

**AN EVALUATION OF THE IMPLEMENTATION
OF TOTAL QUALITY MANAGEMENT IN THE NIGERIAN
BANKING INDUSTRY: A CASE STUDY OF GUARANTY
TRUST BANK PLC**

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**BEING A PROJECT SUBMITTED TO THE POSTGRADUATE SCHOOL,
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DEDICATION

To my late uncle, Alhaji Shehu Aliyu Buddaraini who did all possible to support me.

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DECLARATION

I declare that this research work titled” an Evaluation of the Implementation of Total Quality Management in the Nigerian Banking Industry: A Case Study of Guaranty Trust Bank is entirely my own research findings. To the best of my knowledge the work has not been previously submitted for the award of any degree anywhere before and it is not presently being submitted for any other degree elsewhere. All the sources of information have been acknowledgment by means of references.

ADAM IBRAHEEM SALISU
JULY 2004

ABSTRACT

TQM is a working philosophy, which strives to exceed customers' expectation at every interface by continuing to improve business competitiveness through motivation of people to fully contribute to this goal. The recurrent problems of TQM implementation in commercial banks in Nigeria include organizational instability and lack of management commitment among others.

This research study has examined the concept of TQM and its implementation in the Nigerian Banking Industry. It highlighted the challenges of TQM, which include the low level of adoption of TQM, dearth of reputable consultants or organization focusing on TQM and the benefits of TQM, which include its focus on the needs of the market, development of goods procedures for communication and acknowledgement of good work.

The finding of the study reveals that the implementation of TQM have very significant effects on the operations of the banking industry and specifically it has enhance the growth experience at GTB Plc over the years.

Recommendations have also been made to operators of the industry in ways of consolidating on the gains made so far through the adoption of TQM in the Nigerian banking industry. The major recommendations include involvement of every bank employee in TQM implementation, continuous training of employees in order to be abreast with the demands of TQM and the building of bank services on reputation and maintenance through high personnel commitment.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The dynamics of the contemporary Nigeria business environment have brought about complexities in the banking industry, which has led to some fundamental and irreversible changes. The forces of regulations, technology, globalization, new economic realities and the socio-political situation drive these changes. To service and be successful in the provision of financial services, commercial banks requires a new management order in which the customer needs and expectations will form the centerpieces of all that the organization does. This approach puts the customer as the essence of being in business. In the new order, emphasis is on quality of service and customers intimacy.

Universally, competition has shifted significantly from the battle field of “Price to Quality” drives market shares, and when superior quality and large market share are present profitability is virtually guaranteed.

Total Quality Management (TQM) is important because in today’s banking business, customers as sophisticated clients demand quality in every aspect of service delivery. The customers demand quality in the following dimensions of banking services, services delivery time, cost and price of services, integrity, courtesy and respect, empathy, dependability, error-free service and total satisfaction.

Total Quality Management is a working philosophy, which strives to exceed customers’ expectation at every interface by continuing to improve business competitiveness through the motivation of people to fully contribute to this goal. TQM is a comprehensive system for satisfying the customer continuously. It is a philosophy based on total integration of the business to achieve the required result. The goal is to achieve greater efficiency and effectiveness, lower operating cost and increased market share.

TQM practices focus on satisfying ^{ix} customer needs. This means that the

banking industry makes the needs of customer a priority, expanding the relationship beyond traditional services and incorporating customer needs in the banks business plan and corporate strategies. The introduction of TQM in many banks has brought significant changes to the quality of service and fortunes of these institutions.

This research study shall attempt to evaluate the implementation of TQM in commercial banks in Nigeria, with GTB PLC as a case study. The study shall assess the level of adoption of the TQM philosophy and its implications on the industry as a whole.

1.2 **STATEMENT OF THE PROBLEM**

Nigerian banks in the face of increasing competition are currently facing enormous challenges, which have made survival increasingly difficult. Customers of today have more increasingly become so enlightened and aware of their importance that ignoring them in the search for competitive advantage can become suicidal for the banks.

Being the principal drivers of the Nigerian financial system, the banking industry is exposed to some irreversible change, which include capitalization of banks, liberalization of the economy, signaling the re-entry of global banks and technology and the rapidly increasing sophistication and demand of clients. All these are happening in the context of general economic stagnation, decline of the real sector unemployment and weak purchasing power.

The recurrent problems in TQM implementation in commercial banks in Nigeria include organizational instability and lack of management commitment, the absence of coherent vision, poor stage attitude, negative corporate culture, faulty programme design, poor follow up and setting of unrealistic goals which are the major problems of TQM implementation in Nigeria banks.

This research study shall attempt to evaluate the implications these problems on the implementation of TQM in commercial banks in Nigeria.

1.3 **OBJECTIVES OF THE STUDY**

The main aim of this research study is to evaluate the implementation of TQM in commercial banks in Nigeria using Guaranty Trust Bank Plc as a case study.

The study has the following objectives:

1. To examine the TQM concepts, its x evolutions and objectives,

2. To examine the components of TQM,
3. To evaluate the planning and implementation process of TQM,
4. To examine the benefits and challenges of TQM in the Nigeria banking industry, and
5. To evaluate the implications of the implementations of TQM on the operations of Guaranty Trust Bank.

1.4 **RESEARCH QUESTIONS**

The following question will be addressed in the course of this study.

1. What is TQM?
2. What are the goals of TQM?
3. How relevant are these goals to commercial banking operations in Nigeria?
4. What are the benefits and challenges of TQM to the banking industry?
5. What are the problems of TQM implementation and how can these problems be addressed?

1.5 **RESEARCH HYPOTHESIS**

Two hypothesis have been formulated and would be tested in the course of this study:

Ho: The implementation of TQM does not have any significant effect on commercial banking operations in Nigeria

Hi: The implementation of TQM has very significant effects on commercial banking operations in Nigeria.

1.6 **SIGNIFICANCE OF THE STUDY**

Considering the effects of the fierce competition in the market place and the position of customers and the implications of quality services on the operations of commercial banks in Nigeria, a research study that seeks to evaluate the implementation of TQM in the banking industry cannot be over-emphasized.

This study is also significant because xi of the global importance of quality

management, which has gained competitive advantage and has also assisted in shifting competition significantly from the battlefield of price to that of quality service.

The study will also serve as a contribution to knowledge as well as a reference point for future research endeavours with similar identifications.

It will enable stakeholders in the banking industry to appreciate the place of quality management in the operations as well as policy formulation. It will highlight the challenges faced in the implementation of TQM and decisions/recommendations made will sufficiently address these challenges.

1.7 **SCOPE AND LIMITATIONS OF THE STUDY**

This research study shall focus extensively on the implementation of TQM in the Nigerian banking industry, it will examine the level, challenges, and benefits of TQM to the industry especially as it affects the operations of Guaranty Trust Bank Plc from 1999-2003 operational years.

As it is well known, a research study of this nature cannot be carried out without certain limitations, thus inadequate time and finance, dearth of research materials on the topic under consideration and the attitude of bank employees to research studies were the major constraints of the study. But this is not to say that the study is conclusive on its own, it is still open to further studies.

1.8 **PLAN OF THE STUDY**

The study is divided into five chapters, chapter one deals with the introduction, chapter two literature review, chapter three research methodology, chapter four data presentation and analysis and chapter five deals with summary, conclusions and recommendations.

1.9 **DEFINITION OF TERMS**

BANK: A physical institution which performs the functions of accepting and safe guiding deposits, permitting money to be transferred or xii withdrawn from one account to the other

and lending surplus of deposited money to customers who wish to borrow.

BANKER: A person who own or managers a bank.

BRAND NAME: A sign, symbol or design or a combination of them, which is intended to identify goods or services of one seller or group of sellers and to differentiate them from those of competitors.

CUSTOMERS DATABASE: An organized collection of comprehensive data about individual customer or prospects that is current, accessible and actionable for marketing purposes.

E-COMMERCE: The buying and selling of goods and services on the Internet.

EFFECTIVENS: An ability to achieve desired result given available resources.

EFFICIENCY: The ratio of effective output to the input required to achieve it.

ENVIRONMENT: Those forces outside the organization that potentially affect the organization performance.

GLOBAL MARKETING: This refers to situations where company has extensive international operations throughout the world.

INTEGRITY: Honesty and truthfulness.

QUALITY SERVICE: Meeting the customer requirements

QUALITY: The ability to meet the requirements of customers now and in the future at a lower overall cost.

STRATEGIC CHANGE: A xiii structural change/shift adopted

by a system in conducting its operations.

STRATEGIC MANAGEMENT: The formulation and elevation of cross-functional decisions that enable the organization to achieve its objectives.

TQM: Total Quality Management

CHAPTER TWO

LITERATURE REVIEW

2.1 THE QUALITY MANAGEMENT CONCEPT

TQM as a concept has emerged as a way to achieve a system approach to quality management. It is a comprehensive system philosophy based on total integration of the business to achieve the required result. The goal is to achieve greater efficiency and effectiveness, lower operating costs, and increased market share.

Nanono (1999) defined total quality management as the integration of all functions and processes within an organization in order to achieve continuous improvement of the quality of goods and services, with the primary goal of customer satisfaction.

Total means every person associated with the company and every activity. Quality is as defined by the customer. The customer could be internal or external. Management refers to the prevention of faults, errors, or mistakes and the direction toward customer satisfaction.

TQM covers the overall management of all aspects of quality services provided to the customer. It covers goods, price, delivery, and services. According to Nwasike (1999), TQM practices focus on satisfying customer needs. This means making the needs of the customer a priority, expanding the relationship beyond traditional services, and incorporating customer needs into the company's business plan and corporate strategies.

TQM is commercially focused. It seeks to create a competitive advantage through the involvement of all internal customers (employees) in delivering goods and services to the expectations of the external customers (buyers). An underlying principle of TQM is that it is not a program but a continuous process. The process is an unending habitual improvement that continuously shifts toward the quality standard dictated by customers. TQM implementation is therefore always aimed at establishing the process and developing an appropriate culture.

2.2 COMPONENTS OF TOTAL QUALITY MANAGEMENT

The three major components of TQM are:

- i. A documented system: This is a system that when

created must meet the specific organization and product or service needs of the company and its customers. The system should be amended accordingly if opportunities to improve the product or service occur.

- ii. Statistical Process Control (SPC): This is a process not only about plotting and displaying control charts but it is a technique to be used.
- iii. Team Work: Teamwork is especially necessary in TQM as no one individual can do it alone. Teamwork especially of a team, which crosses traditional boundaries is essential. Teamwork allows:
 - a. A greater variety of problems to be tackled especially by teams drawn from various disciplines.
 - b. Problems are exposed to the attention of greater diversity of knowledge, skill and experience.
 - c. A more satisfying approach which enhance teamwork.
 - d. Effectively addressing problems which cross departmental boundaries, and
 - e. Recommendations are more readily accepted than those from individuals.

It should be noted that teamwork and motivation could be frustrated unless there is:

- a. Commitment to quality from the top management
- b. A company culture organized around quality and
- c. A team approach to quality problems

2.3 **TQM TOOLS AND PROCESSES**

Morgan in Jacob, and Olson (1984) have indicated that there are seven key tools community employed for problems solving and understanding processes in the implementation of TQM. The major ones are the cause and effect diagram, also called the “fishbone” because of its shape assumes that materials, manpower, methods or machines are the cause of all process problems. By identifying and analysing the causes in these specific areas, problems can be solved.

The flowchart on the other hand encourages understanding and improving any process by mapping it into a process flow. Activities to achieve an objective or task are identified, their interconnection defined and the process charted diagrammatically. Other tools are parents chart, scatter diagram, control charts, and check sheets.

Histogram and Charts

In order to determine the level of quality and the expected quantum of improvement TQM employs Benchmarking. The essence of benchmarking is identifying the class organization in order to learn how to achieve excellence and then, setting out to match or surpass it.

2.4 **STRATEGIC MANAGEMENT AND TQM IN THE BANKING INDUSTRY**

Strategic management is one of the techniques of overcoming problems posed by strategic change. Soyibo (1990) defined a strategic change as one, which causes a fundamental or structural shift adopted by a system in conducting its operation. Bankers have witnessed the deleterious effects of distress in the banking system, which has changed the approach to banking operation. Customer are faced with declining real income, customer resistance has changed their approach to savings and borrowing from banks. Government confronted with the adverse impact of financial distress and falling saving rates has devised means of ameliorating the problems. To survive these trying times therefore banks need to embrace the concept of strategic management and total quality management.

David (1991) regards strategic management as the art and science of formulating and evaluating cross-functional decisions that enable the organization to achieve its objectives. According to Drucker (1973) the prime task of strategic management is thinking through the overall mission of the business, which leads to specifying its mission statement. These in turn lead to setting of objectives, the development of strategies and making of today's decisions for tomorrow's results. It must be done by that part of the organization that can see the entire business, that can balance objectives and the needs of today against the needs of tomorrow, and that can allocate resources of men and money for key results i.e the board and top management process to be successful it must be people centered, people including all managers and employees, suppliers and customers can make the difference.

Strategic planning has been described by Channon (1986) as the core of bank strategic management, resulting in the development of banks long-term objectives and the development of an action plan throughout the bank to lead to the achievement of the objectives. In specific terms, a bank's strategic plan makes explicit the following:

- i. The market priorities, which determines resources allocation

- ii. The assumption behind the choice of market priorities.
- iii. The change required to capitalize on market opportunities,
- iv. The timing of strategic moves
- v. An estimate of the environment in which the bank will act, and
- vi. The expected rate of progress in strategic implementation.

From the above, it follows that the customer needs and above all, satisfaction have to be given a pride of place in the banks strategic management. A major aim of strategic management is to achieve the objectives of the bank, which include improved performance in terms of profit, market share, improved public image and integrity of the bank are usually given priority.

TQM is important because in today's banking business, customers, as sophisticated clients, demand quality in every aspect of service delivery. The customer demand quality in the following dimensions of banking services:

- a. Service delivery time
- b. Cost and price of service
- c. Integrity
- d. Courtesy and respect
- e. Empathy
- f. Dependability
- g. Error- free service
- h. Total satisfaction

It is easily seen that to achieve all these, the needs of the customer must be met satisfactorily. Overall, customer care will be seen to be the bedrock of these two organizational management concepts that has been reviewed i.e the TQM and strategic management.

2.5 **PLANNING THE IMPLEMENTATION OF TQM**

MacDonald (1993) asserts that the implementation of TQM in any organization will necessarily start with leadership to imbibe the TQM vision and initiate a cultural change that appreciates the customer needs, meet customer requirements, implements a management philosophy that acknowledges this emphasis, encourages employee involvement and embraces the ethics of continuous improvement.

Implementation of TQM start by defining a quality mission within the context of the organizations business strategy and defining specific quality objectives. This is followed by identifying customers segments and their ^{xviii} real requirements, identifying output

required and determining the activities required to fulfill the objectives. The general management behaviour in the organization should be acting as role models, using quality processes as tools, encouraging communication/feedback and fostering a conducive environment for change. A fundamental requirement is a new culture based on quality and the desire to change and elevate customer satisfaction to a very high level.

Usually, the required management structure for TQM implementation involves setting up a quality steering committee chaired by the Chief Executive and members are the key operators of major divisions of the company. They are to ensure that requisite planning for implementation is carried out, resources are available and the whole process is led from the top. They have the important function of initial Assessment of the Quality Status of the company. Usually there is a central catalyst to the whole process in the person of a TQM coordinator. Ideally he/she should be an experienced external consultant. He/she is to generate ideas and awareness of quality, train the people that will drive the process on TQM concepts, processes and tools.

The next step is to set up quality teams first they conduct a current assessment of quality and customer survey to determine what quality of service, clients' desire. Their function naturally cover Benchmarking, determining performance parameters for services and the service standard to be achieved within a given time frame. This group determines and handles the specific to be improved, applies TQM tools and brainstorms on the best way to improve. It is a continuous process that will lead to determining level of success and finding turning processes. The groups remain even after the consultant has left. It is important to integrate TQM with Business process re-engineering or strategic restructuring.

It has been suggested that for TQM to be implemented successfully the following steps are required:

- a. Understanding quality
- b. Commitment to quality
- c. Policy on quality
- d. Organization for quality
- e. Measurement of costs of quality
- f. Planning for quality
- g. Design for quality

- h. Capability for quality
- i. Control of quality
- j. Team work for quality
- k. Training for quality
- l. Implementation of TQM

Things to be aware of as managers embarking on TQM:

- a. Don't overstate the benefits of TQM;
- b. Don't under estimate the commitment required.
- c. Emphasis the time needed
- d. Do not need effort to maintain; and solution to particular problems.
- e. Do not let TQM be seen as an instant solution to a particular problem.

The road to quality by TQM is never smooth or free from problems. The recurrent problems in TQM implementation that could make it fail include organizational instability and lack of management commitment. TQM will fail where there is lack of management commitment. TQM will fail where there is lack of vision, poor staff attitude, negative corporate culture or a short-term quick fix mentality. Even if other elements above are right, it can still fail through faulty programme design, wrong choice of consultant, poor follow up and setting of unrealistic goals.

2.6 **CHALLENGES OF TQM IN THE NIGERIAN BANKING INDUSTRY**

TQM is not a new concept in the Nigeria banking industry but the adoption is still very limited. Some Nigerian banks have integrated TQM into their operations and service delivery. Introduction of TQM in many of these banks have brought significant changes to the quality of services and fortunes of these institutions. The low level of adoption of the TQM philosophy is generally due to the lack of understating of the principles, the power of change and benefits to be derived from it.

There is also a critical dearth of reputable consultants or organizations focusing on TQM or quality generally. It is time the banking industry set up a body to promote service quality. There is the need to always remember that the reputation that any financial institution enjoys and its value proposition in the market places is based on quality, reliability, delivery and price. Quality is the most important of these competitive xx weapons globally.

The TQM vision for every Nigerian bank should include a situation where:-

- a. The organization knows what customers will want 5-10 years from now and exactly what it will do to far exceed all such expectations.
- b. Everybody knows the most important variable to control in order to satisfy customers and guarantee effectiveness.
- c. Service standards are documented and updated daily, where all problems and challenges are met by a team of the most appropriate people regardless of their levels or jobs within the organizations, and
- d. The leadership who has an international quality vision is also the chief champion and catalyst of service quality

This is the challenge before the Nigerian banking industry in order to survive and be relevant as providers of quality financial service to the customer of today.

2.7 TQM AND THE ENVIRONMENT OF BANKING IN NIGERIA

Defining and controlling quality in the environment of banking in Nigeria is more difficult due to the intangible nature of the output, the inability to store it and the fact that production and consumption happen at the same time. If a problem exists, it is already too late to fix at the output stage. This places extra responsibility and challenge on quality in the banking sector.

According to Yip (1989) maturity in domestic market is driving banks to seek international expansion. Competition is not just a function of the rivalry between existing banks. Profits and other services are affected by the threat of new entrants and threats of substitute products. Porter (1980) states that new entrants not only bring added productive capacity, but also a mix of other capabilities. Substitutes are unpredictable because they can emerge from unrelated industry.

While globalization is regarded as a major external driver of organizational challenges, there are other drivers of these challenges, which derive mainly from the internal environment. Thus, one can regard them as country specific. For organizations operating in the less developed countries, Nigeria in particular, commentators have categorized these drivers as states hereunder.

- i. Poor infrastructural base: A major cause of the poor performance by the banking sector in Nigeria is the unduly high cost of services brought about by inadequate infrastructure true and inefficient utilities.
- ii. Unstable macro-economy: This factor has weighed heavily on the scale of challenges faced by ^{xxi} banks in Nigeria, and arose essentially from

the frequent policy reversals and inconsistencies that ensued as government grappled with the problems of economic restructuring. This is evidence in the fiscal deficits that underlined monetary policies, breed high inflation and made the environment unpredictable and volatile.

- iii. Inadequate information - The poverty of reliable information and data and planning and decision making in Nigeria is a well documented fact that needs no further elaboration. Such information gaps work against market efficiency and increase operational costs. These put banking business at great competitive disadvantage in a liberalized economic environment.
- iv. The managerial challenge - An organization is as good as the quality of its management. The distress saga that affected the banking industry, for example, was considerably precipitated by the weak, incompetent and often fraudulent managements that were put in charge of some banks.

With the challenges facing the banking environment, except things are put in appropriate order, the practice or implementation of TQM becomes practically impossible.

2.8 **BENEFITS OF TQM**

The main objective of TQM is to delight customers by creating an enduring culture for securing superior customers service and an enduring culture for managing change through continuous and rapid improvement in cost, quality service, lead time and flexibility. If properly implemented the rewards are positive, substantial and pervasive. TQM will enhance the morale and sense of belonging of all employees. It will also, result in effectiveness in team work, communication, productivity, cost effectiveness, customer relations profitability and cooperate image.

The specific competitive benefits of TQM in terms of market share and customer loyalty are significant and they include:-

- a. Focus clearly on the needs of the market.
- b. Achieve top-quality performance in all cases, not just in product service quality.
- c. Operate the simple procedures necessary for the achievement of quality performance.
- d. Critically and continually examine all processes to remove non-productive activities and waste.
- e. See the improvements required and develop measures of performance.
- f. Understand fully and detail its competition and develop an

effective competitive strategy

- g. Develop good procedures for communication and acknowledgement of good work, and
- h. Review continually the process to develop the strategy of never-ending improvement.

2.9 **PURSUING A TOTAL QUALITY MARKETING STRATEGY**

A growing number of banks have established quality units in their operations to spearhead TQM efforts. TQM requires recognizing the following premises about quality improvement.

- i. Quality must be perceived by customers. Quality work must begin, with the customers' needs and end with the customer's perception. Quality improvements are only meaningful when they are perceived by customers.
- ii. Quality must be reflected in every company activity, not just in company products.
- iii. Quality requires total employees commitment. Quality can be delivered only by companies in which all employees are committed to quality and motivated and trained to deliver quality. Employee teams are intent on satisfying their internal customers as well as external customers.
- iv. Quality requires high-Quality partners. Quality can only be delivered by companies whose value –chain partners are also committed to quality. Therefore, the quality driven company has a responsibility to fund and work with high-quality suppliers and distributors.
- v. Quality can always be improved. The best companies believers in Kaizen "continuous improvement of everything by everyone". The best way to improve quality is to Benchmark the company's performance against the "best-of-class" competitors and strive to emulate them or even leap frog over them.
- vi. Quality does not cost more. Crosby (1979) argues that "quality is free". The old idea was that achieving more quality would cost more and slow down production. But quality is really improved by learning ways to "do things right the first time". Quality is not inspected in, it must be designed in. when things are done right the first time, mainly costs are eliminated.
- vii. Quality improvement sometimes requires quantum leaps. Although quality should be continuously improved, it sometimes pays for a company to target a quantum improvement. Small improvements are often obtained through working harder. But large improvements calls for fresh solutions, for working smarter.
- viii. Quality is necessary but may not be sufficient. Improving a company's quality is absolutely necessary because buyers are becoming more demanding. But higher quality may not confer a winning advantage, especially as competitors increase their quality to more or less xxiii the same extent.

- ix. A quality drive cannot save a poor product. A quality drive cannot compensate for product deficiencies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

The research design facilitates the procedures for gathering the required information for the research study and also states the sources of such information.

The exploratory and descriptive research design has been chosen since they will facilitate the realization of the objectives of the study. Apart from that, they are flexible and also accurate when applied on a wide range of issues.

3.2 SOURCES OF DATA

The primary and secondary source of data was used in the course of this study.

The primary data involves the administration of a well structured questionnaire to a group of selected respondents who are customers and staff of Guaranty Trust Bank Plc.

The secondary sources of data include extracts from textbooks, journals and publications on the topic under consideration.

The justification for the use of the above methods were the fact that the researcher wishes to gather and compare the views of customers and staff of GTB on the issue of TQM and also see what experts have to say on the topic.

3.3 POPULATION AND SAMPLE SIZE OF THE STUDY

A study of this nature requires an adequate sample size that is representative of the diverse nature of the population. Apart from this criterion of adequate representatives, there is also the need to avoid taking large sample size, so that repetition of respondents answer will be guarded against.

Hence all customers and staff of GTB represent the population but a total of 500 respondents was selected as the sample size while the sample random sampling techniques was used to further pick 100 respondents form the sample size to represent the sample frame of the study.

3.4 METHOD OF DATA ANALYSIS

The non-parametric test of chi-square χ^2 was used for the analyses of the data collated for this research study. And to test validity of the hypotheses earlier formulated, a student(s) test was carried out 95%^{xxv} confidence limit at a calculated degree of

freedom from where a standard rule was established to determine which of the hypothesis is relevant to the study. Where the computed value of χ^2 is higher than the table value, the positive hypothesis become valid and the null hypothesis is discarded and where the table value of χ^2 is high than the computed value the null hypothesis becomes valid and the positive hypothesis is discarded.

3.5 HISTORICAL BACKGROUND OF GUARANTY TRUST BANK PLC

Guaranty Trust Bank Plc was incorporated on 20th July, 1990 as a private limited liability company, wholly owned by Nigeria citizens. The Bank obtained its commercial banking license on 1st August 1990, and commenced full operations on 11th February 1991. the bank become a quoted public limited liability company on 9th September, 1996 following the listing of its shares by introduction on the Nigerian Stock Exchange. On 5th February 2001, the bank was issued a universal banking licence by the Central Bank of Nigeria. Furthermore, through its successful initial public offer in 2001, the bank raised in excess of N2.5 billion from the Nigeria capital market and its shares have since become one of the most actively traded stocks on the trading floors of the Nigerian Stock Exchange. Presently GTB Plc has over 63, 000 share holders and thirty-five branches strategically located in major commercial centers across the country.

In pursuit of its regional expansion initiatives, the bank commissioned two offshore subsidiaries – Guaranty Trust Bank (Gambia) limited and Guaranty Trust Bank (Sierra Leone) limited, establishing itself as an international financial institutions.

The bank demonstrates a culture of professionalism with the deployment of top quality personnel, technology and processes. This is typified by an excellent customer service culture. At Guaranty Trust, quality and timely service delivery are sacrosanct. The Bank is renowned as a first-class provider of financial services as well as a leading player in the Nigeria banking industry, the bank has been conferred with several awards including the prestigious Nigerian Stock Exchange President's Award in 1996, 2000 and 2003, as well as the Corporate Issuers Award from Reuters SBA Research. In addition, the Bank maintains a Triple A (Aaa) rating from Agosto and Co, Nigeria's leading rating agency in recognition of its outstanding financial conditions. Guaranty Trust received a further boost with its appointment as a settlement bank by the Central Bank of Nigeria in December 2003. ^{xxvi} This appointment is a further endorsement

of the strength and financial standing of the bank, one that further confirms its preeminent position in the Nigerian banking industry.

The figure from the year 2003 audited financial statements reveal that the Bank ranked fifth in the banking industry in terms of cross earnings, and the fourth in terms of profit after tax. In addition, the bank's return on assets of 4.9% clearly exceeded the industry average of 3.4%.

3.6 GTB PLC and TOTAL QUALITY MANAGEMENT

In 1992, after one year of franchised marketing in which desire to prove they could do it, if the Citibank affiliate (Nigeria International Bank) was doing it with a predominantly Nigerian crew, drove the teams of young officers at GTB, a new approach to service excellence seemed in order.

There was the need to share these values of quality, clean banking environment and total service to customers with others in the organization. TQM seemed the right way to build share values.

TQM at GTB involved training of all the people at the bank. It was however, initiated with the top management team of the bank attending Lagos business school on TQM appreciation and TQM implementation. This was quickly followed by in-company programmes for the lower levels of staff that did not attend the TQM programmes at the LBS.

The new culture being built through TQM programmes sought to focus staff on seeing themselves in roles aimed at achieving the objectives of the bank rather than seeing job descriptions. This orientation of giving assignment by the senior executives pervaded the learning environment. The setting up of a steering committee for the TQM programmes immediately followed TQM awareness session at LBS. This committee, in turn set up quality improvement teams to track the implementation of the programme across the organization.

The TQM programme, which had quantifiable objectives, is observed by the management to have reduced error rates drastically in several operation areas and with it has come significant productivity gains.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 PRESENTATION OF DATA

The data presented herein is based on the responses from the questionnaire administered to the selected group of respondents' drawn from the banks staff and customers.

Ques. 1. The application of TQM in banking operations can enhance the realization of the goals of GTB Plc.

Response Criteria	No of respondents	Percentage
True	89	89%
False	3	3%
Indifferent	8	8%
Total	100	100%

Source: Fieldwork

Ques. 2. Banking operations becomes more cost effective if the values of TQM are applied.

Response Criteria	No of respondents	Percentage
True	90	90%
False	2	2%
Indifferent	8	8%
Total	100	100%

Source: Fieldwork

Ques. 3. Bankers require an analytical mind to be able to demonstrate efficiently and effectively the values of TQM.

Response Criteria	No of respondents	Percentage
True	94	94%
False	2	2%
Indifferent	4	4%

Total	100	100%
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Source: Fieldwork

Ques. 4. The implementation of TQM has enhanced the service culture of GTB Plc

Response Criteria	No of respondents	Percentage
True	98	98%
False	0	0%
Indifferent	2	2%
Total	100	100%

Source: Fieldwork

Ques. 5. The behaviour and attitude of GTB personnel has exemplify the banks commitment to service excellence.

Response Criteria	No of respondents	Percentage
True	94	94%
False	2	2%
Indifferent	4	4%
Total	100	100%

Source: Fieldwork

Ques. 6. TQM is important in today's banking business and should be continually encouraged.

Response Criteria	No of respondents	Percentage
True	80	80%
False	6	6%
Indifferent	14	14%
Total	100	100%

Source : Fieldwork

Ques 7. Banking relationships can be built through the implementation of TQM

Response Criteria	No of respondents	Percentage
True	95	95%
False	3	3%
Indifferent	2	2%
Total	100	100%

Source: Fieldwork

Ques. 8. Challenges of service delivery can be minimized by the implementation of TQM in the banking industry.

Response Criteria	No of respondents	Percentage
True	96	96%
False	2	2%
Indifferent	2	2%
Total	100	100%

Source: Fieldwork

Ques. 9. The implementation of TQM at GTB has served as a motivating force for employees and customers of the bank.

Response Criteria	No of respondents	Percentage
True	91	91%
False	2	2%
Indifferent	7	7%
Total	100	100%

Source: Fieldwork

Ques. 10. The implementation of TQM has very significant effects on commercial banking operations in Nigeria.

Response Criteria	No of respondents	Percentage
True	98	98%
False	0	0%
Indifferent	2	2%
Total	100	100%

Source: Fieldwork

4.2 ANALYSIS OF DATA

In order to analyse the data gathered, ^{xxx} an observed frequency table was derived as

shown in table 4.1 below.

Table 4.1 Observed Frequency (FO) Table

Response criteria	True	False	Indifference	Total
Ques. 1	89	3	8	100
Ques. 2	90	2	8	100
Ques. 3	94	2	4	100
Ques. 4	98	0	2	100
Ques. 5	94	2	4	100
Ques. 6	80	6	14	100
Ques. 7	95	3	2	100
Ques. 8	96	2	2	100
Ques. 9	91	2	7	100
Ques. 10	98	0	2	100
Total	925	22	53	1000

Source: Fieldwork

The expected frequency (FE) for each cell of the contingency table was calculated using the formula

$$\frac{\text{Column total} \times \text{row total}}{\text{Grand total}}$$

Grand total

Table 4.2 Expected Frequency (FE) Table

Response criteria	True	False	Indifference	Total
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Ques. 1	92.5	2.2	5.3	100
Ques. 2	92.5	2.2	5.3	100
Ques. 3	92.5	2.2	5.3	100
Ques. 4	92.5	2.2	5.3	100
Ques. 5	92.5	2.2	5.3	100
Ques. 6	92.5	2.2	5.3	100
Ques. 7	92.5	2.2	5.3	100
Ques. 8	92.5	2.2	5.3	100
Ques. 9	92.5	2.2	5.3	100
Ques. 10	92.5	2.2	5.3	100
Total	925	22	53	1000

Source: Fieldwork

From the values contained in the observed frequency and expected frequency tables i.e. tables 4.1 and 4.2, the chi-square values were

derived using the formula

$$\left\{ \frac{(F_o - F_e)^2}{F_e} \right\}$$

Where F_o = Observed frequency

F_e = Expected frequency

\sum = Summation sign

Table 4.3 Chi-Square (χ^2) Evaluation Table

F_o	F_e	F_o-F_e	(F_o-f_e)²	$\frac{(F_o-F_e)^2}{F_e}$
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89	92.5	-3.5	12.25	0.13
3	2.2	0.8	0.64	0.29
8	5.3	2.7	7.29	1.38
90	92.5	-2.5	6.25	0.07

1000	1000			40.88
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From the above table the computed value of X^2 is 40.88. The student (t) test below was carried out at 95% level of significance. The degree of freedom was calculated using the formula.

$$df = (c-1) (r-1)$$

Where df = degree of freedom

c = no. of columns

r = no. of rows

c = 3

r = 10

Thus $(3-1) (10-1)$

= $(2) (9)$

X^2 95% @ $(2) (9)$ df

X^2 0.95 @ 18 = 9.39

4.3 TEST OF HYPOTHESIS

In order to test the hypothesis earlier formulated, the computed value of X^2 and the table value was compared and since the computed value 40.88 is higher than the table value of 9.39 the positive hypotheses is valid for this research study and the negative hypothesis is thus discarded hence the study accepts that the implementation of TQM have very significant effects on commercial banking operations in Nigeria.

4.4 RESULTS OF FINDINGS AND DISCUSSIONS

The result obtained from this research study shows that the implementation of TQM have very significant effects on commercial banking operations in Nigeria.

The implication of this results is that banks that have adopted the TQM philosophy in their operations will continue to experience success and growth and those who are yet to had better do so, otherwise in the nearest future they will be pushed out of the industry as customers of today are becoming more sophisticated xxxvi and their demands continues to increase

and this ultimately places more challenge on the industry.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. SUMMARY

The banking industry in Nigeria is facing enormous challenges and survival is increasingly difficult. To survive, present environment requires a new management order in which customer needs and expectation will form the centerpiece of all that the organization does. In the new order, emphasis is on quality of service and customer intimacy.

TQM is the interaction of all functions and processes within an organization in order to achieve continuous improvement of quality of goods and services, with the primary goal of customer satisfaction. The main objectives of TQM is to delight customer by creating an enduring culture for serving superior customer service and an enduring culture for managing change through the continuous and rapid improvement in cost, quality service, lead time and flexibility.

If properly implemented, the rewards are positive, sustained and pervasive. TQM will enhance the morale and sense of belonging of all employees, it will also result in effectiveness in teamwork, communication, productivity, cost effectiveness, customer relations, profitability, and corporate image. The specific competitive benefits of TQM in terms of market share and customer loyalty are very significant.

5.2. CONCLUSIONS

Quality of service is the central issue in modern banking. Banks that have adopted the TQM philosophy have and will continue to experience quantum improvements in their operational results. Hence this research study would conclude by emphasizing that the implementation of TQM have very significant effects on commercial banking operations in Nigeria.

5.3. RECOMMENDATIONS

Based on the results obtained in the
like to make the following

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course of this study, the researcher would
recommendations to the stake holders in the

Nigerian banking industry so as to consolidate on the gains made from the adoption of TQM in the industry:-

1. TQM implementation requires the involvement of everyone in the organization, hence management of banks should ensure the continuous involvement of every bank employee starting from top management down to the security men that guards the banking premises. Where the customers is please with services obtained he/she will be willing to repeat business and this ultimately will have positive effect on banking income and profitability.
2. Banks should put in place a rapid response team of fast thinking seasoned professionals with a keen sense of direction towards satisfying customers quest for business excellence and growth.
3. Bank services should be built on reputation and maintained through high personal commitment that will facilitate the realization of the goals of TQM in the industry.
4. To do one's job very well one must know it well. To know it well one must be properly trained thus, the need for banks to get their employees trained to face the challenges posed by the adoption of TQM. As a matter of fact training must be a continuous process in other to be abreast of the demands of TQM.
5. Reliability and credibility are measure of quality. Bankers' words should be their bonds. Bankers must be consistent and reliable. Reliability promotes sustainable growth of a bank while the reputation of a bank is determined by its credibility hence it is dangerous for a bank to make claims of what it cannot offer customers. Much as banks must strives to satisfy the needs of the customers, they must be careful not to make empty or ridiculous promises.
6. Unarguably, the winning ticket for banks is enhanced customers service delivery. But this quality service must be designed in both professional or technical terms as well as physical terms, although banks must continue to render the traditional banking service, they need to do so efficiently and also add new products and services to meet the changing needs of the customers and optimize the benefit of TQM.

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**APPENDIX QUESTIONNAIRE
POSTGRADUATE SCHOOL
AHAMDU BELLO UNIVERSITY**

ZARIA

**Questionnaire on “An Evaluation of the Implementation of Total
Quality management in the Nigerian Banking Industry. A Case Study of GTB
Plc.**

Dear Respondents.

This Questionnaires is been administered to enable me collate
information on the above mentioned topic. You are please expected to
answer the following questions as objectively as possible as responses
will be used strictly for research purposes.

Thanking you for your cooperation.

Yours Sincerely,

Adam I.S.

Ques. 1. The application of TQM in banking operations can enhance the realization of the goals of GTB Plc.

True () False () Indifferent ()

Ques. 2. Banking operations becomes more cost effective if the values of TQM is applied.

True () False () Indifferent ()

Ques. 3. Banker require an analytical mind to able to demonstrate efficiently and effectively the values of TQM.

Ques. 4. The implementation of TQM has enhanced the service culture of GTB Plc.

True () False () indifferent ()

Ques. 5. The behaviour and attitude of GTB personnel has exemplify the banks commitment to service excellence.

True () False () Indifferent ()

Ques. 6. TQM is important in today's banking business and should be continuously encouraged.

True () False () Indifferent ()

Ques. 7. Banking relationships can be built through the implementation of TQM.

True () False () Indifferent ()

Ques. 8. Challenges of service delivery can be minimized by the implementation of TQM in the banking industry.

True () False () Indifferent ()

Ques. 9. The implementation of TQM at GTB has served as a motivating force.

True () False () Indifferent ()

Ques. 10. The implementation of TQM has very significant effect on commercial banking operations in Nigeria.

True () False () Indifferent ()