

QUALITY MANAGEMENT



The Implementation of Quality Management System in the Banking Sector of Bangladesh

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Abstract

QMS, which stands for Quality Management System, has become a popular term in the modern era, suggesting that quality can be effectively managed in all aspects of a company's operations. By implementing QMS, organizations strive to enhance their performance by developing a well-defined service system. This study focuses on evaluating the current state of QMS implementation in the banking sector of Bangladesh. A comprehensive literature review was conducted to explore the theoretical and practical aspects of QMS implementation. Furthermore, primary data on performance and QMS implementation were gathered through a questionnaire distributed among managers and senior personnel from various banks in the country. Within the banking sector, ensuring high-quality service is a major concern. Poor service quality can have detrimental effects on a bank's reputation, resulting in significant costs. Consequently, the banking industry in Bangladesh has undergone various changes aimed at improving service quality, driven by increased competition. Key factors critical for successful QMS implementation were identified, including leadership, management style, communication, education, and training. To validate the research assumptions, null hypotheses were formulated and tested using parametric

and non-parametric tests. The surveyed banks have implemented robust systems for information and personal practices. The concept and tools of QMS are well-established in both academic literature and traditional banking environments. To promote awareness and understanding of QMS, it is recommended that banks organize seminars and workshops at the branch level for their employees.

Key Words: Quality Management System, Commercial Bank, Banking Service and Implementation.

1.0 Introduction

A Quality Management System (QMS) is a system that documents the policies, procedures, and controls necessary for an organization to create and deliver high-quality products or services to customers, and therefore increase customer satisfaction. Here, 'Quality' is the bank's conception of quality and the methodology of doing 'quality', 'Management' is the bank's strategy plan on quality integrated and aligned with its vision of quality and 'System' is how the bank's strategy, culture, structure, rewards, behavior, etc. support its own model of quality. Examples of QMS are ISO 9001, Six Sigma, and Total Quality Management (TQM). All of these quality management models provide organizations with a framework that they can use to design a quality management system that is unique to their given industry or organization. The success of an organization depends on the quality, caliber, behavior, knowledge, skills, competence, motivation, understanding, and character of the people working in the company. Financial institutions have undergone intense competition and a change in customers' expectations over the last few years (Cheng et al., 1996). Economic globalization has brought about a reversal in consumer habits for banking services, which in turn affect these customers' assessment of the financial services and products offered (Longo and Cox, 1997). The banking sector follows this new trend in management which leads to an improvement in both services and products. Melidonioti and Gotzamani (2007) have mentioned that the intense competition among banking companies, along with the customers' demands, which have turned them towards the implementation of quality management system.

Relative to the size of its economy, the banking sector in Bangladesh is comparably larger than many

economies of similar levels of development and per capita income and access to banking services for the population has improved in recent decades. In the early 1990s, the banking industry underwent a significant change that forced top management of the industry back to the drawing board to find new ways to compete. They learned that customers were willing to pay a price premium for products and services that consistently met high standards of quality.

However, management must be able to recognize that QMS will not happen by accident and implementing it requires proactive management, as it involves people, systems, and supporting tools and techniques. Despite being a recent phenomenon, QMS is essential in the banking sector as it has evolved as a management concept out of the need for continuous quality improvement, increased profitability, and survival in the face of competitive challenges in the industry.

2.0 Rationale of the Study

Research plays a crucial role in addressing various operational and critical challenges faced by businesses and industries. In response to the need for compliance with corporate governance and industry best practices, numerous quality management service reform initiatives have been implemented worldwide. These initiatives offer significant benefits to both the banking industry and government authorities in terms of effective administration. The findings of this study hold immense importance for the stakeholders of banks. Specifically, the study will provide the following benefits:

Implications for QMS improvement in banks: The study will offer valuable insights and recommendations for enhancing the Quality Management System (QMS) in banks, enabling them to implement effective reforms and improve their service quality.

Broadening bankers' knowledge of QMS: The study will contribute to expanding the understanding and knowledge of bankers regarding QMS principles and practices. It will help them gain a deeper insight into the benefits and implications of QMS implementation in the banking sector.

Source of reference material: The study will serve as a valuable reference source for bankers, students, researchers, government officials, and university libraries. It will provide a comprehensive overview

of QMS implementation in the banking industry, offering relevant information for further research and academic exploration.

Overall, the findings of this study have significant implications for enhancing QMS practices in banks, enriching the knowledge of bankers, and serving as a reliable source of reference for various stakeholders in the banking sector and beyond.

3.0 Objective of the Study

The main objective of the study is to present the state of practicing and implementing QMS in the banking sector of Bangladesh. The following are the specific objectives of the study:

- (a) To examine managerial perceptions of the QMS implementation in the Banks of Bangladesh;
- (b) To assess the level of managerial satisfaction with the currently operating QMS;
- (c) To compare and contrast the QMS implementation in different size of banks.

4.0 Literature Review

Quality Management System follows seven key principles, which are: customer focus, leadership, engagement of people, process approach, improvement, evidence-based decision making and relationship management. Every service-oriented organization contains a certain number of interrelated processes, which are ultimately important for the quality product or service. The quality of service of a bank at the present time has become a prerequisite for economic efficiency and a major driving force of the activities of successful business organizations. The literature on the QMS is surprisingly sparse, given that it has now become a core part of the service of commercial banks in Bangladesh. There are four types of quality processes which are prominent in many industries: ISO 9001, AS9100, Six Sigma, and CMMI. Choosing one depends on its fit to the industry and the understanding of the particular QMS by both employees and customers. The International Standard ISO 9001:2015 specifies requirements for a quality management system when an organization: (a) needs to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, and (b) aims to enhance customer satisfaction through the effective application of the system, including processes

for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

Gronroos (2000) defined service as, “a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/ or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems”. Service quality was a many-sided concept consisting of five dimensions: reliability, assurance, tangible, empathy, and responsiveness. Reliability refers to the ability to perform the promised service dependably and accurately; assurance refers to the knowledge and courtesy of employees and their ability to convey trust and confidence; tangible refers to the appearance of the physical facilities, equipment, personnel and communication materials; empathy refers to the provision of caring, individualized attention to customers; and responsiveness refers to the willingness to help customers and to provide prompt services (Parasuraman et al., 1988). Boulding et al. (1993) considered service quality to be performance-based and hence take perceptions rather than expectations, as they are of departure in developing their dynamic process model. The behavioral consequences of service quality mediate between service quality and the financial gains or losses from the retention or defection. When customers’ perceptions of service quality are high, the behavioral intentions are favorable, which strengthens their relationship with the organization (Zeithaml et al., 1996). Angur et al. (1999) examined the applicability of alternative service quality measures in the Retail Banking industry in India. They conducted their research on the consumers of two major banks in India. They used SERVQUAL model to measure the overall service quality. They found that all the dimensions are not equally important in explaining variance in overall service quality. Douglas and Judge (2001) explored the relationship between the degree to which total quality management (TQM) practices were adopted within organizations and the corresponding competitive advantages achieved. Edwards and Smith (2001:12) revealed that customer care programs, action terms and improved communications were the first step; the next step in maintaining the competitive edge was the establishment of quality performance standards, and

devising systems for measuring and monitoring their effectiveness. Tsang and Antony (2001:13) focused on eleven critical factors of quality management: continuous improvement, teamwork and involvement, customer focus, top management commitment and recognition, training and development, quality systems and policies, supervisory leadership, communication within the company, supplier partnership or supplier management, measurement and feedback and cultural change. Devlin (2001) pointed out as “customers perceive very little difference in the services offered by retail banks and any new offering is quickly matched by competitors.” Caruana (2002) developed a meditational model that links service quality and service loyalty via customer satisfaction and applied this model in the result banks in Malta. The results appear to prove the links between service quality, customer satisfaction and customer loyalty. Olabode (2003) revealed that bad management is indisputably a major factor for distress. He also examines the gains of application of total quality management in the service industry with particular reference to the commercial banks in Nigeria and also to see how the application of TQM can prevent future threats of distress in commercial banks.

Jamal and Naser (2003) stated that service quality is the antecedent of customer satisfaction. However, they found that there is no important relationship between customer satisfaction and tangible aspects of service environment where, as Prabhakaran (2003) mentioned that the customer is the king, and high customer satisfaction is important in maintaining a loyal customer base. Chaoprasert and Eley (2004) found that at the retail level, service quality is a key factor in consumer satisfaction with his or her bank. Gupta (2005:45) proposed a conceptual model may be developed that may be used in understanding the relationships between sustaining structures of total quality service. The research also proposed a conceptual model that may be used in understanding the relationship between sustaining that support the total quality service (TQS) philosophy and customer satisfaction. Siddiqi ((2011) revealed that there is an interrelationship between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. Uddin and Akhter (2012) observed that there is an indirect influence on customer satisfaction through perceived value, i.e. perceived value has mediating role between quality,

charge fairness and satisfaction. Bank managers are recommended to formulate operations and marketing strategies that focus on desires of customers to enhance level of satisfaction. Rahman and Siddiqui (2006) revealed that top management support as the perceived benefit for implementing TQM. They also state that TQM philosophy is based on top management commitment, benchmarking for problem solving etc. Haque et al. (2014) analyzed Bangladesh, being a Muslim country needs to expedite its Islamic banking services to uphold its Islamic values. The study aimed to provide a deeper understanding of the applicability of TQM in the Islamic banking sector in Bangladesh by identifying and matching as well as comparing (the successful implementation of) the unique factors that affect the applicability of TQM in Malaysian Islamic banks. Priya (2015) explained that public sector commercial banks are facing serious challenges from domestic and international market competition. Such reason is in their limited potential in adopting new managerial methods to cope with the current challenges in the business environment. Parshuram (2015) focused on the issues of application of the principles of Total Quality Management (TQM) to Service Industries, in general, as well as issues related to the training needs of the employees and other relevant concerns. In today’s world-class initiatives, employees need to be empowered in decision-making, either as a team or as an individuals. Empowered employees who are properly and adequately guided and trained, take decisions that help to achieve the vision of organization. Rahman et al. (2020) found that in this competitive era, it is a prerequisite for the financial firms providing banking services to understand and meet the customers’ needs and demands to remain competitive in today’s market environment. Without satisfying the customers, banking business cannot stand alone. To satisfy customers, it is often recommended to provide better quality banking services to the bank customers. Providing quality banking services has become a prime strategic tool for the banking sector nowadays. Gazi et al. (2021) have determined that customers’ satisfaction influenced by the quality of service and customer satisfaction leads to customer loyalty. In today’s competitive world, banks can gain a competitive advantage by providing superior services to their customers.

A comprehensive review of relevant literature has been conducted, primarily focusing on the Total

Quality Management (TQM) of services. Some studies have highlighted a correlation between the extent of TQM practices adopted within organizations and the resulting competitive advantages achieved. TQM involves assessing quality based on internal company criteria. In contrast, a Quality Management System (QMS) consists of procedures and tools designed to ensure excellence and adherence to customer and regulatory standards. However, the study has identified a research gap specifically related to QMS in the Commercial Banks of Bangladesh. This study aims to address and fill this research gap by providing insights into QMS implementation within the banking sector.

5.0 Research Methodology

5.1 Determining the Sample Size

There are several established approaches to determining the sample size. These are using a census for small populations, imitating a sample size of similar studies, using published tables and applying formulas to calculate a sample size (Israel, 2012). We consider the formula developed by Cochran (1963, p.75) to calculate the sample size is the most appropriate for our study.

The formula is as follows:

$$n_0 = \frac{Z^2 pq}{e^2}$$

Where, n_0 = Sample size;

Z^2 = Abscissa of the normal curve that cuts off an area α at the tails ($1 - \alpha$ equals the desired confidence level, e.g. 99%, 95% or 90%). In this study, we expect 90% confidence level. Thus, $Z^2 = 1.645$; p = the estimated proportion of an attribute that is present in the population. Since a proportion of 0.5 indicates the maximum variability in a population, it is often used in determining a more comprehensive sample size. As such, in this study we employ $p = 0.5$; $q = 1 - p$ or $1 - 0.5 = 0.5$; e = the desired level of precision or sampling error. The present study uses a 20% precision level.

Plugging the values in the formula, we find the sample size:

$$n_0 = \frac{(1.645)^2 (0.5)(0.5)}{(0.2)^2} = 16.91$$

For a finite population, an adjustment called the finite population correction is suggested as follows:

$$n = \frac{n_0}{1 + \frac{n_0 - 1}{N}}$$

Where, n is the sample size and N is the population size.

$$\frac{16.91}{1 + \frac{16.91 - 1}{66}}$$

13.62 or 14

Israel (2012) further argued that many researchers commonly add 10% to the sample size to compensate for persons that researcher is unable to contact. The sample size is also often increased by 30% to compensate for non-response. Thus, the desired sample size for the study would be:

$$n = 14 + (14 \times 10\%) + (14 \times 30\%) = 19.6 \text{ or, } 20$$

The distribution of the companies in the population and the sample are given in the table I:

Table I. Number of Samples and Population

Type of Bank	Population		Sample		Sample to Population
	No.	%	No.	%	(%)
State Own Commercial Banks	6	9%	2	9%	3.03%
Specialised Banks	8	12%	2	12%	3.03%
Private Commercial Banks	32	48%	10	48%	15.15%
Islamic Shariah Based Banks	8	12%	2	12%	3.03%
Foreign Commercial Banks	9	14%	3	14%	4.55%
Non-Scheduled Banks	3	5%	1	5%	1.52%
Total	66	100%	20	100%	30%

Table 2. Required sample size 14, is distributed on the basis of weighted average

Type of Bank	Population		Sample		Sample to Population
	No.	%	No.	%	(%)
State Own Commercial Banks	6	9%	1	9%	1.52%
Specialised Banks	8	12%	2	12%	3.03%
Private Commercial Banks	32	48%	7	48%	10.61%
Islamic Shariah Based Banks	8	12%	2	12%	3.03%
Foreign Commercial Banks	9	14%	2	14%	3.03%
Non-Scheduled Banks	3	5%	1	5%	1.52%
Total	66	100%	14	100%	23%

There are many banking companies in Bangladesh. Among them 14 banks are selected as samples for this study.

5.2 Statistical Tools used in the Study

Correlation Analysis is used to find out the significant relationship among the service quality of the banks. One-way Analysis of Variance (ANOVA) tests are used to examine the significance difference in the application of QMS elements among first, second and third generation banks. Chi-square test is used for the same calculations and the same probability distribution for different applications. Chi-square test for variance is used to determine whether a normal population has a specified variance. The null hypothesis is that it does. It is test of independence used for deciding whether two variables are associated or are independent. The variables are categorical rather than numeric.

6.0 Hypothetical Analysis

6.1 Hypothesis -1

To analyze and present the contribution of QMS in different types of banks, data were collected from the sample banks. Therefore, the proposed hypothesis for the study is:

H₀: There is no significant different in the application of QMS elements among first, second and third generation Banks.

The analysis of variance is used to test this hypothesis. The respective QMS elements are as defined below:

- A = Quality personnel.
- B = Computerization.
- C = Attitude of employees to work.
- D = Awareness of organizations objectives.
- E = Level of motivation.
- F = Participation indecision making.

Table 3. Calculation of QMS Elements

Banks	QMS Elements						Total
	A	B	C	D	E	F	
Sonali							
(1st Generation)	3	5	6	5	2	1	22
Prime							
(2nd Generation)	5	6	4	2	2	1	20
Mercantile							
(3rd Generation)	6	2	2	5	6	3	24
Total =	14	13	12	12	10	5	66

Here,

$$\begin{aligned}
 TA &= 14 & TB &= 13 & TC &= 12 \\
 TD &= 12 & TE &= 10 & TF &= 5 \\
 \Sigma T &= 66
 \end{aligned}$$

$$\text{Correction factor} = \frac{T^2}{N} = \frac{(66)^2}{18} = 242$$

$$SSC = \frac{14^2}{3} + \frac{13^2}{3} + \frac{12^2}{3} + \frac{12^2}{3} + \frac{10^2}{3} + \frac{5^2}{3} - \frac{(66)^2}{18} = 15.32$$

$$V = (c - 1) = (6 - 1) = 5$$

$$SSR = \frac{22^2}{6} + \frac{20^2}{6} + \frac{24^2}{6} - \frac{(66)^2}{18} = 1.34$$

$$V = (r - 1) = (3 - 1) = 2$$

$$\begin{aligned}
 SST &= (3)^2 + (5)^2 + (6)^2 + (5)^2 + (2)^2 + (1)^2 + (5)^2 + (6)^2 + (4)^2 + (2)^2 + (2)^2 \\
 &\quad + (1)^2 + (6)^2 + (2)^2 + (2)^2 + (5)^2 + (6)^2 + (3)^2 - \frac{(66)^2}{18} = 58
 \end{aligned}$$

$$SSE = SST - SSC - SSR = 58 - 15.32 - 1.34 = 41.34$$

$$V = (r - 1)(c - 1) = (3 - 1)(6 - 1) = 2 \times 5 = 10$$

Table 4. ANOVA TABLE

Sources	SS	d.f.	MS	Variation Ratio or F
SSC	15.32	5	3.064	$\frac{3.064}{4.134} = 0.741$
SSR	1.34	2	0.670	$\frac{0.67}{4.134} = 0.162$
Residual	41.34	10	4.134	
Total =	58			

(a) For, V5, 10, F0.05 = 3.33

Since the calculated value 0.741 that is less than the table value 3.33, so the hypothesis is accepted. Hence, there is no significant difference in the application of QMS elements among first, second and third generation Banks.

(b) For, V2, 10, F0.05 = 4.10

The calculated value 0.162 that is less than the table value 4.10, So, the null hypothesis holds true.

Table 5. Explanation of ANOVA

Source of Variation	Sum of Squares	d.f.	Mean Square
Between columns	SSC	$c - 1$	$MSC = SSC / (c - 1)$
Between rows	SSR	$r - 1$	$MSR = SSR / (r - 1)$
Residual	SSE	$(c - 1)(r - 1)$	$MSE = SSE / (c - 1)(r - 1)$
Total	SST	$rc - 1$	

SSC = Sum of squares between columns

SSR = " " " " rows

SSE = " " " " for the residual

SST = Total sum of squares.

The sum of squares for the source "Residual" is obtained by subtracting from the total sum of squares the sum of squares between columns and rows.

The total number of degrees of freedom = $cr - 1$

Where, c refers to columns and r refers to rows.

Number of degrees of freedom between columns = $(c - 1)$.

" " " " rows = $(r - 1)$.

" " " " for residual = $(c - 1)(r - 1)$.

6.2 Hypothesis -2

The study aimed to investigate about the relation between the application of QMS principles and bank performance of commercial banks from management and employees view, based on profitability and productivity are as follow:

H_0 = There is no relationship between the application of the QMS principles and the bank performance (measured by profitability and productivity).

To analyze the hypothesis, we can arrange the data as follow:

Table 6. Arrangement of collected data

	Strongly Agree	Agree	Natural	Disagree	Strongly Disagree	Total
State Owned Commercial Bank	5	5	6	10	14	40
Specialized Bank	6	5	12	12	5	40
Private Commercial Bank	10	20	5	7	8	50
Islamic Shariah based Commercial Bank	6	8	12	9	5	40
Foreign Commercial Bank	5	6	5	6	8	30
Total =	32	44	40	44	40	200

To justify the assumption, we can use non-parametric statistical tools i.e., or chi-square test.

Table 7. Calculation of expected frequency

	Strongly Agree	Agree	Natural	Disagree	Strongly Disagree	Total
State Owned Commercial Bank	6.4	8.8	8	8.8	8	40
Specialized Bank	6.4	8.8	8	8.8	8	40
Private Commercial Bank	8	11	10	11	10	50
Islamic Shariah based Commercial Bank	6.4	8.8	8	8.8	8	40
Foreign Commercial Bank	4.8	6.6	6	6.6	6	30
Total =	32	44	40	44	40	200

Table 8. Calculation Table

O	E	(O - E) ²	$\frac{(O - E)^2}{E}$
5	6.4	1.96	0.306
6	6.4	0.16	0.025
10	8.0	4.00	0.500
6	6.4	0.16	0.025
5	4.8	0.04	0.008
5	8.8	14.44	1.640
5	8.8	14.44	1.640
20	11.0	81.00	7.360
8	8.8	0.64	0.073
6	6.6	0.36	0.055
6	8.0	4.00	0.500
12	8.0	16.00	2.000
5	10.0	25.00	2.500
12	8.0	16.00	2.000
5	6.0	1.00	0.167
10	8.8	1.44	0.164
12	8.8	10.24	1.164
7	11.0	16.00	1.455
9	8.8	0.04	0.005
6	6.6	0.36	0.055
14	8.0	36.00	4.500
5	8.0	9.00	1.125
8	10.0	4.00	0.400
5	8.0	9.00	1.125
8	6.0	4.00	0.667
			$\sum \frac{(O - E)^2}{E} = 29.46$

$\therefore \chi^2 = 29.46$

at, $V = (r-1)(c-1) = (5-1)(5-1) = 16$

For, $V = 16; \chi^2_{0.05} = 26.30$

From the above data we can see that the calculated value is greater than the table value. So, our null hypothesis is rejected. We may also conclude that, there is a relationship between the application of the QMS principles and the bank performance (measured by profitability and productivity).

7.0 Discussion on Findings

Several studies have been examined theoretical and empirical aspects of compliance with Banking Laws, International Standards, Corporate Governance, and Industry Best Practices in the banking sector. Given that the banking sector is one of the largest service-oriented industries in Bangladesh, it was chosen as the focus of this study. The sample size comprised only 14 out of 66 Commercial Banks, with the aim of exploring the implementation of a Quality Management System (QMS) in the country's banking sector. Primary and secondary data were collected from selected first, second, and third-generation public and private commercial banks to assess the status of QMS implementation. The study revealed that customer satisfaction is influenced by service quality, leading to customer loyalty. Importantly, the application of QMS elements was found to be consistent among first, second, and third-generation banks, indicating the applicability of QMS across all types of banks.

However, the study also identified certain gaps in the implementation of QMS in banks. It was observed that the concept of "Totality" was missing, and respondents acknowledged the importance and benefits of QMS but did not fully apply it. Furthermore, the study highlighted the absence of a systematic framework for QMS implementation, with any existing frameworks being informal. Lack of training, top management commitment, customer focus, and communication emerged as major barriers to QMS implementation. Customer focus was identified as the most successful driving factor for Total Quality Management (TQM) programs in banks. Additionally, the study found a positive relationship between all QMS principles and organizational performance in the banks. While the service quality level was generally positive, the overall customer satisfaction was not entirely fulfilled. Although awareness and practice of QMS were deemed satisfactory, there is still room for improvement to reach a "Highly Satisfactory" level. The study highlights the need to generate interest

among bankers and top management in implementing QMS, which not only ensures bank performance but also contributes to financial growth.

The study carries significant implications for theory, practice, and policy within the banking industry. From a theoretical perspective, this study sheds light on the application of quality management principles in a specific context, namely the banking sector of Bangladesh. It contributes to the existing body of knowledge by exploring how quality management systems can be effectively implemented and integrated into the operations of financial institutions. In terms of practice, the study's implications are substantial. The implementation of a quality management system in the banking sector has the potential to enhance the overall efficiency and effectiveness of banking operations. By adopting a systematic approach to quality assurance, banks in Bangladesh can streamline their processes, reduce errors, and improve customer satisfaction. The study's insights into the practical challenges and success factors of implementing such a system can guide banking professionals in developing strategies to overcome barriers and maximize the benefits of quality management. From a policy perspective, this study holds valuable implications for regulators and policymakers in Bangladesh. It highlights the importance of promoting a culture of quality within the banking sector and emphasizes the need for supportive policies and guidelines. Regulatory bodies can consider incorporating quality management standards into their frameworks and encourage banks to adopt and comply with these standards. By doing so, they can foster a more robust and resilient banking system, which ultimately contributes to the stability and growth of the country's economy.

Overall, this study provides insights into the implementation of QMS in the banking sector, emphasizing the importance of addressing gaps and barriers to achieve higher customer satisfaction, improved performance, and sustainable growth for banks. The implementation of a quality management system in the banking sector of Bangladesh has far-reaching implications. It expands theoretical knowledge, offers practical insights for banking professionals, and provides guidance for policymakers. By embracing quality management principles, the banking sector in Bangladesh can strive towards excellence.

8.0 Limitation of the Study:

While conducting the study the implementation of Quality Management System in the banking sector of Bangladesh, there were several limitations that should be acknowledged:

Sample size: The study was conducted with a relatively small sample size, comprising only 14 out of the 66 commercial banks in Bangladesh. This limited sample size might affect the generalizability of the findings and may not fully represent the entire banking sector.

Data collection: The study relied on primary and secondary data collected from selected banks. The accuracy and completeness of the data might be subject to limitations, such as potential data errors, omissions, or inconsistencies. These limitations could affect the reliability and validity of the findings.

Subjective responses: The study involved gathering information through surveys or interviews, which could be susceptible to subjective responses. The respondents' interpretations, biases, or personal opinions might have influenced the data, leading to potential inaccuracies or misrepresentations.

External factors: The study focused on the internal aspects of QMS implementation within banks but might not have considered the influence of external factors, such as regulatory changes, economic conditions, or market dynamics. These external factors could impact the implementation status and affect the generalizability of the findings.

Limited scope: The study primarily focused on assessing the QMS implementation status and its impact on customer satisfaction and organizational performance. Other potential factors, such as employee perceptions, cultural influences, or technological advancements, were not extensively explored. Therefore, the study's findings may not provide a comprehensive understanding of the overall QMS implementation landscape in the banking sector.

Despite these limitations, the study provides valuable insights into the QMS implementation status in the banking sector of Bangladesh. Future research can build upon these findings and address the limitations to gain a more comprehensive understanding of QMS implementation and its impact on the banking industry.

9.0 Recommendations

The following recommendations are suggested to strengthen the achievement of goals in each bank.


- a. The banks should emphasize on branch-wise awareness program of QMS through seminars and workshops.
- b. The training contents should address the implementation of the QMS, since QMS Principles and Bank Performance are interrelated.
- c. Quality improvement strategy should be evolved to cover all the aspects of banking transactions.
- d. Top management should be involved in continuous monitoring of the progress of QMS at different departments of the banks.
- e. International Quality standards like ISO:9001 could be invented to judge the acceptability of the banks' services.
- f. The banks should constantly determine the future requirement of the customer by developing strategies to maintain and build customer relationships.
- g. Banks should maintain an accurate and timely database that provides information on customers, internal operations, organizational performance, and costs and finances.
- h. Banks should set performance standards for processes and performance should be measured against the standards.

10. Conclusion

The implementation of a Quality Management System (QMS) holds significant potential for unlocking employees' creativity and potential, streamlining processes, reducing bureaucracy, cutting costs, and ultimately improving service quality for clients and the community. In the banking industry, where the pursuit of customer satisfaction and enhanced competitiveness are paramount, the adoption of QMS has gained increased attention from managers seeking to achieve desired outcomes. Despite the inherent challenges, research indicates that the implementation of QMS in the banking sector can positively impact managerial perceptions and customer satisfaction.

By embracing QMS principles, banks can effectively meet the needs of their customers, leading to greater satisfaction and loyalty. To successfully instill a culture of quality within a bank, a top-down training structure that enhances employees' skills and performance is crucial. Recognizing that even the absence of a single attribute can drive customers towards alternative banking options, it becomes imperative for banks to strive for excellence across all facets of their operations.

Moreover, the study suggests that the SERVQUAL service quality model is an appropriate tool for assessing and measuring service quality in the Bangladeshi banking context. Bank managers can leverage this instrument to evaluate their bank's service quality and identify areas for improvement.

In conclusion, the study underscores the significance of implementing QMS in the banking sector to bolster customer satisfaction, competitive edge, and overall organizational performance. It urges banks to prioritize employee training, align their operations with customer needs, and establish a systematic framework for QMS implementation to effectively realize their objectives. By embracing QMS principles, banks can elevate their service quality, strengthen their position in the market, and ultimately thrive in an increasingly competitive industry. 

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