

**QUALITY MANAGEMENT AND PERFORMANCE OF COMMERCIAL BANKS IN
KENYA.**

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DECLARATION

This study is my unique work and to the best of my insight has not been introduced for any degree grant in whatever other university.

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D61/77617/2015

This study has been submitted for examination with our endorsement as University Supervisor.

Signature: Date:

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DEDICATION

This research project is dedicated to my late Dad, Sisters' and Nephew whom offered me immense support in my studies.

A special dedication to my mum Elizabeth, sisters', brothers, nephews' and niece, my girlfriend Gatwiri, and the Mwendas' for your encouragement, patience and perseverance throughout this course.

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ABSTRACT

This study did examine the relationship between TQM practices implementation and performance of commercial banks in Kenya. The banking sector internationally is in a condition of relentless rivalry among themselves for customers' and this effect on their performance that is profitability and financial industry market share. This competition can be credited to changes in innovation in addition to customers' turning out to be more mindful of their rights as buyers, i.e. right to get quality items and service. With a specific end goal to growth in profitability levels, TQM practices need to become a basic part of any commercial bank procedure.

In this study, an investigation of all the 43 commercial banks in Kenya was done. The study depended on information gathered through an organized poll to meet the goals of the study utilizing five point Likert scale. The survey questions concentrated on the relationship between TQM practices implementation and performance of commercial banks in Kenya with the inquiries being shut finished. Subjective and quantitative procedures were used as a component of the examination of the data assembled; illustrating and relationship experiences with the guide of Statistical Package for Social Sciences (SPSS 21.0). Different relapse measurements were utilized to set up a factually huge connection between the TQM practices and performance of commercial banks' in Kenya, based on a regression model. Tables were utilized to introduce the information diagrammatically while engaging information was given as logical notes.

After effects of the study demonstrates a factually irrelevant relationship between TQM practices and performance of commercial banks' in Kenya, i.e. TQM practices anticipate 12.3 % of profitability of commercial banks' and 9.7 % of market share of commercial banks' in Kenya. Performance of commercial banks in Kenya, which is being profitable and increasing their market share, could be as an after effect of different components other than TQM practices implementation.

However, there are other TQM management practices that do influence organizational performance of commercial banks' in Kenya hence the need to study those other TQM practices if they have been implemented and determine to what extent if they are statistically significant do influence the performance of commercial banks'.

Further research needs also to be conducted on those additional variables apart from TQM practices that do affect performance of commercial banks' in Kenya. The study on TQM practices influence on performance of commercial banks' need to be expanded to cover not only commercial banks' in Kenya but also commercial banks' in other countries.

There is also need for further studies on how TQM practices do affect the performance of other service industry sectors that is, if those service sectors have implemented TQM practices and later on a comparison drawn.

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ACRONYMS AND ABBREVIATIONS

CBK : Central Bank of Kenya

EQA: European Quality Award

KBA : Kenya Bankers Association

MBNQA: Malcolm Baldrige National Quality Award

PwC : Pricewaterhouse Coopers

TQM : Total Quality Management

DEFINITION OF OPERATION TERMS

Continuous Improvement: is a progressing push to enhance items, administrations, or procedures. These endeavors can look for "incremental" change after some time or "achievement" change at the same time.

Quality: is the totality of elements and attributes of an item or administration that bear on its capacity to fulfill expressed or suggested needs.

Total Quality Management (TQM): an administration way to deal with long-term accomplishment through consumer loyalty. In a TQM exertion, all individuals from an association take an interest in enhancing forms, items, administrations, and the way of life in which they work.

CHAPTER ONE: INTRODUCTION

Quality Management adoption and implementation in the organizational practices of business has become very vital. This is basically due to that fact that competition for customers has become intensified amongst the companies while customers have become more quality aware. Therefore, for a company to remain competitive, whether in service or manufacturing industry, they need to develop goods and services that are deemed to be of high quality standards by the final consumer.

Quality Management entails supervising the activities prerequisite to maintaining a required level of excellence. This entails determining a policy, developing and implementing, planning, control and improvement of quality practices. The global trend that started in the 17th century that greatly emphasized on importance of quality service arose when most businesses realized that a quality product alone wasn't a competitive advantage (Van et al., 2002). On the other hand, performance should be the outcome of work activities as this avails a linkage to strategic goals an organization has, stakeholders' satisfaction and economic benefits for the organization. An incisive view of performance is arrived at when one analysis it from the point of view of a marriage of action and outcomes. According to Brumbrach (1988): Performance is basically behaviors and results, with the latter coming from the performer whom basically develops an action from something which is abstract.

1.1.1 Quality Management.

Quality did emerge as an essential component and key success factor in most manufacturing and service industries. Total quality management also known as (TQM) is a popular term today. At its core, (TQM) as a business philosophy does champion the notion that the long run firm success is pegged entirely on the customer being kept satisfied. In TQM, there is a requirement for all the organization stakeholders to work as a team so as to improve on processes, outputs and company culture. TQM is also considered as a culture, attitude and employee involvement in providing clients with outcomes which keeps them satisfied. This culture and attitude informs the organization to do things right the first time and also minimize waste (Peters, 1994). Quality management objective is to achieve zero defects in all areas of activities like wastages, breakdowns, rejections, accidents, industrial disputes, producers, methods, boss-subordinates' relations, house-keeping and public relations. This can be achieved through total human resource involvement in the quality implementation and decision making process.

Quality has a number of dimensions to be considered when developing products and services to keep the consumer satisfied. The dimensions are: performance, reliability, durability, aesthetics, features, conformance, service ability and perceived quality. Total Quality Management is therefore viewed as a rooted organizational approach in keeping satisfied customers' by meeting their expectations continuously through individuals working with the organization. Total Quality Management mainly aims to satisfy all stakeholders, have a sustained customer focus and apply continuous improvement with

facts and database. TQM is also considered as an approach for effective management of an enterprise through focus on its people and processes by the organization with customer driven leadership. (Arora, 2000).

1.1.2 Performance of organisation

To measure or manage you must be able to define performance. Bates and Holton (1995) define performance as a construct whose measurement varies as a result of a host of factors. They further state, when measuring performance its essential to state clearly from the onset the objective of the measurement process that is, if it's to measure the behaviors' or outcomes. Performance is also defined as a record of the outcome of individual activities.

The level of performance is influenced by a number of issues such as individual person character, organization management, interpersonal issues and situational factors. Once this performance is achieved it has to be appraised and also rewarded as a motivation for individuals to keep up the good job done. To measure the achieved level of performance, financial and / or non-financial parameters are employed (Powell, 1995).

Effective and efficient Total Quality Management implementation results in rising cases of satisfied clients due to the increase in products offered which does catalyze a transformation in the operations of an organization, resulting in a shift from inefficiency to efficiency with the main goal of keeping clients satisfied, (Ozaki, 2003). Sila, (2007) argues that Total Quality Management facilitates an improvement in an organizations output to their clients which further helps in cutting down levels of wastages in production and concurrently providing both the consumers and organization a stable

production process. Total Quality Management, he further argues does help an organization cut on their production costs and time. Total Quality Management does improve the levels and qualities of training employees do get, information management and relationship with the organization suppliers'. (Khanna, Laroia, & Sharma, 2010).

1.1.3 Quality Management and Performance

Total Quality Management implementation in an organization does ensure that there is a transformation in the way activities are performed so as to reduce if not eliminate wastages with the main aim being customer satisfaction in the long run (Porter, 1996). Quality management can be analyzed from the angle of; quality of service and quality of products, while performance can be analyzed from the angle of growth in; profitability, customer base, product offering, innovation, customer retention and customer satisfaction levels. Organizations do operate with the main goal of improving their bottom line which is profitability and therefore they must satisfy their clients in order to survive in business. (Swan and Oliver, (1989). A customer with a positive attitude towards a business will engage in a positive word of mouth communication, being a positive influencer thus drawing more clients to the organization courtesy of their good recommendation. This in turn will affect the company's bottom line positively.

Quality of service is basically comparing expectations with performance. Researchers' do recognize that fact that among its peers / within its industry the perceived level of service quality can grant an organization long-term competitive advantage. (Moore, 1987; Lewis, 1989). Levels of quality can be the determinant of success or failure for either a service or manufacturing firm. Levels of quality of service, consumer satisfaction and value

added for the final consumer the main concern for manufacturing and service organizations (Wang et al...2004). Many organizations are investing heavily in activities and processes that lead to improvement in service quality. Improving the state of service quality in an organization will result in having satisfied clients' as well as the organization managing its costs of operation and this eventually results in the improvement of organization profit levels. (Stevenson, 2002).

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

1.1.4 Commercial Banks in Kenya

Banking in Kenya is regulated by the Kenyan Constitution, Central Bank of Kenya (CBK) Act (2015), the Banking Act (2015), Microfinance Act (2006), National Payment System Act (2011), and the Kenya Deposit Insurance Act (2012), (CBK website). The CBK, which is the Banking industry regulator, is charged with by law the formulation and implementation of monetary policies, and maintenance of a proper functioning financial system (PWC, 2011). As at 31 December 2015, the banking sector of Kenya had 42 commercial banks' and 1 mortgage finance company, CBK (2015).

The banking industry in Kenya had been historically posting double digit growth, i.e. 31% in 2006 as a result of renewed public confidence in the sector catalyzed by economic stability experienced in Kenya from 2004. (KPMG, 2015). However, Kenyan

financial institutions like many others across the globe are being faced by some challenges i.e.; decline in the volume of new customers, globalization, fraud, rapidly changing customer needs, technological advances such as mobile money transfer, and competition from microfinance institutions (Allan, 2006). These challenges have forced many executives to implement TQM practices as a way to reduce organization costs as its anchored on quality and the group participation of an organization members in quality enhancing activities (Kathaara, 2014).

1.2 Problem Statement

Quality management is a critical factor of competitive advantage in the current challenging business environment (Reed et al., 2000). The Banking industry in Kenya had previously operated without the adoption of quality management as a cardinal operations guide. This saw many banks having a poor customer service culture and limited product and service provision range. However, over time clients have become more aware of their rights as customers, this coupled with the rise in competition for customers so as to increase if not maintain their profit bases, banks have been forced to adopt quality management into their operations. Banks having this in mind that to perform well in a competitive environment, quality is a major determinant (Deming, 1986). As banks are in an ever competition for this one customer, and once the customer is on-board, how do you continuously satisfy the ever changing needs of the customer while maintaining profitability.

There have also been other challenges facing the banking sector that do affect their bottom line such as the rise in non-performing loans, banking fraud cases, global

financial meltdown that did affect to a great extent the local banking rates, increase in legislative attempts to cap Banks' lending rates and also increasing competition from other financial players such as Microfinance institutions and mobile phone lending applications. To address these challenges satisfactorily, banks' need to embrace quality management practices which are important to firms of all sizes in all industries (Naeem et al., 2008). Despite the benefits that banks' can accrue from adopting TQM practices, no study has been done extensively in Kenya to determine the extent to which these practices have been put in place and well implemented in existing systems in the banking industry (World Bank, 2008).

There have been numerous studies focusing on organizations' TQM practices. Rachael (2012) did a study on TQM practices, firm performance and suppliers' choosing process at Minnesota manufacturing companies and she concluded that, there exists a statistically significant relationship between the implemented TQM practices and firm performance. Quality management practices can be adopted by the implementation of TQM management system so as to realize high quality products resulting in improved firm performance.

David and Michael (2010) in their study on management of quality and the quality of work on how ISO 9001 standard for TQM system does impact on employees' and employers' concluded that, ISO adapters experienced significantly reduced levels of company death rates as compared to organizations that hadn't adopted ISO 9001. There was also a significant rise in sales and employment levels and also employees' earnings grew substantially post ISO 9001 certification as compared to other firms in the same industry that hadn't adopted the certification. ISO 9001 adopters recorded slightly

reduced than industry average costs related to at the time of adoption, and there was no evidence of narrowing or widening of this gap after adoption.

Caren (2015), in her study on TQM and performance of public universities in Kenya concluded that continual improvement enhanced the organizational development through improved organizational capabilities, strategic intent, flexibility in reacting quickly to opportunities and training. The study also established that staff involvement affected the organizational performance through motivation and commitment, innovation and creativity, staff accountability, employee eagerness to participate and employee understanding. Mwangi, (2013) concluded from his study that stakeholders mainly focus on education but failed to mention other areas of focus so as to enhance the performance of organizations' or improve on the same. This study will mainly aim at studying the quality management factors that have sustained the performance of commercial banks in Kenya with aim to fill up the existing literature gap on this subject matter. The study attempted to answer: to what extent has total quality management been implemented by banks' in Kenya? Unearthing the relationship between TQM implementation and performance of Kenyan banks'?

1.3 Research Objectives

The research project aimed to address the below research objectives:

- i. To demonstrate the extent to which quality management has been implemented by commercial banks in Kenya.
- ii. Establish the relationship between TQM implementation and performance of Kenyan banks'.

1.4 Value of the Study

The study will be instrumental in evidencing how quality management principles have been embraced by commercial banks in Kenya and this in-turn has impacted on their performance successfully. This will go a long way in informing the management of other banking organizations the importance of embracing quality management principles into their organizational practices and take full advantage of the quality management systems effects to enhance service delivery in their respective banks. The study will also facilitate other financial institutions to know and appreciate the benefits of quality management systems in enhancing customer service delivery in their respective banks and enhancing their competitiveness in the market. The study will also benefit the regulatory authorities and the government as they will be able to establish the benefits of implementing a TQM system in Kenyan banks' and facilitate implementation of the same through effective and relevant policies and regulations.

This study will also serve to add to the existing literature on quality management and also inform possible future research on the topic area courtesy of availing background information for organizations' and scholars' wishing to research further on this topic area. The study will facilitate individual researchers to identify gaps in the current research and carry out research in those areas.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

A review of existing literature relating to TQM and organization performance was done. The process was structured along: theoretical review, empirical review, TQM practices and a summary of the literature review.

2.1 Theoretical Review

TQM theory was developed courtesy of three areas: early contributions from the quality gurus, the quality award models and finally measurement studies (Rahman, 2001; Sila, 2005; Prajogo, 2005; Brah and Lim, 2006; Ya'acob, 2008; Salaheldin, 2009; Satish & Srinivasan, 2010; Arumugam&Mojtahedzadeh, 2011).

2.1.1 Deming's Theory

Deming's TQM theory is grounded upon fourteen management points, profound knowledge system, and the Shewart Cycle. He's famous for his ratio that does state that Quality equals the outcome of work efforts over total costs. If a company focused on costs, a challenge will arise where costs will rise as levels of quality will be deteriorating. Deming's profound knowledge system consists of: Understanding how the firms' processes work, Understanding the variations that do occur and why they do, understanding what can be known and human nature understanding.

The Deming's theory of TQM points are: Creation of a purpose of constancy, new philosophy adoption, halting the dependency on mass inspections, never award business

courtesy of price, ensure there is a production system that is continuous and improvement of service, enhanced performance courtesy of the job training, infusing quality in leadership, dismantle fear aspects from the firm, do away with departmental barriers, eliminate work goals that are based on quantity achieved, eliminate use of quotas and standards, encourage pride in craftsmanship, facilitate the training and education process of everyone in the firm and ensure that the firm's top management structure facilitates the other points.

2.1.2 The EFQM Framework

The European Foundation for Quality Management Model is built upon nine TQM guidelines. Of the nine guidelines, five guidelines mainly cover what a firm does while the other four guidelines mainly touch on what a firm achieves. The outcome of this is that this EFQM model avoids bias of favoring one specific methodology that can enable a company achieve quality management in its operations but embraces an array of methodologies that can enable an organization embrace TQM practices in her operations.

This model has the following guidelines: an emphasis on outcomes that is a firm sole function is to keep satisfied all her stakeholders. Clientele focus that is keeping clientele satisfied by meeting their needs in a consistent manner. Emphasis on management which has the sole responsibility of devising, driving and monitoring systems and methods which will enable the firm realize success in the long run. Employee focus, that mainly articulates the need for a firm to have her workforce receive top notch training plus constantly involve them in the running of the firm. Continuous learning; all the firm workers must be availed opportunities of developing themselves with a great focus on

their professional development. Creation of partnerships; a firm will greatly benefit from this as it offers them a chance to learn from their peers on how they can better their internal processes thus harnessing the benefits of entering into constructive partnerships. Finally, a firm should have a policy of partnering with society with the main goal of making their surrounding environment a better place as this greatly impacts on the society positively.

2.1.3 Ishikawa's Theory

Dr. Isikawa, credited for developing the last TQM theory, basically argued his case on TQM from a human standpoint. He did state that there are seven guidelines needed to be embraced by a firm which is pursuing improvement in their level of quality. These are employment of pareto analysis to pick out the big obstacles in a process, cause and effect diagrams which enables an individual to figure out the origin of an obstacle, stratification which basically analyses the fit of the collected information, check sheets which do analyze the frequency of an obstacle occurring, histogram which takes note of any variation in processes, scatter charts which exhibits the relations between an array of factors and process control charts that guide the firm in identifying which variations should be closely monitored.

2.2 Total Quality Management Practices

Oakland (2000), defined TQM as a process of addressing clients' needs and is guided by the tenets of being reliable, available and most important being cost effective. When applying TQM in an organization, the following are the pre-requisites:

2.2.1 Top Administration Responsibility

This is considered as one of the cardinal pillars of a successful TQM implementation process in a firm. The firm's top managements drive the whole TQM implementation process by creating systems and values focusing on satisfying the firm's clientele and this impacts on how the firm will perform within its industry. There should also be clarity on these TQM practices as this will influence the success of the TQM efforts. Management should go beyond prioritizing by becoming more committed to TQM implementation in a firm and this can be exhibited by allocating adequate financial and human resources to the TQM implementation process within the firm Crosby (1979).

Failure by a firm's management to commit to quality can result in service gaps emerging or if already present, widening. Management must lead from the fore front in implementing TQM practices in a firm by reviewing the position of quality within a firm from secondary to become a primary objective. Philip Crosby injects a new thought line by stating that a firm's top management shouldn't be committed rather participate in the TQM implementation process, Crosby (1979). To transform an organization to a leader in quality one has to have the direct and active participation of top management during the entire process.

2.2.2 Employee Contribution

By a firm having her employees involved in the TQM implementation process enables her to easily meet the TQM goals. It shouldn't be just involving them, however the firm needs to empower them as they are invited over to the decision making table and the end result of this is a firm benefiting from continuously improving her processes and systems.

Employees usually do have some raw ideas and innovations that if well used by a firm will make the difference between success and failure. By involving employees, their productivity too does improve as a result of their new found motivation to work diligently for the firm, Besterfield, Michina & Sacre (2010). Employees whom get involved in the firms TQM processes as a group positively impact on the firm quality drive, this is according to Bilich and Annibal (2000). Though, a firm need to have formal systems of motivating, monitoring and celebrating their workforce involvement in the quality management processes. If this isn't done, the level and depth of participation declines, resulting in a disoriented workforce.

The firm's management needs to develop an environment that is encouraging employees to get involved in the firm's quality activities. Such an environment should mainly aim at establishing a positive attitude amongst the employees, there should also be communication on what goals are need to be achieved and the goals should mainly address both organization and individual needs, there should also be job performance evaluation, the organization should also make work more interesting and challenging and finally there is a need to recognize top performance and celebrate it, Mann (2009).

2.2.3 Consumer Satisfaction

Customer satisfaction also referred to as consumer satisfaction isn't a statistical objective but a feeling even though to obtain a clear picture of whether your clients are satisfied one needs to employ certain statistical models. One needs to note that individuals' opinions are usually subjective in nature, Ross (1993). Processes of keeping a client satisfied is usually guided by provision of quality service, obtaining customer feedback

and perceptions according to Robbins and Coulter (2001). Perception basically being the client's opinion in regard to the service they have been accorded. In the past thirty years, a number of studies have been carried out whose objective is to unearth world standards of service provision that are considered paramount by the firm external clientele.

Minjoon and Shaohan (2010) in their works on quality of service and client satisfaction do conclude that how a consumer perceives the quality of service offered to them is usually influenced by relativity between the actual service being offered to them versus what other service providers are offering in the industry. A firm's internal clients do share a number of similarities with her external clients, yet they also possess certain unique characteristics, Shores (1992). Finn et al (1996), drew the difference between a firm's internal and external clientele by stating that external clients consume both goods and services offered by a firm while her internal clients majorly consume her services. He goes on further to state that internal clients are bonded to one supplier as opposed to their external clientele peers whom have the freedom of choice on supplier choice.

A firm must regularly obtain feedback from her clientele and monitor that feedback as consumers tend to change their minds often. This feedback will enable a firm to unearth points of dissatisfaction from their clients' point of view, what they should give more priority quality wise, compare how they are faring in the industry relative to their peers, discover their clients' needs and also identify opportunities to improve on. Feedback can be solicited using a comment card, questionnaire, clientele visits, internet, employees and deploying toll-free telephone numbers, Rootman et.al (2008).

2.2.4 Continuous Process Change

It was developed to be employed by a firm in their pursuit of having a culture rooted in quality. A firm's workforce must constantly be guided by quality in their thoughts, actions and speech. A firm must successfully link quality to a firm's processes and systems by continuously having her employees trained on quality, evaluate and improve on their work, get involved in groups that are geared towards achieving global quality standards for the firm and finally transforming the work style of top management to be one that highly works towards finding a solution for a firm's challenges using a collective approach, Besterfield, Michina & Sacre (2010). A firm that is committed to continuous improvement processes enjoys the benefits of having her workforce getting into the mentality of never ceasing to learn on how they can perform their roles better and in the long run the firm will be transformed into a self-directed learning centre which is independent of an instructor guided learning.

2.2.5 Quality policy and Strategy Practices

Procedures and goals are likewise a significant wellspring of hierarchical capacity. Powell (1995) likewise contends that technique ought to be pushed somewhat higher than the present furthest reaches of the ability to guarantee the flawlessness of those capacities. Viable methodologies and destinations are likewise viewed as an authoritative capacity. Pioneers must set clear, quantifiable and achievable goals with the goal that they will set the right heading for the firm. Once the particular targets have been set and settled upon, assets and capacities can be utilized to accomplish those destinations (Miller and Cardinal, 1994).

The importance of procedures and objectives and their association with various leveled resources and firm execution have been seen in the written work. Karia and Asaari, (2006) demonstrate that associations which mastermind intentionally all around beat those which don't, similarly as arrangements improvement, wage's advancement, store advancement, return on assets, return on esteem, return on arrangements, and benefit for total contributed capital. Such points of interest are essentially higher in more turbulent circumstances (Miller and Cardinal, 1994). What's more, associations which get prepared for the more broadened term, rather than essentially undertaking transient evaluating or yearly masterminding, pass on higher returns to examiners both as for their industry and in preeminent terms (David, 1995).

2.2.6 Supplier Partnership Practices

Provider quality administration is an imperative part of TQM since materials and acquired parts are regularly a noteworthy wellspring of value issues (Crosby, 2000). Low quality provider items result to in additional cost for the buyer. All together for both sides to succeed and business to grow an association is required. Juran, and Oakland (2000) states that organizations ought to regard their providers as long haul accomplices as they are essential part of the associations business operations. Quality administration rehearses encourage foundation of associations with providers and clients in order to advance and encourage correspondence with the point of commonly enhancing the adequacy and productivity of procedures that make esteem. It is likewise fundamental to urge providers to actualize programs for persistent change of execution and to take an interest in other joint change activities; including providers in the association's outline and advancement

exercises to share information and adequately and effectively enhance the acknowledgment and conveyance forms for accommodating items. At last, including accomplices in ID of obtaining needs and joint procedure improvement is fundamental, including assessing, perceiving and remunerating endeavors and accomplishments by providers and accomplices.

2.4 Empirical Review

As demonstrated by the examination of Yang (2006), TQM close by human resource organization in a general sense affected quality execution, especially concerning customer and agent satisfaction. As demonstrated by Sila (2007), customer and delegate satisfaction and streamlined methodology together convey upgraded operational and budgetary results which will at last provoke to business extraordinariness. Consider by Wilson and Collier (2000) tentatively attempted the causal associations of the MBNQA framework and when all is said in done IS quality. They found that execution of TQM practices altogether influenced business comes to fruition. There is creating affirmation that TQM execution has improved affiliations' execution and basically affected on most associations performance (Dewhurst, Martinez-Lorente, and Sanchez-Rodriguez, 2003).

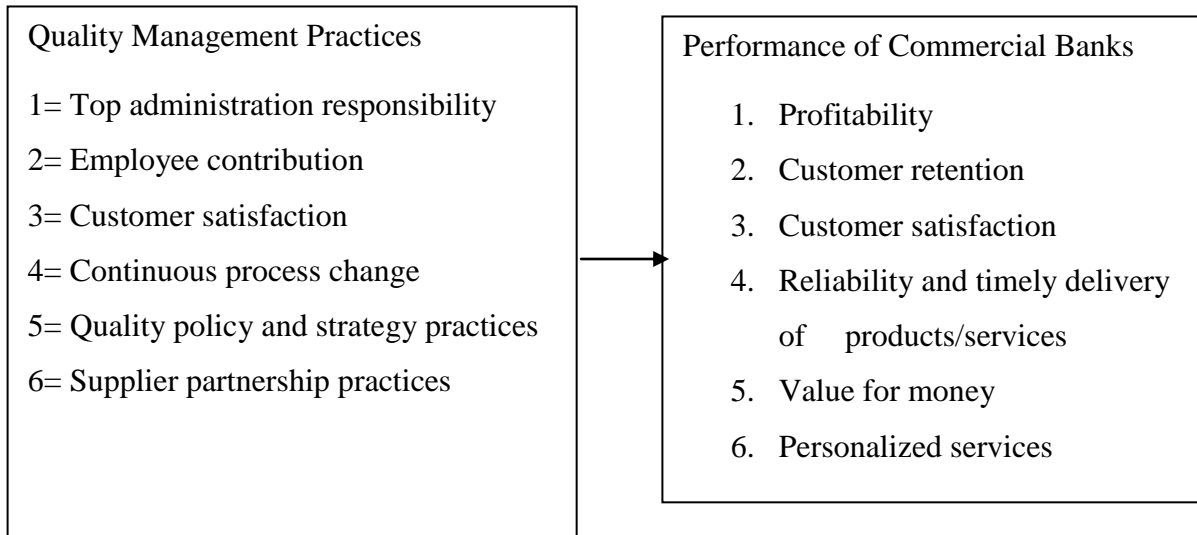
In a study by Mwaniki&Okibo (2002), they found that National Bank of Kenya (NBK), top management is involved in day to day operations of the bank making its financial performance to improve. The top management created a clear vision that all staff could identify and interpret. By the top management setting realistic and achievable goals the entire team worked hard towards achieving the goals, this in turn led to the rise in profits

of the bank. The top management of NBK recognizes the need for providing its staff with required training and resources to ensure they perform their duties well.

Adnan (1999) presumes that the commitment of aggregate quality administration as a key calculate for association achievement the past has been all around perceived and recognized. The goal of this study was to test the relationship between aggregate quality administration hones, corporate execution and upper hand in Jordanian saving money division. Past studies declared a positive and noteworthy impact of aggregate quality administration on authoritative execution and upper hand, and the concentrate experimentally affirmed the discoveries of those studies. More or less, the study had been led in Jordanian keeping money area and found a positive relationship between aggregate quality administration hones, bank execution and upper hand. Bank administration should guarantee that putting considerable assets in adjusting and executing all out quality administration rehearses in their operations would be significant to make and maintain prevalent bank execution.

Adeoti (2003) inspected the additions of utilization of aggregate quality administration in the administration business with specific reference to the commercial banks' in Nigeria furthermore to perceive how the use of TQM can anticipate future dangers of trouble in the commercial banks. Three banks were chosen haphazardly, one to speak to each of the three era banks. The outcome of the study demonstrated that the quality and amount of workers utilized decide to a huge degree the survival of any bank, likewise that the utilization of TQM is not invulnerability against misery but rather a preventive component for economic pain.

2.4 Conceptual Framework



2.5 Summary of Literature Review

Deming stresses that, assignment of the total quality organization sharpens acknowledges quality change of the association's work shapes, both gathering and organization. This will achieve less modifying and less abuse of work, material resources and the amount of goofs will be reduced. The TQM practices are comprehensive as they require the support and duty of everybody to the quality change drive of the affiliation. This will finally incite to the development of a high ground for firms'.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This part plots the strategies that will be utilized for the study. It will embrace the accompanying structure: explore outline, populace and test, information gathering and information examination.

3.1 Research Design

The study will apply a distinct research plan. Enlightening exploration depicts an exact profile of people, occasions, or circumstances (Saunders, Lewis and Thornhill, 2003). A registration review will be utilized here to gather the information as overviews additionally permit the accumulation of expansive measure of information from a sizeable populace in a prudent way.

3.2 Population & Sample

The population of the study will consist of all commercial banks in Kenya. Currently there are 43 banking institutions (42 commercial banks and 1 mortgage finance company) this is according to the Central Bank of Kenya, Bank Supervision Report (2015). From each bank, a branch manager and operations manager will be drawn, making a total of eighty-six (86) respondents. A census survey will be applied.

3.3 Data Collection

Primary data and secondary data accumulation will be utilized as a part of the study. Primary data information will be gathered from respondents utilizing shut finished survey. Surveys are appropriate to get critical data about the populace and are said to achieve expansive number of subjects who can read and compose freely (Orodho, 2004). Drop and pick technique will be utilized to manage the survey. Thus every respondent will get a similar arrangement of inquiries in the very same way. The respondents will be made mindful of reason for the exploration and be guaranteed of their confidentiality. Secondary data information will be gathered by analyzing existing reports on commercial banks' performance in Kenya.

3.4 Data Analysis

Subjective and quantitative strategies was utilized as a part of the examination of the information gathered; elucidating and relationship insights with the guide of Statistical Package for Social Sciences (SPSS 21.0). Multiple regression statistics was employed to establish a statistically significant relation between the TQM practices and performance of commercial banks' in Kenya, based on the regression model:

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

Where;

Y= Performance of commercial banks'.

X1= Top administration responsibility

X2= Employee contribution

X3= Customer satisfaction

X4= Continuous process change

X5= Quality policy and strategy practices

X6= Supplier partnership practices

$\beta_0 \beta_1 \beta_2 \beta_3 \beta_4 \beta_5 \beta_6$ is the coefficient of the variables.

e is the error term

Tables were used to present the data diagrammatically while descriptive data was provided in the form of explanatory notes.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents an analysis of data as per the set objectives. The results are presented using tables and statistical analysis. The raw data was coded, evaluated and tabulated as per the set objectives which were to demonstrate the extent to which quality management has been implemented by commercial banks in Kenya and establish the relationship between TQM implementation and performance of Kenyan banks'

4.2 Data Presentation

4.2.1 Response Rate

The study targeted 86 employees of all the 43 banking institutions (42 commercial banks and 1 mortgage finance company) this is according to the Central Bank of Kenya, Bank Supervision Report (2015), from which a branch manager and operations manager were drawn from each bank. The objective of the study was to determine the extent to which quality management has been implemented by commercial banks in Kenya and to establish the relationship between quality management implementation and performance of commercial banks in Kenya. Out of the 86 issued questionnaires, 72 questionnaires representing 83.72% of the total questionnaires issued were returned fully completed. Mugenda and Mugenda (2003) state that a 50% response rate is adequate, 60% good and above 70% very good therefore it can be inferred that this study's response rate was very good.

4.3 Descriptive data presentation as per the Research Questions

This section analyses the data obtained and presents it under the respective themes.

4.3.1 Extent of Total Quality Management Implementation

4.3.2 Introduction

This section addresses objective one which sought to determine the extent to which quality management has been implemented by commercial banks in Kenya.

Table 4.1 below indicates the extent to which commercial banks' in Kenya have implemented total quality management practices.

Table 4.1 Total Quality Management Implementation

Quality Management Practices		Frequency	Percentage
Top Administration Responsibility	Yes	72	100
	No	0	0
Employee Contribution	Yes	67	93.05
	No	5	6.9
Customer satisfaction	Yes	68	94.4
	No	4	5.5
Continuous Process Change	Yes	70	97.2
	No	2	2.8
Quality policy and Strategy Practices	Yes	70	97.2
	No	2	2.8
Supplier Partnership Practices	Yes	67	93.05
	No	5	6.9

Source: Research Data, (2016)

From the table 4.1, majority of the respondents do agree that commercial banks' have implemented total quality management practices, with the percentage range of implementation being between 93.05 % - 100 %, satisfying our objective one which aimed at demonstrating the extent to which quality management has been implemented by commercial banks in Kenya.

4.3.2 Top Administration Responsibility

This section used a Likert type of scale, where 5= strongly agree; 4=Agree; 3=Neutral; 2=Disagree; 1=Strongly Disagree.

Table 4.2 The respondents were asked to discuss the influence of top management commitment to quality management implementation at their respective banks and the results are shown below.

	N	Mean	Standard Deviation
Provision of satisfactory assets to the execution of Quality Management endeavors, especially, extensive interest in human and money related assets.	72	4.32	1.074
Performance evaluation of managers based on quality.	72	4.11	1.006
Inspiration, encouragement and recognition of employees' commitment to quality	72	4.15	0.930
Creating and sustaining a shared vision quality management at all levels of the organization.	72	4.26	1.040

Source: Research Data, (2016)

The results of this study provide strong support for the influence of TQM on quality service delivery through top management commitment. According to Crosby (1979), top

management acts as a driver to quality implementation, creating values, goals and systems to satisfy customer expectation thus improve organizations' performance. Provision of adequate resources to the implementation of quality management efforts, particularly, considerable investment in human and financial resources do contribute to quality management and had a mean score of 4.32. This agrees with the findings of Ahire et.al (2009), that allocation of adequate resources to quality improvement efforts must be provided to allow employees do their job.

4.3.3 Employee Contribution

Table 4.3 The respondents were asked to discuss the influence of employee involvement to quality management implementation at their respective banks and the results are shown below.

	N	Mean	Standard Deviation
Employees are provided the opportunity for involvement in quality management practices development and implementation.	72	4.14	0.960
Employees are motivated to improve on quality management practices implementation through rewards and incentives.	72	4.19	0.901
Employees effectively look for chances to improve their fitness, learning and experience	72	4.19	0.988

Source: Research Data, (2016)

Employee involvement is a means to better meet the organization's goals for quality and productivity at all levels of the organization. Involving employees, empowering them, and bringing them into the decision making process provides the opportunity for continuous process improvement. Employees are motivated to improve on quality management practices implementation through rewards and incentives and Employees

effectively look for chances to improve their fitness, learning and experience both had a mean score of 4.19 and this is in accordance with Mann (2009), whom expresses that supervisors should at all levels make nature for people to persuade themselves by setting up an uplifting state of mind, share the objectives that address individual and hierarchical needs, screen advance through periodical audit of execution, create intriguing work through occupation pivot, work expansion and employment enhancement, convey adequately and commending accomplishment through perceiving worker accomplishment.

4.3.4 Customer satisfaction

Table 4.4 The respondents were asked to discuss the influence of customer satisfaction to quality management implementation at their respective banks and the results are shown below.

	N	Mean	Standard Deviation
There is increased allocation of resources by the organization to customer satisfaction enhancement activities	72	4.22	1.056
Improved customer loyalty to the organization leading to repeat business	72	4.15	0.923
Increased customer referrals for the organization leading to increase in market share	72	4.26	1.019
Training of organization staff on how to understand and satisfactorily meet the customers' needs and expectation	72	4.18	1.021
Measuring customer satisfaction levels and acting on the results	72	4.15	0.923

Source: Research Data, (2016)

From the table 4.4 above the respondents do agree measuring customer satisfaction levels and acting on the results has an impact on Total Quality Management practices and this

had a mean score of 4.15. This is in concurrence with the findings of Rootman et.al (2008), who expresses that client criticism must be constantly requested and checked as clients consistently alter their opinion, desires and providers. Criticism empowers the association to: find client disappointment, find relative needs of value, contrast execution and the opposition, recognize clients' needs and decide open doors for development. Strategies for acquiring criticism from clients include: a remark card, client poll, center gathering, sans toll phone numbers, client visits, report card, the web and PCs, worker input and mass customization.

4.3.5 Continuous Process Change

Table 4.5 The respondents were asked to discuss the influence of continuous improvement processes to quality management implementation at their respective banks and the results are shown below.

	N	Mean	Standard Deviation
Management and employees come together to embrace quality management as an organizational culture to be adopted by all.	72	4.14	0.965
Evaluating quality management practices to pick out areas that need improvement.	72	4.21	1.029
There is frequent re-training of employees to fill up any existing knowledge gap.	72	4.15	0.968

Source: Research Data, (2016)

From the table 4.5 above majority of the respondents do agree that there is frequent re-training of employees to fill up any existing knowledge gap and this had a mean score of 4.15 and management and employees come together to embrace quality management as an organizational culture to be adopted by all at a mean score of 4.14. This is in agreement with the findings of Besterfield, Michina & Sacre (2010) that states that, persistent process change is intended to use the assets of the association to accomplish a quality-driven culture. People must think, act, and talk quality. An association endeavors to achieve a determined connection amongst quality and work execution by instructing its representatives to constantly dissect and enhance their own particular work, the procedures and their own particular gathering through detailing of group building, cooperating to enhance quality and changing administration style toward aggregate critical thinking.

4.3.6 Quality Policy and Strategy Practices

Table 4.6 The respondents were asked to discuss the influence of Quality Policy and Strategy Practices to quality management implementation at their respective banks and the results are shown below.

	N	Mean	Standard Deviation
Strategy synergy enables the organization to deliver quality products and services to the final consumer	72	4.26	1.008
Strategies development and implementation, has enabled management and employees to shape the external business environment, limit internal and external threats and to take advantage of business opportunities	72	4.04	0.864
Strategic planning has resulted in customer and employee satisfaction.	72	4.19	0.970

Source: Research Data, (2016)

From the table 4.6, the respondents do concur that strategy synergy enables the organization to deliver quality products and services to the final consumer and it had a mean score of 4.26. This is in agreement with Karia and Asaari, (2006) whom

demonstrated that organizations which arrange deliberately for the most part beat those which don't, as far as deals development, income's development, store development, return on resources, return on value, return on deals, and profit for aggregate contributed capital. Such advantages are considerably higher in more turbulent situations.

4.3.7 Supplier Partnerships Practices

Table 4.7 The respondents were asked to discuss the influence of Supplier Partnerships Practices to quality management implementation at their respective banks and the results are shown below.

	N	Mean	Standard Deviation
The organization has effectively harnessed the potential benefits of establishing partnerships with suppliers	72	4.15	0.920
The organization has entered into strategic partnerships with suppliers so as to ensure continued performance of the organization processes remain uninterrupted	72	4.17	0.956

Source: Research Data, (2016)

In order for both parties to succeed and business to grow a partnership is required. From the table 4.7 above the respondents felt that the organization has entered into strategic partnerships with suppliers so as to ensure continued performance of the organization processes remain uninterrupted and had a mean score of 4.17 while the organization has

effectively harnessed the potential benefits of establishing partnerships with suppliers had a mean score of 4.15. This is in line with the findings of Juran, and Oakland (2000) who state that companies should treat their suppliers as long-term partners as they are integral part of the organizations business operations. Quality management practices facilitate foundation of associations with providers and clients in order to advance and encourage correspondence with the point of commonly enhancing the adequacy and proficiency of procedures that make esteem. It is likewise fundamental to urge providers to actualize programs for nonstop change of execution and to take an interest in other joint change activities; including providers in the association's outline and advancement exercises to share information and viably and productively enhance the acknowledgment and conveyance forms for adjusting items.

4.3.8: Total Quality Management Practices and Profitability in Commercial Banks in Kenya

4.3.9: Introduction

This section addresses objective two which sought to establish the relationship between total quality management implementation and performance of commercial banks in Kenya.

The results shown on table 4.7 below sought to establish the regression between profitability of commercial banks in Kenya and total quality practices. The degree to which total quality practices are related to profitability of commercial banks is expressed in the positive correlation coefficient (r) = 0. 351 and coefficient of determination, (r^2) =0.123 as shown on table 4.7 below. This implies that the six independent variables together predict about 12.3 % of the profitability of commercial banks.

Table 4.8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.351 ^a	.123	-.059	6331.04694

Source: Research Data, (2016)

4.3.9 ANOVA Results

Analysis of variance was used to test the significance of the regression model as pertains to differences in means of the dependent and independent variables as shown on table 4.9 below. The ANOVA test produced an F-value of 0.678 which is significant at $p=0.669$. This depicts that the regression model is not significant at 95% confidence level. Thus the regression model is not statistically significant in predicting how Supplier partnership practices, Employee involvement, Quality policy and strategy practices, Management commitment, Customer satisfaction, Continuous process Improvement affect profitability of commercial banks in Kenya, thus we address objective two of our research.

Table 4.9 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	162934402.335	6	27155733.723	.678	.669 ^b
Residual	1162382504.415	29	40082155.325		
Total	1325316906.750	35			

Source: Research Data, (2016)

4.3.10 Multiple Regressions between Independent and Dependent Variables

The findings on table 4.10 below are based on the following regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + e$$

Where;

Y= Profitability of commercial banks.

X1= Top Administration Responsibility

X2= Employee Contribution

X3= Customer satisfaction

X4= Continuous Process Change

X5= Quality policy and strategy practices

X6= Supplier partnership practices

$\beta_0 \beta_1 \beta_2 \beta_3 \beta_4 \beta_5 \beta_6$ is the coefficient of the variables.

e is the error term

The study sought to establish the extent to which Supplier partnership practices (SPP), Employee Contribution (EC), Quality policy and strategy practices (QPSP), Top Administration Responsibility (TA), Customer satisfaction (CS) and Continuous Process Change (CPC) affect profitability of commercial banks in Kenya (PPB).

Table 4.10 below shows that Employee Contribution, Quality policy and strategy practices and Customer satisfaction practices have negative coefficients, implying that these independent variables negatively predict profitability of commercial banks in

Kenya while Management commitment, continuous process improvement and supplier partnership practices have positive coefficients, implying that these independent variables positively predict profitability of commercial banks in Kenya but the model is not significant. .

The results of the study further indicate that p-value of = (0.271) for Top Administration Responsibility, (0.620) for Employee Contribution, (.961) for Customer satisfaction, (0.836) for Continuous Process Change, (0.221) for Quality policy and strategy practices and (0.419) for Supplier partnership practices are larger than the significance level of 0.05. The implications of these results is that there is a statistical non-significant relationship between Top Administration Responsibility, Employee Contribution, Customer satisfaction, Continuous Process Change, Quality policy and strategy practices, Supplier partnership practices and profitability of commercial banks in Kenya. Other factors affect profitability / market share performance of commercial banks' in Kenya such as the state of the Kenyan economy, if there is inflation the profits will deep and if there's economic boom the profits will grow. Secondly, industry regulation, i.e. with the loan caps in Kenya, banks' will record a significant drop in their profit margins as a result of reduction in interest earned margins. Thirdly is the brand power of the commercial banks', i.e. tier I banks' do have a reputation of too big to fail in the market therefore they easily get client accounts, deposits and loans as compared to tier II and tier III banks' Therefore, we address objective two of our research.

Table 4.10: Coefficients

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	-1255.163	18028.658		-.070	.945
Top Administration Responsibility	598.474	533.290	.259	1.122	.271
Employee Contribution	-266.206	531.388	-.120	-.501	.620
Customer satisfaction	-22.417	459.214	-.013	-.049	.961
Continuous process Change	141.212	675.475	.066	.209	.836
Quality policy and strategy practices	-772.466	618.106	-.260	-1.250	.221
Supplier partnership practices	466.526	569.652	.185	.819	.419

Source: Research Data, (2016)

4.3.11 Total Quality Management Practices and Market Share in Commercial Banks in Kenya

The results shown on table 4.11 below sought to establish the regression between market share of commercial banks in Kenya and total quality practices. The degree to which total quality practices are related to market share performance of commercial banks is expressed in the positive correlation coefficient $(r) = 0.311$ and coefficient of

determination, $(r^2) = 0.097$ as shown on table 4.11 below. This implies that the six independent variables together predict about 9.7 % of the market share of commercial banks' in Kenya.

Table 4.11 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.311 ^a	.097	-.097	3.54293

Source: Research Data, (2016)

4.3.12 ANOVA Results

Analysis of variance was used to test the significance of the regression model as pertains to differences in means of the dependent and independent variables as shown on table 4.12 below. The ANOVA test produced an F-value of 0.501 which is significant at $p=0.802$. This depicts that the regression model is not significant at 95% confidence level. Thus the regression model is not statistically significant in predicting how Supplier partnership practices, Employee involvement, Quality policy and strategy practices, Management commitment, Customer satisfaction, Continuous process Improvement and Top Management Commitment affect market share of commercial banks in Kenya. Therefore, we address objective two of our research.

Table 4.12 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	37.748	6	6.291	.501	.802 ^b
Residual	351.467	28	12.552		
Total	389.214	34			

Source: Research Data, (2016)

4.3.13 Multiple Regressions between Independent and Dependent Variables

The findings on table 4.13 below are based on the following regression model:

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

Where;

Y= Market share of commercial banks.

X1= Top Administration Responsibility

X2= Employee Contribution

X3= Customer satisfaction

X4= Continuous Process Change

X5= Quality policy and strategy practices

X6= Supplier partnership practices

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ is the coefficient of the variables.

e is the error term

The study sought to establish the extent to which Supplier partnership practices (SPP), Employee Contribution (EC), Quality policy and strategy practices (QPSP), Top Administration Responsibility (TA), Customer satisfaction (CS) and Continuous Process Change (CPC) affect market share of commercial banks in Kenya (MSPB).

Hence the regression model became:

$$MSPB = \beta_0 + \beta_1TA + \beta_2EC + \beta_3CS + \beta_4CPC + \beta_5QPSP + \beta_6SPP + e$$

Therefore, Table 4.13 below shows that Employee Contribution, Customer satisfaction and Quality policy and Strategy Practices have negative coefficients, implying that these independent variables negatively predict market share of commercial banks in Kenya. Top Administration Responsibility, Continuous process Change and Supplier partnership practices have positive coefficients implying that these independent variables positively predict market share of commercial banks in Kenya but the model is not significant.

The results of the study further indicate that p-value of = (0. 545) for Top Administration Responsibility, (0. 611) for Employee Contribution, (.904) for Customer satisfaction, (0. 819) for Continuous Process Change, (0. 280) for Quality policy and strategy practices and (0. 388) for Supplier partnership practices are larger than the significance level of 0.05. The implication of these results is that there is no statistically significant relationship between Supplier partnership practices, Employee involvement, Quality policy and strategy practices, Management commitment, Customer satisfaction and Continuous Process Improvement practices with market share of commercial banks in

Kenya. Other factors affect profitability / market share performance of commercial banks' in Kenya such as the state of the Kenyan economy, if there is inflation the profits will deep and if there's economic boom the profits will grow. Secondly, industry regulation, i.e. with the loan caps in Kenya, banks' will record a significant drop in their profit margins as a result of reduction in interest earned margins. Thirdly is the brand power of the commercial banks', i.e. tier I banks' do have a reputation of too big to fail in the market therefore they easily get client accounts, deposits and loans as compared to tier II and tier III banks' Therefore, we address objective two of our research.

Table 4.13: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficient	T	Sig.
		B	Std. Error	Beta		
	(Constant)	4.424	10.225		.433	.669
	Top Administration Responsibility	.187	.306	.149	.612	.545
	Employee Contribution	-.164	.320	-.135	-.514	.611
	Customer satisfaction	-.032	.267	-.035	-.121	.904
	Continuous process change	.088	.381	.076	.231	.819
	Quality policy and Strategy Practices	-.383	.348	-.238	-1.102	.280
	Supplier Partnership Practices	.281	.321	.205	.876	.388

Source: Research Data, (2016)

4.4 Discussion of Findings

Results of the study shows a statistically insignificant relationship between TQM practices and performance of commercial banks' in Kenya, i.e. TQM practices predict 12.3 % of profitability of commercial banks' and 9.7 % of market share of commercial. Performance of commercial banks in Kenya, that is operating profitably and increase in their market share could be as a result of other factors other than total quality management practices application within an organization, i.e. Deming's theory that emphasizes fourteen points total quality management as follows: Create consistency of reason, receive the new theory, stop conditions' on mass investigations, don't grant business based upon the value, go for ceaseless generation and administration change, get front line at work preparing, actualize bleeding edge techniques for authority, abrogate fear from the organization, deconstruct departmental obstructions, dispose of amount based work objectives, dispose of quantities and norms, bolster pride of craftsmanship, guarantee everybody is prepared and instructed and ensure the top administration structure underpins the past thirteen focuses.

The study could also have arrived at a statistically insignificant relationship between total quality management practices and performance of commercial banks' in Kenya because other factors affect profitability / market share performance of commercial banks' in Kenya such as the state of the Kenyan economy, if there is inflation the profits will deep and if there's economic boom the profits will grow. Secondly, industry regulation, i.e. with the loan caps in Kenya, banks' will record a significant drop in their profit margins as a result of reduction in interest earned margins. Thirdly is the brand power of the commercial banks', i.e. tier I banks' do have a reputation of too big to fail in the market therefore they easily get client accounts, deposits and loans as compared to tier II and tier

Tier III banks' whom most customers do fear given the collapse of Dubai Bank, Imperial Bank and Chase Bank (K). This has resulted in a situation where Tier I banks' do have excess liquidity thus can easily engage in business and record significant profit margins as compared to their Tier II and III counterparts some of whom are battling liquidity issues resulting in mergers and acquisitions such as Oriental Bank which was acquired by M-Bank of Tanzania and also deep in profits if not loss recording. Fourthly, commercial banks' profit levels and market share performance is also affected by strategies of operations deployed, i.e. adopting technology into the core banks' operations so as to serve clients' effectively and efficiently plus reducing the levels of recurrent expenditures. Therefore, this study achieved objective two that sought establish the relationship between quality management implementation and performance of commercial banks in Kenya.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

On the issue of Top Administration Responsibility to TQM implementation, the study revealed that most respondents do agree that provision of adequate resources to the implementation of quality management efforts, particularly, considerable investment in human and financial resources do contribute to quality management and had a mean score of 4.32. Creating and sustaining a shared vision quality management at all levels of the organization had a mean score of 4.26. Inspiration, encouragement and recognition of employees' commitment to quality had a mean score of 4.15. Lastly, performance evaluation of managers based on quality had a mean score of 4.11. This result shows that majority of our respondents do agree that the top administration of their organizations' do support the implementation of quality management practices and also objective one that sought to demonstrate the extent to which quality management has been implemented by commercial banks' in Kenya is supported.

Employee Contribution importance in relation to performance in commercial banks' in Kenya, the study revealed that employees are motivated to improve on quality management practices implementation through rewards and incentives and employees actively seek opportunities to enhance their competence, knowledge and experience both had a mean score of 4.19. Employees being provided the opportunity for involvement in quality management practices development and implementation had a lower mean score of 4.14. The results do support objective one that sought to demonstrate the extent to which quality management has been implemented by commercial banks' in Kenya

The study revealed that customer satisfaction importance to organization performance from the respondents' point of view is that increased customer referrals for the organization lead to increase in market share at a mean of 4.26. Having increased allocation of resources by the organization to customer satisfaction enhancement activities had a mean score of 4.22. Training of organization staff on how to understand and satisfactorily meet the customers' needs and expectation had a mean score of 4.18. Lastly improved customer loyalty to the organization leading to repeat business and measuring customer satisfaction levels and acting on the results had a tied mean score of 4.15. The results do support objective one that sought to demonstrate the extent to which quality management has been implemented by commercial banks' in Kenya and objective two which sought to establish a relationship between TQM implementation and performance of Kenyan banks.

On the issue of continuous process change, majority of the respondents do agree that evaluating quality management practices to pick out areas that need improvement does influence quality management and had a mean score of 4.21. This was followed by there is frequent re-training of employees to fill up any existing knowledge gap at a mean score of 4.15. At the lower end, management and employees come together to embrace quality management as an organizational culture to be adopted by all at a mean score of 4.14. The results do support objective one that sought to demonstrate the extent to which quality management has been implemented by commercial banks' in Kenya

On quality policy and strategy practices, majority of the respondents concurred that strategy synergy enables the organization to deliver quality products and services to the final consumer and it had a mean score of 4.26. Secondly, strategic planning has resulted in customer and employee satisfaction at a mean score of 4.19. Lastly, strategies development and implementation, has enabled management and employees to shape the external business environment, limit internal and external threats and to take advantage of business opportunities had a mean score of 4.04. The results do support objective one that sought to demonstrate the extent to which quality management has been implemented by commercial banks' in Kenya

Supplier partnership practices issue had the respondents feel that the organization has entered into strategic partnerships with suppliers so as to ensure continued performance of the organization processes remain uninterrupted and had a mean score of 4.17 while the organization has effectively harnessed the potential benefits of establishing partnerships with suppliers had a mean score of 4.15. The results do support objective one that sought to demonstrate the extent to which quality management has been implemented by commercial banks' in Kenya

5.2 Recommendations

The study having explored the relationship between total quality management implementation and performance of commercial banks' in Kenya, recommended that commercial banks' in Kenya need to implement an organizational culture amongst her stakeholders so as to enable smooth implementation of quality management practices that facilitate employee contribution, customer satisfaction and continuous process change

strategies within commercial banks'. The commercial banks' top management needs to be totally involved in quality management development and implementation strategies within their organizations by making this process their number one priority. There is also need for commercial banks' to prioritize employees' training on quality management process. This will empower employees to become more quality aware and also identify with the quality management process apart from contributing to improvement processes of the quality management strategy.

There is also need for the top management to constantly seek feedback from the organizations' stakeholders, e.g. suppliers, clients and staff, on how they can improve on quality management and act on the feedback. The commercial banks' top management needs to set simple, clear, measurable and achievable objectives that will guide the organizations to the right path strategically. There is also need to allocate adequate resources both financial and human resource so as to facilitate the achievement of those objectives and subsequent improvement of quality management practices and performance of commercial banks'.

5.3 Limitations

The study deployed use of a questionnaire to collect data; however, the problem with this is that a questionnaire use is based on the assumption that participants' responses to the questions will be honest and accurate. However, this is not always the case that participants will answer in an honest manner. This is due to the fact that participants often give responses that they believe to be desirable.

Some respondents were reluctant in disclosing information with regards to the TQM practices implementation in their organizations' due to the fear of being reprimanded by their managers in the organization whom handle the issues under study. The respondents were however assured of confidentiality of the information provided. There was also attachment of a letter from the University of Nairobi authorizing the study and this also served the purpose of assuring the respondents on the purpose of the study.

5.3 Suggestions for Further Studies

This study examined certain TQM management practices that affect organizational performance of commercial banks' in Kenya. However, there are other TQM management practices that do influence organizational performance of commercial banks' in Kenya hence the need to study those other TQM practices if they have been implemented and determine to what extent if they are statistically significant do influence the performance of commercial banks'.

Further research needs also to be conducted on those additional variables apart from TQM practices that do affect performance of commercial banks' in Kenya. The study on TQM practices influence on performance of commercial banks' need to be expanded to cover not only commercial banks' in Kenya but also commercial banks' in other countries. There is also need for further studies on how TQM practices do affect the performance of other service industry sectors that is, if those service sectors have implemented TQM practices and later on a comparison drawn.

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ACADEMIC RESEARCH QUESTIONNAIRE

Confidentiality Statement

Thank you for taking your time to fill this questionnaire. This questionnaire will be used purely for academic purposes. All information will be treated as confidential and constrained to this study only.

Section A

1. Name of the bank: _____
2. Interviewee position _____
3. Year established _____
4. Number of branches _____
5. Number of employees _____
6. Number of branches _____
7. Bank ownership; Private [] Public []

Section B

Kindly indicate clearly if the following quality management principles have been embraced or not in your organization by ticking either YES or NO.

Quality Management Practices	YES	NO
Top Administration Responsibility		
Employee Contribution		
Customer satisfaction		
Continuous process change		
Quality policy and Strategy Practices		
Supplier Partnership Practices		

Section C

8. Top Administration Responsibility

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Provision of satisfactory assets to the execution of Quality Management endeavors, especially, extensive interest in human and money related assets.	5	4	3	2	1
Performance evaluation of managers based on quality.	5	4	3	2	1
Inspiration, encouragement and recognition of employees' commitment to quality	5	4	3	2	1
Creating and sustaining a shared vision quality management at all levels of the organization.	5	4	3	2	1

9. Employee Contribution

Using a scale of 1-5, where 1= strongly agree; 2=Agree; 3=Neutral; 4=Disagree;

5=Strongly Disagree, please indicate the extent to which you agree with the following statements

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Employees are provided the opportunity for involvement in quality management practices development and implementation.	5	4	3	2	1
Employees are motivated to improve on quality management practices implementation through rewards and incentives.	5	4	3	2	1
Employees effectively look for chances to improve their fitness, learning and experience	5	4	3	2	1

10. Customer satisfaction

Using a scale of 1-5, where 1= strongly agree; 2=Agree; 3=Neutral; 4=Disagree;

5=Strongly Disagree, please indicate the extent to which you agree with the following statements

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
There is increased allocation of resources by the organization to customer satisfaction enhancement activities	5	4	3	2	1
Improved customer loyalty to the organization leading to repeat business	5	4	3	2	1
Increased customer referrals for the organization leading to increase in market share	5	4	3	2	1
Training of organization staff on how to understand and satisfactorily meet the customers' needs and expectation	5	4	3	2	1
Measuring customer satisfaction levels and acting on the results	5	4	3	2	1

11. Continuous improvement change

Using a scale of 1-5, where 1= strongly agree; 2=Agree; 3=Neutral; 4=Disagree;

5=Strongly Disagree, please indicate the extent to which you agree with the following

statements

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Management and employees come together to embrace quality management as an organizational culture to be adopted by all.	5	4	3	2	1
Evaluating quality management practices to pick out areas that need improvement.	5	4	3	2	1
There is frequent re-training of employees to fill up any existing knowledge gap.	5	4	3	2	1

12. Quality Policy and Strategy Practices

Using a scale of 1-5, where 1= strongly agree; 2=Agree; 3=Neutral; 4=Disagree;

5=Strongly Disagree, please indicate the extent to which you agree with the following

statements

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Strategy synergy enables the organization to deliver quality products and services to the final consumer	5	4	3	2	1
Strategies development and implementation, has enabled management and employees to shape the external business environment, limit internal and external threats and to take advantage of business opportunities	5	4	3	2	1
Strategic planning has resulted in customer and employee satisfaction.	5	4	3	2	1

13. Supplier Partnerships Practices

Using a scale of 1-5, where 1= strongly agree; 2=Agree; 3=Neutral; 4=Disagree;

5=Strongly Disagree, please indicate the extent to which you agree with the following statements

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The organization has effectively harnessed the potential benefits of establishing partnerships with suppliers	5	4	3	2	1
The organization has entered into strategic partnerships with suppliers so as to ensure continued performance of the organization processes remain uninterrupted	5	4	3	2	1

THANK YOU FOR YOUR TIME AND COOPERATION.

APPENDIX 1: LIST OF COMMERCIAL BANKS FOR THE STUDY

1 ABC Bank (Kenya)	24 Giro Commercial Bank
2 Bank of Africa	25 Guardian Bank
3 Bank of India	26 Gulf African Bank
4 Bank of Baroda	27 Habib Bank AG Zurich
5 Barclays Bank	28 Habib Bank
6 CFCStanbic Bank	29 Imperial Bank Kenya
7 Chase Bank (Kenya)	30 Investment & Mortgages Bank
8 Charterhouse Bank ltd	31 Jamii Bora Bank
9 Citibank N.A.	32 Kenya Commercial Bank
10 Commercial Bank of Africa	33 K-Rep Bank
11 Consolidated Bank of Kenya	34 Middle East Bank Kenya
12 Cooperative Bank of Kenya	35 National Bank of Kenya
13 Credit Bank	36 National Industrial Credit Bank
14 Development Bank of Kenya	37 Oriental Commercial Bank
15 Diamond Trust Bank	38 Paramount Universal Bank
16 Dubai Bank Kenya	39 Prime Bank (Kenya)
17 Eco Bank	40 Standard Chartered Bank
18 Equatorial Commercial Bank	41 Trans National Bank Kenya
19 Equity Bank	42 United Bank for Africa
20 Family Bank	43 Victoria Commercial Bank
21 Fidelity Bank	23 First Community Bank
22 Fina Bank (Kenya)	

23 First Community Bank	
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Source: Central Bank of Kenya