ASSESSMENT OF TOTAL QUALITY MANAGEMENT IN BANKING INDUSTRY

THE CASE STUDY OF FIRST BANK OF NIGERIA PLC

BY

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CERTIFICATION

This project titled **"Assessment of Total Quality Management in Banking Industry: The Case Study of First Bank of Nigeria Plc"** has been certified as meeting the requirement of the Postgraduate School and the Department of Business Administration, Ahmadu Bello University, Zaria, in partial fulfillment for the award of Degree of Master of Business Administration (MBA)

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DECLARATION

I thereby declare that this project is my original work and has never been presented for any other degree. All sources of information are attached in the bibliography. I therefore accept responsibility for all errors and omissions therein.

ABDULKADIR ABBASS BICHI

DEDICATION

This work is dedicated to my family.

ACKNOWLEDGEMENT

In the Name of Allah. I wish to acknowledge the tremendous assistance and general guidance rendered by my supervisor.

My sincere appreciation also goes to my family and colleagues.

Thank you and may God Almighty bless.

ABSTRACT

This is an indepth study of the concept of Total Quality Management as it relates to the banking industry with First Bank of Nigeria Plc as a case study.

In order to have an insight into the nature of its activities, the study gave brief narrations on the history, organisational structure and the performance of FBN Pic one of the oldest bank in the country.

To give direction to the purpose of this research, measures of financial performance, level of implementation of TQM at FBN Plc customer satisfaction were determined from field survey.

it was thus observed from the research that indeed the implementation of TQM of First Bank Plc has been successful. Be that as it may, management is net relenting but feels that there is so much to accomplish in an environment where threats keep mounting.

TABLE OF CONTENTS

		PAGE
Title page		i
Certification		ii
Declaration		iii
Dedication		iv
Acknowledgement		v
Abstract		vi
Table of Contents		vii - ix
CHAPTER ONE: INTRODUCTION		
1.1	A brief on First Bank of Nigeria Plc	1 - 5
1.2	The concept of Quality	5 - 7
1.3	Definition of Total Quality Management	7 - 9
1.4	Objectives of Total Quality Management	9 - 11
1.5	The Research problem	11
1.6	Objective of the study	11
1.7	Scope of the study	12
1.8	Relevance of the study	12
1.9	Limitations	13
CHAPTER TWO: LITERATURE REVIEW		
2.1	The origin of TQM	14 - 16
2.2	The evolution of TQM	17 - 25

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2.3 The main concepts within the overall concept of TQM 25 - 32

2.4 Implementing Total Quality Management 32 - 36

2.5 Guidelines for TQM programme implementation 36 - 40

2.6 Developing system implementation tools 40 - 44

2.7 Benchmarking – A strategic tool 44 - 46

2.8 Benchmarking and TQM – A positive link 46 - 47

CHAPTER THREE: METHODOLOGY

3.1 Research design 48

3.2 Data collection 48 - 49

3.3 Instruments of the study 49 - 50

3.4 Measurement and index construction 50 – 51

CHAPTER FOUR: DATA ANALYSIS

4.1 General examination of data 53

4.2 Trend Analysis on financial statement 53 - 54

4.3 Measure of successful implementation of TQM 54- 58

4.4 Measurement of customer satisfaction 58

CHAPTER FIVE: SUMMARY, CONCLUSION, IMPLICATIONS OF FINDINGS AND RECOMMENDATIONS AND ARES FOR FURTHER RESEARCH

5.1 Summary 59 - 60

5.2 Conclusion 60 - 61

5.3 Implications of findings and recommendations 61 - 63

5.4 Areas for further research 63

BIBLIOGRAPHY 64 - 65

Appendix 1:	Four year financial summary of FBN Plc, Year ended 31st march.	66
Appendix 1A:	Balance sheet as at 31st March 2000	67
Appendix 2:	Questionnaire for staff of FBN	68 - 73
Appendix 2A:	Collated date on questionnaire	74
Appendix 3:	Questionnaire for customers of FBN	75

CHAPTER ONE

PROFILE

First Bank Of Nigeria Plc is a leading banking institution in Nigeria with over a hundred years of banking experience, industry and resilience behind it. Founded in 1894 by a shipping magnate from Liverpool, Sir Alfred Jones, the Bank commenced as a small bank in the office of Elder Dempster & Company in Lagos. Today, First bank of Nigeria PLC has diversified into a wide range of banking activities and services including commercial, merchant and international banking; and has become, a potent factor in the development of the country.

It was incorporated as a limited liability company in London on March 31, 1894, with Head Office in Liverpool, under the corporate name of the Bank of British West Africa. With a paid-up capital of 12,000 Pounds Sterling, it started business after it had aborted its predecessor, the African Banking Corporation, which was established earlier in 1892. This signalled the beginning of the pre-eminent position, which the Bank was to establish in the banking industry in West Africa. The Bank in its early years grew rapidly, working in close co-operation with the Colonial Government in performing the traditional roles of a Central Bank, such as issue of specie, in the West Africa sub-region.

In 1896, a branch was opened in Accra, Gold Coast (now Ghana) while another was established in Freetown, Sierra Leone in 1898. This marked a milestone in the Bank's international banking operations thereby justifying its West African operational coverage. The second branch in Nigeria was opened in the Old Calabar in 1900 and two years later, services had extended to Northern Nigeria. With a branch network of 291 in 1995, spread throughout the Federation, including London, the Bank has the largest number of branches in the industry.

The Bank has experienced phenomenal growth over the years. With a share capital of N55.6 million in 1980, which rose to N269 million (including a bonus reserve of N53.8 million) in 1995, the Bank's total assets currently stand at N180.533 billion, supported with a deposit base of N127.230.00 billion. When the Bank began operation in 1894, it had a staff of six, comprising three Europeans and three Africans. Today; the Bank is virtually fully Nigerianised. This, of course, has been the result of planning, responsiveness to the yearnings of the Nigerian people and Government, as well as the Bank's determination to identify with the aspirations of the country in its march towards national development.

In pursuance of these, the Bank has to continually adjust its organisational structure and corporate entity. Beginning with a change of its name to the Bank of West Africa in 1957, reflecting the movement towards

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independence by West African countries, the Bank was incorporated locally in 1969 to become Standard Bank of Nigeria Limited. This was in response to the dictates of the Companies Decree 1968. Thereafter, the active participation of Nigerians in the management of the Bank became a corporate policy. Further changes in the name of the Bank were made in 1979 and 1991 to First Bank of Nigeria Limited and First Bank of Nigeria Plc, respectively.

The enhanced level of operations and the need to respond to increased competition have necessitated a considerable re-organisation of the Bank. This really began in 1985 when a new decentralised structure was introduced after a detailed analysis of the previous operational and reporting structure. The fine-tuning of that structure in 1992 has handsomely paid off. Aggressive banking, decentralised decision-making process and responsive directorate system have become the pillar of the Bank's current efficient operational mode. In addition, computerisation and efficient information management system have been introduced into the Bank's operations in order to facilitate rapid response to customer services.

As a result of a corporate policy to divest its polio of non-core activities and in order to meet the Bank of England regulatory requirement, the Bank's foreign partners, the Standard Chartered Bank Africa Plc, have reduced their

shareholding to 9.9% following the offer of 120,91,195 shares to the Nigerian public, thus bringing the equity holdings by Nigerians to 90.1%.

The Bank has improved substantially on its operational performance in the last four years with a record performance in 2000. The Bank's performance in 2000 shows that it has not rested on its oars; thereby ensuring a good beginning for meeting the challenges of the second century.

In meeting these challenges, it is the Bank's commitment "to put a smile on face of every customer".

For a couple of years now, the banking environment has suffered acute liquidity crisis and lack of consistency in policy formulation and implementation, which has led to a general lull in the business. When all these are put together vis-à-vis the arising inflation, it is not surprising that most Banks can not perform optimally during this crisis.

It is however pertinent to note that FBN is one of the selected few banks that have triumphed amidst these teething problems and are still waxing stronger. They have not only adequately responded to the challenges evolved by the contemporary banking environment, they have also been able to display tremendous improvement in all the vital operating indices while still meeting up with the requirements of the regulatory authorities.

The secret of this enviable achievement by FBN has much to do with the formidable technology and total quality management infrastructure put in place since the re-organisation of the Bank

To underline management commitment to total quality, a quality management department was set up with two full-time quality management co-ordinators.

1.2 THE CONCEPT OF QUALITY

Before delving into the definition of TQM, it is important to discuss the concept of quality as it affects management. Market share is a major factor in profitability and it largely determined by quality.

Quality can be defined in a number of ways. Older definitions emphasise fidelity to a set of final product or service standards or specifications worked out by the organisation with some reference to customer's interest.

More recent definitions feature customer's complete satisfaction, even delight, with the final product or service.

The most recent definitions also recognise that organisation itself needs to design, install and operate high quality internal processes that allow customer satisfaction to occur. This means that there is a convergence

between organisational productivity improvement and organisational process quality improvement. Both are aimed at customer's interest in better (and lower cost) products and services and are achieved through balanced systems improvement.

Approaching quality from the company perspective means defining managerial strategy and a corporate culture capable of sustaining competition in quality and through quality. In other words, it means identifying the main elements of the quality approach the company has to adopt to meet the competitive challenge. Spreading the quality culture and quality practices throughout the company is certainly one of these elements.

Ex. before a company can set out to compete in the arena, first of all it must "set the house straight," making use of any tools that help reduce ineffectiveness with the dual advantage of reducing costs and improving customer satisfaction.

It is incorrect to talk about quality without differentiating between products and processes. Process quality is the means, product quality is one of the results (effectiveness), and the others are improved efficiency (minimum cost and execution time) and greater elasticity (ability to adjust rapidly to change).

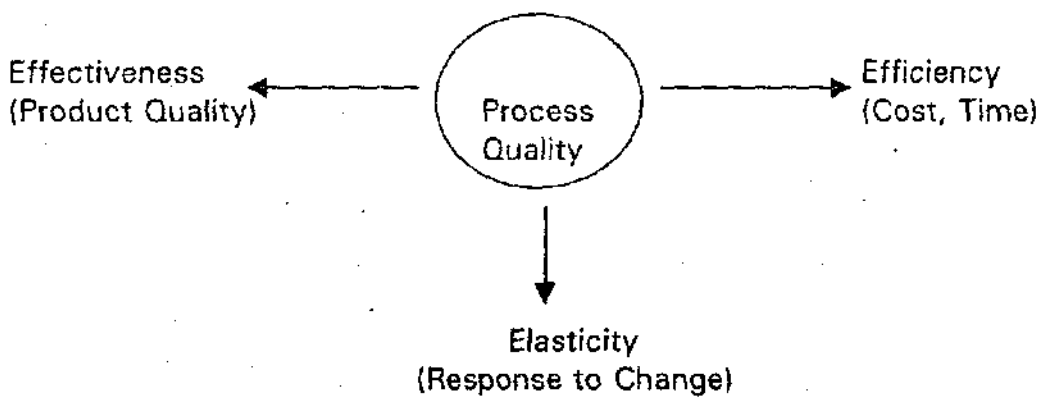


Fig. 1.1 – Process quality is more than product quality. Source – Tito C., (1993:7)

1.3 DEFINITION OF TOTAL QUALITY MANAGEMENT

Total Quality Management (TQM) provides the best current example of a comprehensive management improvement philosophy.

Okolie C., (LBS 1995:6), defined it as the management of all aspects of quality services provided to the customer. These include quality of goods, delivery, price or service. It differs from the traditional quality concepts namely Quality Control and Quality Assurance, which are the current aspects of quality within the manufacturing industry with primary concern that all products are consistently manufactured to appropriate quality standards.

The old view of quality is based on Acceptable Quality Level (AQL) which allows tolerable levels of faults in the system. This leads to high frequency of retesting, reworking or rejects, which are very costly.

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The new quality concept, TQM, is based on producing defect-free goods or services and avoiding mistakes by adopting preventive measures from the start. This leads to cost saving and increased profits.

The adjective "total" in TQM is used to indicate company-wide application and the concept of TQM or better still, company-wide quality management certainly convey more successfully the basic message of a quality system embracing the entire company and every one within the company.
The "total" in total quality management has three fundamental aspects: horizontal, vertical and strategic.

Horizontal means that the fundamental unit of analysis is the business process that cuts its way across the organisation, starting with the external suppliers, passing through operational and/or support groups of the organisation and ending with a final customer.

Vertical means that all levels of the organisation have adopted the basic quality ethic and apply it in the process they influence. Quality is not the exclusive interest of production workers, or of executives or first-line supervisors.

Finally, the subject of the improvement effort must be that which is strategically important to the organisation. Although, there are different

types of programmes designed for implementing TQM, they however, have several elements in common. The dire need to provide high quality and cost effective services to customers, as they are ultimate judges of quality.

Two major categories of customers are identifiable in this regard: the external and the internal customers. While the former is the end-use of a product or services, the latter is usually the supplier of a product or services.

The internal customer must as a matter of fact create a congenial and professional working environment, which will invariably affect for good, the relationship between the external and internal customers.

The concept of TQM must be introduced into the system from inception. It is absolutely imperative for all to have an innate desire to do things "Right ... time'. A firm application of this approach will enhance profitability and stability.

OBJECTIVES TYPICALLY ASSOCIATED WITH TQM.

There are several objectives associated with TQM and they include:

- Continual attention to quality, productivity and organisational performance,
- Gaining and maintaining a competitive edge,
- Employee or associate acceptance of new performance initiatives,

- Empowerment of individual and team contributions to quality,
- Enhanced accountability through measurement and comparison with others and;
- Sharpened focus on internal and external customers to improve interfaces.

Although, these objectives may be desirable, a TQM system has certain requirements that are difficult to achieve at least quickly (most organisations install quality mechanisms in phases and through a pilot program strategy) some of which are to:

- Know and meet the customer's expectations and requirements on time, the first time, 100 percent of the time.
- Place, significant pressure on supplier quality, build closer supplier relationships.
- Measure quality costs, use "benchmarking" and "merits" to prove that prevention and empowerment are the optimum cost options.
- Manage the introduction of the management system and related changes carefully. Take time to do things right.
- Train for appropriate levels of competence in organisational and quality skills.
- Prepare people to take action to ensure quality, enhance procedural guides.

- Strive for selected major improvements and overall performance at world-class levels.

1.5 THE RESEARCH PROBLEM

A new management tool has been fashioned out to meet the demands of our current age. While majority has concluded that the success of this tool depends on the level of dedication of the implementation, it has suffered also the slings and arrows of outraged headlines.

What is Total Quality Management? Is anything wrong with TQM? Has it been tried and found wanting or is it just misunderstood? It is necessary to research into well-implemented TQM by a business unit to be able to find solutions to some of these questions that keep prodding the mind.

1.6 OBJECTIVE OF THE STUDY

What is needed here is the determination of the effect of a successful TQM implementation on the performance of our subject of study, FBN. It is hoped therefore, that this will enable the management of FBN to know whether there is need to increase the TQM effort or withdraw the tool where it is found to have failed.

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1.7 SCOPE OF THE STUDY

First Bank of Nigeria Plc is one of the few banks that have implemented or are implementing TQM within the Banking industry. We thus have selected a case subject out of many industries that are implementing TQM.

We also did not cover all aspects of performance measurements in determining the effect of TQM on FBN. Rather, we measured financial performance and customer satisfaction. However, we assessed the feelings of the staff that indeed TQM has come to stay at FBN as a way of assuring that the performance is borne out of their commitment to the principles of TQM and multifarious threats prevailing in the financial environment in which FBN operates, and not as a result of a strategy that may have paid off.

1.8 RELEVANCE OF THE STUDY

At a time when adverse economic environment is persevering and political and economic logjams have sent quite a number of establishments in the country to their demise, there is a need to study any nostrum or panacea for business survivability.

If TQM is found a useful tool for revamping dying establishments, then the research will provide a leeway for companies in dire need of a solution to operational problems and even companies yet unborn into the harsh economic environment.

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1.9 LIMITATIONS

The project has its fair share of limitations and constraints. Notable among them is the prohibitive costs sustained in data collection. This limitation of finances and add to the limitations in its scope of coverage and depth of its findings.

Our responders to the questionnaires are human beings whose innate impulses and subconscious influences could have presented immense limitations on the nature of response. Irrespective of the instrument and methodology employed in this kind of study, the multiplicity of outcomes based on the varied socio-economic background of the respondents and their personal attachment to FBN could moderate the result of our study.

Despite these limitations, the study is carried out with all amount of possible thoroughness. It therefore, extracts the truth and relevant issues from the mass of data and information collected using appropriate evaluation techniques.

CHAPTER TWO

LITERATURE REVIEW

2.1 THE ORIGIN OF TQM

Zairi et al. (1994:12-16) gave an account of the origin and evolution of TQM. According to them, by the early 1970s, traditional markets in the West were being undercut by foreign competitors able to take Advantage of lower labour and overheads, strong Western currencies and a world oil crisis. The initial Response from the West was to reduce costs further, then to drop low-profit items from their production lines, expand production operations is Third World countries and purchase increasing number of foreign parts components.

Gradually, Western consumers became aware that the cheaper imported goods, especially those from the pacific basin including Japan, Taiwan and Hong Kong were also associated with better quality and they began to move aware from traditional home produced products and services to those on new, quality conscious foreign competitors. Many industries were soon devastated by this competition which had shifted from the basis of price alone to price and quality.

When Western companies discovered that company-wide quality control had helped give Japanese companies a competitive edge they began to try to do something about it.

In the beginning some Western companies adopted the "quality circle" approach. Employees were trained to use basic statistical tools such as Pareto charts, cause and effect diagrams, histograms and control charts.

Small groups called quality circles or employee involvement groups were formed, and with the help of trained facilitators, were helped and encouraged to resolve their own business problems. As an example, Rank Xerox (UK) Ltd in 1983 set up an employee involvement pilot scheme. During 1984, some 15 groups were formed and by mid-1986 in excess of 80 groups were active.

Too many quality programmes in the past had been narrow; Crosby P, (1984:18) noted that quality control efforts were concerned with catching mistakes and unacceptable products after production, rather than with turning out high quality products the first time around and improving the quality of every activity of the entire organisation.

According to zemke et al. (1989:8) no single organisational action such as quality circles, Taguchi methods, investment in technology etc can

dramatically improve quality. Quality s defined by the customer and a great deal of quality problems originate in service or administration areas. Therefore, delivery of the right quality every time requires the involvement of everyone who works in the organisation. Customer quality has to be an integral part of every practice, policy, process and procedure. In the West, this approach is known as Total Quality Management (TQM).

Perigord M. (1991:24) rightly pointed out that is impossible to simply copy Japanese approach because of the substantial differences in culture and background. However, the concept of TQM is beginning to capture the imagination of chief executives and senior management, not only in manufacturing but also in service industries, health care, and educational institutions.

TQM incorporates the teaching of early pioneers such as Edwards Deming (1986), Joseph Juran (1989), Philip Crosby (1984), Armand Feigenbaum (1986), the man who carried the term "Total Quality Control" and the late Kaoru Ishikawa (1984) of the Japanese Union of scientists and Engineers. It is still evolving with present day disciples such as John Oakland and Tom Peters. Its major premise is that quality is the key to business success in the 1960s and thereafter and that this, rather than price or delivery is the key to competitive advantage.

2.2 THE EVOLUTION OF TQM

Before we look in any detail at the evolution of TQM, let us consider some meanings and definitions.

So what is quality? Is it a state, a condition, a feeling or an impression? Does quality have any components and, if so, what are they.

Definitions of the word quality can vary enormously. For example Crosby P. (1981:21) noted that at one extreme, it can be considered as:

- That which makes a being or thing what it is a distinguishing element or characteristic.
- The characteristics of anything regarded as determining its value, place, worth, position etc.

At the other extreme:

- Quality is the degree of excellence at an acceptable price and the control of variability at an acceptable cost.

Quality refers to certain standards and the ways and means by which those standards are achieved, maintained and improved upon. According to Juran J. (1989:3), the standard definitions on quality have been given by various institutions such as British Standards institution (BSI), the American Society

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for Quality Control (ASQC), the European Organisation for Quality Control (EOQC), the International organisation of Nigeria 9SON) amongst others.

He however concluded that quality is the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs. Gradually, quality became more associated with what the customer wanted and thus definitions began to appear with this point of view in mind. For example Zemke et al. (1989:13) pointed out that:

Quality is driven by the market place, by the competition and especially by the customer.

Quality is a key attribute that customers use to evaluate products or services.

So, from the customer's point of view, what characteristics of a product or service determine its quality?

A few of these are listed by Deming W. (1986:209) firstly, from an objective standpoint:

- How well does the product perform against expectations?
- How well do the features meet expectations?
- How reliable is the product or service?
- How do the product or service design and operating characteristics conform against pre-established standards?

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- How desirable is the product or service from both economic and technical standpoint?
- How well is the product or service served?

Secondly, from a more subjective standpoint:-

- How well does the product or service meet the aesthetic needs of the customer (how does it feel, sound, look, taste, smell)?
- How does the customer perceive the quality of the product when comparing product brands?

TQM evolved from this growing need to understand and consistently meet the rising expectations and requirements of the customer, Zairi et al. (1994:14-19) noted that the main precursors to TQM were Quality Control (QC), Total Quality Control (TQC) and Quality Assurance (QA) as illustrated in the figure below:

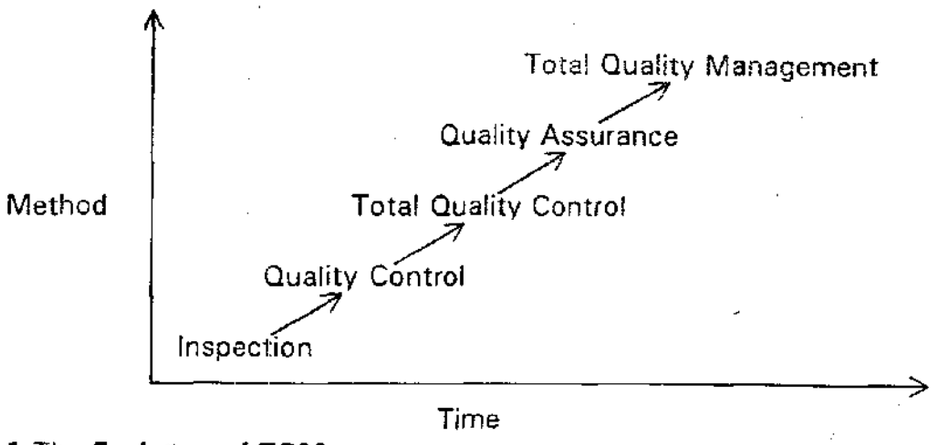


Fig: 2.1 The Evolution of TQM.
Source: - Zairi et al. (1994: 16)

Quality Control

Quality Control is the use of techniques, mainly statistical, to achieve, maintain and try to improve on quality standards of products and services. It co-ordinate the links between:

- Specification of what is required.
- Designing the products/services required.
- Production/Installation/assembly of parts, components, elements of the service/product package.
- Inspection of the service/product package to determine conformance to customer
- Specifications.
- Monitoring use/consumption of product/service to feed back information for improvements where possible.

The principle of QC are based on four numbers:

- No manufacture without measurement.
- No measurement without records.
- No records without analysis.
- No analysis without feedback and corrective action.

QC system therefore include all operational techniques and activities aimed both at monitoring a process and eliminating causes of unsatisfactory performance of relevant stages of the quality loop in order to result in economic effectiveness.

Total Quality Control (TQC)

Total Quality Control has been described by Zairi et al. (1994:17) as a management framework to ensure continuing excellence. Within this framework is contained the basic philosophy of TQM.

- It is a business policy, which links together all the functions of the organisation example sales, marketing, manufacturing etc, by two-way flows of information.
- It has a mind which only approves criteria which will lead to better than acceptable quality via the use of continuous improvement.
- It provides reliability and consistency in the delivery of products/services.

Some other definitions of TQC are given below:

The application of a number of important management principles and the statistical control of quality to all stages of planning design, production, service, marketing, accounting and administration. It aims at achieving disruption-free, error-free Activities that produce defect-free products and services at a quality cost situated in the market. Evans R.(1995:5).

An effective system for integrating the quality development, quality maintenance and quality improvement efforts of the various groups in an organisation so as to enable marketing, engineering, production and service at the most economical levels which allows for full customer satisfaction.

Deming W.(1986:34). Problem analysis in order to develop long-term solutions rather than response to short-term variations.

Concerned with direct cost reduction and a pre-occupation with efficiency are ousted in favour of the pursuit of quality through the elimination of waste and non value-adding procedure and assuring continuous improvement through the refinement and expansion of quality control systems and procedures.

Crosby P.(1989:72).

Quality Assurance (QA)

Quality Assurance means that the process of checking, correcting and controlling conducted in a such a manner that the product/service provider is aware that all stages of the process are being conducted correctly (with set quality standards in operation) and that what is planned is what is expected to result in term of output.

QA also means there is a set of documentation, which demonstrates the existing standards of quality and reliability. It uses what is referred to by Mahoney et al. (1994:203) as the "death certificate approach." It rejects inspection as the answer to quality problems and encourages the implementation of procedure in order to comply with set standards.

The system for implementation, controlling and auditing in QA is often open to third party approval either by customers or government agencies.

Total Quality Management (TQM)

How then does this differ. TQM is the management of total quality. Tito C. (1993:16) defined quality management as that aspect of overall management function that determines and implements the quality policy and as such, is the responsibility of top management.

Since it has been established that quality management is a managerial responsibility, one therefore, has to link it to the destiny of the business. Furthermore, managerial responsibilities are not just concerned with focusing on one particular aspect of the business but in being fully aware and in control of all various activities no matter how small they are. Leadership is perhaps the most important ingredient of TQM and has been addressed in detail by early pioneers such as Deming (1986) Huran (1989) and Crosby (1989). Leadership is often accompanied by a series of actions and initiatives which lead to positive outcomes, reflecting organisation ambition and desire to succeed. Within the framework of TQM, the role of the leader as noted by Juran J. (1989:135) will include:

- The provision of unquestionable leadership.

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- The training of all employees.

- The recognition and reward of employee participation.

- Communication about quality both internally and externally.

- The provision of a quality process and quality tools.

It is now widely accepted that quality is also a behavioral question and that one of the major tasks for Senior Managers is to change peoples attitudes and understanding of the meaning and importance of quality. Most of the published literature seem to be concerned with broader issues such as the implementation of TQM, the utilization of useful statistical tools and techniques and the benefits of encouraging a problem-solving approach to doing business. Research, however, point alarmingly towards the total ignorance of understanding of what TQM is really all about at the various levels of business organisations. According to Graham Brown et. al.(1994:240 It is not just about achieving certain standards of competitiveness of introducing new techniques, concepts, methodologies and technologies. It is about changing the attitude and behaviors towards doing business whereby parameters of competitiveness are set by, or negotiated with the customer. One conclusion, which may be drawn from this research, is that managing quality is the job of each and every member of an organisation, not solely of its managers. In this sense, managers as well as shop floor workers must shape the environment which is most

propitious for such an achievement and be given incentives to ensure that it becomes a reality in the routine tasks of everyday life.

TQM is seen by Crosby P. (1989:288) as a fundamental shift from what has gone before. The systematic analysis, pre-planning and pre-printing of operations remain essential, but the focus switches from a process driven by external control through procedure compliance and enhancement to a process of habitual improvement, where control is embedded within, and is driven by the culture of the organisation. According to him, it is an approach for continuous improving the quality of goods and services delivered through the participation of all levels and functions of the organisation. TQM, looks for continual improvement in the areas of cost, reliability, quality, innovation, efficiency and business effectiveness.

2.3 THE MAIN CONCEPTS WITHIN THE OVERALL CONCEPT OF TQM

Tito C.1991:9-17) pointed out the concepts that make up the overall concept of TQM and they include;

1. Competition at the level of the value/cost ration perceived by the user.

The user of a product or service tends to assess his experience and the alternatives available on the market in terms of value for money that is in terms of the ratio.

Perceived global value/global cost where global cost can often be calculated with a fair degree of accuracy (they include purchase price, running costs, defect-related costs), value on the other hand is the sum of a series of global perceptions.

According to him, the main value perception is usually the degree to which product plus service corresponds to the user's expectations. It is worth nothing that, even when the primary object of the transaction is a product, the related service can alter significantly the user's perception of that product, for better or for worse. In the age of competition on quality, an awareness of the importance of service in boosting value perceived by the user is critical to success. Companies should be aware of the influence of corporate image on perceived value, when the user is making his choice of product or service.

Today, defectiveness, non-conformity, or more generally, any negative variation between product or service performance and the user's expectations is termed Negative Quality. Positive Quality is therefore, any area in which the product or service surpass the user's expectations or competitors' offers. It is a plus value. Competition in quality today aims to minimize negative quality, ideally to reduce it to zero and to maximize positive quality the value perceived by the user. Negative quality has a finite

limit, a zero defect rate but there are no ceilings for positive quality. A product or service 'plus' can be added o a particular range of basic capabilities and prices, to increase the value for the user in terms of fitness for use or other areas that raise satisfaction.

The real area of competition in quality today is positive quality and that negative quality consequently has a secondary role. So, before a company can set out to compete in the quality arena, fist, of all it must make use of tools that help reduce defectiveness. Once the first hurdle of a structural reduction in negative quality has been overcome, the company will move into the vest competitive arena of positive quality.

1. Focus on Process Quality.

With the growing awareness that the quality of results (product or service quality and customer satisfaction) is determined by the quality of all contributing processes, it has gradually become clear that high quality processes not only generate high quality products and services and therefore customer satisfaction, they also enable companies to minimize costs and execution time, thus also enable generating the satisfaction of the supplier. Tito C. (1993:14) noted that process quality is more than product quality. It is the means while product is one of the results (effectiveness). The others are improved efficiency and the ability to adjust rapidly to change.

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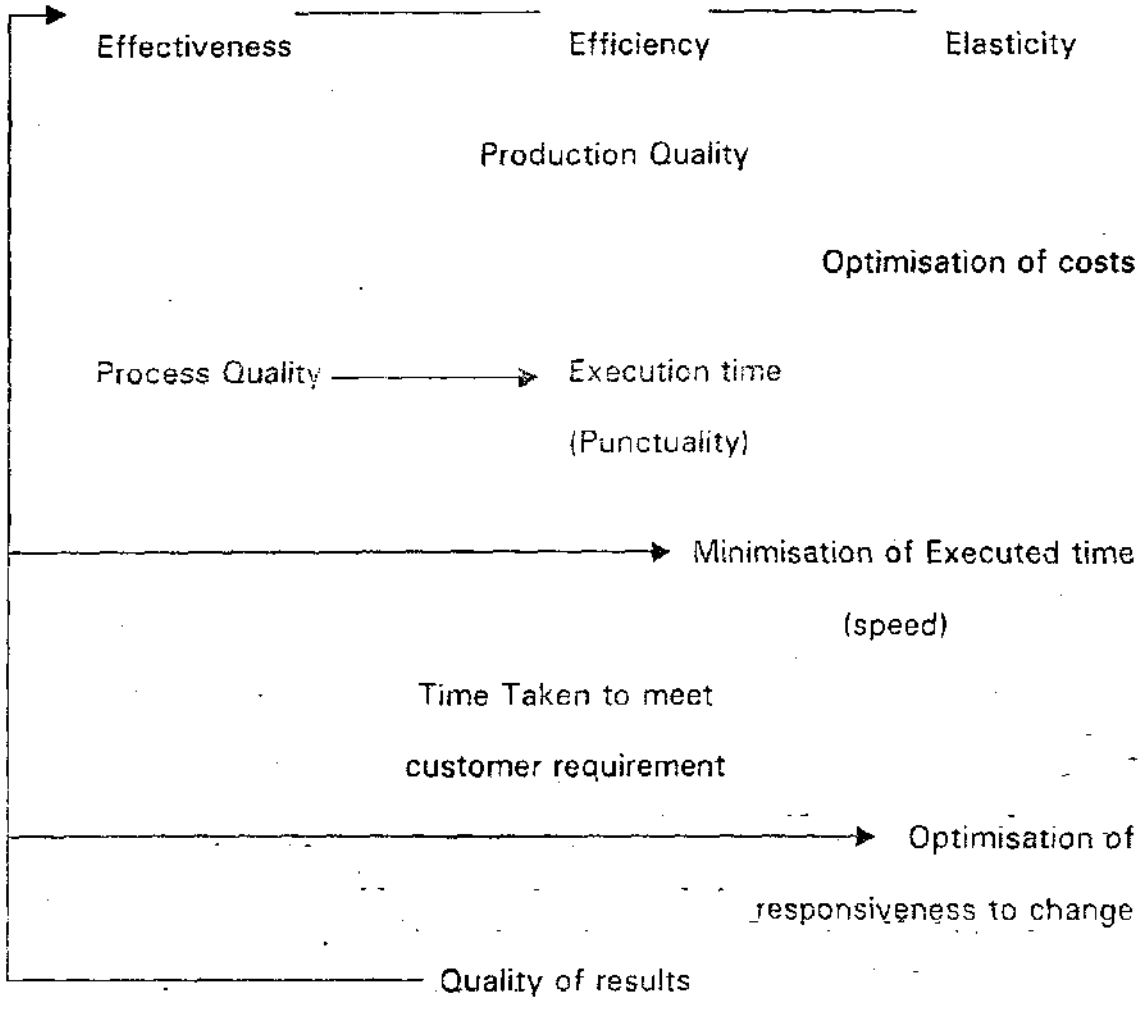


Fig. 2.2 - Relationship between process quality and the results of process results.

SOURCE - Tito C (1993:15)

The concept of quality applied to processes follows hierarchically from the concept of competitive quality in the list of the concepts of total quality not only because it constitutes the chief means of creating competitive quality,

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but also because it links the first fundamental goal-quality for the market - with the second, equally important goal of efficiency for the company.

According to him the process improvement approach therefore forces the management of an organisation to focus on the customer and to think in terms of processes rather than in terms of financed products or services because processes must be improved before we get improved quality and productivity. Focus on process improvement will also enable an organisation to identify and monitor process costs within particular aspects of the company business. Process orientation brings with it recognition that a process, product or service ever attains perfection and that wither the customer's expectations nor the quality of the competition remain static. The objective of an organisation is to constantly review. Its processes and eliminate causes of waster in time, money or material. By so doing, it keeps kaming its product or services better.

2. <u>The supplier - customer relationship inside the company</u>.

The idea or using the supplier-customer relationship as a model or the company's internal relationships was introduced by K Ishikawa (1985). The necessity of satisfying the customer is therefore dictated not by market laws, but by the realisation that a supplier-customer relationship (in the

modern sense of partnership, which provides advantages for both sides, not the old conflictual relationships) can enhance value and minimise the company's global costs. Clearly this type of partnership does not develop spontaneously in a company, it has to be supported by management.

Graham Brown et al. (1994:30) also pointed out that the supplier customer combination is particularly valuable when it is associated with the view of the company as a series of processes. Applied to processes, the supplier-customer relationship is a horizontal partnership because it tends to be between "equals" Evans (1995:30). This is one of the fundamental concepts of total quality because, if correctly applied, it helps create process chains that generate maximum value in the market at the minimum cost to the company. The supplier-customer approach also functions vertically through the hierarchical manager-staff chains. The managers acts as a supplier for the legitimate expectations of his staff: supplying clear goals and the means to achieve them; and so on. The staff members supply the manager with results, transparency, exhaustive information, respect for his role and so on.

3. Continuous improvement as a strategy

Continuous improvement was the first key total quality concept to emerge, at the beginning of the 1950s, thanks to the work of J. M. Juran (1954).

The concept is so central that many regard the term "total quality" as incomplete because it lacks a reference to continuous improvement and prefer to use the expression total quality improvement instead. Continuous improvement according to Walton M. (1990:13) is the basic tool for competitive quality, for the gradual elimination of defects (negative qualities) from products or services and the introduction of "pluses" that enhance value as perceived by the user. When applied systematically to process, continuous improvement also, helps the company gradually to identify and eliminate costs with no corresponding value for users, to reduce transit times and inventories, improve customer support services and accelerate capital turnover.

Juran J (1989:135) maintains that the following conditions are necessary to achieve useful improvement.

1. It must be planned.

2. It must be achieved project by project.

3. The breakthrough phase, which modifies previous balances, must be followed by a "holding-the-gains" phase when new standards are established to consolidate the improvement and prevent regression.

Okolie (LBS, 1995:15) listed seven structured steps used to implement the continuous improvement.

Step1	-	Identification of the Project.
Step 2	-	Current situation.
Step 3	-	Analysis of Causes.
Step 4	-	Solutions.
Step 5	-	Implementation.
Step 6	-	Standardization.
Step 7	-	Future plans.

2.4 Implementing Total Quality Management

The first problem a company faces when a decision has been made to implement TQM, is what model to adopt. This arises from the fact that the literature is full with different approaches of implementation TQM by various quality 'gurus.' As a general rule, whichever model is chosen must be tailored to suit the company. For example, a highly technical company employing many engineers say find Juran's (1989) approach far more appealing than the idealistic approach favoured by Deming (1986). A firm with an history of organisational development may find Crosby's (1984) organisational stage model culturally more comfortable. While a company where there is a general lack of quality awareness will be a particularly

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difficult challenge, could adopt elements of Crosby and Deamng approaches which have strong awareness building focus.

TQM MODELS

W. EDWARDS DEMING

Deming (91986:209) advocates a quality transformation through the application of the following fourteen points.

1. Create a constancy of purpose for improvement of products and services.

2. Adopt a new philosophy: poor quality is unacceptable.

3. Cease dependence on mass inspection. Don plan for defects instead improve process and prevent defects.

4. End the practice of awarding business on price tag alone.

5. Constantly and forever improve the system of production and services.

6. Institute modern methods of training on the job.

7. Institute modern methods supervising. Remove managerial style and practice barriers that keep homely workers from doing their work with pride.

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8. Drive out fear. People must be able to ask questions and express ideas.

9. Break down barriers between departments.

10. Eliminate numerical goals for the work force.

11. Eliminate work standards and numerical quotas.

12. Remove barriers that hinder homely workers.

13. Institute a vigorous program of education and training.

14. Create a structure in top management that will function everyday on the above thirteen points.

Joseph M Juran

Juran (1989:138) offers a three-point model:

1. Breakthrough projects.

- Accomplish a breakthrough in attitudes
- Identify the few vital projects
- Organise for breakthrough in knowledge
- Conduct the analysis
- Determine how to overcome resistance to change
- Institute the change
- Institute controls.

2. **Control Sequence**

   - Optimise the cost of quality
   - Establish the needed professional staff entity
   - Establish the feedback loop
   - Repeat the action cycle.

3. Annual Quality Program

   - Establish quality objectives
   - Maintain the initiative.

Philip B. Crosby

Crosby (1989:288) describes quality as conformance to requirements and in the very long run, "free" with the goal of zero defects. He believes that there are phases in moving towards a quality system.

1. Uncertainty. Quality is no recongnised as management tool.
2. Awakening. Quality is important, but action is put off.
3. Enlightenment. Quality problems are openly faced and addressed through a formal program.
4. Wisdom. Prevention is working well; early identification and correction are routine.
5. Certainty, Quality management is an essential part of organisation. Problems are infrequent.

Crosby (1984:25) also proposes a fourteen-point program for quality improvement.

1. Management Commitment.
2. Quality Improvement team.
3. Quality Measurement.
4. Cost of quality evaluation.
5. Quality Awareness.
6. Corrective action.
7. Zero-defect day.
8. Supervisor training.
9. Zero-defect day.
10. Goal setting.
11. Error cause removal.
12. Recognition.
13. Quality councils.
14. Doing it all over again.

2.5 Guidelines for TQM Programme Implementation.

Although, there are many approaches for TQM implementation, Okolie(LBS,1995:15) maintains that most programs adopt the following steps.

1. **Top Management Commitment and Leadership**

The Chief Executive Officer of the company and his Senior managers must not only give commitment to the programme but must lead it. To do this, they must have good understanding of the principle of TQM and the benefits to be derived through implementing the programme.

2. Impetus for Change

Having gained adequate knowledge about TQM, and being convinced about its benefits, the chief Executive and the senior executives have the responsibility of answering the question: why do we want to change they way we are doing things in this company. The answer to this question is crucial in setting the programme goals.

3. Programme Goals

This is what the TQM programme is aimed at achieving. Many TQM initiatives fail because companies have not clear goals and as such cannot obtain measurable benefits as the programme progresses. To avoid this costly mistake, it is the responsibility of the top management to carry out a diagnosis of the business operations in order to define the area(s) of focus. These could include improved performance in profitability, Improved customer service, increase in capacity, cultural shift, cost reduction or teamwork.

1. *Training*

Training is an essential requirement of the TQM implementation programme. A TQM awareness training will be given to all staff in the company. The aim of the awareness training will be to bring out the principles of TQM, the benefits, and the company's reasons for adoption the programme. The initial training services also the purpose of wooing the employees to accept the programme.

2. *Programme Design*

It is usually advisable to implement TQM principle in phases, starting initially with Quality Improvement Teams and expanding later to value Analysis, Quality Policy Development and finally to Quality in Daily work. This phased approach allows for better understanding and application of TQM by employees and helps to sustain the programme in the organisation.

3. *Programme Implementation*

For a successful implementation of TQM, there must be a structure for the management of the programme. The main features of the structure are the Quality Council, made up of the Chief Executive and Senior Managers, and responsible for quality policies; the Steering Committee made up of heads of departments is responsible for the actual running of the programme and the Quality Improvement Teams (membership includes any member of staff) which are responsible for the continuous improvement process. There are

two other roles, Coordinators and Facilitator, which are involved in the co-ordination of the various quality activities. A proposed TQM structure is given in Fig. 2.3

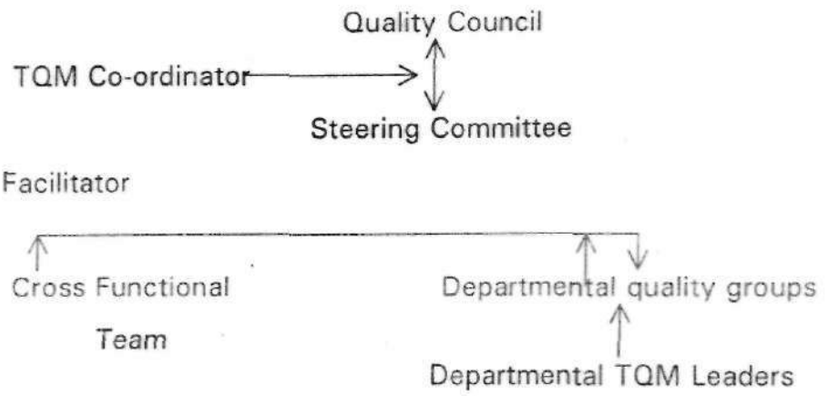


Fig. 2.3 - Proposed TQM Structure

SOURCE - Okolie (LBS, 1995:18)

4. ***Rewards and Recognition***

It is important to establish a reward and recognition system aimed at showing gratitude to employees that have made outstanding contributions in the continuous improvement programme. Some companies adopt rewards such as cash, gifts or paid holidays, while others emphasize more on recognising employees.

However, it is important to have well defined and clearly understood criteria for selection of recipients.

5. *Performance Measurement*

The successful implementation of the quality improvement process is usually based on the practice of "Management by Measurement." This is carried out by first establishing performance measurements or standards that are correlated to the desired end result and by regularly receiving the actual measurements against these standards. This practice enable an organisation to focus on those actions that are necessary to achieve those required improvement.

6. *Resistance to TQM Programme*

The central principles of TQM tend to challenge a long-held set of management beliefs and practices and will not, therefore, he quickly accepted by all the employees in any organisation. To management must work towards accommodating resistance by allowing the individual to acknowledge his or her doubts and then to satisfy them through education and training. With adequate education and incentives, this initial resistance is usually broken. One of the incentives often used to make participation in the TQM programme an important factor is staff appraisal and career development.

There is no one best way to implement TQM. A situation approach where the top management must carefully match their unique organisational environment to a customized TQM programme is the recommended route.

2.2 Developing System Implementation Tools

According to Mahoney F. (1994:164) different tools are needed for different phases of implementation.

The operations phase is made up of two parts. Part 1 involves creating a simple paper and pencil system that gets people comfortable with the quality management system model as a way of running the business, it involves planning the preliminary steps needed to carry out this phase. According to Mahoney F. (1994:165) the following steps must occur.

1. Communicate program objectives on a broad-scale basis.
2. Organise quality task forces or teams, training them as necessary.
3. Conduct quality management system training.
4. Introduce part one of the operations phase at lower levels.
5. Identify by name and by organising those who will take the lead in the initial system activities.
6. Notify those who are to be responsible and obtain their input before taking any further steps. Gather these key people at a meeting.
7. Publish the action plan.
8. Finally fund and otherwise resource needed activities.

If part one is well planned and the organisation sticks with the plan it will be relatively easy to move the quality management system into part two.

Part two involves the adoption of tougher changes, such as new human resources management approaches and more challenging measurement and reporting processes.

Caution: TQM installations won't work on a lockstep basis; each location has to be comfortable with its approach. Rigid over-emphasis on methods and procedures will kill creativity and destroy the use of common sense. Perigord M. (1991:39). Early Questions

As you take the first step towards implementing your quality management system, here are some things to think about:

- How can you most effectively create a bridge from the work that has gone into the master manual to the TQ Triad?
- The preparation and launch activities generated significant information about your organisation's present state with respect to quality system readiness and potential challenges. How can you make best use of the data?
- Is there a part of the organisation that should be considered to pilot the key concepts of the quality management system. What considerations would go into your choice?
- What experience have you had with organisational changes that rely extensively on ad hoc groups (e.g. task forces) to carry out important responsibilities? Was the experience positive or negative?

TOTAL QUALITY TRIAD SPECIFICS

Graham Brown et. al. (1994:87) identified three areas of TQM triad and they are TQ management, TQ Metrics and TQ Meetings.

1. TQ Management

TQ Management is a publication containing the vision, philosophy and direction of the quality management system. It contains specific organisational targets, quality system leadership, project or activity selection, customer concepts (internal and external customers), continuous improvement approaches, statistical quality control concepts, benchmarking mechanisms and economic demands and opportunities.

2. Total Quality Meetings

A major tool for bringing to fruition the desired situation described and targeted in the Master Manual. It provides about half day working meetings with a focus on communication, planning, training and procedures. The dimensions to be influenced in the TQ meeting process are:

- Continuous Improvement of quality management procedures and quality practices.
- Choice of optimum standards and measures for task force/team use.
- Analysis of effectiveness of organisational culture and custom including leadership effectiveness and human resources involvement and empowerment.

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3. *Total quality Metrics*

To metrics include introduction, forms checklists and schedules that identify and measures, track progress and enable evaluations to be performed. It is also major tool for bringing to fruition the desired situation described and targeted in the master manual.

2.2 Benchmarking - A Strategic Tool

Benchmarking is essential for the conversion of strategies into realizable goals. Any organisation should be conscious of its mission, what it seeks to achieve and what mechanisms it uses to make sure its plans are on course. Zairi et. al. (1994:44-45) noted that the development of a benchmarking strategy has to start with:

- The purpose of the organisation - the reason it is in the market place.
- A set of values - what the organisatiion believes in and its guiding principles.
- A mission/vision - defining the role of the organisation and what is seeks to achieve.
- Objective.
- Action plans leading to desired business results.

Benchmarking is the best tool for introducing improvement into the strategic planning aspects of any organisation and for using TQM as a competitive

KASSIM IBRAH...

weapon. It brings about the discipline of ensuring that the strategic goals are attainable and that there is a story link between the ends and the means. Through the effective use of benchmarking in strategic planning, organisations can achieve short and long-term targets of competitiveness. Camp R. 1989:45) noted that at an operational level, benchmarking can ensure that core activities or processes are managed to produce quality and benefits for the end customer. Strategic planning should not be concerned with the development of defensive policies but should be used to establish superior performance standards. Benchmarking provides intelligence, information, data and knowledge for senior manager to encourage them develop plans that will lead to better performance standards.

Benchmarking is reciprocal and it about a win/win situation with the partners. Data and information exchange has led to mutual benefit and that there is a positive change within the various partner organisations.

Who should do the benchmarking exercise?

Camp R. (1989:46) noted that the teams selected for doing the benchmarking having communication skills, a thorough understanding of the business lines, the direction of the business and the strategies concerned.

They must also have a thorough understanding of their markets and the changes in their markets and more importantly a very good understanding in

management terms. They also have to be individuals who are committed to the change and who will produce an action plan; a strategy for closing gaps and changing areas of the processes where best practice has been captured. Having a through understanding of the process route, how it is operated, controlled, managed, its outcome and the link with other processes and with the strategic thinking will help to decide on the design of the questionnaire and the right questions to ask.

2.2 Benchmarking and TQM - a Positive Link

The chicken and egg situation: What should come first, TQM or benchmarking? Many organisation will admit that they have not really embark on the introduction of TQM and because of this they say that benchmarking is not a practice for them. However, according to Camp R. (1989:191) there is a great inter-dependency between TQM principles and benchmarking: in fact, they are an integral part of one another and as such one could trigger the birth of the other.

Having TQM in place will enable organisations to use the art of benchmarking. There is no reason why starting benchmarking should not trigger the introduction of TQM on a wider basis.

Benchmarking is not a process where success is achieved in one leap. It is about incremental change and the gradual process of moving from

continuous improvement to continuous learning. There are two aspects to benchmarking. One is positive quality where the exercises would determine that there is a positive gap between organisations and their competitors, in this way, benchmarking will enable organisations design strategies to maintain the advantage to sustain that level of superior performance. The second aspect to it is in favour of the organisation themselves but their competitors.

Using Total Quality Management principles and problem solving techniques the gap can be closed gradually to put the organisations at the same level as their competitors.

CHAPTER THREE

METHODOLOGY

3.1 RESEARCH DESIGN

This is an in-depth study of the concept of Total Quality Management as it relates to the banking industry with First Bank of Nigeria Plc as a case study.

A four-year period of implementation of TQM at FBN from 1997 – 2000 was considered. The approach of this study was based on:

1. Financial Measures/profitability.
2. Measure of successful implementation of TQM.
3. Measure of customer satisfaction.

3.2 DATA COLLECTION

Secondary Data

Financial Measures: -

The secondary data of four-year Annual Financial Report from 1997 to 2000 was considered with special focus on the effect of TQM on Gross Earnings, Earnings per share and profit after tax. The trend analysis was to determine the strength over the years.

Primary Data

Measure of successful implementation of TQM.

Organisations that are armed with the knowledge of the factors that have the biggest impact on TQM success can take steps to influence or change these factors. To study the level of successful implementation at FBN, primary data was generated from the employees of FBN by administering questionnaires to all categories of staff from top management to junior staff level.

Customer Service Satisfaction

Another questionnaire directed to customers of FBN was also used to source primary data for the determination of level of satisfaction enjoyed by customers of the bank. The questionnaire was administered in the three branches of the bank in Lagos situated at Marina, Broad Street, Kano and the Kaduna Main Branch. The customers interviewed were both individual and corporate customers randomly selected from the above branches. Out of 120 customers were given the questionnaire, 100 returned theirs.

3.3 INSTRUMENTS OF THE STUDY

The four-year financial report shown in Appendix I was used for Trend analysis of the financial performance of the company during these years of implementing TQM.

Two questionnaires were used. The first questionnaire as shown in Appendix 2 was used for the assessment of whether TQM has been

successfully implemented at FBN or not. This questionnaire was directed to the staff. It was designed to elicit information from the respondents on the five factors that play a critical role in the successful implementation of TQM: Threat, commitment, plans, progress and strategy.

The second questionnaire in Appendix 3 was designed to elicit secondary data from the customers of FBN to respond to our ratings questions. The questionnaires sought to gather information from customers on how they rate quality of service from FBN and evaluated the responsiveness of FBN to their problems.

3.4 MEASUREMENT AND INDEX CONSTRUCTION

Measurement of Successful Implementation

Based on the five factors mentioned above, FBN staff can easily assess the degree of success of their TQM effort. The questionnaire in Appendix 3 consists of a series of 40 statements divided into 5 categories to correspond to the five factors. Each of the categories is weighted according to each factor's importance in determining the success of the TQM effort.

The number of questions in each category therefore corresponds to the percentage of weight given to the factor as shown below:

Threat	30%
Commitment	25%

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Plans	10%
Progress	15%
Strategy	20%

Members of staff were urged to respond to the statement in each category by indicating the extent to which they are true or false for FBN. A 5-point scale is used ranging from 5 = strongly agrees to 1 = strongly disagree.

Measurement of customer satisfaction.

The customer satisfaction survey asked respondents to rate the quality of FBN's services on a 5-point scale ranging from 5 = excellent to 1 = very poor.

Customer satisfaction was measured on 10 dimensions viz:

- Statement Timeliness
- Processing of Documents
- Draft Request
- Credit Facility
- Complaints Resolution
- Ease of Correspondence
- Granting Temporary Facility
- Returned Cheques Processing
- Cash Management Services
- Daily Confirmation of Balances.

CHAPTER FOUR

DATA ANALYSIS

4.1 GENERAL EXAMINATION OF DATA

Or analysis started with a thorough examination of the financial statements for the four years under consideration. We then proceeded to compute scores and then averages to enable us determine final scores for the measures of successful implementation of TQM and customer satisfaction. These derivatives were pieced together to deduce the effect of TQM on the performance of First Bank of Nigeria Plc.

4.2 TREND ANALYSIS ON FINANCIAL STATEMENTS.

The four year financial summary (Appendix 1) shows a sky-rocketing growth for the company, while figures for 1991 may not be realistic for a tread analysis because TQM had just been introduced in October 1992 and the figures were just for 5 months of operation.

We could deduce from Gross Earnings figures for 1992 – N153 million and that of 1994 – N1.3 billion, a leap of 736% over the 1992 figure. When this is adjudged against the background of adverse economic weather, one could realise the basis for a well deserved accolade from the Chairman when in his 1994 address of the AGM opined that "your Bank has evidently earned

the respect and trust of its numerous competitors and customers alike." (Agbaje, 1994 – 5).

4.3 MEASURE OF SUCCESSFUL IMPLEMENTATION OF TQM

A sample size of 80 staff of FBN picked at random from four branches cut across junior, middle level management and top management level responded to our questionnaires of Appendix 2. We determined overall scores for each respondent and then determined the mean of scores for the different cadres of staff. For explicity, to calculate the overall scores for each respondent, we found the subtotal scores for each of the five categories and added the five subtotals together.

To determine the mean of scores for each cadre of workers, we added total score of the respondents in the cadre and divided by the number of respondents. Results obtained for each of these classes of workers is detailed in Appendix 2A.

INTERPRETATION OF RESULTS

The following scale was used for interpreting scores:

200 – 160	-	The organisation's TQM effort is outstanding and there is very little chance that the effort will be abandoned.
159 – 130	-	The organisation has an advanced TQM approach

and it is likely that the effort will continue.

129 – 90 - There is evidence of some commitment. Either the organisation is in the early phases of the implementation or feeling the presence of threatening circumstances. These threats probably will provide the motivation to continue with the effort.

89 – 50 - Commitment is beginning to take hold in some parts of the organisation, but there are few threats to motivate the effort. The chances your organisation will drop the TQM effort within the next few years are greater than 50 percent.

40 – 0 - Your organisation's effort is doomed to failure, unless major changes are made in the approach, commitment is obtained for some senior managers or the business situation changes.

The major purpose of this segment of our survey is to create awareness. Factors that impact likelihood of success with TQM and provide an indication of where an organisation stands are annualised. Surprisingly, the different cadres of staff vary in their perception of the level of success in the implementation of TQM at First Bank of Nigeria Plc.

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For top management, with a mean score of 171, the feeling is that the TQM effort is outstanding and there is very little chance that the effort will be abandoned. With the staggering growth rate shown in our trend analysis, no Director of General Manager at FBN will not make TQM a way of life.

The management cadre however varies in its perception. With mean score of 122, they seem to believe that though there is commitment, the organisation is still in the early phases of implementation. This augurs well for the organisation. Management staff who will tomorrow become top management staff have not lost steam. They do not see the laudable achievement as anything near the peak. What is making wave in the industry is still at its rudimentary stage. They are so futuristic in their perception that tomorrow the growing presence of threatening circumstances will provide the motivation to continue with the effort.

The middle level staff had a mean score of 150. They see FBN as having an advanced TQM approach and it is likely that the effort will continue. These are the floor officers who enforce all the nitty gritty of the TQM effort on daily basis. Figures aside, it is good omen for the piloters of an innovation to see their organisation in an advanced stage if not in the forefront, never leaving a chance for others to overtake them.

The junior staff had a mean score of 87. They do not have enough conviction that FBN will continue the TQM fir a very long time although they believe that there are some commitments in some parts of the organisation. It is evident that for this group, training, which is very frequent at FBN is required to orient this cadre of staff to believing in the likelihood of a not-too-far-fetched success.

It is noteworthy that the overall mean of mean scores is 131 based on strong scores from threat and commitment areas. The latter variables hold a great future for any company because it is much harder to implement TQM effort if business is good and customers are happy. Of the five factors that impact the probability of TQM implementation, threat is the most powerful. For example, Xerox, the inventor of photocopy technology, found cannon and other Japanese competitors could sell copier machines for the leadership of CEO - David Kearns, the company implemented a TQM approach that is credited with turning the situation around and restoring the company's financial health.

Although commitment is linked to threat, the presence of a threat is not required for commitment. Along a continuum, a 100% level of commitment to TQM means commitment both intellectually and emotionally – in words, thought and deeds, 75% level – strong intellectual commitment, 50% compliance only, 25% - lip service and 0% - no compliance or commitment.

Most of FBN staff, by their scores showed higher indices of commitment to the TQM effort. It is only with high level of commitment that TQM principles can be imbibed and later put into practice.

4.4 MEASUREMENT OF CUSTOMERS SATISFACTION

For easy analysis, we have a batch of identical responses in 10 categories. Each of these categories comprises of ten respondents with similar responses.

The average scores for each of the responding customers was determined and the mean of mean scores ascertained. The overall mean score of 3.75 on a 5 point scale means 75% level of customer satisfaction with regards to the 10 dimensions of service rendered to customers.

Although the key to any good customer satisfaction measurement system is to use different measurement instruments and methodologies to get a well-rounded view of how customers feel about services, the summary statistic from customer rating is a quick indicator to the fact that customers leave the premises of FBN at the end of transaction feeling that indeed, a great partner than others nothing short of service efficiency has been encountered in the pursuit of success.

CHAPTER FIVE

SUMMARY

Our study centered on the determination of the effect of TQM implementation on the performance of First Bank of Nigeria Plc.

To give direction to the purpose of this research; measures of financial performance, level of implementation of TQM at FBN and customer satisfaction were determined from field survey.

In order to give insight into the nature of its activities, before delving into the work, the study gave brief narration on the history, the organisation structure and the performance of FBN.

The work then gave the research objective, the scope, the relevance of the study before outlining the limitations. The literature review delved fully into the origin and evolution of TQM, the implementation techniques and benchmarking before relaying the multifarious benefits of TQM.

Basic data were collected from primary and secondary sources. While data for the measurement of successful implementation was collected through questionnaires directed to the staff of FBN, data for the determination of

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customer satisfaction level was sourced through questionnaires issued to customers of FBN.

Secondary data necessary for Trend Analysis of financial performance was sourced from the company's financial statements for 4 years – 1997 – 2000. While trend analysis was used in the 4 year financial report, summary statistic and scores were used to decipher the level of successful implementation, the level of customer satisfaction as perceived by the staff and customer of FBN respectively.

5.2 CONCLUSION

We thus observed from the research that indeed the implementation of TQM at First Bank of Nigeria Plc has been successful. Be that as it may, the management is not relenting but feels that there are so much to accomplish in an environment where threats keep mounting.

Quality plays a definite role as a means of gaining competitive advantage in business operations. The Japanese used the concept successfully to achieve their post-war industrial revolution.

Their goods and services are today leaders in the world markets. Since the 1980s, the companies in Europe and America have embraced TQM as a means of improving business performance as well as compete effectively

with their Japanese counterparts. With the advent of deregulation of the Nigerian economy and the consequent free flow of goods and services across the borders, local companies are facing stiffer competition that at any other time in history. Export opportunities about but are dependent on the supply of goods and services that can compete effectively with those available in the world market. Only those companies which are able to supply consistantly high quality goods and services on time and at the right price as well as manage their costs efficiently can survive.

There is, therefore, no better time for Nigerian companies to introduce the technique of Total Quality Management than now.

5.3 IMPLEMENTATION OF FINDINGS AND RECOMMENDATIONS

Successful TQM implementations do not happen by chance. Rather, it is by balancing the diverse elements of a business (customers employees, work processes and shareholders) and aligning them to achieve strategic organisational goals. However, the presence of threats in the environment and intellectual and emotional commitment of management and staff alike are inimical to its successful implementation.

While not giving undue credence to the result of this survey because it is not based on empirical research and validated instruments, our findings of TQM – linked performance at FBN would be in line with the 1991 general report

of the United States government General Auditing Office (GAO). The GAO concluded that companies that adopted quality management practices experienced on overall improvement in corporate performance. The key results were as follows:

Enhanced Financial Performance:

Improved Profitability and Increased Market Share.

Improved Operating Procedures:

Improved quality and lower costs; increased reliability and on-time and cost quality.

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Better Employee Relations:

Increased Job Satisfaction, Improved Attendance, Decreased employee turnover.

Greater Customer Satisfaction:

Improved ratings, increased overall quality perceptions and customer retention and decreased complaints.

It is therefore, recommended that each organisation should develop its quality practices in a unique environment with its own opportunities and problems bearing in mind the widely applicable features of TQM – Customer

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APPENDIX I

FOUR YEAR FINANCIAL SUMMARY YEAR ENDED 31ST MARCH.

	2000 N'000	1999 N'000	1998 N'000	1997 N'000
Gross earnings	22,186	13,188	9,778	7,440
Profit before taxation	5,767	4,288	2,835	1,385
Profit after taxation and minority interest	4,502	3,198	1,875	1,119
Earnings per share	346K	308K	180K	167K
Dividend per share	125K	100K	100K	50K
ASSETS:				
Cash & short-term funds	78,158	61,210	44,823	33,915
Bills discounted	57,314	15,032	10,353	16,127
Investments	1241	231	227	176
Loans and advances	38,360	34,235	28,429	17,108
Other assets	10,979	19,895	12,776	5,122
Equipment on lease	934	924	878	569
Fixed assets	7758	6342	4932	4,252
TOTAL ASSETS	194,744	137,869	102,418	77,269
LIABILITIES				
Deposit and current account	138,003	89,868	70,698	58,214
Taxation	1,281	1,074	959	356
Other liabilities	39,444	34,418	20,299	11,681
	178,728	125,360	91,956	70,251
NET ASSETS	16,016	12,509	10,462	7,018
Shareholders fund	15,265	11,887	9,898	6,759
Minority interest	751	622	564	259
	16,015	12,509	10,462	7,018

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BALANCE SHEET
AS AT 31 MARCH, 2000.

	2000	The Co. 2000	1999
ASSETS	**N'm**	**N'm**	**N'M**
Cash & short term funds	78,158	76,652	60,150
Bills discounted	57,314	49,805	11,270
Investments	1,241	491	445
Loans and advances	38,360	34,981	31,668
Other assets	10,979	10,933	19,549
Equipment on lease	934	244	340
Fixed assets	7,758	7,447	6,081
	194,744	180,553	129,503
LIABILITIES			
Deposits and current accounts	138,003	127,230	84,531
Taxation	1,281	1,103	910
Other liabilities	39,444	37,701	32,755
	178,728	166,034	118,196
CAPITAL AND RESERVES			
Called-up share capital	650	650	520
Capital reserve	2,100	1,893	1,893
Statutory reserve	2,376	1,954	1,322
Exchange difference reserve	2,726	2,726	2,109
General reserve	4,871	4,754	2,954
Bonus issue reserve	163	163	130
Core capital	12,886	12,140	8,928
Fixed assets revaluation reserve	2,379	2,379	2,379
Shareholders' funds	15,265	14,519	11,307
Minority interest	751	14,519	11,307
TOTAL LIABILITIES	**194,744**	**180,553**	**129,503**
Contingent liabilities and other obligations on behalf of customers and customers liability thereof.	36,673	35,040	10,099

The following questions are designed to elicit information from the staff of First Bank of Nigeria Plc on the implementation TQM. They are for research purposes only. We therefore, solicit your co-operation and will sincerely appreciate your early return of the completed questionnaire. Please circle as appropriate:

S/NO.		5 Strongly Agree	4	3	2	1 Strongly Disagree
	Threat					
.	Our market share has been shrinking over the last few years, while the market share of some key competitors has grown.	5	4	3	2	1
.	If we don't make some dramatic changes to improve the quality of our products/services, we may be out of business in five years.	5	4	3	2	1
.	We have lost several major customers or accounts over the last few years because of quality related issues.	5	4	3	2	1
.	Customers perceive our products/services to be inferior to some of our competitors' products/services	5	4	3	2	1
.	Most employees here are concerned about keeping their jobs because the company's product/services are not as good as they used to be.	5	4	3	2	1
.	The executives in this organisation are very frightened and are willing to take some major risks to get this					

	company back on tract.	5	4	3	2	1
7.	We have studied some of our competitors' product/services, and they are of better quality than ours.	5	4	3	2	1
8.	Our sales and profits have declined over the last few years.	5	4	3	2	1
9.	Our problems with quality are not limited to a few products/services, but they include most of our products/services.	5	4	3	2	1
10.	Our quality performance record shows that we are getting worse, not better.	5	4	3	2	1
11.	We no longer feel our company is invincible.	5	4	3	2	1
12.	We can't afford to spend three to five years implementing an improvement strategy – we need to do something now!	5	4	3	2	1
	Subtotal					
13.	**Commitment** Our CEO is completely committed to TQM on both an intellectual and emotional level.	5	4	3	2	1
14.	Our CEO demonstrates commitment to TQM on a day-to-day basis through behaviour and decisions.	5	4	3	2	1

15.	Every one of the executives reporting to the CEO is as committed to TQM ad the CEO.	5	4	3	2	1
16.	The executives demonstrate commitment to TQM by the amount of time they spend with customers, suppliers and employees.	5	4	3	2	1
17.	The executives demonstrate commitment to TQM through the amount of resources they devote to this effort (people, budget, and the like).	5	4	3	2	1
18.	The number one priority in the company is improving customer satisfaction – its even more important then sales or profit.	5	4	3	2	1
19.	All of our middle managers are committed to TQM on both an intellectual and emotional level.	5	4	3	2	1
20.	Employees in all functions and at all levels are strongly committed to TQM in their heads and hearts.	5	4	3	2	1
21.	Managers and executives who refuse to support TQM will not be allowed to stay in our organisation.	5	4	3	2	1
22.	Layoffs or other cost-saving measures have not and will not, cause us to cut back on our efforts to improve quality and customer satisfaction.	5	4	3	2	1
	Subtotal					

	Plans					
23.	Our organisation has conducted a thorough overall assessment using well-established criteria, such as ISO 9000 or Baldrige.	5	4	3	2	1
24.	Our organisation has developed a detailed long-term plan for the implementation of TQM.	5	4	3	2	1
25.	The plan for implementation of TQM is comprehensive and thorough, but is does not attempt to do too much too quickly.	5	4	3	2	1
26.	We have developed goals for key results, such as customer satisfaction and quality, rather than goals for activities, such as number of teams or number of training programs conducted.	5	4	3	2	1
	Subtotal					
	Progress					
27.	TQm is not a program or an initiative in our organisation. It is the way we run our organisation on a day-to-day basis.	5	4	3	2	1
28.	We must make major changes to the systems in our organisation to help facilitate the implementation of TQM.	5	4	3	2	1
29.	We have been working hard to implement TQM for at least three years.	5	4	3	2	1

30.	The problem-solving teams we formed have achieved results that at least double the amount of the organisation's investment.	5	4	3	2	1
31.	Every employee in our organisation has been trained on the basic skills needed to improve quality and customer satisfaction in their own jobs.	5	4	3	2	1
32.	We have involved our customers and supplier in our quality improvement efforts.	5	4	3	2	1
	Subtotal					
	Strategy					
33.	We have not created a hierarchy of committees that are responsible for implementing TQM.	5	4	3	2	1
34.	The implementation of TQM is the responsibility of all managers and employees.	5	4	3	2	1
35.	The executives in this organisation are leading the TQM effort and have not delegated this responsibility to a quality VP or a consulting firm.	5	4	3	2	1
36.	TQM is being implemented in all the organisation's business units and facilities.	5	4	3	2	1
37.	There is a clear relationship between our long-term business goals and our TQM strategies.	5	4	3	2	1
38.	TQM is being implemented in all support functions, such					

	as finance, human resources, and the legal department.	5	4	3	2	1
39.	We have made changes in our organisation structure to facilitate empowerment and implementation of TQM.	5	4	3	2	1
40.	Our approach to implementation of TQM has not resulted in more paperwork, more committees, more meetings, and in general, more bureaucracy.	5	4	3	2	1
	Subtotal					

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APPENDIX 3

Please rank First Bank of Nigeria Plc on the following issues relating to customer service. These questions are for research purposes only. Thank you for your co-operation.

5 - Excellent

4 - Very Good

3 - Good/Fair

2 - Poor

1 - Very Poor

(Please circle one)

	Ratings				
Statement Timeliness	1	2	3	4	5
Processing of Document	1	2	3	4	5
Draft Request	1	2	3	4	5
Credit Facility	1	2	3	4	5
Complaints Resolution	1	2	3	4	5
Ease of Correspondence	1	2	3	4	5
Granting Temporary Facility	1	2	3	4	5
Returned Cheques Processing	1	2	3	4	5
Cash Management Services	1	2	3	4	5
Daily confirmation of balances	1	2	3	4	5