

## ENHANCING COMPETITIVE ADVANTAGE THROUGH TOTAL QUALITY MANAGEMENT IN THE BANKING INDUSTRY

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### ***Abstract***

*The study examined total quality management from the perspective of competitive advantage as a measurable indicator of strength. It looked at how financial institutions are breaking even in a complex business environment like Nigeria. Two research objectives on leadership and continuous improvement were raised with hypotheses aligned from the null perspective. The study was hinged upon knowledge-based theory. Statistical analysis was carried out from the population drawn across banks with a sample frame determined systematically. Findings revealed that there is a significant relationship between style of leadership and continuous improvement in competitive advantage. The conclusion on enhanced and effective leadership with proper continuous improvement strategy adopted.*

***Keywords:*** *Total Quality Management, Competitive Advantage, Leadership, Continuous Improvement, Knowledge Sharing.*

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### **1. INTRODUCTION**

The level of competition around the world has caused considerable adjustments in how businesses operate. Offering higher-quality services as a means of gaining a competitive edge has turned into a strategic necessity for businesses and senior management all over the world. As a result, in today's changing business climate, quality has evolved into a strategic tool for monitoring business performance (Agarwal, Green, Brown, Tan, & Randhawa, 2013). Any company entity's main objective is to fulfil the needs of its clients. Customers are demanding excellence in life, in goods, and in services nowadays. They have become increasingly aware

and have started looking for options that are more in line with their fundamental requirements, needs, and self-esteem. People are willing to pay more for a high-quality good or service. A business that satisfies or surpasses these requirements has an advantage over rival businesses (Ahmad & Zabri, 2016). Competitive advantage ultimately denotes greater financial performance through differentiation and cost leadership (becoming a cost leader) (providing unique products and services to customers). Total Quality Management appears to be the greatest strategy for addressing the challenge mindset in Total Quality management, (Al-Saffar & Obeidat, 2020).

Competitive advantage is the condition when a company can create value for the cost incurred by the customer. The value in question is if the company can produce a superior product and offer a lower price than its competitors ( Evans, Kim, Nagarajan, & Patro, 2010). Competitive advantage consists of three things: cost leadership, differentiation strategies and cost focus that concentrate on certain segments in the market. Ferreira and Otley, (2009) pointed out that the advantage of competitiveness can be obtained if the company can present every aspect of the business operations process better in producing goods and services that have high quality of competitive prices, of which the resulting product can compete both in terms of quality, price, product delivery, and flexibility than its competitors in the market (Franceschini, Galetto, & Mastrogiacomo 2018).

Based on the foregoing, TQM is the integration of all functions and processes within the organization to achieve continuous improvement in the quality of goods and services leading to sustainable competitive advantage (Garengo, Biazzo, & Bititci, 2015). Although several researchers have researched TQM on firms' performance, there is little or no literature on TQM and sustainable competitive advantage in the Nigerian deposit money bank. The study therefore fills a gap by investigating the impact of TQM on sustainable competitive advantage focusing on the Nigerian deposit money bank.

### **The Problem**

For many years, the banking industry has generally operated in a stable environment. Today, nevertheless, in a newly deregulated climate, the business is up against dramatically tough competition. The longevity of the competitive advantages that institutions command determines their ability to command a competitive advantage. Gaining a competitive advantage is not always a long-lasting or even permanent process. Deposit banks and other organisations

can continue to provide the market with valuable, uncommon, unique, and non-substitutable financial services as long as their rivals are unable to replicate the advantages of the financial firm's approach. The competitive advantage and sustainability of that advantage will be affected by effective TQM processes. A set of procedures can help TQM be effective. For many years, the banking industry has generally operated in a stable environment. However, the market is currently dealing with incredibly fierce competition in a new set of procedures can help TQM be effective. Effective TQM procedures include commitment from senior management, continuous improvement, customer focus, and strategic planning, among others. Like other industries, the banking industry is undergoing a revolution in quality improvement. There is a pressing need to create a TQM model for commercial banking branch operations, highlighting the various departments in the branch and applying TQM principles to such departments with appropriate assessment, keeping in mind the competitive environment in which bank officers are working hard to provide high-quality services to their customers there is great need to develop a TQM model for commercial banking branch operations, highlighting the different departments in the branch and the application of TQM principles to such departments with proper assessment of the extent of practice of TQM principles in our selected banks of research, which in this case are Zenith Bank PLC, First Bank, Access Bank and United Bank for Africa,

### **Study Objectives**

- i. To examine the effect of leadership in total quality management on the competitive advantage of the banks
- ii. To assess the impact of continuous improvement in total quality management on the competitive advantage of the banks

### **Research Hypotheses**

- H<sub>01</sub>: Leadership in total quality management has no significant effect on competitive advantage
- H<sub>02</sub>: Continuous improvement in total quality management has no significant effect on competitive advantage

## **2. LITERATURE DEVELOPMENT**

### **The Concept of Total Quality Management**

Total Quality Management (TQM) is a comprehensive and structured approach to organizational management that seeks to improve the quality of products and services through ongoing refinements in response to continuous feedback (Ismyrlis, Moschidis, & Tsiotras, 2015). TQM requirements may be defined separately for a particular organization or maybe in adherence to established standards, such as the International Organization for Standardization's ISO 9000. TQM can be applied in any organization it originated from the manufacturing sector and has since been adopted for use in almost every type of organization imaginable including schools, hospitals, banks, telecommunications etc. Kaynak, (2003) made a study which adapted servqual model to analyze service quality in mobile telecommunication (Vodafone Ghana) in which he emphasised that, the concepts of quality, efficiency, productivity, growth and survival pose a great challenge for survival and growth of all corporate bodies. These growth and survival demands are further deepened by the need to attract and retain customers, as customers are the focus of any successful business. Business success depends on a firm's understanding and meeting customers' needs and demands,( Kaynak, 2003)

Total quality management seeks to satisfy consumers or customers by fostering quality in the products and services rendered, thus creating a competitive advantage on the market front. Business tends to grow for companies when these are drawn as part of the companies polices. Meeting the needs required in terms of competition also thus helps companies to grow day in day out with innovative services and products which therefore creates competition

### **Competitive Advantage**

Competitive advantage refers to the comparative positional superiority in the marketplace that leads a firm to outperform its rivals or the unique position an organization works hard to develop through its competitors (Pambreni, Khatibi, Ferdous Azam, & Tham, 2019). Competitive advantage has also been defined as the ability of an organization to create a strong position over its competitors (Wayhan, & Balderson, 2007).). Competitive advantage reflects the ability of an organization to play a unique role and offer unique services and products in the market (Lewis, 2000).

### **Leadership and Competitive Advantage**

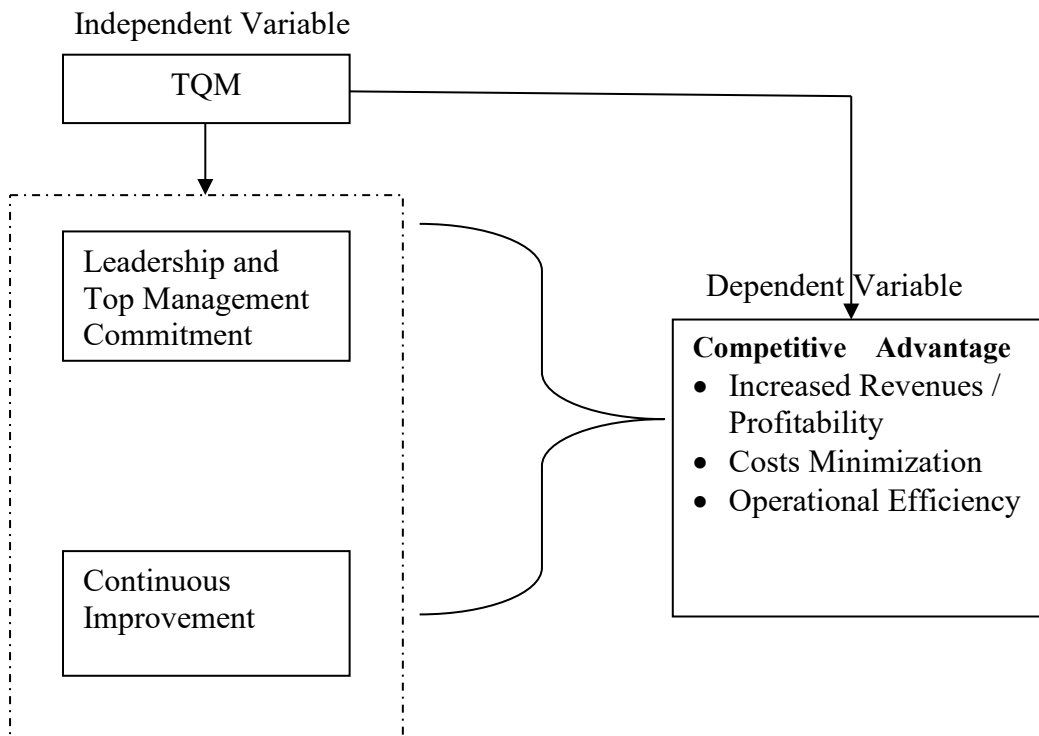
Top Management in organizations maintains the leadership responsibility for the quality management systems, with the involvement of all organizational staff. This responsibility includes ensuring the availability of resources to all staff to ensure improved service delivery is achieved for the realization of the organization's vision and mission. Establishing and reviewing the quality policy and quality objectives quarterly to ensure compliance with the quality standards (Wickramasinghe, & Perera, 2014). McLeod and MacDonell (2011) emphasized the importance of top management in projects as it plays various roles in the organization such as influencing attitudes, encouraging user participation, creating a positive context for change, overseeing the development of the project, managing political conflicts, and ensuring the availability of resources.

### **Continuous Improvement and Competitive Advantage**

Total quality includes 'soft' aspects of management such as leadership and organizational culture, and 'hard' aspects such as organizational systems and statistical techniques (Chang, 2005). Oakland (2000) observes that total quality is a management philosophy that has developed incrementally over time and continues to do so using continuous improvement as an important driver. Continuous improvement consists of establishing customer requirements (internal or external), meeting the requirements, measuring success, and continuing to check customers' requirements to find areas in which improvements can be made (Zatzick, Moliterno, & Fang, 2012). According to Bessant, Yu, Park, & Hong, (2020) continuous improvement is viewed as a particular set of routines that can help an organization to improve performance. Many researchers view continuous improvement as a dynamic process, focusing on improvement programs and their relationship to other organizational elements in the organization and its environment (Nilsson-Witell, Antoni & Dahlgaard, 2005).

## Conceptual Framework

### Conceptual Framework for the Study



Source: Researcher's Model, 2024.

## THEORETICAL FRAMEWORK

### Knowledge-Based Theory

This study is anchored on Knowledge-based theory which is considered as the most critical firm resource. Its proponents argue that knowledge is a unique commodity hence hard to duplicate. The knowledge and capabilities in a firm are what a firm would use to create its competitive edge hence setting it apart from the rest proving it a niche above the rest. The knowledge an organization has is always exhibited in its cultures and identities, policy documents, systems and practised by employees (Barney and Conner, 2012).

Markets and technologies represent two aspects of knowledge that a firm should have. They exhibit great performance opportunities as they allow for research and development within the firm, while on the other end extrapolating the business potential of the organization in the

changing business climate. This theory is relevant to this study because, with this, the firm can know best which type of actions to take to operate competitively and create sustainable opportunities (Wickramasinghe, & Perera, 2014)

### 3. METHODOLOGY

The study adopted a descriptive research design. The population for this study is 759 drawn from four banks.

**Table 1: Breakdown of the study population**

<b>Bank Name</b>	<b>Number of Employees</b>
Zenith Bank PLC	216
First Bank	212
Access Bank	150
United Bank for Africa	181
<b>Total</b>	<b>759</b>

Source: Branch HR/Human Capital desk of the four (4) listed bank branches in Asaba, Delta State used for the study.

Yamane’s formula was used to determine a sample size of 262. The sampling technique that was applied for the study is the probability sampling technique. Specifically, the simple random sampling method was used. This was employed to ensure that every member of the sample had an equal chance of being selected. The research instrument that was used for this study is structured questionnaire whose response format is in the five-point Likert scale with extremes ranging from strongly agree to strongly disagree. The questionnaire was divided into sections A and B, in which section A contained questions on respondents' demography, while section "B" contained the major research questions. Cronbach's alpha was used to test reliability and to assess the quality of the measurement. An acceptance level for Cronbach's alpha is 0.7 or higher while 0.7 below connotes a weak reliability (Sekaran, 2001).

**Table 2 Reliability Statistics**

<b>Cronbach's Alpha</b>	<b>N of Items</b>
.845	5

**Sources:** Field Survey, 2023.

Results revealed that the alpha value is higher than the criterion value for the Cronbach test of reliability. Thus it can be said that the research instrument displayed a strong reliability. Data were gathered, analyzed and presented using descriptive statistics. Descriptive statistics in the

form of percentages, frequencies and means was used to provide information on demographic variables and responses to questionnaire items. Correlation coefficient was used to establish relationship among variables for the study while multiple regression analysis was used to test the research hypothesis. The Statistical Package for Social Science (SPSS) software version 22 for windows aided in data analysis.

#### 4. DATA ANALYSES

##### Test of Hypotheses

To examine the hypotheses, linear regression and correlation analysis were used as analytical methods. The study's hypotheses are tested using the p-values listed in the tables of regression coefficients.

##### The Decision Rule

The null hypothesis will be rejected while the alternate hypothesis is accepted, and vice versa, if the estimated probability value is less than the critical threshold of significance, which is (5% or 0.05). For instance, we may infer that the supplied parameter is statistically significant if the probability value of 0.00 is less than the critical value of 5% (i.e.,  $0.00 < 0.05$ ).

##### Multiple Regression Analysis

**Table 1** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.914 <sup>a</sup>	.799	.649	1.5617

a. Predictors: (Constant),

**Table 1** shows the extent to which the leadership in total quality management accounted for competitive advantage in the banking industry. Leadership styles and continuous improvement are indicated by the adjusted R square, which shows that 91% (.914) of competitive advantage is brought about by the right leadership principles, styles and application. The correlation coefficient R is 0.799. **Therefore**, we can conclude that leadership styles and continuous improvement in total quality management have a positive correlation with competitive



advantage in the business environment, and the relationship is strong since it is about 49%. The  $R^2$  of 0.649, which means about 48% of the variance in competitive advantage explained the style of leadership.

**Table 2** ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	185.255	3	62.581	52.244	.002 <sup>b</sup>
	Residual	195.632	90	2.271		
	Total	360.887	93			

Dependent Variable: Constant

b. Predictors: (Constant), leadership style and continuous improvement

The *F*-ratio in Table 2 tests whether the overall regression model is a good fit for the data. Leadership and continuous improvement strongly predict competitive advantage, according to the table,  $F(3,90) = 52, 224 P < .005$ . This suggests that the data and the regression model suit each other well. Additionally, the findings of the ANOVA study demonstrate that the independent leadership styles, principles applications and continuous improvements statistically predict the dependent variables (competitive advantage).

**Table 3** Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.680	1.387		.715	.522
	leadership	.373	.074	.235	3.951	.001
	Continuous improvement	.291	.092	.342	6.045	.002

a. Dependent Variable: Constant

**Table 3** exhibited the multiple regression analysis result for leadership and competitive advantage indicating that leadership which is the first variable has a positive effect on competitive advantage ( $\beta=.373$ ,  $p<0.001$ ), this implies that the p-value critical  $0.05(5\%)$  level of significance is greater than the calculated level of significance ( $0.05>0.001$ ), therefore the null hypothesis which states that there is no significant relationship between leadership and competitive advantage hereby rejected while the alternate is accepted implying that there is a significant statistical relation between leadership and competitive advantage.

From the table above, the continuous improvement which is the second variable has a positive effect on efficient competitive advantage ( $\beta=.291$ ,  $p<0.002$ ), this evinced that the p-value critical  $0.05(5\%)$  level of significance is greater than the calculated level of significance ( $0.05>0.002$ ), therefore, the null hypothesis which states that there is no significant relationship between continuous improvement and competitive advantage delivery is rejected while the alternate is accepted implying that there is a significance statistical relation between continuous improvement and competitive advantage.

## **5. CONCLUSION**

In conclusion, total quality management is a critical factor influencing the efficiency of competitive advantage. Right leadership lead to improved competitive advantage and a more supportive work environment. However, leadership styles and continuous improvement enhance effectively with a competitive advantage that will be sustainable.

### **Recommendation**

The following recommendations were made in this regard:

- i. Continuous leadership styles, structure, principles and application provide the confidence that drives sustained competitive advantage
- ii. The continuous improvement process of services promotes an environment of satisfaction and successfully promotes competitive advantage.

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