

Implementation of Total Quality Management (TQM) in the Banking Sector in North Macedonia

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Abstract: Total Quality Management we can defined as a transformation in management process that constantly increase customer satisfaction via the design and perfection of organizational and the process of a system. A literature about Total Quality Management is new in area of academic and research sector last years and the process of implementation is little bit hard in market in North Macedonia, especially in sector of banking system. A mix approach war applied in financial services industry in public and private sector to achieve e results in this research paper with the participant of consultant especially in banking sector, contractors , clients, employees and the academic view from various platforms of banking sectors. A total of 420 valid responses has been for data analysis. The reason of this research paper and the results of this study is to identify the current Total Quality Management implementation status in sector of banking sector and regulate that the questionnaire war reliable. The findings in this research paper exposed that an effective Total Quality Management implementation in sector of banking and financial sector involve abundant management commitment, customer satisfaction , leadership, teamwork, services to clients etc. Results of this research paper provide that Total Quality Management is new for the market of financial banking sector, but with significant awareness into the components that empower the implementation. This study in same time will contribute to understand the situation of Total Quality Management in sector of financial banking system demonstrating their capacity to enhance the North Macedonian financial sector. Expect this, and for further studies can contribute for more details and other results for next research paper or case studies.

Keywords: Financial sector, total quality management, banking.

1. Introduction

In North Macedonia financial banking sector is one of the most important sectors of economic development, especially after the independent and applying free market model in economy, the banking sector is one of the important sector that contribute in process of economic growth of thecountry and is in process of applying the conditions of new strategies, new technologies, follows digitalization trends etc. As e results the financial system must generate new technologies, new trend of services and new

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methodology of management to remain competitive in the financial market and succeed in their operations.

Most of the research paper and other studies are international and for North Macedonia do not have more. In market of North Macedonia Total Quality Management can be found more in sector of small and medium companies, especially in trading market, produce, industrial sector but in banking system do not have so many research papers. Presently, the usage of Total Quality Management system in numerous banking system in North Macedonia is an improvement, but then the conventional system unable to survive with the challenges occur were not competent to overcome of the challenge.

In theory Total Quality management consists of several quality instruments and technique, in addition to various values and beliefs that all staff within the same organization shares (Abdaziz, 2015). TQM can be defined as a strategy that aims to generate and transfer more efficient and superior services, through achieving cooperation between organizational members (Lakhal, 2006). After 1990 the banking system has had the classic format of organizational and management system from the previous political system when all the banking organization was under the state impact. Despite the fact that Total Quality Management has been around for 15 years, with well-documented advantages and significant government backing, the rate of implementation and use is still modest and falls short of the government's aim. In this case, various studies were showed in order to differentiate the report between practices of total quality management and the performance in banking system which is the main reason of this research paper. The space of the examination comprises various kinds of industries and sectors such as financial, operational services and quality performance. Such studies designated that there are positive reports between the current implementation of Total Quality Management and the organizational performance, in which when one organization applies total quality management practices in effective way then it's organizational and employees' performance will largely superior. Mile Terziovski clarified that there is an important influence and impact of total quality management on operational performance especially at large companies and banking system that are specialized in manufacturing processes and services. (Milé Terziovski, 1999) Several categories of total quality management were considered as an essential performance predictors such as leadership, individual management and focus on customer. This paper discusses on total quality management practices and its influences on organizational performance.

2. Literature Review

The quality management concept was predictable since ancient times in Japan in the late 1930s specifically after the World War II. After that, several firms in the manufacturing sector were focused on enhancing quality and utilizing tools that directly aim to control quality at these firms (Demirbag, 2006). Although the literature on Total Quality Management includes a rich spectrum of works, there is no consensus on the definition of quality. The notion of quality has been defined in different ways by different authors. Gurus of the Total Quality Management practices such as Garvin, Juran, Crosby, Deming, Ishikawa and Feigenbaum all provided their own definitions of quality concept and Total Quality Management. (G.S.Dangayach, 2005)

Also, literature review further shows that measuring service quality is not an easy task and lot of problems are there in measuring it. Most forms of measurement of service quality focuses on customer satisfaction. (Jr., 1992). Various techniques were also proposed for QM practices, in which it is considered as a method to enhance quality and efficiency of different industries services and products. One of the main internationally accepted approaches is total quality management in which this approach essentially attempts to create a comprehensive cooperation between all organization functions in order to fulfill customers' demands in an efficient way and to achieve all organizational goals. (Faisal Talib¹, 2012)

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3. Research methodology

This study used a combination of qualitative and quantitative data gathering techniques for examination objective. To evaluate the present status of Total Quality Management implementation in the banking sector and financial institutions in North Macedonia for period of 2012-2021 comprehensive structured interviews and a questionnaire survey were undertaken for the result of the study. The questionnaire was tested and applied on a specified sample in all the management of banks of North Macedonia that are operating in financial market. Participants were asked to access and comment on the template of questionnaire that were prepared and from the results , underscoring its validity and relevance to the objectives of the research paper. In general, all the banks agreed that the questionnaire will be effective in achieving the goals of the study. Research aims and objective of this research paper are to explore the Total Quality Management practice and technologies, to identify the impact and effects of Total Quality Management implementation on the banking sector from the period that we have got the situation of banking service evolution and to generate a guidelines for the effective implementation of Total Quality Management practice into banking system in North Macedonia.

4. Results and discussion

From the view of all services industries, service quality remains a critical issue in maintaining and propagating business in the competitive marketplace. To increase the profit, to be part of the market with high level of quality and to be competitive in financial market banks must provide Total Quality Management and need to provide customer high quality services. In free markets , especially in financial market , customers demands quality services.

From the research paper and from the result of questionnaire we have get results that banking system must accept to apply quality management process to be part of high quality service sector, even some of the banks are applying from 2012. In banking, quality means not just meeting but exceeding customer expectations. For this reason, service quality is viewed as an emerged from the growth of the internet and information systems. The growth in internet-based services has changed the way that banks and customers interact. (Talib, 2013) E-service is conceptualized as an interactive information service that provides a means to organizations that can build its service offerings and develop a competitive advantage. The basic reason behind development of online services was the cost reduction and to delight customers through automation. Although firms gained efficiencies from online business/e-commerce/selling online, their failure to focus on customer needs and wants, resulted in poor online service performance. The article by Liu and Arnett, considered the four quality factors as major ingredients for the success of website as: system use; system design quality; information quality and playfulness.

This section reviews the implementation of Total Quality Management in banks. Use of Total Quality Management in the banking is not too old, earlier studies shows that Total Quality Management approach in the banking is a recent trend and is showing better performance after its implementation. Total Quality Management, which is about total customer service and continuous customer satisfaction, is applicable to almost all service industries including banks where the customer is treated as king. In fact, customers in service industries, especially in the banking, are rather more sensitive to quality and delivery of service than their manufacturing counterpart as they are in direct contact with the service providers . Therefore, adoption of Total Quality Management program in the banking sector may be one of the best alternatives that care about improved service quality and higher customer satisfaction together with retaining its customers.

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So, from the result of the questionnaire on figure 1 its showed the implementation of Total quality management from all the banks in North Macedonia, some of the banks are implementing from 10 years some last years.

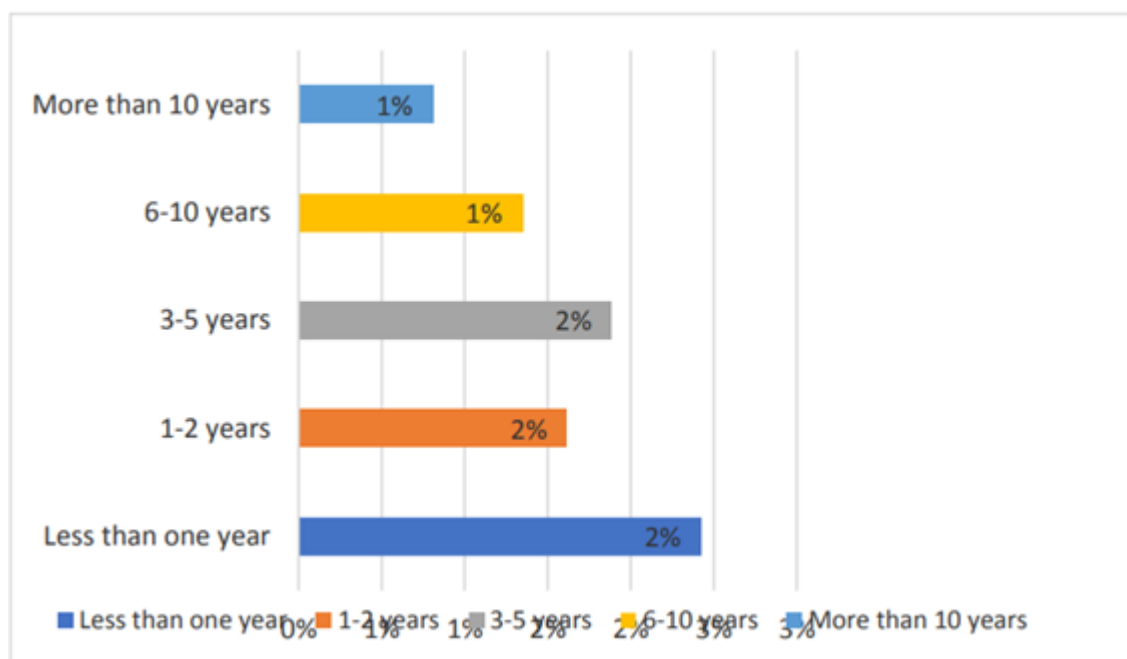


Figure 1 – Period of Implementation of Total quality management in banking sector in North Macedonia

And at the Figure 2 its showed the awareness of implementation of Total quality management in banking sector

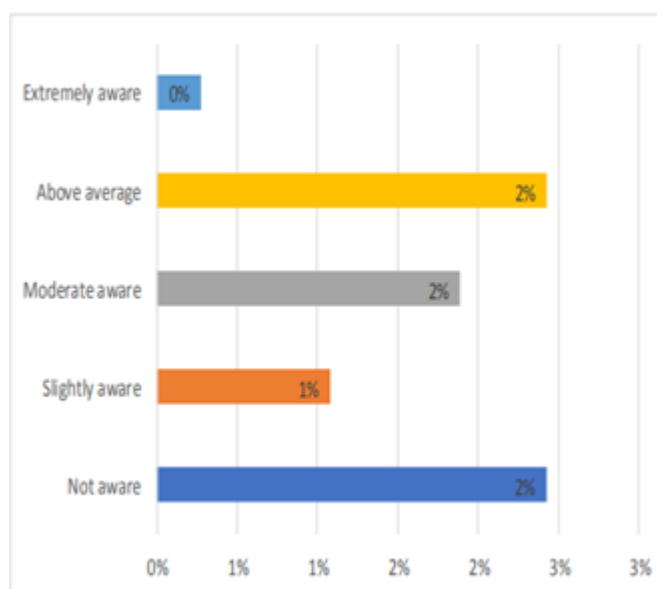


Figure 2 – Awareness of Total Quality Management Implementation in banking sector North Macedonia

The understanding of Total quality management deployment and growth in banking sector has a considerable influence on top management decisions to convert to a Total quality management - based approach. Total quality management deployment is a complex mission that requires several pieces of

information from different stakeholders but understanding the mechanism will assist in controlling the challenges of implementation. This study has assessed the consciousness of participants of Total quality management procedure application. Most respondents are unaware of the Total quality management method. However, if the banking sector has a better track reputation than the public sector or other sector, this does not imply that the private sector is higher conscientious. The heterogeneity in this rate may be attributed to differences in the contributors from each market. The percentage of practitioners in both fields who have a positive technology view deployment and procedure. Banks and other financial institutions (micro credits) in North Macedonia tended to increase their interest in Total quality management and other resources by participating in CIDB-related initiatives. Several participants suggested that the North Macedonia government include a detailed directory to understand Total quality management application policy and how different organizations should handle Total quality management projects. Furthermore, Total quality management applications should be permitted in the public and private sectors accordingly.

5. Conclusions

Through peer literature evaluation, the study aids in understanding the current state of Total quality management and its implementation in the banking and financial system in North Macedonia. Total quality management can be considered as a source of long-term competitive advantage. The main purpose of this study is to identify the existing state of Total quality management application in the banking and financial sector, as well as the level of awareness of Total quality management implementation in same projects of financial services like banking or others. Despite having access to these tools, Total quality management employment in the banking system and financial services is still severely insufficient. Total quality management implementation and awareness were addressed from the perspectives of qualified professionals, and recommendations were made as a result. The most noteworthy finding of the study is that Total quality management acceptance is still low in North Macedonia public and other financial sectors. The majority of the companies and banks surveyed are not applying Total quality management at all but they know about the importance for the market, and their workers are not fully committed to the definition. Furthermore, this study helps industry practitioners better comprehend the responsibilities of Total quality management and its capacity to improve project performance. As a result, it is proposed that focused seminars, talks and training to support Total quality management explain the process of Total quality management implementation rather than merely promoting the incentives and benefits of the application. This study, without a doubt, has some limitations. Future studies should include more investigation into the critical success drivers of Total quality management adoption in the banking sector , financial services in North Macedonia. As a result, Total quality management in a company, especially in the banking sector, must be highly concerned.

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