
Figure 4.3 Scatter Plot of Standardized Residual	53

ABSTRACT

The purpose of this research is to explore the influence of TQM practices on organizational effectiveness at commercial bank of Ethiopia (CBE) Addis Ababa branch offices. This study uses quantitative approach to achieve the objectives of the research. A questionnaire was used to collect the relevant data for this study. The study was conducted on 384 employees including top level managers selected from 12 randomly selected sample branches of CBE found in Addis Ababa. The data collected was analyzed by descriptive and inferential statistical analysis techniques. The results of data analysis show that the level of TQM practices at CBE was moderate. The multiple regressions analysis was used to explain the influence of TQM practices on organizational effectiveness at CBE. The findings showed that seven TQM practices including employee empowerment, employee involvement, customer focus, quality focus, employee training, reward and recognition and top management commitment had a positive influence on organizational effectiveness at CBE. In addition, continuous improvement did not have any influence on organizational effectiveness at CBE. Moreover, the study revealed that some of the obstacles that affected the achievement of a high level of TQM implementation at CBE were: a lack of training programs relating to the quality management system, a lack of motivation and reward system, and poor organizational communication. Finally, on the basis of the research findings, this study recommends the company to improve its training programs relating to the quality management system, motivation and reward system, and organizational communication.

Keywords: Total Quality Management, Organizational Effectiveness, commercial bank of Ethiopia, Addis Ababa Branch Offices

CHAPTER ONE

INTRODUCTION

This chapter focuses on background of study, statement of the problem, research questions, the general & specific objectives, significance, scope and limitation of the study.

1.1. Background to the Study

Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce (Herman &Renz, 2008). It encompasses maximizing production and output, minimizing cost and input, attaining technological excellence and so on. This means an organization that produces a desired effect or an organization that is productive without waste. The desired effect will depend on the goals of the organization, which could be, for example, making a profit by producing and selling a product. If the organization has organizational effectiveness and efficiency, it will achieve its goal of making a profit by producing and selling a product without waste. In the business world, this may be referred to as maximizing profits (Zollo& Winter, 2002).

Organizational effectiveness covers organizational performance and it is manifested in organization's ability to excel at one or more output goals; internal efficiency, coordination, motivation, and employee satisfaction; ability to utilize scarce and valued resources and satisfy multiple strategic constituencies both within and outside the organization. In this study, organizational effectiveness (OE) is examined as having two dimensions (namely: customer satisfaction and employee performance). This conceptualization of OE is in consonant with previous studies conducted by Aydin and Ceylan (2009).

Total Quality Management (TQM) has become as one of the essential strategies that could be implemented in any organization in order to achieve organizational competitive advantage. TQM is a systematic quality improvement approach for organization-wide management for the purpose of improving organizational effectiveness in terms of customer satisfaction, employee performance and hence profitability (Gharakhani et al., 2013). TQM has been proposed to improve organizational effectiveness and received considerable attention in recent researches. Since TQM practices have been embraced by many organizations around the world for decades, they have earned the attention of many researchers from diverse areas. The concept of TQM as an ingredient for an organizational effectiveness is of paramount importance for every organization in pursuit of competitiveness (Aman, 2021). Zollo and

Winter (2002) suggests that TQM is not just another management fad; it is capable of delivering real competitive advantage. The TQM approach integrates the fundamental techniques and principles of quality function deployment, statistical control, and existing management tools in a structured manner.

Thai et al., (2006) also stated that TQM is a key factor to increase an organization's effectiveness which is measured in terms of employee performance and customer satisfaction. Moreover, TQM is based on; that all organization staff should collaborate with each other for the purposes of producing high quality products and services in order to meet customers' demands (Mwaniki, & Bichanga, 2016). Consequently, in order to enhance organizational effectiveness for both manufacturing and service organizations several TQM practices such as top management commitment, customer focus, employee training, employee involvement, quality focus, empowerment of employees, employees reward, continuous process improvement and so on were implemented.

The ever improving global competition and increasing requests for more qualified products and services by customers have caused organizations to understand that the only way of survival in the market is to deliver better quality products and services to meet customers' needs. Many organizations, therefore, spend considerable amounts of their funds in activities related to vast applicability of TQM as one of the most popular continuous improvement systems for quality. The main aim of TQM as a management approach of an organization is centered on quality based on the participation of all its members and aiming at long term success (Masood et al., 2013). Thus, TQM as an approach is a philosophy that says that uniform commitment to quality in all areas of an organization promotes an organizational culture that meets consumer's perception of quality (Esin & Hilal, 214). This is due to the fact that quality enhances customer loyalty through satisfaction; this in turn can generate repeat business and lead to the attraction of new customers through positive word of mouth and will result in increased market share and profitability (Esin & Hilal, 214).

The other dimension of organizational effectiveness is employee performance. Hansen and Wernerfelt, (1989) had illustrate the importance of employees and its relationship to the organizational effectiveness. Employees, considered the heart of any business, play a crucial role in achieving organizational goals. Thus, the performance of employee is crucial for organizational success. Previous studies showed that employee performance can be improved through TQM practices such as empowerment of employees, employees training, employee reward and recognitions as well as giving employees the opportunity to engage in the business (Chelsea, 2015). Consequently, organizational policies and practices aimed at

implementing these TQM practices contribute to motivation, retention, and overall performance improvement of employees. Whenever employees are satisfied with their job and have loyalty to their organization they can deliver better service to the external customers. Therefore, in addition to customer satisfaction, employee loyalty and satisfaction that must be measured and evaluated in terms of employee performance will be a comprehensive view of the effect of TQM practices on organizational effectiveness (Omachonu & Ross, 2018).

Thus, as has been discussed above and defined by many scholars, TQM is a management tool, philosophy, and a set of practices which can be applied to all functions of an organization to harness the human and material resources of an organization in the most effective way to achieve the objectives of the organization that aims to continuously improve the quality of products and services, to exceed customer satisfaction, as well as continuously reduce the cost of production (Prajogo & McDermott, 2005). Furthermore, TQM is generally referred to as the business process and management practices which are concerned with how to improve the effectiveness of an organization (Mahmud & Hilmi, 2014).

Quite a number of empirical studies have been conducted and indicated that TQM practices improves organization's effectiveness in various sectors. However, there is little or no empirical study carried out in banking organizations globally. More so, majority of the studies previously done on TQM were carried out in manufacturing firms while only few authors in developed countries studied banks (Carolyne & Bichanga, 2014; Onyango, 2016). The same is true in the Ethiopian banking sector. Ethiopian banking sector has been one of the early adopters of TQM, unfortunately, there is no sufficient information about the achieved progress in adopting TQM. However, not knowing the level of service quality of a given bank delivered is costly since lack of one attribute in a bank service may make the customers to prefer another. For survival of a bank, it is mandatory to provide best service quality as pre-requisite to success of banking system. In the banking system, there is more than one bank trying to woo customers for patronage. The rate of interest (price) may be a critical factor for patronage, but another factor is the quality of the service. Furthermore, quality is often the major issue and poor quality service can lead to erosion of goodwill, which could be very costly for any bank (Islam & Haque et al., 2012).

Therefore, the lack of empirical study in this context motivated the researcher to conduct this study to examine the effects of different TQM practices on the effectiveness of banking sector organizations, specifically at commercial bank of Ethiopia (CBE) in Addis Ababa branches.

1.2. Statement of the Problem

The issue of the relationship between successful TQM implementation and organizational success is important, when considering the incentives for the large organizational change. The main incitement for change is to improve, whether it is an improved management system or an improved customer satisfaction. Most organizations implement TQM in order to respond to changes in the competitive context that surrounds them, e.g. as a consequence of a discovered need to develop or as a reaction in order to survive (Talib et al., 2012). In the banking sector there is more than one bank trying to woo customers for patronage. The rate of interest (price) may be a critical factor for patronage, but another factor is the quality of the service. In fact, quality is often the major issue. And poor quality service can lead to erosion of goodwill, which could be very costly for any bank (Islam & Haque, 2012).

The impact of TQM practices (top management commitment, customer focus, employee training, employee involvement, quality focus, empowerment of employees, employees reward, and continuous process improvement) on organizational effectiveness is not straightforward. Although there are several organizations that have experienced positive revitalizations and improved performance based on TQM; very few organizations have been able to ignore the TQM domains and still thrive (Vecchi & Brennan, 2011).

The function of Total Quality Management (TQM) is ratified as a critical factor in contribution of business sustainability for both manufacturing and service organizations especially in today's business competitive environment (Lee & Chang, 2006). The banking sector has consistently been characterized by persistent operational inefficiency and poor customer services and in order to address the problems of inefficiency in performance these organizations are fast adopting TQM in order to make them effective in meeting public demands (Maxwell, 2011).

There is no doubt that, in both developing and developed countries, the banking sector plays a vital role in economic activities. It completes the functions of allocating financial resources and providing the public with a means to save for the future and to borrow to meet current financial needs. In developing countries, banks dominate the financial sector; and are generally the main source of finance in such economies.

For decades, the Ethiopian commercial banking sector has achieved extraordinary growth. The banking sector has continued to grow in assets, deposits, profitability service and products offering. In terms of banking opportunities, the economic liberalization policy adopted by the Ethiopian government and the

National bank of Ethiopian since the early 1990s has led to reforms in the Ethiopian banking sector, the licensing of private commercial banks, and the introduction of foreign investment in other sectors of the economy. Intense competition has further increased between private and public banks. This has led to the widespread application of modern methods to develop processes and to improve the quality of the service offered. However, Ethiopian banking sector like many others across the globe are being faced by some challenges. Some of the challenges include; decline in the volume of new customers, globalization, fraud, rapidly changing customer needs, technological advances such as mobile money transfer, and competition from microfinance institutions. The Ethiopian commercial banks therefore sought to correct the flaws in their management practices by adopting global “best practices” such as TQM.

In spite of the large amount of research conducted in relation to developed countries, there are few examples of studies have been carried out in developing countries (Sila & Ebrahimpour, 2002), especially those which are Africa, and particularly in Ethiopia on the impact of TQM on organizational process and outcomes of an organization. Such few studies include, the relationship of TQM with organizational performance (Hagos & Maganti, 2020; Temesgen, 2022; Gezew, 2022) are good examples. However, none of these studies investigated the influence of TQM implementation on organizational effectiveness in the banking sector. The two exceptions are a study by Aman (2021), who examined the effects of TQM implementation in the organization performance of CBE in Jimma and Ruth (2021), who examined the effect of total quality management practice on operational performance in the case of Hibret bank. However, Aman (2021) focusing only three TQM practices including top management commitment, customer focus and employee involvement and Ruth (2021), focusing only five TQM practices including top management commitment, employee training and education, employee involvement on operational performance, quality focus on and continuous process improvement. They did not examine the extent of implementation of the remaining TQM practices and their impact as well as the barriers of implementing TQM in the banking sector in general. Moreover, they focused on organizational performance instead of organizational effectiveness.

However, organizational performance refers to the quantity, quality, efficiency and profitability of organizational tasks in a certain period. This means organizational performance emphasizes the degree of achievement of organizational goals, which is a static view. On the other hand, organizational effectiveness emphasizes the overall and dynamic understanding of enterprise development issues and the overall performance of the organization (Jiang, 2010). It is a collection of capabilities of the whole life cycle of the organization, and it is a collection of organizational competitiveness, innovation and

development capabilities. The good performance of the organization at present does not mean that the organization has strong cohesion, innovation capability and sustainable development potential. Therefore, compared with the performance, the research on organizational effectiveness has more strategic value (Xu et al., 2022).

Therefore, a need for further research in this field, since most of the previous studies lack the focus on organizational effectiveness measured in terms of customer satisfaction and employee performance which reflects the success level of the TQM practices. This study aims to expand the body of knowledge by providing findings on the effects of eight TQM practices on organizational effectiveness of commercial banks in Ethiopia measured by customer satisfaction and employee performance as well as the main obstacles, if any, that prevent the implementation of TQM with special focus on CBE Addis Ababa branches. Hence, this study was conducted in order to fill the research gap on the extent of implementation of the TQM practices and their impact on organizational effectiveness as well as the barriers of implementing TQM in the banking sector.

1.3. Objective of the study

1.3.1. General objective

The general objective of the study is to assess the level of TQM implementation, and explain the influence of TQM on organizational effectiveness in CBE, particularly in Addis Ababa city administration.

1.3.2. Specific objective

In order to achieve the general objective of the study, the following specific objectives are formulated:

1. To determine the level of TQM practices that has been implemented by CBE.
2. To examine current level of organizational effectiveness in the bank.
3. To examine the relationship between total quality management and practices and organizational effectiveness.
4. To explain effects of TQM on organizational effectiveness at CBE.
5. To identify the main barriers, which hinder the implementation of TQM at CBE.

1.4. Research Questions

As a means of achieving the objectives of this study, the following basic research questions are formulated.

1. To what extent does a TQM practice implemented at CBE?
2. What does current level of organizational effectiveness in the bank?
3. What are the relationships between TQM practices and organizational effectiveness in CBE
4. What are the effects of TQM practices on organizational effectiveness in CBE?
5. What are the main barriers which affect the implementation of TQM in CBE?

1.5. Significance of the Study

The study mainly focus on assessing the level of TQM implementation, exploring the influence of TQM on organizational effectiveness and examining the main barriers which affect the implementation of TQM in CBE, Addis Ababa branches. The study will be significant to a number of stakeholders. The main beneficiary of this study will be CBE Addis Ababa branches, as the management will be benefited from the findings of this study. It will be useful in assisting them in implementing TQM in CBE branches all over the country. The study will also assist CBE in policy formulation and implementation towards addressing the main barriers, which hinder the implementation of TQM in CBE, Addis Ababa branches and other CBE branches. The study will also enable other commercial banks in the country to understand the concept of quality management to improve their services. This research will also serve as a reference for researchers who will be interested to conduct a research on the topic and will be helpful for others to conduct such practical researches.

1.6. Scope of the study

To make the study manageable the study seeks to explain the relationship between the two variables i.e. the independent variable TQM and dependent variable organizational effectiveness as well as the level of TQM implementation and the main barriers which affect the implementation of TQM. The research examines the above variables from commercial banks perspective. However, the study was limited to only one commercial bank in Ethiopia namely CBE in Addis Ababa branches. In terms of conceptual framework, the research analysis focuses on the various TQM practices employed by CBE and their effects on organizational effectiveness. Accordingly; the TQM practices comprises eight major TQM

practices: top management commitment, customer focus, quality focus, employee involvement, employee training, employee empowerment, rewards and recognition and continuous improvement. The dependent variable (organizational effectiveness) has two indicators that were used for measuring the organizational effectiveness (customer satisfaction and employee performance). Descriptive and explanatory research design was used to assess the effect of TQM practices on the organizational effectiveness of CBE, Addis Ababa branches. Data was collected using questionnaires. The time framework of the study was from December, 2023 to May 2024, G.C.

1.7. Limitation of the Study

This study has some limitations due to constraints of resources, access, and time. The major limitation of the study is that the study was conducted in only one commercial bank in Ethiopia namely CBE in Addis Ababa branches and therefore the findings from the study may not be generalized for all CBE branches especially for the commercial bank industry in the country. Regarding the geographical area coverage, the study is limited to focus only on employees who are under Addis Ababa branch offices even if the bank has huge number of employees in branches outside Addis Ababa. Methodologically, the study used only quantitative approach and questionnaire instrument for data collection.

1.8. Organization of the Study

This study was organized into five chapters. Chapter one comprises of the background of the study, statement of the problem, objectives, significance, scope, limitations and organization of the study. Chapter two comprises the conceptual, theoretical and empirical literature review as well as summary of literature review and research gaps and conceptual framework. Chapter three highlights the methodology which presents the research design, target population, sampling design, research instrument, data collection procedure, data analysis and ethical considerations. Chapter four covers the research findings and discussion which presents the response rate, background information, descriptive statistics and inferential statistics. Chapter five presents the summary, conclusion, recommendations for policy and practice, and suggestions for further studies.

CHAPTER TWO

REVIEW OF LITERATURE

The impact of TQM practices on firm effectiveness has been the subject of constant interest and challenge among researchers. In this study, the reviewed literature is organized and classified along three main themes: TQM, organizational effectiveness and relationship between TQM –organizational effectiveness. The section also revisits empirical evidences from a variety of literatures using TQM in organizational outcome as a lens. Finally, conceptual model that will help the study to classify relevant facts has also been presented right after empirical studies related to issues under the investigation are reviewed.

2.1. Theoretical Literature

To better understand the concept of TQM and organizational effectiveness, we should look into the definitions of the two main concepts of this research TQM practices and organizational effectiveness, which are discussed in detail below.

2.1.1. The concept of Quality and Total Quality Management

2.1.2. The Concept of Quality

There are distinctive definitions and contending perspectives of the term quality by various individuals and the basic component of the business definitions is that the quality or service refers to the view of how much the product or service meets the client's desires and expectation (Adediran & Adediran, 2008). Researchers have tried to define the meaning of quality based on their insights and studies into the subject matter. Producers and industry define quality based on their own understanding of what quality is all about. These perceived variations in the definition of quality brings to fore the fact that there is no one definition of quality.

Despite the fact that quality can be characterized in a wide range of ways it is generally portrayed as the meeting or surpassing of client desires, and it is compound by six principles: continuous improvement, teamwork, data usage for decision making, empowerment, problem solving and importantly customer satisfaction (Brown, 2013).

ISO DIS 9000:2000 generally defines quality as the probability of inherent components of a product satisfies requirements (Willar, 2012). This implies quality is accomplished when stakeholders involved in projects or production is satisfied are satisfied with the output.

The American Society of Quality (ASQ) is a worldwide society dedicated to quality who contributes ideas, theories and tools that the world a better place. The ASQ as cited by Chandrupatl (2009) defined quality as anything that denotes an excellence in goods and services, especially to the degree they fit in with requirements and fulfill client's desires.

2.1.3. The concept of Total Quality Management

Providing a single definition of the concept of TQM is not a simple process, and researchers in this area have frequently suggested their own definitions according to their beliefs, views, and the business and academic experience they have acquired. Definitions of TQM therefore vary widely. In general, TQM refers to any emphasis on quality that encompasses the whole organization, from supplier to customer. The objective of TQM in practice is to improve the performance of an organization; it is concerned with continual improvement, customer focus, and total participation. Although there is no universally accepted definition of quality management, there have been attempts to arrive at a description for the ideal of total quality management. Examples include: Oakland (2003) define TQM as a comprehensive approach for improving competitiveness and flexibility through planning, organizing and understanding each activity, and involving everyone at each level. TQM ensures that the management adopts a strategic overview of quality and focus on prevention rather than inspection. According to Dale (2003) TQM is the mutual co-operation of everyone in an organization and associated business processes to produce products and services which meet and hopefully exceed the needs and expectations of customers. Jeffries et al. (1996) define TQM as .a comprehensive and integrated way of managing any organization in order to meet the needs of the customers consistently and achieve continuous improvement in every aspect of the organization's activities. According to Kanji and Asher (1996) TQM is a continuous improvement process for individuals, groups and whole organizations. What makes TQM different from other management processes is the concentrated focus on continuous improvement. Kreitner (2004) define TQM as creating an organizational culture committed to the continuous improvement of skills, teamwork, processes, product, and service quality. Kreitner's definition emphasizes continuous quality and understanding of the organizational environment. Finally, according to Montgomery et al. (2011) TQM is a set of management

practices aimed at instilling awareness of quality principles throughout the organization and ensuring that the customer requirements are consistently met or exceeded.

It is clear from the above that all definitions agree that TQM is a philosophy for improving quality, productivity and services, improving all aspects of the organization's activities, with a focus on meeting the requirements of consumers at present and the future. As a result, the researcher considers TQM to be a comprehensive philosophy, which adopts a strategic overview of quality, creating an organizational culture committed to the continuous improvement process in every aspect of an organization's activities. This is achieved through top management commitment, the participation of employees, providing products and services of high quality in order to improve the competitiveness of the organization, and consistently meeting the needs and expectations of customers to achieve customer satisfaction. Given this definition, TQM is reflected as a management philosophy that applies strategies and tools and appropriate practices for its implementation through the continuous improvement of the organization's activities, thanks to the participation of its employees, in order to accomplish customer satisfaction and improving the organizational effectiveness. It involves the proper coordination of work processes which allows for continuous improvement in all business units with the aim of meeting or surpassing customer's expectations. It emphasizes on totality of quality in all facets of an organization with the aim of reducing waste and rework to reduce cost and increase efficiency in production. Total Quality Management is a combined effort of both top level management as well as employees of an organization to formulate effective strategies and policies to deliver high quality products which not only meet but also exceed customer satisfaction. TQM enables employees to focus on quality than quantity and strive hard to excel in whatever they do.

2.1.3.1 Total Quality Management practices

Drawing from opinions of academics and experts in Ethiopian banks and from the above literature review that explored the concepts of TQM as defined by leading writers (e.g. Oakland, 2003; Dale, 2003; Jeffries et al. 1996; Kanjiand Asher, 1996; Kreitner, 2004; Montgomery et al. 2011), the present study collated and identified eight practices of TQM that have been crucial for Ethiopian banks, namely: top management commitment; customer focus; quality focus; employee training; employee involvement; employee empowerment; reward and recognition; continuous improvement. Therefore, this study will be focused on these eight practices for the banking sector. The following sub-sections will consider each of these TQM practices:

2.1.3.2. Top management commitment

This is considered as one of the cardinal practices of a successful TQM implementation process in a firm. The firm's top managements drive the whole TQM implementation process by creating systems and values focusing on satisfying the firm's clientele and this impacts on how the firm will perform within its industry. There should also be clarity on these TQM practices as this will influence the success of the TQM efforts. Management should go beyond prioritizing by becoming more committed to TQM implementation in a firm and this can be exhibited by allocating adequate financial and human resources to the TQM implementation process within the firm (Crosby, 1979). Failure by a firm's management to commit to quality can result in service gaps emerging or if already present, widening. Management must lead from the fore front in implementing TQM practices in a firm by reviewing the position of quality within a firm from secondary to become a primary objective. Philip Crosby injects a new thought line by stating that a firm's top management shouldn't be committed rather participate in the TQM implementation process, (Crosby, 1979). To transform an organization to a leader in quality one has to have the direct and active participation of top management during the entire process.

Therefore, for TQM implementation to be successful, top management should champion its implementation by providing leadership and engage all employees in the work of satisfying the customer with a continuously improved quality. This means that continuous improvement should be practiced everywhere in the processes and that the involvement of all employees at every level should be facilitated. Secondly, the work is based on the skills and participation of every employee and his or her understanding of what are required. Top management should champion training of all the employees to provide the knowledge needed on the mission, vision, direction, and strategy of the organization as well as the skills they need to implement TQM and resolve problems (Witjaksono, 2012).

2.1.3.3. Customer focus

“Quality begins and ends with the customer” (Ross, 1995, p. 205). Most definitions of quality mean meeting or exceeding the customer's expectations and emphasizing the idea that customers and customer satisfaction is one of the most important features of TQM.

A central core value in TQM is that all products and services should always have a customer focus Deming (1986). Quality should be valued by the customers and should always be put in relation to their needs and expectations (Nagaprasad & Yogesha, 2009). It is much more expensive to gain a new customer

than to keep one who is satisfied or, further even more easily, one who is delighted with a product. To focus on the customer means, therefore, that one tries to find out the customers' needs and values by conducting market analyses and then trying to fulfill the market expectations. In addition, Tsang and Antony (2001) pointed out that 'Understanding, satisfying and surpassing customer needs and expectations on a continuous basis should be the key goal of TQM. The needs and expectations of consumers have always been in the mind of all employees. It is necessary to identify these needs and expectations and their level of satisfaction'.

Goetsch and Davis (2010) suggest that effective quality management is built on the foundation of customer focus. The customer is at the very heart of the organization's decision-making. A customer focus, therefore, means: (1) the customer must always be the organization's highest priority; (2) customers define quality and value; (3) loyal, lifelong customers are essential for long-term success.

2.1.3.4. Quality focus

Quality policy is a guide for everyone in the organization in terms of how they should provide products and service to customers (Besterfield et al., 2003). According to Thiagaragan et al. (2001) quality policy is the starting point of the implementation of total quality management. Tsim et al. (2002) mentioned that quality policy should be established and well communicated to management and employees in the organization by top management.

According to Thiagaragan et al. (2001) an early responsibility of top management is the development of an organization quality policy incorporating a statement of mission/vision, quality goals and guiding principles. This was supported by Oakland (2003), who stated that top management should accept the responsibility for commitment to a policy that deals with quality within the organization, including customer needs, the ability of the organization, supplied materials and services, education and training and review of the management systems for continuous improvement.

Crosby (1979) stated that a quality policy is the main criterion for the practice of quality management; it sets priorities as a consequence of its influence on the performance of the organization, and shows managers and employees what should be done and what not to do to improve the quality of services and products.

2.1.3.5. Employee training

Goetsch and Davis (2010) defined ‘‘training as an organized, systemic series of activities designed to enhance an individual’s work related knowledge, skills, and understanding or motivation’’. Tsang and Antony (2001) stated that training helps to improve employee’s confidence and hence improves their personal development. Training is the primary practice that organizations use to develop particular skills in employees; skills that are necessary for carrying out quality principles. Dale (2003) mentioned that there is no doubt that the training and education of all employees in an organization is vital to ensure that a continuous quality improvement process will be ongoing and that staff perceive and understand the meaning of quality.

Every organization has a basic responsibility to educate and train its employees, but this responsibility becomes much more central to an organization’s success when the organization attempts to introduce quality programmes such as TQM. Deming (1986), Juran (1989) and Crosby (1979) indicate the importance of training to the quality management of organizations by describing such organizations as learning centers in which employees continually adapt to new work roles and tasks (Tsang & Antony 2001). Thus, quality begins and ends with training.

Oakland (2003) believes that training is the single most important factor in actually improving quality and business performance, once there has been commitment to do so. For training to be effective, however, it must be planned in a systematic and objective manner. He also adds that quality training must be continuous to keep pace with changes in technology and the environment in which the organization operates, its structure, and perhaps most important of all, changes to the people who work there. According to Kanji and Asher (1996), one of the key elements of total quality, that which makes the largest demands on an organization’s human resources is training: therefore, the successful implementation of TQM depends to a large extent on how well training is performed. They add that the purpose of TQM training should be not only to change people’s behavior, but also to provide them with the skills and confidence they need to operate in new ways and to implement new business practices. Training should also help them to adopt an attitude of commitment to TQM by accepting the various changes involved in its implementation, and working to continuously improve quality processes.

2.1.3.6. Employee involvement

Most of the scholars and practitioners engaged in discussing TQM (such as Crosby, 1979) agree that its success depends on people orientation, illustrated through initiatives such as team work, training and development, employee involvement and participation. According to Temtime and Solomon, (2002) employee involvement is the process of empowering organizational members to solve problems and to make decisions appropriate to their level. This is beneficial because they are closest to the problems or opportunities and so are in the best position to make decisions about solving problems and process improvement. Thus, the organization's management needs to develop an environment that is encouraging employees to get involved in the firm's quality activities. Such an environment should mainly aim at establishing a positive attitude amongst the employees, there should also be communication on what goals are need to be achieved and the goals should mainly address both organization and individual needs, there should also be job performance evaluation, the organization should also make work more interesting and challenging and finally there is a need to recognize top performance and celebrate it.

By an organization having its employees involved in the TQM implementation process enables it to easily meet the TQM goals. Employees usual do have some raw ideas and innovations that if well used by an organization will make the difference between success and failure. By involving employees, their productivity too does improve as a result of their new found motivation to work diligently for the firm (Besterfield et al., 2003).

2.1.3.7. Employee Empowerment

Goetsch and Davis (2010) argued that empowerment and the involvement of employees are closely related concepts. There are important differences between involvement and empowerment. Involved employees are consulted for their input, but they are not given ownership of their jobs. Empowered employees are given ownership of the processes they are responsible for and the products or services generated by those processes. Deming (1986) emphasized that employee empowerment is a critical factor involving giving employees the authority to carry out their jobs. This is supported by Evans and Dean (2000) who pointed out that empowerment gives employees real authority over their work. Empowerment improves quality through allowing employees to use their resources to address quality problems; thus, this leads to improved productivity and services.

2.1.3.8. Rewards and Recognition

The purpose of a reward and recognition system is to influence employees' performance by reinforcing desirable values and behavior. Organizations which effectively implement TQM endeavor to establish a system which catches people in the act of doing the right thing from a values or behavior perspective (Hradesky, 1995). The most important reason for an organization to establish a rewards system is to encourage its staff to work harder and so function more successfully. Sallis (1993) believes that to do a good job, employees need recognition and encouragement of their achievements and successes. They need leaders who appreciate their achievements and lead them to even greater success. This system could be a combination of two types of rewards: tangible ones and intangible ones, such as staff receiving recognition for work well done.

Theoretically and practically, there are agreements as to the importance of both monetary and non-monetary rewards. In an organization it is possible to use a combination of both types of rewards to provide motivation for staff. When staffs know that they will be rewarded for their extra efforts in quality improvement, there will be a sense of teamwork and continuous improvement that allows TQM to be implemented more effectively.

2.1.3.9. Continuous improvement

Continuous improvement refers to the constant improvement of products, services, and organizational systems, as required to yield improved value to customers. The term continuous improvement is derived from the Japanese term "kaizen". Oakland (2003) defines kaizen as a philosophy of continuously, involving the improvement of all employees in an organization, with the aim of continuous incremental improvements in the performance of their tasks on a daily basis. It is a process that is not conceived to have an end-point, but rather to involve a continual, process of gradual improvement and change. Deming (1986), in his 14 points of management, advises that the success of an organization depends on constantly improving its system of production and service, to improve quality and productivity; and thus constantly decrease costs. It is the task of management to ensure that there is a continual process of improvement throughout the organization.

Sallis (1993) pointed out that TQM seeks a permanent shift in an organization's focus away from short-term expediency to long-term quality improvement. Constant innovation, improvement and change are stressed, and those organizations that practice it lock into a cycle of continuous improvement. According

to Tsang and Antony, (2001) the continuous improvement in the quality of a product and service is essential to TQM. These improvements can be used to achieve a wide range of objectives, and also aim to eliminate the production of sub-standard products, the reduction of waste, and excessive variability in quality; so helping to dramatically reduce production/operation lead times. Dale (2003) also point out that continuous improvement in quality can only be achieved by directing an organization's efforts towards planning and preventing problems occurring at source. According to Oakland (2003), there are three fundamental principles for continuous improvement, which are: an unrelenting focus on the customer; a thorough understanding of the organization's own processes; and a commitment to ensuring that every employee is dedicated to quality.

2.1.4. The concepts of organizational effectiveness

Effectiveness of a firm is a word whose definition is disputable, and hard to conceptualize; different models and hypothetical methodologies have been created to evaluate it. Distinctive models with their relating criteria reflect diverse qualities and inclinations of schools of thought concerning effectiveness (Rodrigues & Madgaonkar, 2014). The idea 'effectiveness' is connected to the supposition that organizations are objectively arranged. The emphasis is on reaching authoritative objectives in their entirety, as well as the techniques necessary to do so or the pace with which they are accomplished. According to Mohannad (2019), efficacy is essential for improving results, and clarity is required to perform well. If employees do not understand what results are expected of them, there is a risk that they will work yet fail to deliver. They are not doing the appropriate things and hence contribute insufficiently to the organization's success. Efficiency, timeliness, smooth functioning, and predictability are criteria of effectiveness that is of essence in organization (Cameron, 1986). The extent to which an organization achieves its goals or mission is generally referred to as organizational effectiveness (Cameron, 1986). Organizational effectiveness is defined by Roy and Dugal (2005) as the net satisfaction of all constituents in the process of efficiently obtaining and transforming inputs into outputs. Organizational effectiveness, according to Tabeel (2013), is defined as an organization's ability to achieve its objectives within the constraints of the resources available by achieving work satisfaction and maintaining the institution's survival and progress. Organizational effectiveness, according to Richard et al. (2009), incorporates both organizational performance and the variety of internal performance outcomes often linked with more efficient or effective operations just as various external measurements.

The researcher defines organizational effectiveness in this context as an organization's ability to meet its goals while also being highly productive as far as workforce development and resource use. People have become dependent on organizations of various types for satisfaction of their needs, it is imperative that their satisfaction directly depends on the degree of effectiveness of organizations. Higher the degree of effectiveness, the more satisfaction people derive from organizations (Mathur & Negi, 2010). Organizations that effective are usually characterized as healthy, successful, highly productive, excellent and stable.

2.1.4.1 Approaches to organizational effectiveness

Effectiveness is a broad concept and is difficult to measure in organizations (Daft, 2003). It takes into consideration a range of variables at both the organizational and departmental levels. It evaluates the extent to which the multiple goals of the organization are attained. It is difficult for managers to evaluate performance on goals that are not precise or measurable. However, performance measurement that is tied to strategy execution can help organizations reach their goals. Daft (2003) has identified two major approaches to measurement of organizational effectiveness the traditional and contemporary approaches. The traditional approaches include the goal approach, the system resource approach and the internal process approach, whereas the contemporary approaches includes the strategic constituencies approach. The traditional approaches have their root in the mechanical point of view of effectiveness and are usually used to evaluate the organizational effectiveness of manufacturing sector instead of service sector. Therefore, this study used the contemporary approach (i.e., the strategic constituencies approach) that is mostly used in service sector. The strategic constituencies approach to organizational effectiveness which this study considers is viewed an effective organization the one that serves the demands of the constituents in the environment on which it depends for survival (Akhigbemidu et al., 2021). It assesses the organization's ability to meet the necessities of many strategic stakeholders, both inner and outer. Companies that depend vigorously on demand response will benefit from the strategic constituencies method. Each organizational constituency (such as owners, workers, consumers, the local community, and so on) is considered to have diverse interests in connection to the corporation, and so will utilize diverse assessment standards. In this study, organizational effectiveness (OE) is examined as having two dimensions (namely: customer satisfaction and employee performance). This conceptualization of OE is in consonant with previous studies conducted by Aydin and Ceylan (2009).

2.1.4.2 Measurement of organizational effectiveness

Effectiveness of the organizations is measured by the congruence between the goals of the organization and the observed outcome. Measurement is important in deciding the degree of this congruence between the goals and the outcomes. The effectiveness is measured as how well it works and achieves to its intended results. Effectiveness is measured as how well it works and achieves to its expected results. Thereby this will help the organizations to assess themselves as to how nearer it has approached to perfection. In congruence with the definition, the research is going to measure the organizational effectiveness through two indicators, employee performance and customer satisfaction, which are explained as follows:

2.1.4.3. Customer satisfaction

Customer happiness is the foundation of any successful business; satisfied consumers are more likely to return and refer their colleagues and friends. Maintain their satisfaction and urge them to tell a friend about their positive experience with your company.

Customer satisfaction is a marketing word that refers to how effectively a company's products and services meet or surpass the expectations of its customers. The percentage of total customers whose reported experience with a company, its products, or services (ratings) exceeds specific satisfactions is known as customer satisfaction (Meraku, 2017). As indicated by an investigation of almost 200 senior showcasing chiefs, a client joy figure is very helpful in controlling and observing their firm. Customers' expectations are met, and the firm's sales and profitability benefit in the long run, since organizational members are trained to have proper customer satisfaction orientation (Creswell, 2013).

Positive word of mouth marketing, which is both free and very successful, is gained when a brand has devoted customers. As a result, successful customer satisfaction management is crucial for businesses. To do as such, businesses require reliable and representative satisfaction indicators (Gustaffsson et al., 2006). Return and referral rates, among other psychological and physical aspects associated to satisfaction behavior, influence the measure of fulfillment. The customer's degree of happiness may also change contingent upon their different decisions and different things that can be utilized to work on the organization's contribution.

When you realize that you can't run a business without clients, you realize how crucial they are. Customer satisfaction is crucial since a single disgruntled customer can drive business away from your company. You will produce more long-term business if you focus on customer retention and service. Focusing on customer satisfaction tactics is beneficial regardless of how big or little your company is. It is critical to comprehend the customer's requirements. Both sides must have their needs addressed in a business relationship, as in any other relationship. Customers expect exactly the same thing no matter what business they are in. They need to be treated with respect and welcomed by you and your colleagues. They don't want to give the feeling that you are using them for financial benefit. A simple "thank you" and a friendly smile can go a long way toward assuring customer satisfaction.

Ascertain that your entire team shares the same philosophy. Client satisfaction hinges on your ability to deliver on your promises. Customers anticipate a particular level of conduct from you and your staff, and you must deliver it in order for them to trust you. They want constant delivery timeframes (where relevant) and support. Customers will have a consistent experience with your company if your employees are trained to treat all customers with a similar degree of respect, which will increase customer satisfaction. If you fall short of expectations, be forthright about it.

Customer satisfaction is at an all-time high when anything goes wrong in the delivery chain, whether a client was double charged or on the other hand didn't receive what was promised. The employee should apologize and take action to correct the situation. The phrase "the client is in every case right" is important to a successful customer satisfaction strategy. Your employee should make every attempt to make the customer happy, whether the customer misinterpreted the instructions or made a mistake.

2.1.4.4. Employee performance

Employees, considered the heart of any business, play a crucial role in achieving organizational goals (Armstrong, 2009). Thus, the satisfaction and performance of employee is crucial for organizational success. Employee performance is dependent on a wide range of factors and most importantly job environment and management support has the greatest influence on the factor (Diamantidis & Chatzoglou, 2019). The internal and external factors in organizations are directly related with the employee performance management (Mathis & Jackson, 2011). A variety of factors such as such as management support, training culture, organizational climate and environmental dynamism are related to: job-related factors, such as communication, autonomy and environment; employee-related factors, such as intrinsic motivation, productivity, adaptability, skill flexibility, commitment and skill level. Besides this, there have

been specific researches on firm-related factors such as leadership, organizational trust, and human capital investments in order to find out the relative impact on employee performance. On an overall basis, the concept of employee performance is a dynamic area that includes a wide range of factors which combine to form the way employees are treated and the overall performance is measured from an organizational perspective.

Successful employees are the ones who could contribute fully to attaining the long-term goals of the business by aligning the personal development goals with the objectives of the organization. Even though the importance of human resources in attaining the business goals could be undermined at a number of instances, nobody could deny that they are the most important link in attaining the long-term goals of the organization Mangipudi et al., (2019). Also, employee performance is linked with a positive and productive working environment in an organization (Pradhan & Jena, 2016). When employees are able to carry out the jobs with utmost efficiency, the overall morale in the office gets a boost. It motivates other employees to work at a better pace which could have an improvement in the overall office productivity. It is important to foster a positive, energetic work environment. Employee performance is linked with their overall professional growth of an individual. When an employee is able to perform as per the expectations, it is easier for the companies to track the overall growth of such individuals, employee performance management is crucial for the long-term growth of the organization (Diamantidis & Chatzoglou, 2019; Pradhan & Jena, 2016).

2.1.5. Relationship between TQM and organizational effectiveness

TQM implementation in an organization does ensure that there is a transformation in the way activities are performed so as to reduce if not eliminates wastages with the main aim being customer satisfaction in the long run (Porter, 1996). The implementation of TQM ensures that every worker in the organization does his work with quality the first time, thus improving the efficiency of operation and avoiding some cost associated with waste. This in turn will offer more value to customers in terms of price and service quality, thus making them satisfied. Implementation of TQM further ensures that organizations change how they perform activities so as to eliminate inefficiency, improve customer satisfaction and achieve the best practice.

Quality management can be analyzed from the angle of; quality of service and quality of products, while effectiveness can be analyzed from the angle of growth in; profitability, customer base, product offering,

innovation, customer retention and customer satisfaction levels. Organizations do operate with the main goal of improving their bottom line which is profitability and therefore they must satisfy their clients in order to survive in business (Swan and Oliver, 1989). A customer with a positive attitude towards a business will engage in a positive word of mouth communication, being a positive influencer thus drawing more clients to the organization courtesy of their good recommendation. This in turn will affect the company's bottom line positively.

Previous studies concluded that overall TQM practices positively affect aggregate firm performance. TQM success leads to an improved level of employee involvement, communication, productivity levels, quality levels, client satisfaction, reduced costs of operation and overall the organizations' competitive advantage (Arumugam & Mojtahedzadeh, 2011).

Successful TQM implementation requires a thorough understanding of critical success factors, the barriers to achieving these factors, and managerial tools and techniques to overcome these barriers. The following section will present literature reviews on some of the barriers of TQM.

2.1.6. Obstacles and barriers to TQM implementation

Despite the great benefits to be gained from the implementation of TQM, several organizations that have faced difficulties in the implementation of TQM and did not achieve the expected outcomes (Ngai & Cheng, 1997). Therefore, Yeung, and Armstrong (2003) pointed out that many companies adopting TQM find that the expected benefits are not delivered. Their managements do not recognize that there are still barriers to overcome before obtaining the TQM benefits (Yeung, & Armstrong, 2003). One of the barriers is an inadequate focus on the latest market environment and on actual customer responses - TQM efforts are devoted to improving performance indicators of internal processes instead of external customer satisfaction (Yeung, & Armstrong, 2003). Links and contact between managers and customers are important if companies are to overcome the barriers and obtain the benefits of TQM.

Many studies have investigated the barriers and obstacles that lead to the failure of TQM implementation in organizations. This failure may not be due to weaknesses in the TQM concepts itself, but may rather be due to a failure in paying sufficient attention to the different variables particular to an organization, that could influence the implementation of TQM. The success of TQM can therefore depend on the extent to which certain factors exist in the organization, or even in the state (Tata and Prasad, 1998). In the same

vein, Prajogo and Sohal (2004) motioned that the most commonly quoted reasons for quality programme failures was unsuitable organizational culture.

In addition, top management commitment is considered to be one of the essential components in TQM success. There are many studies that have shown that the lack of top management commitment and support for TQM initiatives is one of the most important factors that lead to the failure of the implementation of TQM in an Organization. For example, a lack of top management commitment was identified by Nagi and Cheng (1997), Macdonal (1998), Najmi and Kehoe (2000), Bhanugopan (2002) and Prajogo and Sohal (2004) as one of the barriers to implementing TQM in the organization. According to Dale (2003), the common mistakes in TQM implementation that were mentioned by senior management included a lack of sufficient time to learn about TQM, a lack of persons involved in planning for its introduction and development, the failure to establish an effective infrastructure, a lack of sufficient resources for training and education, and underestimating the resources needed to set-up and develop a process of quality improvement.

Furthermore, Temtime and Solomon (2002) revealed that there are some obstacles to TQM implementation in Ethiopia, such as a lack of resources, planning, and business vision, a lack of managerial expertise and a misperception of TQM principles, a lack of employee motivation, a resistance to change, poor documentation and formalization, a centralization of authority, and a lack of TQM implementation frameworks. This study deals with the wider sector of the Ethiopian organization, but thus far there are no investigations and empirical studies that have been conducted into the barriers to TQM implementation in the Ethiopian commercial banking sector.

Although, many organizations have encountered significant barriers to the achievement of TQM goals, a large and growing number of organizations have implemented TQM initiatives because of the multidimensional benefits it is claimed to bring (Ngai & Cheng, 1997; Yeung, & Armstrong, 2003). Few researchers have focused more directly on the obstacles that hinder the ability of organizations to make a successful transformation to TQM or quality management. From this review of the literature, it could be concluded that the main barriers and difficulties facing organizations in TQM implementation were centered on a lack of knowledge about TQM, a lack of top management commitment, lack of attention to a focus on customers and their satisfaction, a lack of training, poor communication, lack of employee empowerment and involvement, employee resistance to change, insufficient reward systems, and the cultural factors.

2.2. Empirical Review

2.2.1. Empirical studies from other countries

Mwaniki, and Bichanga (2016) focused on determining the effects of TQM on financial performance in the banking sector: a case study of national bank of Kenya. This study was limited to establishing how the pillars of TQM, namely supplier relationship, customer relationship, processes and top management involvement relate to financial performance. The four pillars of TQM formed the independent variables of the study while financial performance was the dependent variable. The findings of the study indicated a positive relationship between top management involvement, process and supplier relationship and financial performance.

Sadique and Walob (2014) did a research on the impact of TQM on different measures of performance. In addition, the study came across several barriers and reasons of the TQM implementation in Nigeria. The research established that various elements of TQM interfere with final result of the outcomes. The obstacles faced by firms in implementing TQM are the inadequate information and commitment by employees, insufficient employee involvement, insufficient of resources and inappropriate business structure. The conclusion was that firms should strive to improve on firm structure, staff involvement/commitment/awareness to TQM and make available enough facilities to eliminate the obstacles that hinder proper use of TQM practices. This research established the link between TQM and performance while the present research sought to determine the effect of TQM practices on operational efficiency. This study was also done in Turkey while the present study is carried out in Kenya.

Saadia (2018) conducted a study on effect of TQM practices and performance of Commercial banks in Garissa County, Kenya. Different questions were used to give the respondents a wide variety and give room for respondents to answer the objectives in question as exhaustively as it is established. The study conducted multiple regression analysis to estimate the model for the study. The analyzed data was presented in graphs, frequencies, charts and tables for interpretation and to enable draw conclusions and recommendations thereof. The findings of this study will be useful to commercial banks since it will provide insights on the importance of practicing quality management practices in the banking industry to achieve financial performance of firms. In theory, this study will be resourceful in providing more information on the various quality management practices adopted by firms. The study will also serve as a point of reference to academicians interested in this area and other related topics.

Onyango (2016) examined the relationship between TQM practices implementation and performance of commercial banks in Kenya. In the study, all the 43 commercial banks in Kenya were used. The study depended on information gathered through an organized poll to meet the goals of the study utilizing five point Likert scale. The surveyed questions concentrated on the relationship between TQM practices implementation and performance of commercial banks in Kenya with the inquiries being shut finished. Regression model was used with aid of Package for Social Sciences (SPSS 21.0). Different relapse measurements were utilized to set up a factually huge connection between the TQM practices and performance of commercial banks' in Kenya. Based on the study, it demonstrated a factually irrelevant relationship between TQM practices and performance of commercial banks' in Kenya.

Study conducted by Carolyne and Bichanga (2014) on the effect of TQM on financial performance in the banking sector: a case study of national bank of Kenya. This study was limited to establishing how the pillars of TQM, namely supplier relationship, customer relationship, processes and top management involvement relate to financial performance. The four pillars of TQM formed the independent variables of this study while financial performance was the dependent variable. These variables were studied to fill the gap of explaining how the use of TQM in NBK affects its financial performance. This study was descriptive in nature and the researcher used case study method. The target population of the study comprised of NBK employees. The researcher used stratified random sampling in selecting respondents. The findings indicated a positive relationship between top management involvement, process and supplier relationship and financial performance. However, customer relationship negatively affected financial performance. The regression analysis showed a weak relationship among the variables with by the f-test and a weak coefficient of determination. The research recommends that steps to improve top management involvement, process and supplier relationship to improve financial performance.

2.2.2. Empirical studies from Ethiopia

Aman (2021) assess the effects of TQM implementation on the organization performance of Commercial Banks of Ethiopia (CBE) in Jimma Town. The three critical elements of TQM; namely customer focus, management leadership, and employee involvement are used as an important factors influencing on organization performance. This study adopted descriptive survey and explanatory research design. The results of the study showed that that there is statistically significant relationship between customer focus, management leadership and employee involvement with organizational performance of CBE. There is a

statistically significant effect of customer focus, and employee involvement the performance CBE. There is no statistically significant effect of management leadership on the performance CBE.

Ruth (2021), examines the effect of TQM practices on operational performance in the case of Hibret Bank S.C particularly in Addis Ababa branches. The study focused on five independent variables i.e., top management commitment, employee training and education, employee involvement, quality focus and continuous process improvement and operational performance as dependent variable. The findings indicate that out of the proposed five independent variables that could affect operational performance, four variables namely; top management commitment, employee training and education, quality focus and continuous process improvement have significant and positive effect on operational performance. However, employee involvement has no significant effect on operational performance.

Temesgen (2022) investigates the effects of Total Quality Management on Organizational Performance in the case of Ethio telecom. The researcher comes to a conclusion after gathering data from ethiotelecom employees and evaluating it in the Amos software tool. Customer focus, top management commitment, and employee management were the major factors for organizational performance improvement.

Hagos & Maganti (2022) evaluate the degree of total quality management (TQM) implementation in the Ethiopian plastic industry in Addis Ababa, Ethiopia and its impact on operational performance. A quantitative approach has been used via a self-administrated questionnaire. A simple random sampling technique was used to collect primary data. Correlation and regression procedures were used to analyse the primary data. The result of investigation on the level of TQM practices indicated that case industry has an acceptable level of TQM implementation. In addition, based on the regression analysis, it is concluded that two out of five of the selected TQM practices (training and supplier quality management) are significantly correlated with operational performance of plastic industry.

Gezew (2022) examine the effect of total quality management on organization performance of national cement share company. The study was employed an explanatory and descriptive research design and used mixed approach. The study found that there is positive and statistically significant correlation between all TQM constructs and organization performance. Concerning regression analysis the study found total quality management has positive and significant effect on organization performance. The study concluded that the implementation of total quality management practice leads to enhanced organization performance.

Judging from all these empirical studies and findings, one may generally conclude that implementation of

total quality management practice can be expected to result in higher organizational performance.

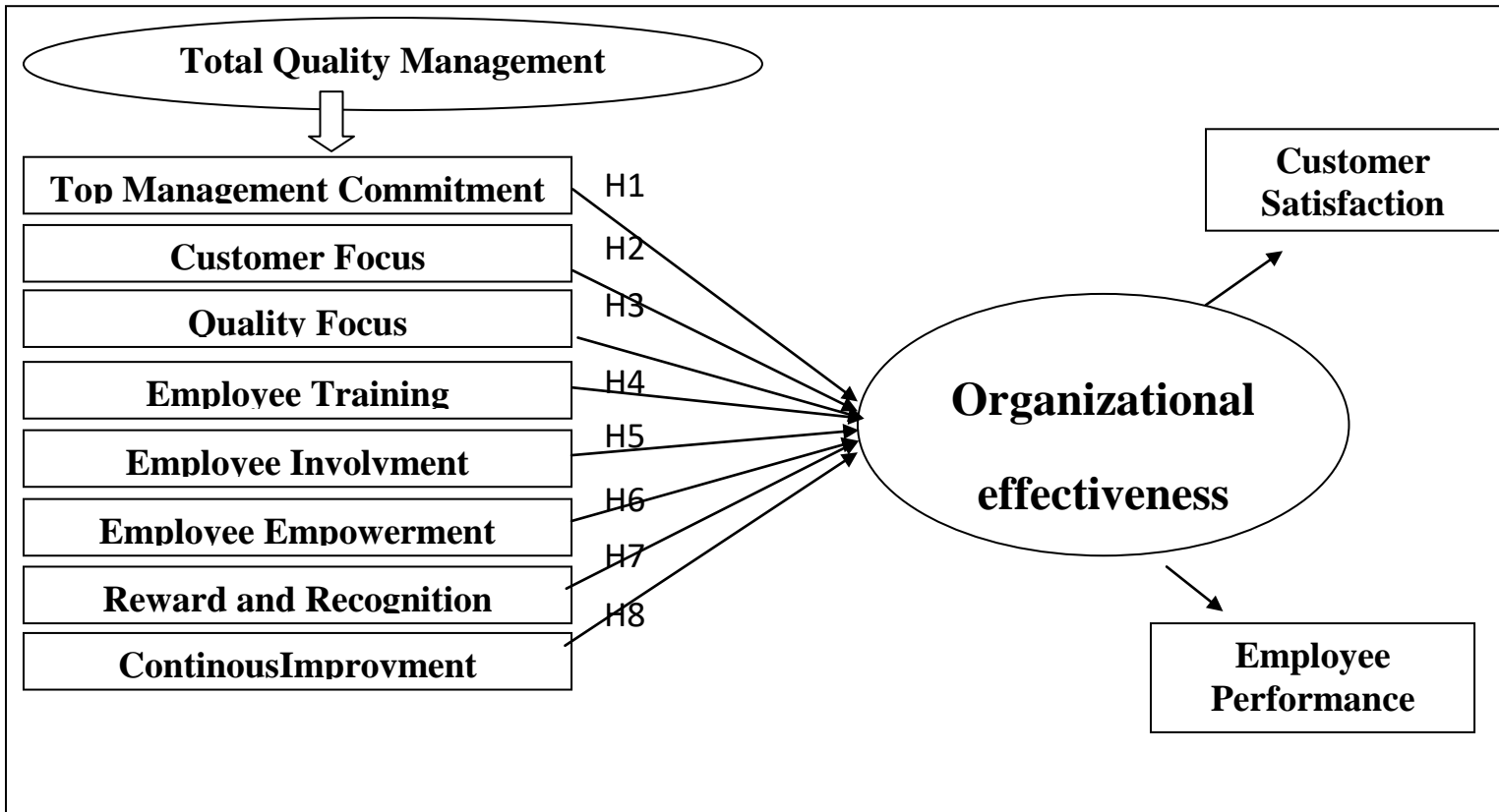
2.3. Summary and Literatures Gap

A number of empirical studies have been conducted since the 1980's in order to explore the variance between quality management practices and organizational performance. In a nutshell, studies have examined the relationship between TQM and various levels of business performance. However, only limited work has been conducted to investigate the level of TQM implementation and its impact on organization performance in the banking sector in Ethiopia. Furthermore, majority of these studies were carried out in manufacturing firms while only two studied banks in the impact of TQM on organizational performance (Aman, 2021; Ruth, 2021). More so, assessing the effect of TQM on organization had not specifically received attention in effectiveness context. Hence a related study on the effect of TQM on organization effectiveness in the banking sector is needed to fill this literature gap and thus the significant of this study.

2.4. Conceptual Framework of the Study

The conceptual framework of the study presented in figure 2.1 below shows the independent variables which are Total Quality Management(TQM) and dependent variable organizational effectiveness (OE). From the literature gathered for the study, the independent variable TQM has 8 pillarsinclude: top management commitment (TMC); customer focus (CF); quality focus (QF); employee training (ET); employee involvement (EI); employee empowerment (EE); reward and recognition (RR); continuous improvement (CI). In this researchOE is measured in terms of two indicators; customer satisfaction (CS) and employee performance (EP). This aids in understanding the relationship between the variables of the study.

Figure 2.1 Conceptual framework of the study



Source: adopted from literatures

2.5 Review Hypothesis

Based on the conceptual framework, the hypotheses of this study include;

H1: Top management commitment (TMC) has significant positive effect on organizational effectiveness (OE)

H2: Customer focus (CF) has significant positive effect on OE

H3: Quality focus (QF) has significant positive effect on OE

H4: Employee training (ET) has significant positive effect on OE

H5: Employee involvement (EI) has significant positive effect on OE

H6: Employee empowerment (EE) has significant positive effect on OE

H7: Reward and recognition (RR) has significant positive effect on OE

H8: Continuous improvement (CI) has significant positive effect on OE

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter outlined the research design that was adopted and the methods of data collection and analysis, target population, sampling procedures, sample size etc. employed to answer the research questions.

3.1. Research Design and Approach

This study used descriptive and explanatory research design. The major purpose of descriptive research is description of the state of affairs as it exists at present (Kothari, 2004). Therefore, the researcher used the design to collect and present the data according to the respondents' perspective without altering any of the response. This design is the most preferable due to its complete description of the situation, ensuring the minimum occurrences of bias in the research process. To obtain appropriate information the investigator used cross sectional research design. Further, the explanatory research is a research approach whose purpose is to explain an event or circumstance that is related to variables that can be analyzed using quantitative/statistical approach in order to test the hypothesis that has been set (Cooper, et al., 2003). Cooper, et al. (2003) discussed that explanatory studies unlike descriptive studies, go beyond observing and describing the condition and tries to explain the reasons of the phenomenon. Thus, explanatory research design is used in this research because the study undertakes to the effect of TQM practice on OE in the case of CBE particularly Addis Ababa branches which is appropriate for the objective of the study.

In order to meet the research objectives, this study relied on a quantitative research approach, using a questionnaire survey (quantitative). The quantitative approach places considerable emphasis on the statistical generalization of findings that seeks to explain and predict causal relationship between phenomena in the social world. This is undertaken by examining the relationships between variables by taking measurements.

3.2. Study population, Sampling Technique and Sample Size Determination

The population under study encompasses the employees of Commercial Bank of Ethiopia in Addis Ababa, including top-level managers. To ensure representativeness and generalizability of findings, the study employed a probability sampling technique.

The branches of Commercial Bank of Ethiopia in Addis Ababa are distributed across four districts: North-Addis, South-Addis, East-Addis, and West-Addis. Given the large total population of 9,500 employees, a systematic sampling approach was adopted. Systematic sampling allows for a simpler implementation compared to simple random sampling and ensures each member of the population has an equal probability of being selected.

The sample size determination was based on the Yamane formula, appropriate for a large population size:

$$n = \frac{N}{1 + Ne^2}$$

Where:

- n = required sample size
- N = total population size (9,500)
- e = desired margin of error

Assuming a desired margin of error (e) of 5% (0.05), the calculation proceeds as follows:

$$n = \frac{9500}{1 + 9500 \times (0.05)^2}$$

$$n = \frac{9500}{1 + 9500 \times 0.0025}$$

$$n = \frac{9500}{1 + 23.75}$$

$$n = \frac{9500}{24.75}$$

$$n \approx 383.84$$

Rounding up to the nearest whole number for practical purposes:

$$n \approx 384$$

Therefore, the study will aim to survey approximately 384 employees and managers from the Commercial Bank of Ethiopia in Addis Ababa, ensuring a robust representation across all districts and 12 branches. This revised paragraph now reflects the adjustment to a total sample size of 9,500 using probability sampling and the Yamane formula for sample size determination.

3.3. Method of Data Collection

This study used both primary and secondary data to answer research questions and meet objectives. For this research, the secondary data was used to establish the concept of TQM and organizational effectiveness, theories of TQM, empirical evidences on the impact of TQM on organizational effectiveness, and to identify the critical TQM practices, as well as organizational effectiveness indicators. The secondary data used in this research was obtained from annual reports.

On the other hand, primary data was collected using questionnaires method. The researcher seeks to determine the level of implementation of TQM at CBE, and to explore the influence of TQM on organizational effectiveness. In addition, the study seeks to identify the main barriers that affect or hinder on TQM implementation at CBE. Therefore, the identification and explanation of causal relationships between variables requires the collection of quantitative data (use of a questionnaire), and then an analysis of the questionnaire. The use of questionnaire is a common strategy in business and management research. Questionnaires can be used to inexpensively generate a large number of responses that produce information across a broad range of survey topics.

The structure of the questionnaire included four parts as follows (see Appendix): Part one: General information: this section is concerned with obtaining information about the general background of the participants, such as sex, age, educational level, work experience and current position. Part two: This section is concerned with achieving the first objective, which seeks to identify the level of TQM implementation at CBE through thirty five statements. It therefore consists of several parts, each of which is designed to explore a particular aspect of TQM implementation practices. These practices are top management commitment; customer focus; quality focus; employee training; employee improvement; employee empowerment; reward and recognition; and continuous improvement. Part three: This section consists of eleven statements describing types of organizational effectiveness through the measurement of: customer satisfaction (five statements) and employee performance (six statements). The purpose of this part is to achieve the second and third objective, which explores the influence of the implementation of TQM practices on organizational effectiveness. Part four: The purpose of this section is to achieve the fourth objective, which seeks to identify the main obstacles, if any, that prevent the implementation of TQM at CBE. This part includes twelve factors from the literature which represent barriers to the successful implementation of TQM.

3.4. Method of Data Analysis

Once the study collected all the possible and relevant information through the methods that discussed above, it started to analyze and interpret the data. SPSS version 22 was used to analyze the data that was obtained from primary sources. Specifically, descriptive statistical tools such as mean, frequency, standard deviation and percentages were used to describe the data; plus Pearson Coefficient of Correlation was used as a measure correlation between the two variables. Finally, linear regression model was conducted

in this study in order to predict the value of dependent variable (organizational effectiveness) based on the value of independent variables (TQM).

3.5. Variable Operationalization and Model specification

The multiple regression statistics that was employed to establish a statistically significant relation between the TQM practices and OE of CBE were based on the following regression model:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + e$$

Where;

Y= organizational effectiveness (OE) of CBE.

X1= Top management commitment (TMC)

X2= Customer focus (CF)

X3= Quality focus (QF)

X4= Employee training (ET)

X5= Employee involvement (EI)

X6= Employee empowerment (EE)

X7= Reward and recognition (RR)

X8= Continuous improvement (CI)

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7,$ and β_8 are the coefficients of the variables to be estimated.

e is the error term

3.6. Reliability Test

To ensure the reliability of the instrument in this case of study and the researcher tested the reliability using Cronbach's Alpha. Cronbach's Coefficient is a reasonable indicator of the internal consistency of instruments that do not have right or wrong marking schemes, thus can be used for questionnaires using scales such as rating (Black & Leslie, 1999). For this particular study, the questionnaires Likert scale items reliability was checked by Cronbach's - alpha coefficient with the help of SPSS software.

Alpha coefficient ranges in value from 0 to 1. The higher the score, the more internally reliable the generated scale is. Cronbach's coefficient alpha value over 0.7 is believed to be acceptable reliability coefficient (Pallant, 2010).

Table 1: Reliability measure of the Variables

Instruments	Variables	Number of Items	Cronbach's Alpha	Number of questionnaire
TQM Practices	Top management Commitment	4	0.763	311
	Customer focus	4	0.786	311
	Quality focus	5	0.749	311
	Employee Training	5	0.805	311
	Employee involvement	4	0.825	311
	Employee empowerment	4	0.841	311
	Reward and recognition	4	0.721	311
	Continuous improvement	5	0.808	311
Organizational Effectiveness	Customer Satisfaction	5	0.726	311
	Employee Performance	6	0.779	311
Barriers	Barrier Statements	12	0.733	311

Source: Own Survey, computed in SPSS, 2024

The above table shows that the values of Cronbach's alpha ranged between 0.721 and 0.841 which indicated that all instruments have an acceptable level of reliability.

3.7. Validity Test

The clarity of the instrument items to the respondents was established so as to enhance the instrument's validity. According to Sekaran (2003), validity is the most critical criterion and indicates the degree by which the sample of test items represents the content the test is designed to measure. To establish the validity of the research instrument, the researcher required opinions of experts in the field of study especially the feedback that was obtained from the advisor of this research, who assessed and review the appropriateness of questions and the scales of measurement. Researcher was also conducted pilot testing study to see whether the questionnaires can able to measure what it is aimed to measure.

3.8. Ethical Considerations

With a maximum precision the research conducted the study in professional and ethical manner. Hence; the researcher was exerted her maximum effort to clearly inform to the respondents about the purpose of the study i.e. exclusively will be used for academic purpose and ensure them not for other purpose. In addition to this, they were informed that their participation in the study is entirely depends on their willingness. And the researcher also ensured that any of the respondents' response will not be personalized, in the process of data presentations, analysis, and interpretation. Furthermore, confidentiality

of data was maintained during the process. The researcher also told the respondents the existence of anonymity and confidentiality in processing the data analysis and presentation.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with the results and analysis of the findings and it contains five sections. The first three sections presented descriptive and correlation analysis on variables of the study; the fourth section presented fulfillment of the assumptions for regression analysis and laid down the results of regression analysis that constitute the main findings of this study and finally the fifth section presented the most important barriers which affect TQM implementation in CBE from the respondents' point of view.

4.1. Response Rate

The data collected through questionnaires are presented in this section using tables and graphs. As stated in chapter three, the sample size for this study was 384 employees of CBE. However out of 384 questionnaires distributed 311 of the questionnaires were fully filled by respondents, hence 311 questionnaires were served as data for analysis to present the findings of this study. This represents 80.8% response rate. According to Babbie (2002) any response rate of 50% and above is adequate for analysis thus 80.8% is even better.

4.2. Descriptive statistics of the Demographic Profile of Respondents

The study assessed the demographic characteristics of the respondents. The findings are presented in Table 2 below. The purpose of including this section in the analysis is to present an overview of the characteristics and issues related to the demographic information that describes the research respondents and to detect any significant differences in their perceptions.

In the sample for the study males (56.9%) outnumbered females (43.1%). This indicates that majority of employees in CBE are male. This also shows that in Ethiopian culture, as in many other developing countries, the men comprise the majority of the workforce. In terms of age, the study reveals that 34.1% of the respondents are in the range of 18-30 years, 41.1% of the respondents are in the range of 31-40 years, 19.3% are in the range of 41-50 years while 5.5% of them are above 50 years. This implies that the majority (60.4%) of respondents were aged from 31 to 50. This indicates that most of the respondents who are working in the bank are adult since 66 percent of the respondents are 30 years and above.

Table 2: Demographic Profile of selected employees

Demographics		Frequency	Percentage
Gender	Female	134	43.1%
	Meal	177	56.9%
	Total	311	100%
Age	18-30 years	106	34.1%
	31-40 years	128	41.1%
	41-50 years	60	19.3%
	51 years and above	17	5.5%
	Total	311	100%
Education level	First Degree	203	65.3%
	Second Degree	108	34.7%
	Above second degree	-	-
	Total	311	100%
Your current position	Branch manager	12	3.9%
	Department manager	24	7.7%
	Senior officer	162	52.1%
	Junior officers	113	36.3%
	Total	311	100%
Work experience	Less than five years	72	23.2%
	5-10 years	114	36.7%
	10-15 years	81	26.0%
	More than 15 years	44	14.1%
	Total	311	100%

Source: Own Survey, computed in SPSS, 2024

In relation to the respondents education level, 65.3% of the bank employees had undergraduate degrees while 34.7% had a master degrees as the highest academic achievement. This indicates that overall the employees had good educational qualifications, meaning they were well qualified to work at the banks and also were able to respond to the data collection instruments with ease. Additionally, the study showed that 23.2% of the respondents had worked for between 0 and 5 years, 36.7% had worked for between 5 and 10 years, 26.0% between 10 and 15 years while 14.1% of them had worked for more than 15 years. This indicates that many of the respondents had a good experience working for CBE, as nearly 76.8% of the respondents having more than 5 years of experience at their company. This shows that the respondents had worked for a significant period of time with the bank and understood their operations, quality management and performance hence responded from an informed perspective. Moreover, this longevity of service enabled them to offer a wealth of information about TQM implementation, and also to be able to

judge the level of quality management in their bank. Therefore, the experience of the respondents was among the most prominent factors expected to provide high quality information.

In terms of the position of the respondents at CBE, the findings showed that 3.9% were branch managers, 7.7% of the respondents were department managers, 52.1% of the respondents were senior officer, whereas 36.2% of the respondents were classified as junior officers. This indicates that they should be able to provide relevant information related to quality practice within their bank, also that they have good experience of the practice and implementation of TQM within CBE.

In conclusion the demographic profile of the respondents seems to be good for the purpose of this study in order to collect quality and relevant information since majority of the research respondents' demographic characteristics indicated that they are more educated, well experienced and had senior positions in the bank.

4.3. Descriptive Analysis of TQM Practices and Organizational Effectiveness

4.3.1. The level of TQM practices implementation at CBE

To achieve the first objective, descriptive analysis were conducted on eight practices of TQM at CBE to determine the level of TQM practices employed by CBE. The practices of TQM included in this study were: top management commitment, customer focus, quality focus, employee training, employee involvement, employee empowerment, reward and recognitions and continuous improvement. The questionnaires were utilized to measure the extent of TQM practices at CBE. Specifically, the level of TQM practices were measured by a group of questions built on a five-point Likert scale (1=Strongly disagree, 2=Disagree, 3=Neither Agree nor Disagree, 4= Agree, 5=Strongly Agree). The respondents were asked to answer to what extent they agreed or disagreed with the given statements. Table 3-11 shows descriptive statistics results used to determine the level of TQM practices at CBE. The results are presented in mean scores and standard deviations for the various variables. The result in Table 11 shows that the aggregate mean score for the TQM practices was 3.23. This result indicates a moderate level of TQM practices at CBE since its value is around 3-3.5, the point that shows of neutrality or adequate level.

4.3.1.1. Top management Commitment

The mean of all items for top management commitment was 3.540, indicating a moderate level of implementation.

Table 3: the level of Top management Commitment practices at CBE

TQM Practices	Statements	Mean	St.dev.
Top management Commitment	Senior management have clear vision toward quality.	3.60	1.078
	Senior executives are visibly and explicitly committed to quality.	3.58	1.083
	Top management allocates adequate resources and time for quality management efforts.	3.47	1.155
	Top managers often discuss the importance of quality.	3.51	1.136
Average score of top management commitment		3.540	0.851

Source: Own Survey, computed in SPSS, 2024

As indicated in Table 3 above the top management commitment scores are slightly above 3, points of neutrality, in the perception of respondents. As we will see over and over again, this is a fundamental result of the study indicating that employees have formed moderate or low perceptions about the TQM practices of CBE Addis Ababa branch offices. The result in Table 3 shows that among the top management commitment items/attributes “*Senior management have clear vision toward quality*” has comparatively high mean score of 3.60 which shows that the majority of the employees believe more about senior managements vision toward quality compared to other top management commitment items (Table 3). This implies that senior managers in the bank have strategic thinking about quality.

4.2.1.2. Customer focus

Table 4 presented the respondents average rating of customer focus category of total quality management practices and it had a mean score of 3.751 at CBE Addis Ababa branch offices.

Table 4: the level of Customer focus practices at CBE

TQM Practices	Statement	Mean	St.dev.
Customer focus	In your bank there is comprehensive identification of customer needs.	3.82	.966
	Your Bank collects extensive complaint information from customers	3.78	.848
	Your bank uses customer surveys and feedback processes in improving its processes and services.	3.61	.908
	The organization encourages employees to satisfy customers.	3.78	.948
Average score of customer focus		3.751	0.717

Source: Own Survey, computed in SPSS, 2024

The study respondents moderately agreed that the bank has comprehensive identification of customer needs, the bank collects extensive complaint information from customers, the organization encourages employees to satisfy customers and the bank uses customer surveys and feedback processes in improving

its processes and services as indicated by a mean of 3.83, 3.78, 3.78 and 3.61 respectively. This indicates that the study to a moderate extent embraced customer focus with collecting extensive complaint information, encouraging employees to satisfy customers and using feedback regularly to improve services.

4.2.1.3. Quality focus

Table 5 illustrated the quality focus practice of TQM and has an overall mean score of 3.404 which indicates that the bank has a moderate level of implementation.

Table 5: the level of Quality focus practices at CBE

TQM Practices	Statement	Mean	St.dev.
Quality focus	There is a strong commitment to quality at all levels	3.53	1.034
	Employee of CBE show concern for the need for quality	3.56	1.048
	Continuous quality improvement is important goal of this bank	3.16	1.058
	Top managers try to plan ahead for changes that affect quality	3.41	1.030
	Quality services delivered meet the customer demands effectively	3.37	1.105
Average score of quality focus		3.404	0.745

Source: Own Survey, computed in SPSS, 2024

According to the result of this study as shown in Table 5 above, the lowest mean scores out of the 5 quality focus items were “*Quality services delivered by the bank meet the customer demands effectively*” with average score of 3.37 and the largest mean scores were “*Employee of CBE show concern for the need for quality*” with average score of 3.56.

4.2.1.4. Employee Training

Employee training had an overall mean value of 2.836 which is in the low range since its value is below 3, the point that shows of neutrality or adequate level (Table 6).

Table 6: the level of Employee Training practices at CBE

TQM Practices	Statement	Mean	St.dev.
Employee Training	In your bank training is regarded as one of the most important factors in improving quality.	2.75	1.146
	Training in the total quality concept is given to all employees.	2.83	1.197
	Employees are trained to improve interactive skills (such as communication skills, effective meeting skills, and leadership skills).	2.96	1.131

Employees are trained in problem identification and problem solving techniques	2.67	1.134
Seminars and workshops in quality issues are arranged for employees as part of an ongoing process.	2.97	1.186
Employee training	2.836	0.868

Source: Own Survey, computed in SPSS, 2024

Table 6 also shows that none of the employee training items/attributes scored above an average of 3 and the lowest mean scores out of the 5 employee training items were “*Employees are trained in problem identification and problem solving techniques*” with average score of 2.67 implies this item was the lowest item perceived TQM by employees in CBE Addis Ababa branch Offices at the time of this study.

4.2.1.5. Employee involvement

Employee involvement in decision making, process improvement and service delivery is key in implementing any quality management policy in an organization. The respondents were therefore asked to rate the extent to which the following aspects of employee involvement were applied in their bank. The table below presents the findings.

Table 7: the level of Employee involvement practices at CBE

TQM Practices	Statement	Mean	St.dev.
Employee involvement	Your bank encourages employees to suggest ideas and actively involved in service quality improvement-related activities	3.29	1.183
	Employees are involved in decision-making in day-to-day activities	3.21	1.101
	The bank’s goals and policies are communicated regularly to staff.	3.22	1.122
	In your bank most employees’ suggestions are implemented.	3.08	1.137
Average Score of employee involvement		3.199	0.920

Source: Own Survey, computed in SPSS, 2024

The result in Table 7 above shows that respondents were neutral or to a moderate extent agreed that their employers encourages to suggest ideas and actively involved in service quality improvement-related activities, the banks support staffs to involve in decision-making in day-to-day activities, the company communicates the goals and policies of the bank regularly to staff and they motivate staff to establish personal goals as indicated by a mean of 3.29, 3.21, 3.22 and 3.08 respectively.

4.2.1.6. Employee empowerment

Table 8 below presents the respondents ratings of employee empowerment category of TQM practice. Employee empowerment had an overall mean value of 2.935 which is in the low range since its value is below 3, the point that shows of neutrality or adequate level (Table 8).

Table 8: the level of Employee empowerment practices at CBE

Employee empowerment	Employees are encouraged to accept responsibility for quality.	2.91	1.073
	Responsibility, authority and accountability are delegated as closely as possible to those performing the work.	3.06	1.002
	Employees are empowered to implement quality improvement efforts.	3.02	1.073
	Employees are given the necessary resources to solve any quality problems that arise	2.75	1.035
Average Score of employee empowerment		2.935	0.861

Source: Own Survey, computed in SPSS, 2024

As shown in the table above, the highest level of agreement with mean value of 3.06 is recorded for the “*Responsibility, authority and accountability are delegated as closely as possible to those performing the work*” while “*Employees are given the necessary resources to solve any quality problems that arise*” scored the least mean figure. At glance, one can observe that two of the mean scores are above the simple average of the scale, which is 3 point of neutrality. However, the overall average score of all items are still below the simple average of the scale. Hence, we can say that CBE is a bank that performs poorly with regard to employee empowerment.

4.2.1.7. Reward and recognition

Reward and recognition is used to influence employees’ performance by reinforcing desirable values and behavior. As per the result obtained from the respondents in the Table 9 below Reward and recognition practice of TQM has an overall mean score of 2.843 which is the second lowest score next to employee training.

Table 9: the level of Reward and recognition practices at CBE

TQM Practices	Statement	Mean	St.dev.
Reward and recognition	There is appropriate reward and recognition for outstanding performance in the bank.	2.71	1.178
	There are sufficient opportunities for promotion.	2.77	1.068
	Reward and recognition activities effectively stimulate employee commitment to quality improvement	3.01	1.019
	Employees are recognized for achievements in quality improvement.	2.88	.927
Average Score of reward and recognition		2.843	0.776

Source: Own Survey, computed in SPSS, 2024

Table 9 above also indicates that for all items of reward and recognition “Reward and recognition activities effectively stimulate employee commitment to quality improvement” has comparatively higher mean score of 3.01 which is almost equal to 3 the point of neutrality while the other three items of reward and recognition had a mean score of below 3.

4.2.1.8. Continuous improvement

Table 10 below shows the respondents’ average ratings of continuous improvement processes to quality management implementation at their bank.

Table 10: the level of Continuous improvement practices at CBE

TQM Practices	Statement	Mean	St.dev.
Continuous improvement	In your bank emphasis on continuous improvement in services is applied in all operations and at all levels.	3.39	1.086
	Problem-solving and continuous improvement processes are based on facts and systematic analysis.	3.40	1.096
	The bank builds its competitiveness on the basis of providing high quality services.	3.35	1.045
	All employees are trained to look for continuous improvement in their daily work.	3.30	1.059
	Quality improvement culture spreads across the organization’s departments.	3.32	1.065
Average Score of continuous improvement		3.351	0.805

Source: Own Survey, computed in SPSS, 2024

From Table 10 above majority of the respondents do moderately agree that there is emphasis on continuous improvement in the bank in all operations and at all levels and the overall mean score of continuous improvement is 3.351 and the mean scores of all items of continuous improvement is around 3.35.

4.2.2. Ranks of the level of TQM practices implementation at CBE

A summary of descriptive statistics is presented in Table 11 that shows the ranks of the eight TQM practices implementation at CBE as perceived by the respondents including top management commitment, customer focus, quality focus, employee training, employee involvement, employee empowerment, reward and recognition and continuous improvement. A ranking method with average value of each TQM practices ‘mean score has been used in order to rate the level of TQM practices implementation at CBE. This helps CBE management to identify which TQM practices needs an improvement and which one is in a good condition. The larger mean score is identified for the TQM practice of customer focus which is of (3.751) followed by top management commitment (3.540), quality focus (3.404), continuous improvement (3.351), employee involvement (3.199), employee empowerment (2.935) and reward and recognition (2.843), and the least mean score is shown in the employee training TQM practice (2.836). This reflects that CBE perform more on customer focus practice than other TQM practices. In summary, from results obtained, respondents perceive the level of TQM practices at CBE as moderate in five TQM practices (customer focus, top management commitment, quality focus, continuous improvement and employee involvement) and poor in three TQM practices (employee empowerment, reward and recognition and employee training). The result indicated that there is no higher level of TQM practices at CBE.

Table 11: Ranking of the level of TQM practices implementation at CBE

TQM practices	Mean	St. dev.	Rank
Top management commitment	3.540	.85099	2
Customer focus	3.751	.71716	1
Quality focus	3.404	.74538	3
Employee training	2.836	.86836	8
Employee involvement	3.199	.919856	5
Employee empowerment	2.935	.860877	6
Reward and recognition	2.843	.775732	7
Continuous improvement	3.351	.804618	4
Overall Average of TQM practices	3.232	0.383	

Source: Own Survey, computed in SPSS, 2024

The overall conclusion is that the level of TQM implementation practices at CBE was either low or moderate, which was proven through the findings from the questionnaire. This low or moderate level of TQM implementation may have been due to the barriers present at CBE. Sections 4.5 will explore the barriers that prevent a higher level of TQM practices implementation at CBE.

4.2.2. The level of organizational effectiveness at CBE

In this session, the findings obtained from the questionnaire to determine the level of organizational effectiveness at CBE is presented. The study was intended to evaluate the level organizational effectiveness in terms of customer satisfaction and employee performance which are the measure of organizational effectiveness used in this study. For this purpose the study sought information on customer satisfaction and employee performance from the respondents. The respondents were asked to rate the indicators of organizational effectiveness on a scale of 1-5 where 5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, and 1=strongly disagree.

Hence, 11 questions were designed and distributed to the sampled employees and requested their level of agreement and the responses were summarized and presented in the Table 12 below. From the two dimensions: customer satisfaction has got the highest mean score of (3.556) while the result for employee performance dimension shows a mean score of (3.462), indicated that the existing practices related to employee performance lowest score comparing to customer satisfaction.

Table 12: Organizational Effectiveness (customer satisfaction and employee performance)

Organizational Effectiveness	Mean	St. dev.
Customer satisfaction	3.556	0.857
Employee performance	3.462	0.775
Overall Average of Organizational Effectiveness	3.509	0.705

In general, the study established that to some extent the organizational effectiveness of CBE was high through bank's effort to constantly surprise and delight customers, maintains consistent quality standards, employees speed and employees professionalism.

Table 13: Customer Satisfaction

Organizational Effectiveness	Statement	Mean	St. dev.
Customer satisfaction	Your bank customers are satisfied with the waiting line of the bank	3.44	1.219
	Your bank customers are satisfied with your bank employees effort in providing error free transactions	3.50	1.282
	Your customers are satisfied with the customer complaints collection and responding procedures of the bank	3.34	1.391
	Your customers are satisfied with the bank's effort to constantly surprise and delight customers.	3.84	1.149
	Your customers are satisfied with the bank's effort to maintains consistent quality standards for providing services	3.65	1.146

Average score of customer satisfaction	3.556	0.857
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Source: Own Survey, computed in SPSS, 2024

Table 13 above shows that among the five customer satisfaction indicator statements “the bank’s effort to constantly surprise and delight customers” and “the bank’s effort to maintains consistent quality standards for providing services” had the highest mean score of 3.84 and 3.65 respectively.

Table 14: Organizational Effectiveness (customer satisfaction and employee performance)

Organizational Effectiveness	Statement	Mean	St. dev.
	CBE employees serve with needed speed	3.67	1.159
	CBE employees have team work spirit	3.41	1.138
Employee performance	CBE employees meet targets	3.40	1.167
	CBE employees maintain high professionalism	3.62	1.118
	CBE employees respond adequately to challenges faced by customers	3.45	1.024
	CBE employees are keen in meeting deadlines with minimal mistakes	3.23	1.137
	Average score of employee performance	3.462	0.775

Source: Own Survey, computed in SPSS, 2024

Finally, the above table on employee performance shows that the two items with the highest mean score were “CBE employees serve with needed speed” and “CBE employees maintain high professionalism” with mean score of 3.67 and 3.62 respectively.

4.4. Correlation Analysis between TQM Practices and Organizational Effectiveness of CBE

Correlation coefficient statistics measure the degree to which two sets of numbers are related. A higher correlation coefficient signifies a stronger relationship. At one extreme, a correlation coefficient of 1.0 means a perfect positive relationship as one set of numbers goes up, so does the other. At the other extreme, a correlation of -1.0 means a perfect negative correlation when one set of numbers goes up, the other goes down. In the middle, a correlation of 0 means there is no correlation at all (Field, 2005). In order to determine the effect of TQM practices on effectiveness towards CBE, relationship between independent variables (i.e. TQM practices) and dependent variable i.e. (organizational effectiveness) of CBE, correlation analysis has been conducted by classifying the relationship with each TQM practices.

Table 15: Pearson correlation results

		OE	TMC	CF	QF	ET	EI	EE	RR	CI
OE	Pearson Correlation	1								
	Sig. (2-tailed)									
	N	311								
TMC	Pearson Correlation	.109	1							
	Sig. (2-tailed)	.054								
	N	311	311							
CF	Pearson Correlation	.418**	.126*	1						
	Sig. (2-tailed)	.000	.026							
	N	311	311	311						
QF	Pearson Correlation	.337**	.145*	.141*	1					
	Sig. (2-tailed)	.000	.010	.013						
	N	311	311	311	311					
ET	Pearson Correlation	.407**	-.060	.224**	.314**	1				
	Sig. (2-tailed)	.000	.290	.000	.000					
	N	311	311	311	311	311				
EI	Pearson Correlation	.425**	.102	.236**	.179**	.172**	1			
	Sig. (2-tailed)	.000	.072	.000	.001	.002				
	N	311	311	311	311	311	311			
EE	Pearson Correlation	.563**	-.090	.252**	.149**	.316**	.238**	1		
	Sig. (2-tailed)	.000	.112	.000	.009	.000	.000			
	N	311	311	311	311	311	311	311		
RR	Pearson Correlation	.219**	-.001	.135*	.045	.139*	.083	.098	1	
	Sig. (2-tailed)	.000	.984	.017	.434	.014	.145	.083		
	N	311	311	311	311	311	311	311	311	
CI	Pearson Correlation	-.001	-.104	.013	.034	.004	.138*	.018	-.046	1
	Sig. (2-tailed)	.992	.067	.813	.554	.944	.015	.749	.422	
	N	311	311	311	311	311	311	311	311	311

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

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

Source: Own Survey, computed in SPSS, 2024

To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed, mainly for their simplicity. His classification of the correlation coefficient(r) is as follows: 0.1 to 0.30 is weak; 0.3–0.50 is moderate; and > 0.5 is strong. From the Pearson correlation analysis and based on this classification; organizational effectiveness was found to have a strong (high) positive correlation with employee empowerment TQM practice (r=0.563; p < 0.01), followed by moderate

positive correlation with the four TQM practices: employee involvement practice with ($r=0.425$; $p < 0.01$), customer focus with ($r=0.418$; $p < 0.01$), employee training ($r=0.407$; $p < 0.01$) and quality focus ($r=0.337$; $p < 0.01$) while one TQM practice with weak positive correlation: reward and recognition practice ($r=0.219$; $p < 0.01$) and has no correlation with the two remaining TQM practice: top management commitment and continuous improvement. From this correlation, it can be concluded that due to availability of moderate practice of TQM in CBE, enhances organizational effectiveness at CBE.

Table 16: Correlation between overall TQM and overall OE

		OE	TQM
OE	Pearson Correlation	1	.666**
	Sig. (2-tailed)		.000
	N	311	311
TQM	Pearson Correlation	.666	1
	Sig. (2-tailed)	.000	
	N	311	311

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

Source: Own Survey, computed in SPSS, 2024

The above table indicates that correlation of overall TQM practices and organizational effectiveness. Overall TQM practices strongly correlated with organizational effectiveness with a value of high correlation coefficient $r = 0.666$. This depicted that the TQM practices of top management commitment, customer focus, quality focus, employee training, employee involvement, employee empowerment, reward and recognition and continuous improvement in the organization had a role on the overall organizational effectiveness. In addition to this the relationship between overall TQM practices and organizational effectiveness was positive and significant.

4.5. Regression analysis on the Effects of TQM Practice son Organizational Effectiveness

The study conducted inferential statistics using linear regression model to establish the effect of TQM practices on organizational effectiveness of CBE. Regression is the determination of a statistical relationship between one variable (defined as independent) which is the cause of the behavior of another one (defined as dependent variable) (Kothari, 2004). And as to this case the independent variable is TQM practices and the dependent variable is organizational effectiveness.

The findings of tests on the assumptions of Regression model, Model Summary, ANOVA and Regression Coefficients are indicated in subsequent sections below.

4.5.1. Testing the assumptions of Regression model

In order to have valid multiple regressions analysis, several key assumptions should be satisfied. The key assumptions of Multiple Regression that are identified as primary concern in the research include: multicollinearity, normality, linearity, homoscedasticity, and autocorrelation. Hence, this study has conducted tests on each assumption and the results of the tests on these assumptions was briefly summarized and presented below.

I. Test for Multicollinearity

Multicollinearity occurs when several independent variables correlate at high levels with one another, or when one independent variable is a near linear combination of other independent variables. If a correlation matrix demonstrates correlations of more than 0.8 among the independent variables, there may be a problem with multicollinearity. The other method is by computing tolerance values which measures the influence of one independent variable on all other independent variables and Variance Inflation Factor (VIF) for each independent variable. Multicollinearity exists when Tolerance is below 0.1, and the average variance inflation factor (VIF) is greater than 10 (Pallant, 2010).

Table 17: Multicollinearity Diagnosis

Independent Variables	Collinearity Statistics	
	Tolerance	VIF
Top management commitment(TMC)	0.914	1.094
Customer focus (CF)	0.860	1.163
Quality focus (QF)	0.859	1.164
Employee training (ET)	0.794	1.260
Employee involvement (EI)	0.864	1.157
Employee empowerment (EE)	0.827	1.209
Reward and recognition (RR)	0.964	1.038
Continuous improvement (CI)	0.961	1.040

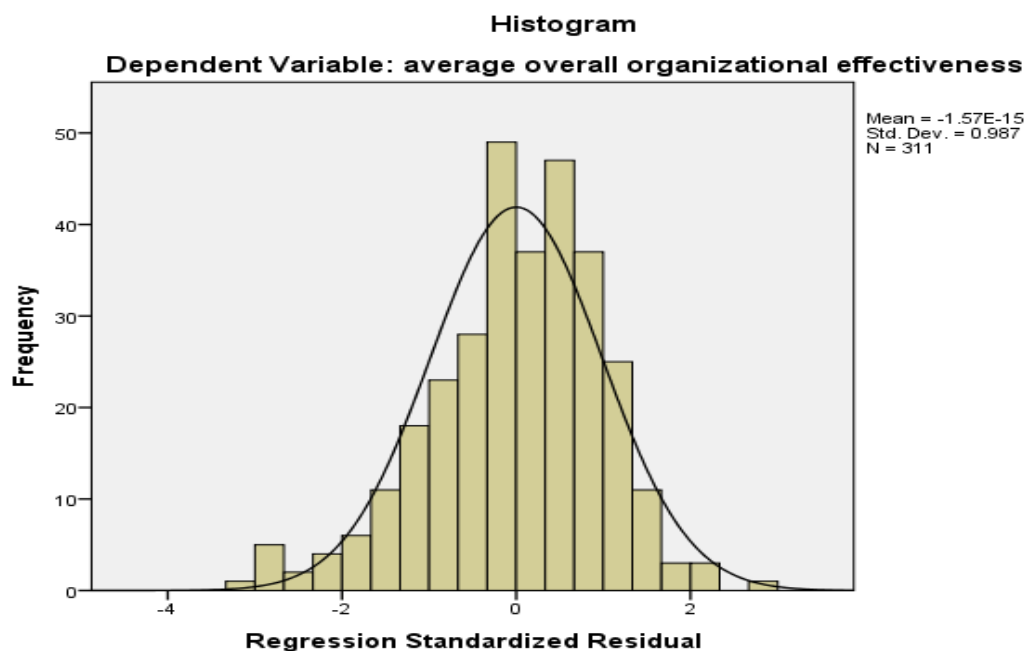
Source: Own Survey, computed in SPSS, 2024

As indicated in Table 17 displays that the multicollinearity tests by computing tolerance values and Variance Inflation Factor (VIF) for each independent variable. In this case, all the tolerance values are greater than 0.10 and VIF is less than 10. Hence, the researcher assumed multicollinearity was not a problem.

II. Test of Normality

This assumption can be tested through histograms of the standardized residuals and using Skewness and Kurtosis numerically. Histograms are bar graphs of the residuals with a superimposed normal curve that showed distribution. In this case, as indicated in figure 4.1 below, the graph showed relatively equal distribution on both sides. So, the residuals are normally distributed and the assumption was satisfied for the dependent variable.

Figure 4.1 Frequency Distribution of Standardized Residual



Source: Own Survey, computed in SPSS, 2021

Moreover, as Field (2009) noted, many statistical procedures assumed that the sampling distribution is normally distributed and so, if the sample data are approximately normal then the sampling distribution will be also. In this regard, it is useful to test for normality of the sample data. Therefore, it was checked for the data to see if they are normally distributed through quantify aspects of a distribution (i.e. skewness and kurtosis) and presented as follows.

Table 18: Kurtosis and Skewness

Dependent and Independent Variables	Skewness		Kurtosis	
	Statistic	Std. error	Statistic	Std. error
Organizational effectiveness (OE)	-.624	.138	.185	.276
Top management commitment(TMC)	-.410	.138	-.406	.276
Customer focus (CF)	-1.122	.138	.331	.276
Quality focus (QF)	-.406	.138	-.553	.276

Employee training (ET)	.012	.138	-1.011	.276
Employee involvement (EI)	-.294	.138	-.858	.276
Employee empowerment (EE)	-.001	.138	-1.288	.276
Reward and recognition (RR)	.316	.138	-.537	.276
Continuous improvement (CI)	-.302	.138	-.914	.276

Source: Own Survey, computed in SPSS, 2024

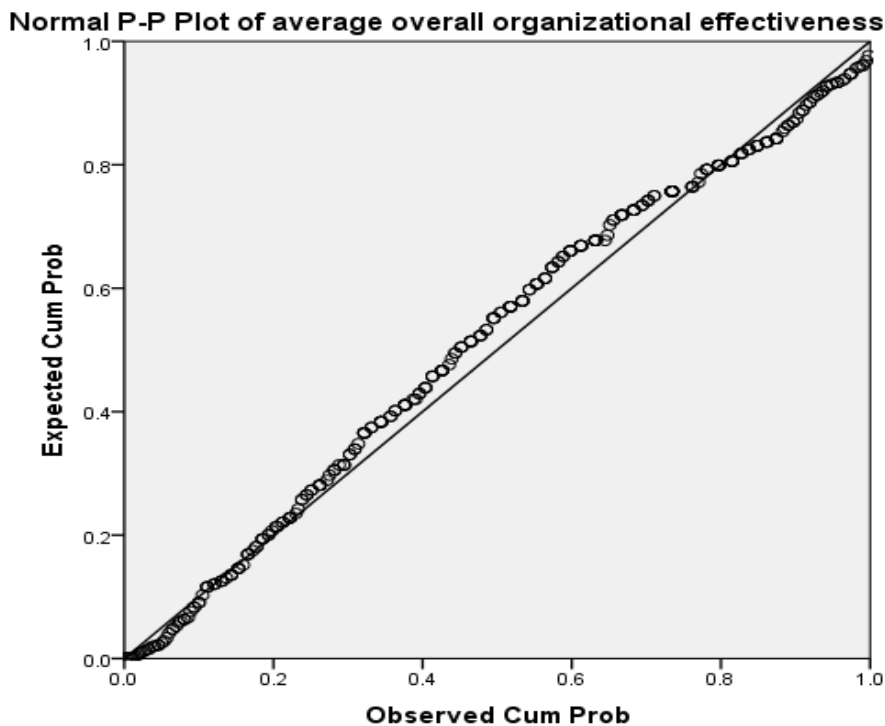
According to Field (2009), as a rule of thumb, for normality skew should be within the +2 to -2 range, when the data are normally distributed. In this regard, as shown in the above table, the skew value is perfectly fit within the limit and ranges between -1.122 and 0.012. Thus, in this research, it is said to be normally distributed.

Furthermore, as Field (2009) suggests, kurtosis should be within the +2 to -2 range when the data are normally distributed. Taking this option into consideration, when we look at table 18, the kurtosis value is perfectly fit within the limit and ranges between -1.288 and 0.331. Therefore, it can be explained that, abnormality of the data distribution cannot be a problem for this study.

III. Test of linearity

Multiple regression assumes a linear relationship between the independent and dependent variables. Linearity, the residuals should have a straight-line relationship with predicted dependent variable scores. The study applied Normal P-Plot of regression Standardized Residuals (See Figure 4.2) to test linearity. Since the points were symmetrically distributed around diagonal line, linearity pattern was observed. Hence, the straight line relationship between the residuals and the predicted dependent variable scores depicted that linearity was achieved.

Figure 4.2 Normal Point Plot of Standardized Residual

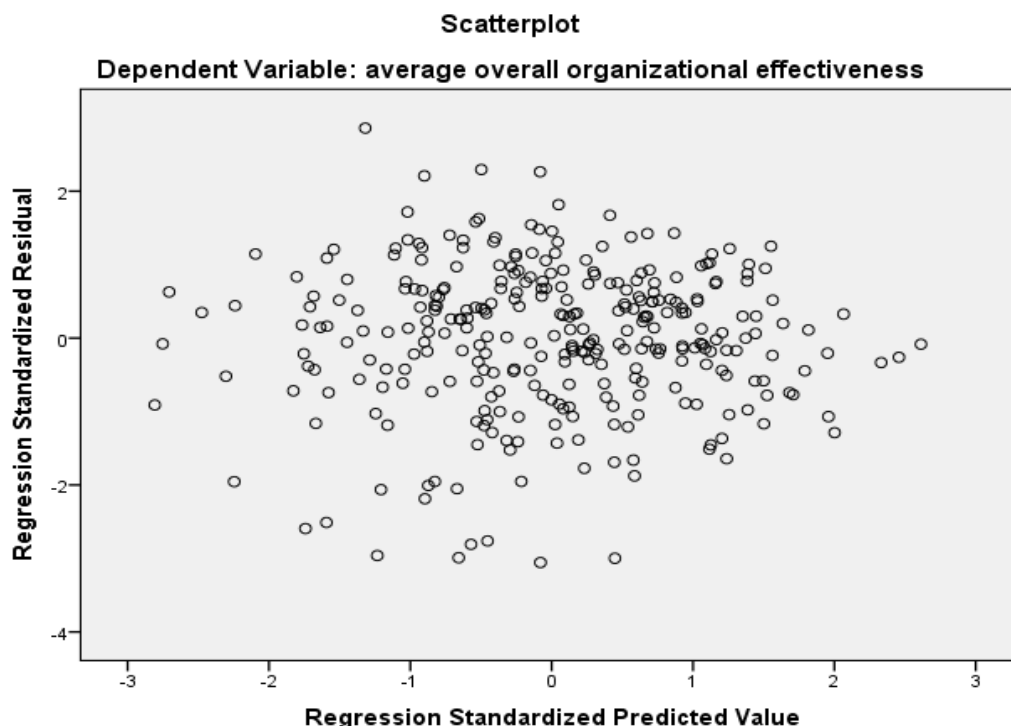


Source: Own Survey, computed in SPSS, 2024

IV. Test of Homoscedasticity

The assumption of Homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). Ideally, residuals are randomly scattered around 0 (the horizontal line) providing a relatively even distribution. This means that researchers assume that errors are spread out consistently between the variables (Keith, 2006). As depicted in the figure below, the spread of the residuals was fairly constant at each point of the predictor variables (or across the linear model). Therefore, it can be concluded that the assumptions of homoscedasticity have been met.

Figure 4.3 Scatter Plot of Standardized Residual



Source: Own Survey, computed in SPSS, 2024

V. Test of No Autocorrelation

Multiple linear regression models assume that the residuals are independent of one another, i.e., no autocorrelation between residuals. To determine the autocorrelation between observations Durbin – Watson test was used. The value of the Durbin-Watson statistic ranges from 0 to 4. A value of DW test result of 2 mean there is no autocorrelation detected. Whereas a value between 0 and 2 indicate positive autocorrelation and a value between 2 and 4 indicates negative autocorrelation. As a general rule, the acceptable range is a Durbin-Watson statistic of between 1.5 and 2.5. In this study as presented in Table 4.18 below the Durbin-Watson test regression result DW is 1.981. Hence, as the test indicated there is absence of autocorrelation between residuals.

Table 19: Test of No Autocorrelation

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.733 ^a	.537	.524	.485877	1.981

a. Predictors: (Constant), TMC, CF, QF, ET, EI, EE, RR, CI

b. Dependent Variable: OE

Source: Own Survey, computed in SPSS, 2024

4.4.2. Model summary

The findings of coefficient of determination (R^2) and coefficient of adjusted determination are as shown in Table 19 above. These results sought to establish the regression between organizational effectiveness of CBE and TQM practices. The degree to which TQM practices is related to organizational effectiveness of CBE is expressed in the positive correlation coefficient (R) = 0.733 and coefficient of determination, (R^2) =0.537 as shown in Table 4.18 above. This implies that the eight independent variables together express 53.7% of the organizational effectiveness of CBE, and there are however other factors that express the organizational effectiveness of CBE that are not included in the model which account for 47.3%. An R of 0.733 on the other hand signifies strong positive correlation between the variables of the study.

4.4.3. Analysis of Variance (ANOVA)

Analysis of variance was used to test the significance of the regression model as pertains to differences in means of the dependent and independent variables as shown in Table 20 below. The ANOVA test produced an F-value of 43.734 which is significant at $p=0.000$. This shows that the regression model is significant at 95% confidence level. This also shows that TQM practices of top management commitment (TMC), customer focus (CF), quality focus (QF), employee training (ET), employee involvement (EI), employee empowerment (EE), reward and recognition (RR) and continuous improvement (CI) has statistically significant role on organizational effectiveness (OE) of CBE which indicates the predictor variables is significant relationships of TQM practices and organizational effectiveness.

Thus the regression model is statistically significant in predicting how TMC, CF, QF, ET, EI, EE, RR and CI affect organizational effectiveness of CBE.

Table 20: Overall Model Fit of the Regression Model (ANOVA^a)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	82.597	8	10.325	43.734	.000 ^b
Residual	71.295	302	.236		
Total	153.892	310			

a. Dependent Variable: OE

b. Predictors: (Constant), TMC, CF, QF, ET, EI, EE, RR, CI

Source: Own Survey, computed in SPSS, 2024

4.4.4. Multiple Linear Regression Analysis

Multiple linear regressions is the most common form of the regression analysis. As a predictive analysis, multiple linear regressions is used to determine the relative explanatory power of the predictors (TMC, CF, QF, ET, EI, EE, RR and CI) on organizational effectiveness.

The relative contribution of each of the different variables can easily be compared by taking the beta value under the standardized coefficients. The higher the beta value, the strongest its contribution becomes. From the table 21 below, a two-tail test at 95% confidence level($\alpha=0.05$) showed that the positive beta values suggesting a positive influence of the independent variables on the dependent variable.

Table 21: Multiple Regression Coefficients

Coefficients ^a					
	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	.086	.257		.337	.736
TMC	.067	.034	.082	1.990	.048
CF	.185	.041	.189	4.468	.000
QF	.143	.040	.151	3.582	.000
ET	.118	.036	.146	3.317	.001
EI	.170	.032	.222	5.265	.000
EE	.321	.035	.392	9.094	.000
RR	.098	.036	.108	2.708	.007
CI	-.029	.035	-.033	-.833	.405

a. Dependent Variable: OE

Source: Own Survey, computed in SPSS, 2024

Accordingly, the regression constant value showed that when the independent variables (top management commitment (TMC), customer focus (CF), quality focus (QF), employee training (ET), employee involvement (EI), employee empowerment (EE), reward and recognition (RR) and continuous improvement (CI) are constant at zero, the organizational effectiveness (OE) would be at beta value of 0.086. While considering the degree to which the independent variables affect the dependent variable, the standardized coefficient results of EE showed that (Beta=.392; $P<0.01$) makes the strongest unique contribution to explain the dependent variable in which the results revealed that, a one unit increase or positive change in EE would lead to a 0.392 unit increase in the level of organizational effectiveness, followed by EI (Beta=.222; $P<0.01$), CF (Beta=.189; $P<0.01$), QF (Beta=.151; $P<0.01$), ET (Beta=.146;

Sig.001 and $P < 0.01$), RR (Beta=.108; Sig.007 and $P < 0.01$) and TMC (Beta=.082; Sig.048 and $P > 0.01$), which indicates that a one unit change in these independent variables will bring a 0.222, 0.189, 0.151, 0.146, 0.108 and 0.082 unit increase respectively in organizational effectiveness but on the TMC p is greater than 0.01 which is insignificant coefficient at ($P < 0.01$) but significant at ($P < 0.05$).

On the contrary, the continuous improvement (CI) showed that ($\beta = -0.033$, sig. 405, $p > 0.10$), which has a negative but insignificant effect on the dependent variable. This may indicate that its level of impact on organizational effectiveness was somewhat weak in the context of CBE's TQM practices as compared to the other seven practices i.e. employee empowerment (EE), employee involvement (EI), customer focus (CF), quality focus (QF), employee training (ET), reward and recognition (RR) and top management commitment (TMC).

Moreover, based on the above table, the unstandardized beta can be interpreted as the individual effect of the predictors. Hence, other factors remaining constant, if top management commitment (TMC), customer focus (CF), quality focus (QF), employee training (ET), employee involvement (EI), employee empowerment (EE), and reward and recognition (RR) increases by one percent, organizational effectiveness will increase by 39.2%, 22.2%, 18.9%, 15.1%, 14.6% and 10.8%, respectively. From the above finding the study can develop the following regression model

$$Y = 0.086 + 0.067TMC + 0.185CF + 0.143QF + 0.118ET + 0.170EI + 0.321EE + 0.098RR - 0.029CI + e$$

4.4.5. Testing of the study hypothesis with the regression result

In this section, the eight hypotheses which were developed earlier in chapter two were tested based on the multiple regression coefficient analysis.

Hypothesis 1

H1: Top management commitment has significant and positive effect on organizational effectiveness:

The result of multiple regression analysis of the above table clearly indicates that top management commitment TQM practice in CBE has significant effect on organizational effectiveness ($P < 0.05$). Besides, the value of beta in top management commitment ($\beta = 0.082$) shows positive effect on organizational effectiveness. This implies that a one unit increase in top management commitment results in 0.082 unit increase in organizational effectiveness. This means that holding other independent variables

constant, one percent increases in top management commitment improves organizational effectiveness by 8.2%. It implies that top management commitment has a moderate role for one company's organizational effectiveness growth. Thus, the above proposed hypothesis is accepted. This outcome is consistent with prior study of Paul (2015), Anton et al (2013), Omar & Stephen (2018), Saadia (2018) and Carolyn & Bichanga (2014).

Hypothesis 2

H2: Customer focus has significant and positive effect on organizational effectiveness:

The customer focus regression coefficient result was defined with ($\beta=.189$, $P<0.01$), which infers that 18.9% of increase in organizational effectiveness is explained or justified by due to the changes in customer focus practice of TQM, therefore, the Hypothesis 2 is accepted. It entailed that customer focus has a great role for one company effectiveness development. This outcome is consistent with prior study of Paul (2015) and Omar & Stephen (2018).

Hypothesis 3

H3: Quality focus has significant and positive effect on organizational effectiveness:

The result of multiple regression analysis of the above table clearly indicates that quality focus has significant effect on organizational effectiveness ($p<0.01$). Besides, the value of beta in quality focus ($\beta=0.151$) shows positive effect on organizational effectiveness. This implies that a one unit increase in quality focus results in 0.151 unit increase in organizational effectiveness. In other word, this means that holding other independent variables constant, a one percent increases in quality focus, consequently improves organizational effectiveness by 15.1%. It indicates that quality focus has a huge role for one company organizational effectiveness development. Accordingly, the result supports the working hypothesis that quality focus has significant and positive effect on organizational effectiveness. Thus, the above proposed hypothesis is accepted. Thus, this outcome is consistent with prior study of Paul (2015) and Omar & Stephen (2018). Thus, this outcome is consistent with prior study of Paul (2015) and Omar & Stephen (2018).

Hypothesis 4

H4: Employee training has significant and positive effect on organizational effectiveness:

The result of multiple regression analysis of the above table clearly indicates that employee training has significant effect on organizational effectiveness ($p < 0.01$). According to the regression result of employee training has a positive and significant relationship with organizational effectiveness ($p < 0.01$) with a coefficient estimate of 0.146. This implies that a one unit increase in employee training and education results in 0.146 unit increase in organizational effectiveness. Alternatively, this means that holding other independent variables constant and when one percent increases in employee training, consequently it improves organizational effectiveness by 14.6% and the p value of employee training is 0.000 reveals that it is statistically significant at 1% level of significance. It entailed that employee training has a great role for one company's organizational effectiveness improvement. Accordingly, the result supports the working hypothesis that employee training has significant and positive effect on organizational effectiveness. Thus, the above proposed hypothesis is accepted. Thus, this outcome is consistent with prior study of Paul (2015) and Omar & Stephen (2018).

Hypothesis 5

H5: Employee involvement has significant and positive effect on organizational effectiveness:

The result of multiple regression analysis of the above table clearly indicates that employee involvement has significant and positive effect on organizational effectiveness with a coefficient estimate of $\beta = 0.222$. This means that holding other independent variables constant and when one percent increases in employee involvement, consequently it improves organizational effectiveness by 22.2% and the p value of employee involvement is 0.000 reveals that it is statistically significant at 1% level of significance. Accordingly, the result supports the working hypothesis that employee involvement has significant and positive effect on organizational effectiveness. Thus, the above proposed hypothesis is rejected. Thus, this outcome is consistent with prior study of Paul (2015).

Hypothesis 6

H6: Employee empowerment has significant and positive effect on organizational effectiveness:

The result on the above table shows that the existing employee empowerment TQM practice of the bank has a Beta coefficient with ($\beta = 0.392$, $P < 0.01$, sig.000), which implies that 39.2% of increase in organizational effectiveness is due to the change in the employee empowerment practice, assumed all

other variables are being constant, which entails that employee empowerment practice has significant and positive effect on organizational effectiveness, therefore, hypothesis 6 is accepted.

Hypothesis 7

H7: Reward and recognition has significant and positive effect on organizational effectiveness:

The regression coefficient result of reward and recognition practice of TQM in CBE was indicated as ($\beta=0.108$ $P<0.01$ as Sig.007), which implies that 10.8% of increase in organizational effectiveness is due to the change in the reward and recognition practice, assumed all other variables are being constant, which entails that reward and recognition practice has significant relationship and effect on organizational effectiveness, therefore, the hypothesis 7 is accepted.

Hypothesis 8

H8: Continuous improvement has significant and positive effect on organizational effectiveness:

The result of multiple regression analysis of the above table clearly indicates that continuous improvement has no significant and positive relationship with organizational effectiveness with a coefficient estimate of -0.033 and p value of 0.405 which reveals that it is statistically insignificant at 5% level of significance. It indicated that continuous improvement has lesser role for one company’s effectiveness development. Accordingly, the result didn’t support the working hypothesis that continuous improvement has significant and positive effect on organizational effectiveness. Thus, hypothesis 8 is rejected. This outcome is contradicted with prior study of Paul (2015), Anton et al (2013), Omar & Stephen (2018), Saadia (2018) and Carolyne & Bichanga (2014).

Table 22: Summary of Tested Hypothesis

No.	Developed Hypothesis	Test Result
1	Top management commitment (TMC) has significant and positive effect on organizational effectiveness (OE)	Accepted
2	Customer focus (CF) has significant and positive effect on OE	Accepted
3	Quality focus (QF) has significant and positive effect on OE	Accepted
4	Employee training (ET) has significant and positive effect on OE	Accepted
5	Employee involvement (EI) has significant and positive effect on OE	Accepted
6	Employee empowerment (EE) has significant and positive effect on OE	Accepted
7	Reward and recognition (RR) has significant and positive effect on OE	Accepted

8	Continuous improvement (CI) has significant and positive effect on OE	Rejected
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Source: Own Survey, computed in SPSS, 2024

4.5. The Main Barriers to the Implementation of TQM Practices at CBE

In this study based on the fourth objective and to answer the fourth research question the main barriers to the implementation of TQM practices at CBE were identified. For this purpose, respondents were asked to assess 12 obstacles according to the degree to which they prevented the success of TQM practices implementation at CBE. These factors were measured by questions built on a five–point scale: (1) not a barrier, (2) a weak barrier, (3) a barrier, (4) a strong barrier, (5) a very strong barrier. This section provides the findings with regards to the barriers that may hinder the implementation of TQM practices. Table 23 below presents the results of the main barriers to the implementation of TQM practices at CBE. According to the result, from the respondents’ point of view, the most important barriers which affect the implementation of TQM practices at CBE were a lack of training programs relating to the quality management system, a lack of motivation and reward system, and poor organizational communication (as shown in Table 4.22). These barriers achieved the highest mean score in this study. The questionnaire results also revealed that the lowest score for the barriers which prevented organisations achieving a high level of TQM implementation at CBE were: weak commitment to quality strategy requirements, inefficient information system used in bank, and lack of use of quality measurement and benchmarking.

Table 23: Results regarding TQM implementation obstacles

Barriers	Mean	Rank
Weakness of attention to quality culture	3.151	8
Employees resist change to the existing system in the organization	3.309	6
Lack of training programmes on the quality management	3.569	1
Lack of top management commitment to TQM implementation	3.177	7
Weak focus on customer satisfaction and expectations	3.006	9
Weak commitment to quality strategy requirements	2.672	10
Lack of a motivation and reward system	3.437	2
Lack of use of quality measurement and benchmarking	2.476	12
Poor organizational communication	3.415	3
Ineffective communication between the organization and its customers	3.392	4
Inefficient information system used in bank	2.614	11
Lack of understanding of the benefits of TQM	3.338	5

Source: Own Survey, computed in SPSS, 2024

Table 23 shows the mean scores for those barriers which prevent the implementation of TQM practice at CBE. The highest mean was 3.569 and the lowest 2.476. The table therefore illustrates that a lack of training programs on the quality management, a lack of motivation and reward system, and poor organizational communication respectively were the major barriers preventing the implementation of TQM practice at CBE. All factors are shown below in order of the degree to which they prevent the successful implementation of TQM practice at CBE.

1. Lack of training programmers on the quality management
2. Lack of a motivation and reward system
3. Poor organizational communication
4. Ineffective communication between the organization and its customers
5. Lack of understanding of the benefits of TQM
6. Employees resist change to the existing system in the organization
7. Lack of top management commitment to TQM implementation
8. Weakness of attention to quality culture
9. Weak focus on customer satisfaction and expectations
10. Weak commitment to quality strategy requirements
11. Inefficient information system used in bank
12. Lack of use of quality measurement and benchmarking

These obstacles and barriers might be similar to the obstacles facing organizations in other developing countries. For instance, Bhat and Rajashekhar (2009) in a study conducted in India, found that the most important TQM barriers were employees resistant to change, no benchmarking of other companies' practices, lack of customer orientation, lack of planning for quality, lack of total involvement, lack of management commitment, and lack of resources. Moreover, Talib et al. (2011) studied TQM barriers in service organizations, and also found the barriers to be lack of top management commitment, lack of continuous improvement culture, employees' resistance to change, lack of coordination between departments, and high turnover at management level. In addition, Rad (2005) mentioned certain barriers preventing successful TQM implementation in Iran. Human resources barriers included lack of effective and efficient employees for the implementation of TQM, and a lack of reward and recognition for developing employees' participation in TQM activities.

In general, this study showed that the implementation level of some of TQM practice at CBE is still low. This low level might result from those obstacles and barriers already mentioned. Therefore, top management must be able to try to overcome these obstacles and barriers through planning and practical solutions that are compatible with the company, to raise the level of implementation. This provides a useful framework for evaluating the relative significance of management-related obstacles to TQM success, and, consequently, for providing direction and guidance in developing strategies for quality management to achieve a high level of implementation. In addition, effective implementation of TQM requires an organizational environment that encourages open communication employee training, reward system and employee involvement to facilitate change and to provide the resources necessary for continuous improvement.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1. Summary of Major Findings

The findings derived from the data analyzed by using descriptive statistics, correlation and regression are presented below:

- From the mean values generated by the descriptive statistics, it shows that, customer focus (3.751), top management commitment (3.540), quality focus (3.404), employee involvement (3.199) and continuous improvement (3.351) all had means in the moderate range since all these are above average score while employee empowerment (2.935) and reward and recognition (2.843) and employee training (2.836) are low level. From this we can understand that employees of CBE are moderately agreed with five of the existing practice of TQM while disagree with three of the TQM practices. Among the eight-TQM practices, employee training has got the lowest practice, followed by reward and recognition and employee empowerment respectively. This can imply that there is a gap on provision of training and development of employees' skill and knowledge, lack of reward and recognition and empowerment of employees for the implementation of TQM.
- Regarding organizational effectiveness dimensions customer satisfaction has got a highest mean score of (3.556) and employee performance has got the lowest mean score (3.509) but both dimensions of organizational effectiveness are in the range of moderate response.
- From the person correlation analysis; organizational effectiveness was found to have a strong positive correlation with the adaptability dimension organizational effectiveness was found to have a strong (high) positive correlation with employee empowerment TQM practice, followed by moderate positive correlation with the four TQM practices: employee involvement practice, customer focus, employee training and quality focus. From this correlation, it can be inferred that majority of the TQM practice have a positive correlation with organizational effectiveness.
- The regression coefficient result of the study shows that employee empowerment (EE), employee involvement (EI), customer focus (CF), quality focus (QF), employee training (ET) and reward

and recognition (RR) have a significant effect on organizational effectiveness at ($P < 0.01$) and able to explain the changes in increase of organizational effectiveness by 39.2%, 22.2%, 18.9%, 15.1%, 14.6% and 10.8%, respectively while top management commitment (TMC) significant at ($P < 0.05$) and explain 8.2% of the changes in increase of organizational effectiveness.

- Finally, the major barriers to the implementation of TQM were identified as a lack of training programs relating to the quality management system, a lack of motivation and reward system, and poor organizational communication.

5.2. Conclusions

Based on the findings of this study a number of conclusions can be drawn. The first objective of this study was to identify the level of implementation of TQM practices at CBE. The descriptive results indicated that three TQM practices (employee training, reward and recognition and employee empowerment) out of the eight TQM practices considered in this study registered a lower mean score that is, below neutral thus, it is possible to conclude that employee were not satisfied with TQM practices particularly on the employee training program, reward and recognition and employee empowerment system given by CBE.

Regarding the second objective of the study which was to examine the level of organizational effectiveness at CBE measured by customer satisfaction and employee performance it was analyzed using descriptive statistics and the results of the descriptive analysis revealed that both dimensions of organizational effectiveness scores moderate response. Thus, it can be safe to conclude that organizational effectiveness of CBE was moderate at the time of this study, yet it is also possible to conclude that there is a room for improvement to a higher level of organizational effectiveness at CBE since the mean score of both dimensions of organizational effectiveness were around 3.5 which shows only moderate levels and a value below 4, the point that shows of a higher level of organizational effectiveness.

The third objective of this study was to investigate the effects of TQM practices on the organizational effectiveness in CBE. With this objective in mind, correlation and regression analysis were used. Accordingly, the regression analysis on the eight TQM practices showed significant in affecting the organizational effectiveness except one TQM practices, i.e., continuous improvement. Among the seven TQM practices that showed significant and positive effect on organizational effectiveness six TQM practices (employee empowerment, employee involvement, customer focus, quality focus, employee training and reward and recognition) have a strong significant effect on organizational effectiveness at

($P < 0.01$) while only top management commitment showed moderate significant and positive effect on organizational effectiveness at ($P < 0.05$). Therefore, this finding leads this study to conclusion that there is strong and significant relationship between in most of the TQM practices and organizational effectiveness.

With respect to the fourth objective of the study, to identify the main barriers which affect the implementation of TQM practices at CBE, the findings showed that there were a number of barriers which affected on the level of TQM practices at CBE. The three most important barriers identified in this study were: a lack of training programs relating to the quality management system, a lack of motivation and reward system, and poor organizational communication. Therefore, on the barriers which hinder a higher level of TQM practices at CBE, the study concludes that good employee training programs, motivation and reward system, organizational communication helps in getting a higher level of TQM practices and then to achieve the benefits of TQM practices in increasing organizational effectiveness.

5.3. Recommendations

In this section, some important suggestions were made on the basis of the findings of the study. The findings of the study showed that employee training, reward and recognition and employee empowerment are the TQM practices which registered a lower level of implementation, on the other hand employee empowerment, employee involvement, customer focus, quality focus, employee training, reward and recognition and top management commitment have significant and positive effect on organizational effectiveness, additionally a lack of employee training programs, a lack of motivation and reward system and poor organizational communication are the main barriers which affect TQM practices at CBE. Hence, focusing and taking the necessary action on these variables could improve the probability containing the effect on organizational effectiveness. Based on the findings which are obtained from descriptive and regression analysis, the researcher has drawn the following recommendations.

Employee training is an important factor in affecting the level of TQM practices at CBE, thus the study recommended to determine the training needs of CBE's employees systematically, and put more emphasis on training in TQM for employees at all levels, which will lead to continuous improvement in the level of TQM practices and hence on organizational effectiveness.

On employee empowerment, the study suggested CBE to uphold its core values to its workforce so as to create a cohesive positive work culture and encourage employees to form an emotional connection to their organization. Recognize and appreciate employees' efforts so as to make them feel valued. This will

empower employees to become more quality aware and also identify with the quality management process apart from contributing to improvement processes of the quality management strategy.

It is advisable that CBE's management leadership to establish an appropriate reward and recognition system in accordance with its needs through clear criteria outlined to define rewards, and these criteria should be known to all staff members. Rewards could be given in various forms, monetary and non-monetary, and these can take the form of a letter of appreciation, additional leave, and an opportunity to attend a training course, money, gifts, prizes or whatever the implementers are likely to appreciate and afford.

Employee involvement is an important practice in the implementation of TQM. The study recommended the bank to pay more attention to promoting employee involvement in the decision-making process, and delegation of authority and responsibilities. This will make all employees feel they have the responsibility and authority to participate in decision making and problem solving at the appropriate operating levels.

A focus on customer satisfaction is a vital practice in TQM implementation; thus, this study suggested CBE to prioritize a better understanding of their customers' needs and expectations, provide personalized and quality customer experience, deliver right services at the right time and focus on building constructive relationship with customers. The bank also should pay more attention to how to satisfy these customers.

On quality focus, it is advisable to the bank management leadership to make commitment to quality which conveys the posture, philosophy and actions that total quality management implementation will receive a higher priority in the organization.

Finally, on top management commitment, the study recommends that top management in the commercial banks to take responsibility for the active encouragement in the implementation of the TQM adopted practices on performance. They recommended to allocate more resources towards quality improvement and ensure that they set quality goals and distribute them throughout the organization.

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APPENDIX

Questionnaire

Dear Respondent,

This questionnaire is designed to gather information on the assessment of TQM practices in the Ethiopian banking organizations specifically at CBE Addis Ababa branches. The primary aim of the research is to evaluate the implementation of TQM at CBE, and to explore the influence of TQM on organizational effectiveness of CBE. The study will be conducted to fulfill a thesis requirement for the Master Degree in Business Administration. The information that you provide will be used only for the purpose of the study & will be kept strictly confidential. You do not need to write your name. Finally, I would like to thank you very much for your cooperation & sparing your valuable time for my request.

Thank you for your cooperation.

Part1: Respondent's Background

For each of the following questions/items, please indicate your choice from the list, and show your choice by putting \surd in the box along the selected item.

1. Please indicate your gender

Male Female

2. Please indicate your age

18-30 31-40 41-50 Above 50

3. Please indicate your educational qualification.

First degree 2nd degree 3rd degree and above

4. What is your current position in the bank?

Branch Manager Department Manager Senior officers Junior officers

5. For how long have you been working in the bank?

Less than five year 5-10 years 10-15 years above 15 years

Part 2:

The following statements describe practices that constitute TQM. Choose a number between 1 and 5 to indicate the level of implementation that each practice has in making TQM implementation efforts successful in your Bank. Strongly disagree indicates that, in your opinion, your bank does not perform well in respect of that practice. In contrast, a response of strongly agree indicates that you believe your bank performs very well in that practice. Please tick (✓) in the box that best reflects your answer where,

1= Strongly disagree (SD) 2= Disagree (D) 3= Neutral (N) 4= Agree (A) 5= Strongly agree (SA)

No.	TQM Practices	SD	D	N	A	SA
1	Top management Commitment	1	2	3	4	5
1.1	Senior management have clear vision toward quality, this guides all aspects of running our business.					
1.2	Senior executives are visibly and explicitly committed to quality.					
1.3	Top management allocates adequate resources and time for quality management efforts.					
1.4	Top managers often discuss the importance of quality at company meetings and give high priority to quality.					
2	Customer focus	1	2	3	4	5
2.1	In your bank there is comprehensive identification of customer needs and alignment of process to satisfy the needs.					
2.2	Your Bank collects extensive complaint information from customers, which are treated with top priority.					
2.3	Your bank uses customer surveys and feedback processes, and information from customers in improving its processes and services.					
2.4	The organization encourages employees to satisfy customers (Internal-External).					
3	Quality focus	1	2	3	4	5
3.1	There is a strong commitment to quality at all levels of this bank					
3.2	Staff Members of the bank show concern for the need for quality					
3.3	Continuous quality improvement is important goal of this bank					
3.4	Top Mangers here try to plan ahead for changes that might affect our quality performance					
3.5	Quality products and services produced meet the customer demands effectively					
4	Employee Training	1	2	3	4	5
4.1	In your bank training is regarded as one of the most important factors in improving quality.					
4.2	Training in the total quality concept is given to all employees in your					

	bank.					
4.3	Employees are trained to improve interactive skills (such as communication skills, effective meeting skills, and leadership skills).					
4.4	Employees are trained in problem identification and problem solving techniques					
4.5	Seminars and workshops in quality issues are arranged for employees as part of an ongoing process.					
5	Employee involvement	1	2	3	4	5
5.1	Your bank encourages employees to suggest ideas and actively involved in service quality improvement-related activities					
5.2	Employees are involved in decision-making in day-to-day activities					
5.3	The bank's goals and policies are communicated regularly to staff.					
5.4	In your bank most employees' suggestions are implemented.					
6	Employee empowerment	1	2	3	4	5
6.1	Employees are encouraged to accept responsibility for quality.					
6.2	Responsibility, authority and accountability are delegated as closely as possible to those performing the work.					
6.3	Employees are empowered to implement quality improvement efforts.					
6.4	Employees are given the necessary resources to solve any quality problems that arise					
7	Reward and recognition	1	2	3	4	5
7.1	There is appropriate reward and recognition for outstanding performance in the bank.					
7.2	There are sufficient opportunities for promotion.					
7.3	Reward and recognition activities effectively stimulate employee commitment to quality improvement					
7.4	Employees and/or teams are recognized for achievements in quality improvement.					
8	Continuous improvement	1	2	3	4	5
8.1	In your bank emphasis on continuous improvement (never-ending improvement)in services is applied in all operations and at all levels.					
8.2	Problem-solving and continuous improvement processes are based on facts and systematic analysis.					
8.3	The bank builds its competitiveness on the basis of providing high quality services.					
8.4	All employees are trained to look for continuous improvement in their daily work.					
8.5	Quality improvement culture spreads across the organization's departments.					

Part 3:

This part includes 18 statements regarding organizational effectiveness measurement aimed to explore the influence of TQM practices at CBE on organizational effectiveness. Please tick (√) in the box that best reflects your answer where,

1= Strongly disagree (SD) 2= Disagree (D) 3= Neutral (N) 4= Agree (A) 5= Strongly agree (SA)

No.	Dimensions of Organizational Effectiveness measurement	SD	D	N	A	SA
1	Customer Satisfaction	1	2	3	4	5
1.1	Your bank customers are satisfied with the waiting line of the bank					
1.2	Your bank customers are satisfied with your bank employees' effort in providing error free transactions					
1.3	Your customers are satisfied with the customer complaints collection and responding procedures of the bank					
1.4	Your customers are satisfied with the bank's effort to constantly surprise and delight customers.					
1.5	Your customers are satisfied with the bank's effort to maintain consistent quality standards for providing services					
2	Employee Performance	1	2	3	4	5
2.1	CBE employees serve with needed speed					
2.2	CBE employees have team work spirit					
2.3	CBE employees meet targets					
2.4	CBE employees maintain high professionalism					
2.5	CBE employees respond adequately to challenges faced by customers					
2.6	CBE employees are keen in meeting deadlines with minimal mistakes					

Part 4:

Using a scale from 1 to 5, give your assessment of the extent to which each of the following statements is a barrier or not barrier:

1= not barrier 2= weak barrier 3= a barrier 4= strong barrier 5=very strong barrier

No.	Barrier Statements	1	2	3	4	5
1	Weakness of attention to quality culture.					
2	Employees resist change to the existing system in the organization.					
3	There is a lack of training relating to quality management system.					
4	Lack of top management commitment to TQM implementation.					
5	Weakness of focusing on customer satisfaction and expectations.					
6	Weakness of commitment to quality strategy requirements.					
7	Lack of a motivation and reward system.					
8	Lack of use of quality measurement and benchmarking.					

9	Poor organizational communication.					
10	Ineffective communication between the organization and its customers.					
11	Inefficient information system used in bank.					
12	There is a lack of understanding of the benefits of TQM.					

Thank you very much for your participation