ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

THE EFFECT OF TOTAL QUALITY MANAGEMENT PRACTICE ON OPERATIONAL PERFORMANCE IN THE CASE OF HIBRET BANK S.C

By
RUTH KIRUBEL

JULY, 2021
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A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN GENERAL MANAGMENT

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DECLARATION

I, the undersigned, declare that this thesis is my original work, presented under the guidance of Mohammed M. Nur (Ass. Prof). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher institution for the purpose of earning any degree.

_Ruth Kirubel____ _____

Name Signature

St.Mary University, Addis Ababa **JULY, 2021**

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Mohammed M. Nur (Ass. Prof) _____

Advisor Signature

St.Mary University, Addis Ababa JULY, 2021

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Finally I would like to thank my entire friend for their immeasurable assistance throughout my study.

List of Acronyms

SPSS- Statistical package for social science

ANOVA - Analysis of Variance

VIF – Variance Inflation Factor

TQM – Total quality management

SME-Small and Medium Enterprise

DM-Durbin Waston

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Abstract

The purpose of this study was to examine the effect of total quality management practices on operational performance in the case of Hibret Bank S.C particularly in Addis Ababa branches. The study focused on five independent variables i.e., top management commitment, employee training and education, employee involvement, quality focus and continuous process improvement and operational performance as dependent variable. The study used mixed research approach to give complete and comprehensive picture of the study phenomenon and the researcher has employed explanatory research design to objectively answer the research questions. Probability sampling techniques (Simple random and Cluster sampling methods)were employed in order to select relevant respondents from employees. For achieving the study objective, the study distributed 370 structured questioners, but collected 363 questioners. In line with this, 5 point Likert scale questionnaire used with closer assistance of the researcher. Then, the data were processed through SPSS software and analyzed via stating descriptive and inferential statistics (linear regression analyzes).The findings indicate that out of the proposed five independent variables that could affect operational performance, four variables namely; top management commitment, employee training and education, quality focus and continuous process improvement have significant and positive effect on operational performance. However, employee involvement has no significant effect on operational performance. Finally, on the basis of the research findings, appropriate recommendations along with implications for further studies have been forwarded.

Key Words: Hibert Bank S.C, Top management commitment, Employee training and education, Employee involvement, Quality focus and Continuous process improvement and Operational performance

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The relationship between total quality management (TQM) and organizational performance is a recurrent theme in several branches of management, including operations management, and it is of interest to both academic scholars and practicing managers. TQM has gained wide popularity around the world due to the interrelationships and impact of various factors and practices on key business results, especially in developed countries. In this respect, substantial progress has been achieved in countries like USA, Germany, Japan, and the UK of Britain, just to name a few (e.g. in the USA the turn around that took place decades ago had astonishing improvements at different levels such as productivity, product quality, inventory management, operational processes, and others (Brown, 2013).

Total Quality Management (TQM) is one of the methods to improve the working processes of SMEs. Total quality management (TQM) is a key factor to increase an organization's effectiveness and to develop the management practices (Thai et al., 2006). According to Lee & Chang (2006), total quality management (TQM) can is dedication of an organization's employees to the make changes and endless improvement in working method which targeted to fulfill customers' requirements and needs. The function of Total Quality Management (TQM) is ratified as a critical factor in contribution of business sustainability for both manufacturing and service organizations especially in today's business competitive environment.

The impact of TQM practices (leadership, strategic planning, people management, customer oriented, information and analysis, and process management) on organizational performance is not straightforward, although there are several organizations that have experienced positive revitalizations and improved performance based on TQM; very few organizations have been able to ignore the TQM domains and still thrive. Nevertheless, there have been many situations in which, despite the successful implementation of TQM, operational performance improvement could not be achieved (Vecchi and Brennan, 2011).

An important and essential role is played in the performance and productivity of an organization through the utilization of TQM. It thus appears that there is an inherent need for quality practices for organizational continued survival. The TQM practices that this study will be considering include: commitment for leadership and top management; learning organization; teamwork and employee commitment; employee training; role of the quality department; consumer emphasis; incremental improvement; innovation analysis and information and analysis; quality focus and quality management of supplier (Jaafreh& Al-abedallat, 2012).

The ever improving global competition and increasing requests for more qualified products by customers have caused organizations to understand that the only way of survival in the market is to deliver better quality products to meet customers' needs. Many organizations, therefore, spend considerable amounts of their funds in activities related to improving products and services. The vast applicability of Total Quality Management (TQM) has made it to earn recognition as one of the most popular continuous improvement systems for quality. TQM increases customer's satisfaction through the participation of all personnel. The main aim of TQM is to implement a management system and organizational culture that ensures the customer satisfaction since customers who are more sensitive to quality standards improve their expectations continuously (Demirbag et al, 2006).

Ethiopia has registered development in the past five years. According to government's reports two digit rates of economic development have been achieved. Development, progresses, changes and mainly the efforts are clearly seen. However, relative to where the country is going to reside, means towards fast and sustainable development. Now, it is understandable by most of the stakeholders that quality related problems are the stumbling block for the majority of theindustries (Birhanu& Daniel, 2014). Therefore, this study is designed to examine the effect of total quality management practice on operational performancein the case of Hibret Bank S.C.

1.2 Background of the organization

United Bank was incorporated as a Share Company on 10 September 1998 in accordance with the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994. The Bank obtained a banking services license from the National Bank of Ethiopia and is registered with the Trade, Industry and Tourism Bureau of the Addis Ababa City Administration.

Over the years united Bank built itself into a progressive and modern banking institution, endowed with a strong financial structure and strong management, as well as a large and ever-increasing customers and correspondent base. Today, United Bank is a full service Bank that offers its customers a wide range of commercial banking services with a network of 339 Branches and 9 sub-Branches, and a number of additional outlets on the pipeline.

United Bank's priority in the coming years is to strengthen its capital base, maximizing its return on equity and benefiting from the latest technology in order to keep abreast with the latest developments in the local and international financial services industry.

Vision

To globally be the preferred financial services provider of innovative solutions across Africa.

Mission

Committed to exceeding the expectations of our customers and other stakeholders by providing competitive financial solutions while ensuring efficient service delivery and people empowerment.

Objective

- Top 5 Private Bank in East Africa
- Market Leader in Innovation & Digitization
- Employer of Choice

1.3 Statement of the problem

The issue of the relationship between successful TQM implementation and performance is important, when considering the incentives for the large organizational change. The main incitement for change is to improve, whether it is an improved management system or an improved customer satisfaction. Most organizations implement TQM in order to respond to changes in the competitive context that surrounds them, e.g. as a consequence of a discovered need to develop or as a reaction in order to survive (Talib et al., 2012). In the banking sector

there is more than one bank trying to woo customers for patronage. The rate of interest (price) may be a critical factor for patronage, but another factor is the quality of the service. In fact, quality is often the major issue. And poor quality service can lead to erosion of goodwill, which could be very costly for any bank (Islam &Haque,2012).

The impact of TQM practices (leadership, strategic planning, people management, customer oriented, information and analysis, and process management) on organizational performance is not straightforward. Although there are several organizations that have experienced positive revitalizations and improved performance based on TQM; very few organizations have been able to ignore the TQM domains and still thrive (Vecchi and Brennan, 2011).

The function of Total Quality Management (TQM) is ratified as a critical factor in contribution of business sustainability for both manufacturing and service organizations especially in today's business competitive environment (Lee & Chang, 2006).The banking sector has consistently been characterized by persistent operational inefficiency and poor customer services and in order to address the problems of inefficiency in performance these organizations are fast adopting TQM in order to make them effective in meeting public demands (Maxwell, 2011).

Ugboro, (2011) investigated the application of TQM and found out that despite the fact that quality management has been addressed within a firm, Total Quality Management and its underlying assumptions could also be applicable to strategy management.

Sadique and Walob (2014) did a research on the impact of TQM on different measures of performance. In addition, the study came across several barriers and reasons of the TQM implementation in Nigeria. The research established that various elements of TQM interfere with final result of the outcomes. The obstacles faced by firms in implementing TQM are the inadequate information and commitment by employees, insufficient employee involvement, insufficient of resources and inappropriate business structure. The conclusion was that firms should strive to improve on firm structure, staff involvement/commitment/awareness to TQM and make available enough facilities to eliminate the obstacles that hinder proper use of TQM practices. This research established the link between TQM and performance while the present research sought to determine the effect of TQM practices on operational performance.

As per annual meeting report of Hibert Bank S.C (2020), the bank mentioned that annual deposit and profit amount were significantly less than against the bank's peer groups, namely, Awash Bank, Dashen Bank, Abyssinia Bank and NIB bank. Hence, one of the reasons to have this, performance is weakness of top management in order to awake and forces employees to work aggressively.

On top of this most pertaining problem related to TQM is related to that of employee training and education. For instance, when the bank introduces new banking service to its customers through print and electronic Medias, they are not well consumed by customers as some employees do not even know how to operate and deliver the new introduced service to customers.

Moreover, as far as the researcher knowledge, most of researches conducts in Ethiopia were only focused on the total quality management practice, for instance Birhanu& Daniel (2014) conducted their research on the title an assessment on quality management practice in Ethiopia. Thus, due to the severity of the issue and absence of sufficient empirical studies on this issue pertaining to this topic incorporating crucial variables and using qualitative operational performance measurement collectively is what motivated the researcher to examine the effect of total quality management practice on operational performance in the case of Hibret Bank S.C particularly Addis Ababa branches.

1.4 Hypothesis

$H_{1:}$ Top management commitment has significant and positive effect on operational performance.

$H_{2:}$ Employee training and education has significant and positive effect on operational performance.

$H_{3:}$ Employee involvement has significant and positive effect on operational performance.

$H_{4:}$ Quality focus has significant and positive effect on operational performance.

$H_{5:}$ Continuous process improvement has significant and positive effect on operational performance.

1.5 Objective of the study

1.5.1 General Objective

The main Objective of this research is to examine the effect of total quality management practice on operational performance in the case of Hibret Bank S.C particularly Addis Ababa branches.

1.5.2 Specific objectives

- To determine the effect of top management commitment on operational performance.
- To examine the impact of employee training and education on operational performance.
- To identify the effect of employee involvement on operational performance.
- To analyze the impact of quality focus on operational performance.
- To examine the effect of continuous process improvement on operational performance.

1.6 Significance of the study

This study will be very significant in examining the total quality management practice on operational performance in the case of Hibret Bank S.C particularly Addis Ababa branches. Many parties will be benefited from the findings that emerged from the results of the study and these are the following organ that will be benefited.

Management: Administration could be interested in identifying indicators of success and failure to take the necessary actions to improve total quality management practice in the company and choose the right decisions.

Government: Government might be concerned in knowing which companies operate successfully or failed to take the necessary measures so as to avoid crises of the bankruptcy in these companies.

Academician: academicians could have a chance to know about the effect of the total quality management practice on operational performance which supports students to be familiar with it and find out a solution on their teaching and learning process.

Investors: Investors could be fascinated in such studies in order to protect their investment and directing it to the best investment.

Customers: Customers may possibly involve in knowing the ability of the effect of the total quality management practice on operational performance.

Moreover, this research have significant role to play in shading light on how to better understand what variables that have an impact on operational performance of Hibret Bank S.C. Additionally, this study will have a paramount importance in providing a better ground for Hibret Bank S.C sales managers, business professionals, business initiatives and policy makers. Moreover, the research will also contributes an insight point as a stepping stone for further study in the area to future researchers.

1.7. Scope of the Study

The study only focused on the effect of total quality management practice on operational performance in the case of Hibret Bank S.C particularly in Addis Ababa branches. It provides a conceptual and theoretical appraisal on the effect of total quality management practice using major dimensions which affect operational performance. In line with this, the study used five independent variables i.e., top management commitment, employee training and education, employee involvement, quality focus and continuous process improvement and operational performance as dependent variable.

Finally, the study collected data through questionnaire; the research only consider the responses to be gained from employees who were willing to give the required information using simple random and cluster sampling technique as base of analysis. Thus, the study employed mixed analysis approach.

1.8 Limitation of study

The study is conducted using primary data. The sample and data of study are shortened and may not be enough because of the world wide COVID 19 pandemic that is happening these days, which creates difficulty on the research to use primary data's such as questioners that are very relevant for the research work to give adequate recommendation. Besides, Questionnaires weren't fully returned and some of the respondents were not willing to fill the questionnaires properly and timely.

1.9 Definition of Terminologies

TQM- is a method by which management and employees become involved in the continuous improvement of the production of goods and services.

Top Management Commitment- Executive commitment, an open organization, and employee empowerment, produce significant correlations to financial performance.

Employee training and education- stated that mangers employees and workers need to be familiar with the tools and techniques of TQM in order to success the implementation.

Employee involvement- employees involved in the TQM implementation process enables her to easily meet the TQM goals.

Quality focus- an organization's main objective in designing its products or services is to fulfill and or exceed customer expectations.

Continuous process improvement- involvement of the company at all levels; find savings by improving existing processes.

1.10 Organization of the study

The study is organized in to five chapters. Chapter one is an introduction part where back ground of the study, statement of the problem, objectives of the study, scope, limitation, definition of terminologies and significance of the study are presented. Chapter two is review of literature in which theories, empirical evidence and conceptual frame work are identified. Chapter three contained research methodology where research design, research approach, population, sampling method, sample size, sources of data, instruments, data analysis technique and model specification were covered. Chapter four focused on the results and discussion in which the findings results that are interpreted. Finally, chapter five presents the conclusions, summary of major findings, forwarded recommendations and directions for future researches.

CHAPTER TWO

RELATED LITERATURE REVIEW

2.1 Theoretical review

A review of literature on effect of selected total quality management practices on operational performance is done in this chapter. The chapter begins with a theoretical framework, followed by a discussion on total quality management practices and operational performance, then conceptual framework, review of existing empirical literature and research hypothesis.

2.1.1 Definition of Total Quality Management

Total Quality Management, TQM, is a method by which management and employees become involved in the continuous improvement of the production of goods and services. It is a combination of quality and management tools aimed at increasing business and reducing losses due to wasteful practices. In fact Total Quality is a description of the culture, attitude and employee involvement to provide customers with products and services that satisfy their needs. The culture requires quality in all aspects of the company's operations, with processes being done right the first time and defects and waste eradicated from operations. TQM philosophy begins at the top, from the board of directors to the line employees (Hashmi, 2010).

TQM requires effective knowledge management so as to ensure that employees obtain timely reliable, consistent, accurate, and necessary data and information as they need to do their job effectively and efficiently in the firm. TQM is concerned with the continuous improvement in all the process of design and operation, from the levels of planning and decision making to the execution of work by the front line staff. The focus on continuous improvement leads to the formation of formidable team whose membership is determined by their work on the detailed knowledge of the process, and their ability to take improvement action. TQM also implies reducing and streamlining the supplier base to facilitate managing supplier relationships, developing strategic alliances with suppliers, working with suppliers to ensure that customer expectations are met (Saadia, 2018).

As per Wilkinson and Witcher (1993) summarized TQM as having three major requirements as Follow:

A. **Total:** Functional integration and teamwork at all levels in the organization through institutional management.
B. **Quality:** Strict adherence to the requirements specified by customers ensuring use of appropriate tools, techniques and processes.
C. **Management:** Creation of enabling environment, commitment of senior management and provisioning of adequate support facilities.

2.1.2 Importance of Total Quality Management

TQM can have an important and beneficial effect on employees and organizational development. By having all employees focus on quality management and continuous improvement, companies can establish and uphold cultural values that create long-term success to both customs and organization itself. TQM's focus on quality helps identify skill deficiencies in employees, along with the necessary training, education or mentoring to address those deficiencies. With a focus on team work, TQM leads to the creation of cross functional team and knowledge sharing. The increase communication and coordination across disparate groups deepens institution knowledge and give companies more flexibility in deploying personnel (Vokurka&Lummus, 2003).

As per Eng&Yusof, (2003) Business companies focus on TQM for the following stated basic benefits.

Less product defects: one of the principles of TQM is that creation of products and service is done right the first time. This means that products ship with fewer defects, which reduce product recalls, future customer support overhead and product fixes.

Satisfied customer: high quality product that meet customer needs result in higher customer satisfaction. Higher customer satisfaction in return can lead to increase market share, revenue growth via up sale and word of mouth marketing initiated by customer.

Lower cost: As a result of less product defect, company saves cost in customer support, product replacement, filled service and the creation of product mix. The cost saving flow to the bottom line, creating high profit margin.

Well defined cultural values: Organization that practice TQM develop and nurture core value around quality management and continuous improvement. The quality mind set pervades across all aspect of an organization from hiring to internal process to product development.

2.1.3 Total Quality Management practices in service Organization

Earlier evolution of TQM focused on manufacturing and production industries more than service industries. However, the high level of competition and the raise in service industry share increased the need for TQM in services firms. The concept of service quality drowns from the main debate on definition on TQM. The authors further argued that principles shaped different definitions by gurus of TQM are based on quality definition: quality is excellence; quality is value; quality is conformance to specifications; and quality is meeting or exceeding customers' expectations. From TQM implementation approach, services somehow are different from products. The main differences are that service is intangibility and depend more on customers' evaluation. The intangibility of service creates measurement problem while dependency on customer evaluation creates lead firms to be customer led (Junejaet al, 2011).

Service organizations employ less hard aspects of TQM practices, such as information and analysis and statistical focuses more on suppliers and contractors relationships. In manufacturing firms training is more important especially training in advanced statistical methods. In service firms training focuses communication and interpersonal skills (Lenka, et al., 2010).

Recent dimensions of TQM practices in service identified by Saravanan and Rao (2007) are: top management commitment and leadership; Benchmarking; customer focus and satisfaction; service marketing; social responsibility; human resource management employee satisfaction; service culture; continuous improvement; and Information analysis. Saravanan and Rao argue that TQM systems in services organization may have slight distinction from TQM systems in manufacturing organizations.

2.1.5 Principles of Total Quality Management Practices

Dean and Bowen (1994) noted that TQM is identified by its principles and its implementation can only be achieved through these principles that signify this philosophy. Burr (1993) opined that TQM initiatives, despite having various names, share the same principles. Quality experts and researchers (Adinolfi, 2003; Eng&Yusof, 2003; Mehta, 2000; Nwabueze 2001; Provost & Quayle, 2001; Spencer 1994; Vokurka&Lummus, 2003) identified salient principles that encompass TQM philosophy. These are:

- Top management leads the TQM initiatives through visible commitment to this philosophy through words and deeds.
- Total employees involvement is vital for the success of TQM. This involvement must be based on voluntary commitment to excel and to make the organization best and competitive.
- Customer focus is the foundation of this philosophy. All efforts should be directed to design and provide products and services that meet and exceed customers' expectations.
- Training of managers and employees is essential to achieve TQM objectives. Training should focus on need for TQM, its fundamentals, and quality tools. Participation of top management in training is also vital to get the desired results.
- Continuous improvement of products, services and processes is important for the organizations to remain competitive. The reassessment of all processes must become organizational philosophy. All employees must know that this would enable them to continuously improve the quality and meet the ever changing customers' needs. Employees inputs need to be institutionalized and their efforts in continuous improvement must be acknowledged.

These principles provide the foundation of TQM philosophy. The application of these principles in an integrated manner enables organizations to achieve and sustain competitiveness.

2.1.5 Determinant of Total Quality Management Practices

The concept of Total Quality Management can be found right in its name: The word "total" implies that all employees in the organization, from development to production to fulfillment, are obligated to improve operations. And "management" insinuates that this methodology should be a focused effort. Leadership should provide funding, training, staffing, and clearly defined goals to actively manage product and service quality on an ongoing basis. As with most management methods and techniques, implementation and success will vary from one company to another. While there is not a single agreed-upon approach, the most common determinant of TQM practice includes the following.(Powell, 1995)

I. Top Management Commitment

Executive commitment, an open organization, and employee empowerment, produce significant correlations to financial performance made up of sales, growth, profitability, and revenue growth (Powell, 1995). Top Management in organizations maintains the leadership responsibility for the quality management systems, with involvement of all organizational staffs. 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 to the quality standards (Soltani, 2005).

McLeod and MacDonell (2011) emphasize 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.

Therefore, the need for full commitment of top management should be understood, communicated, implemented and maintained at all levels in the organization. The importance of quality management practices should begin to be emphasized at the top, where serious commitment to performance must be demonstrated through vision framework which comprises the organization's guiding philosophy, core values and beliefs, purpose and mission (Terziovski et al., 2003).The magnitude of a successful project depends on the level of top management committed. The three main facets of top management support which are crucial in quality

management practice and project realization include: showing interest by participating in team meetings, willingness to spend time with people and listen to feedback as well as willing to help resolve problem; providing necessary resources, including training and other crucial resources and Providing leadership by helping to translate plan into action, regular review of project programs and official commissioning of project leaders and project team. The fact that top management are expected to set the overall directions of the project by formally forming an executive steering committee to tract, review and monitor the project progress (Olorunniwo&Udo, 2002).

II. Employee training and education

Training and educating managers and staff eases the implementation of TQM system. Many authors emphasized on training and education as a vital TQM practices. According to Sandru (2009), stated that mangers employees and workers need to be familiar with the tools and techniques of TQM in order to success the implementation. Training helps increase the ability of employees to do a better job and keep up with the changing trends. Organizations that are able to fully utilize the skills of its employees are strategically positioned towards achieving its objectives (Singh &Dhalla, 2010).

Any organization should highly value its employees as they are the most strategic asset regardless of the number. Better performance will be derived from better employees. Employee education will help cultivate better performance. Therefore organizations should embrace continuous training of employees' in order to improve their skills and knowledge which eventually will result in efficiency and effectiveness. Due to radical change in technology and globalization, innovative ways are required so as to keep up the trends and this can only be achieved through employee education and training programs (Cervena, 2011).

III. Employee Involvement

By a firm having its 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 (Saadia, 2018).

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 (Soltani, 2005). Employees who get involved in the firms TQM processes as a group positively impact on the firm quality drive; this is according to Kanji (2008). Though, a firm needs 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, Saadia(2018).

IV. Focus

An organization's main objective in designing its products or services is to fulfill and or exceed customer expectations and at the same time make a reasonable profit. It is because of customers that products and services are designed. Any organization that is customer focused and oriented has the advantage of maintaining a competitive advantage. Quality's primary focus is meeting the requirements of customers and striving to exceed their expectations. An organization which is able to attract and retain the confidence of its customer and other stakeholders acquires sustained success (ISO, 2000:9001). The processes involved in service delivery in organizations which is as a set of interconnected activities that results in products or services to be offered to customers must add value to the customers (Singh &Dhalla, 2010).

This results in one activity (the process) having a direct effect on the other entity (customer). When variations that are not in conformity with quality standards occur, then the quality of the output or service is affected. It is therefore imperative to maintain a strong check on aspects such as customer complaints then adjust where necessary. Some of the key indicators of a service

include safety/risk of service, courteousness/employees' friendliness, procedures of preparing invoices and bills, approachability of service provider, responsiveness to requests and appearance of physical facilities, honesty, the willingness to listen to customer demands and requests and the ability to communicate clearly. Thus, customer focus happens where value is delivered to customers through enquiry of what satisfaction looks like and means in the face of customers (Cravens & Piercy, 2013).

V. Continuous process improvement

The improvement can involve many goals producing products with zero defects or achieving 100 percent customer satisfaction but continuous improvement has the same basic principles irrespective of the set goals. These principles include: involvement of the company at all levels, find savings by improving existing processes, not by investing more money, gathering data on company operations and quantify that data, which becomes the baseline against which improvements will be measured for continuous improvement (Murphy and Elana, 2006).

Continuous improvement most often involves creating a team that includes representatives from all areas of the company. The team first spend time learning about their company and other companies (benchmarking is common during this phase). The necessary quantitative data is created. The team then proposes solutions to management and begins to implement those solutions. When that is achieved, follow-up mechanisms must be put in place that seeks additional improvements as time goes by. The team might change members with the passage of time, but hopefully become an established and accepted part of the company even as its schedule changes. If the plans are executed as planned the team will achieve improved quality as a result of its initial efforts. This can attract more employees into this concept which in turn leads to the continued search for more improvements and thus continuous improvements (Joiner and Brian, 2007).

2.1.6 Operational Performance

Performance, the main criteria of measuring success, could be defined as quite a wide concept that evaluates the ability to achieve the organization's targets successfully. Performance can be evaluated with qualitative criteria such as job satisfaction, organizational Commitment,

perception of justice and quantitative criteria such as profitability, investment return ratio, sales growth in the studies (Dawit, 2017). Hence, the study used operational performance measurement based on Paul (2015) and Omar & Stephen (2018) empirical evidences.

Determinants of operational performance

Pierre Leconte (2019) listed the following key performance indicators (KPIs) as a determinant of operational performance for banking industry.

1. **Client Survey Score:** Bank performance as measured by customer feedback. Many banks send out client surveys to gather performance-related feedback; tracking these responses with some type of internal scorecard is helpful. You can even create categories for response types (e.g. employee communication, variety of products/offers, speed of service, etc.) and track them individually, as well as your overall customer satisfaction score.
2. **Average Time To Close Issues:** Length of time from when a problem is identified to when it is solved. Issues may originate internally (operations, technology, etc.) or externally (customers).
3. **New Account Setup Error Rate:** The total number of new customer accounts created containing an error (e.g. typo or incorrect address, name, account type, etc.) divided by the total number of new customer accounts set up at the same point in time, shown as a percentage. This metric will ultimately link to the previous "Average Time to Close Issues" KPI.
4. **Accounts Opened With Insufficient Documentation:** The total number of new accounts opened with insufficient documentation divided by the total number of new accounts opened over the same period of time, shown as a percentage. This is similar to the previous KPI for banks, but in this case, the information is missing versus incorrect.
5. **Total Volume Of Accounts:** The total number of accounts managed by your bank, tracked by financial timeframes. There are many types of accounts you can track, such as deposit or money market accounts.
6. **AUM Per Employee:** The total dollar value of assets being managed by the bank divided by the number of employees. This is an HR-related measure that helps analyze workload.

7. **Operating Profit Per Employee:** The total dollar amount of operating profits divided by the total number of employees. This is a high-level bank KPI that, in the simplest sense, helps you compare money earned to money spent on staff.

2.1.7Total Quality Management Practices and Operational Performance

As per Blecken (2009), total quality management is a management philosophy which emphasizes the devolution of authority to the front line staff. It ensures the participation of everyone in the decision making process through activities such as quality cycles and team work. The implementation of TQM ensures that every worker in the organization does his work with quality the first time, thus improving the efficiency of operation and avoiding some cost associated with waste. This in turn will offer more value to customers in terms of price and service quality, thus making them satisfied. Implementation of TQM further ensures that organizations change how they perform activities so as to eliminate inefficiency, improve customer satisfaction and achieve the best practice.

TQM helps in improving the quality of products and also reduces and establishes a stable production process. Continuous improvement which is a feature of TQM is said to reduce the product cycle time thus improving performance. Many other TQM practices such as training, information system management, relationship with suppliers etc have a positive impact on operational performance. The efficient management handling of these practices will improve efficiency and no doubt affect the profitability of the firm through efficient quality provision Saravanan (2007),In another study Terziovski and Samson (2006) tested the impact of company size on the strength of the relationship between TQM and organizational operational performance. They confirmed that TQM has a significant and positive relationship with most of the dimensions of operational performance, but also concluded that larger companies tend to gain greater benefits from TQM than smaller firms. Some authors focused on the relationship between TQM implementation and specific type of operational performance: Agus and Hassan (2000), for example, confirmed the positive relationship between the length of TQM adoption and financial performance, while other theorists proved the positive impact of TQM implementation on the long-run stock price performance.

Karia and Asaari (2006) examined the impact of TQM practices on employees' work-related attitudes. The results of their empirical study indicated that training and education have a significant positive effect on job involvement, job satisfaction, and organizational commitment. Empowerment and teamwork significantly enhance job involvement, Job satisfaction, career satisfaction, and organizational commitment. Finally, continuous improvement and problem prevention significantly enhance customer satisfaction and organizational performance.

Numerous researchers also recognized that successful implementation of TQM and the scale of the potential benefits that can be obtained through this approach depend on several factors. Hoogervorst(2005) argued that TQM approach requires focus on employee behavior, attention to organizational culture, management practices, and organizational structures and systems. The research on TQM practice in Kenyan Commercial banks looks to make a unique contribution to the existing body of quality literature by addressing Total Quality Management practices from a different environmental set up, namely: critical eight factors of QM practices and their influence in the financial performance.

2.2Empirical Review

According to Ang (2011), he carried out a research to analyze the effects of TQM tendencies on the learning organization and consumer orientation in the Malaysian service industry. The study focused on 600 small service firms chosen from FMM directory(2007). The authors used different analysis techniques and methods and deduced that senior management staff had a greater influence on consumer orientation when compared to various other TQM tendencies or practices. Other than the finding, the authors also discovered that top management is not one of the three elements that are significantly related to organization training. First, this study was carried out in Malaysia and not Kenya. Second, this study was done in service sector whereas the current study targeted at container depots. Third, this study established a connection between TQM, customer orientation and learning organization while the present study looks at TQM and operational efficiency. This study did not identify the specific TQM practices that enhance efficiency a gap the present study sought to fill.

Sadique and Walob (2014) did a research on the impact of TQM on different measures of performance. In addition, the study came across several barriers and reasons of the TQM implementation in Nigeria. The research established that various elements of TQM interfere with

final result of the outcomes. The obstacles faced by firms in implementing TQM are the inadequate information and commitment by employees, insufficient employee involvement, insufficient of resources and inappropriate business structure. The conclusion was that firms should strive to improve on firm structure, staff involvement/commitment/awareness to TQM and make available enough facilities to eliminate the obstacles that hinder proper use of TQM practices. This research established the link between TQM and performance while the present research sought to determine the effect of TQM practices on operational efficiency. This study was also done in Turkey while the present study is carried out in Kenya.

According to Paul (2015) study made on the effect of Total Quality Management on operational performance on the targeted population 41 commercial banks in Mombasa County and due to the small size of this population, there was no sampling hence the study was a census survey. Hence, Data analysis with the help of SPSS produced descriptive statistics and correlation results. The results showed that all the five (5) TQM practices as independent variables had a significant relationship with operational performance. Nevertheless, TQM does not directly enhance the profits of these banks. Focus on quality and continuous process improvement had been adapted to a large extent while training and education, top management commitment and teams (employee commitment) commitment had been adapted to a moderate extent. Additionally, TQM practices were realized to have a positive effect on operational performance such that as TQM practice varies, the latter varies to a large extent. As per the findings, effective TQM produces high operational performance for commercial banks in Mombasa County. Overall, TQM has been adapted to a moderate extent and the effect of TQM on operational performance is also moderate. The study recommends that managers should look at TQM as a management principle that is more than top management, customer focus, and focus on quality, team work, and training. It is a combination of all the TQM practices and implementing them successfully implies that determination and endurance are compulsory to find harmony for each firm.

Anton et al (2013) conducted a study to examine the extent of total quality management (TQM) practices implemented in Palestinian hospitals and their relationship to organizational performance using the Malcolm Baldrige National Quality Award criteria. A survey of 51 hospitals operating in the West Bank of Palestine was conducted in order to test the validity and reliability of TQM constructs and their relationship to organizational performance. Finally, the

results showed that TQM constructs used in this study are positively related to hospital performance and for the most part the relationship was significant; they were capable of explaining a significant portion of variance in performance. Three elements were found to be strongly significant predictors of performance- people management, process management, and information and analysis.

As per study made by Birhanu& Daniel (2014) on importance of total quality management practice in Ethiopia and they reflected that Competitiveness in the global market is becoming fierce. The importance of total quality management is growing to increase customers' satisfaction and as a result to win the market in the long term. However, developing economies like Ethiopia is challenged in their quality of products and services. Based on the Ethiopian Quality Award (EQA) self-assessment model and the 2009 award participants, quality management practice in Ethiopian manufacturing and service industries is studied. The result justifies that quality will be the future challenges of competitiveness. The root causes of the quality problem are investigated and revealed in the study to give directions for the policy makers, the industries and researchers.

As stated by Kua (2016) on the research study to understand how TQM practices: employee training, teamwork, employee rewards and recognition, management leadership, employee empowerment and work-life balance towards employees' job satisfaction at SMEs within Klang Valley, Malaysia. The quantitative survey has been carried out and a total of 195 usable responses were collected. It can be concluded that employee training, employee rewards and recognition, employee empowerment and work-life balance plays an important role that will lead to employees' job satisfaction and turnover intention. According to Omar & Stephen (2018) study conducted on the effect of total quality management practices on operational efficiency of container depots in Mombasa County. The study adopted a descriptive design using cross-sectional data. The target population was 36 container depots in Mombasa County and since the population was small, a census survey was carried out on all the container depots in Mombasa County. Data analysis was done using of SPSS which produced both descriptive and inferential statistics. The findings revealed that three elements of total quality management practices (top management commitment, training, teamwork and employee commitment, customer focus and quality focus) had a significant relationship with operational efficiency ($p<0.05$). When

individual total quality management practices were considered, top management commitment, training, teamwork and employee commitment, customer focus and quality focus also had a strong positive correlation with operational efficiency.

As per Saadia (2018) study made on effect of total quality management practices and performance of Commercial banks in Garissa County, Kenya. Different questions were used to give the respondents a wide variety and give room for respondents to answer the objectives in question as exhaustively as it is established. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version 22) and presented through percentages, means, standard deviations and frequencies. In addition, the study conducted a multiple regression analysis to estimate the model for the study. The analyzed data was presented in graphs, frequencies, charts and tables for interpretation and to enable draw conclusions and recommendations thereof. The findings of this study will be useful to commercial banks since it will provide insights on the importance of practicing quality management practices in the banking industry to achieve financial performance of firms. In theory, this study will be resourceful in providing more information on the various quality management practices adopted by firms. The study will also serve as a point of reference to academicians interested in this area and other related topics.

Study conducted by Carolyne & Bichanga (2014) on the effect of total quality management on financial performance in the banking sector: a case study of national bank of Kenya. This study was limited to establishing how the pillars of TQM, namely supplier relationship, customer relationship, processes and top management involvement relate to financial performance. The four pillars of TQM formed the independent variables of this study while financial performance was the dependent variable. These variables were studied to fill the gap of explaining how the use of TQM in NBK affects its financial performance. This study was descriptive in nature and the researcher used case study method. The target population of the study comprised of NBK employees. The researcher used stratified random sampling in selecting respondents. The findings indicated a positive relationship between top management involvement, process and supplier relationship and financial performance. However, customer relationship negatively affected financial performance. The regression analysis showed a weak relationship among the variables with by the f-test and a weak coefficient of determination. The research recommends

that steps to improve top management involvement, process and supplier relationship to improve financial performance.

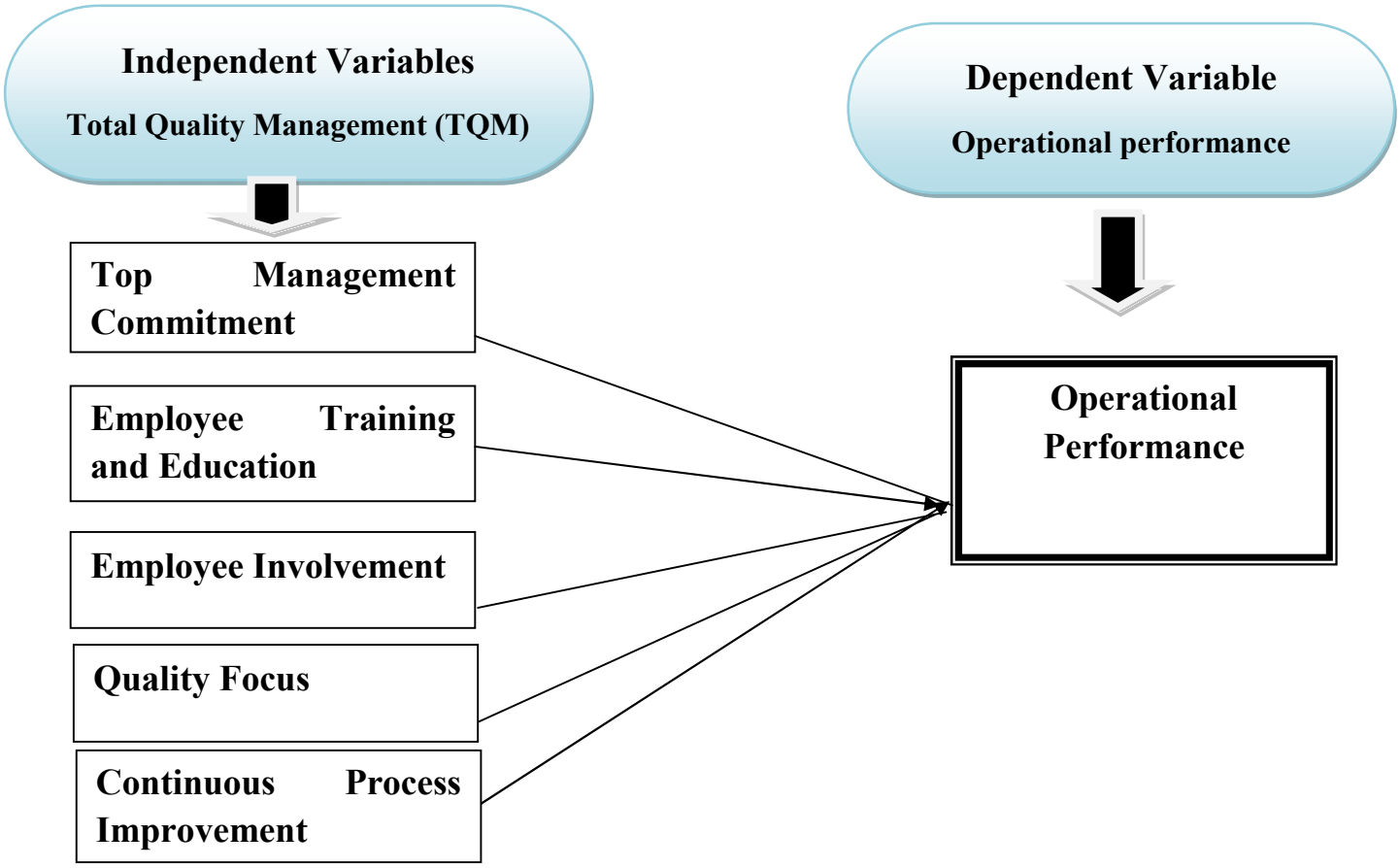
2.2.1 Literatures gap

The banking sector has consistently been characterized by persistent operational inefficiency and poor customer services and in order to address the problems of inefficiency in performance these organizations are fast adopting TQM in order to make them effective in meeting public demands (Maxwell, 2011). Despite the fact that quality management practices have been recognized by many organization as capable of transforming the quality culture and producing substantial financial results for large size companies, some concerns have been raised about validity of quality management practices to generate real economic gains and or improve financial performance of firms. A number of empirical studies have been conducted since the 1980's in order to explore the variance between quality management practices and financial performance. Ugboro, (2011) investigated the application of TQM and found out that despite the fact that quality management has been addressed within a firm, Total Quality Management and its underlying assumptions could also be applicable to strategy management.

2.3 Conceptual framework of the study

Depending on the previously assessed related literatures, the researcher has selected the under explained factors as measurement scales for the study under investigation about the effect of total quality management practice on operational performance in the case of Hibret Bank S.C particularly Addis Ababa branches.

Figure 2.1: Conceptual framework



Source: - Compiled by the researcher mainly based on Paul (2015), Anton et al (2013), Kua (2016), Omar & Stephen (2018), Saadia (2018) and Carolyne & Bichanga (2014)

2.4 Research Hypothesis

2.4.1 The effect of Top Management Commitment on operational performance

McLeod and MacDonell (2011) emphasize 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. As per study conducted by Paul (2015), Anton et al (2013), Omar & Stephen (2018), Saadia (2018) and Carolyne& Bichanga (2014), top management commitment has significant and positive effect on

performance. Hence, the study hypothesized top management commitment has significant and positive effect on operational performance.

H_1: Top management commitment has significant and positive effect on operational performance.

2.4.2 The effect of Employee Training and Education on operational performance

Training helps increase the ability of employees to do a better job and keep up with the changing trends. Organizations that are able to fully utilize the skills of its employees are strategically positioned towards achieving its objectives (Singh &Dhalla, 2010).As per study conducted by Paul (2015) and Omar & Stephen (2018) employee training and education has significant and positive effect on performance. Thus, the study hypothesized employee training and education has significant and positive effect on operational performance.

H_2: Employee training and education has significant and positive effect on operational performance.

2.4.3The effect of Employee Involvement on operational performance

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.As per study conducted by Paul (2015), Omar & Stephen (2018) and Saadia (2018), employee involvement has significant and positive effect on performance. Therefore, the study hypothesized employee involvement has significant and positive effect on operational performance.

H_3: Employee involvement has significant and positive effect on operational performance.

2.4.4 The effect of Quality Focus on operational performance

An organization's main objective in designing its products or services is to fulfill and or exceed customer expectations and at the same time make a reasonable profit. It is because of customers that products and services are designed. Any organization that is customer focused and oriented has the advantage of maintaining a competitive advantage (Singh &Dhalla, 2010). Quality's primary focus is meeting the requirements of customers and striving to exceed their expectations.

As per study conducted by Paul (2015) and Omar & Stephen (2018), quality focus has significant and positive effect on performance. Hence, the study hypothesized quality focus has significant and positive effect on operational performance.

H_4: Quality focus has significant and positive effect on operational performance.

2.4.5 The effect of Continuous Process Improvement on operational performance

Continuous improvement most often involves creating a team that includes representatives from all areas of the company. The team first spend time learning about their company and other companies (benchmarking is common during this phase). The necessary quantitative data is created. The team then proposes solutions to management and begins to implement those solutions. When that is achieved, follow-up mechanisms must be put in place that seeks additional improvements as time goes by. The team might change members with the passage of time, but hopefully become an established and accepted part of the company even as its schedule changes. If the plans are executed as planned the team will achieve improved quality as a result of its initial efforts. This can attract more employees into this concept which in turn leads to the continued search for more improvements and thus continuous improvements (Joiner and Brian, 2007).As per study conducted by Paul (2015), Anton et al (2013), Omar & Stephen (2018), Saadia (2018) and Carolyne & Bichanga (2014), continuous improvement has significant and positive effect on performance. Therefore, the study hypothesized continuous improvement has significant and positive effect on operational performance.

H_5: Continuous process improvement has significant and positive effect on operational performance.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter deals with the research methodology used to carry out the research. The chapter is organized in eleven sub sections. In its first part there is a research design, then after it presented subsequently about research approach, population, sample and sampling technique, data type, sources and instruments, method of data analysis, model specification, validity and reliability and ethical consideration.

3.1 Research design

Cooper, et al. (2003) discussed that explanatory studies unlike descriptive studies, go beyond observing and describing the condition and tries to explain the reasons of the phenomenon. Thus, explanatory research design is used in this research because the study undertakes to the effect of total quality management practice on operational performance in the case of Hibret Bank S.C particularly Addis Ababa branches which is appropriate for the objective of the study.

3.2 Research approach

When conducting a research, there are different ways of approaching the problem. According to Creswell (2009), there are three approaches of research; quantitative, qualitative and mixed. The following discussions briefly presents the basic features of these research approaches. Quantitative research is a means for testing objective theories by examining the relationship among variables. On the other hand, qualitative research approach is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem with intent of developing a theory or pattern inductively.

Finally, mixed methods approach is an approach in which the researchers emphasize the research problem and use all approaches available to understand the problem (Creswell, 2003). Hence, based on the above discussions of the three research approaches and by considering the research problem and objective, this study used mixed approach.

The researcher used mixed approach to give a better understanding of the problem and yield more complete evidence.

3.3 Population of the study

3.3.1 Target population

A research population can be defined as a well-defined collection of individual or objects (unit of analysis) which are known to have similar characteristics that the researcher wishes to study. The units of analysis were individual, object, organization, country or any other entity that the researcher wishes to draw scientific inference about (Mark, et al., 2007). Hence, the target populations of the study are 4,878 employees that are currently working in Hibret Bank S.C at Head Office and Three Addis Ababa districts (South West AA, South East AA and North West AA district).According to the bank's job classification of clerical employees and Managers.

3.3.2 Sample Size

Determining sample size varies for various types of research designs and there are several approaches in practice. The different strategies to calculate sample size include using census for small population, using a sample size of similar study, using published tables and using formula. A general rule, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small (Kothari, 2004).

The total numbers of selected branches Addis Ababa are forty (40) and from each branch the study took eight (8) employees and fifty (50) employees from head office, so that the study employed 370 (40*8 and plus 50) respondents for questionnaire. The reason to pick 8 employees from branch and 50 employees from head office is because 8 employees within each braches are representative of other employees who are working at different clerical positions. Regarding selection of 50 employees from heads office, it is because those 50 employee works in quality department that helped them answer questionnaires with few assistance.

Thus, by distributing questioners and supporting the respondents, the study can minimize risks that cannot be responded questioners timely and properly. According to Belay & Abdinasir (2015) explain that sample has to be representative of the population to make generalization possible. If stratification is not involved and sample is directly drawn from a known population, than the minimum required sample size can be determined using solving simplified formula to calculate sample size from a single population. The research has used the formula of sampling according to Kothari, 2004).

$$n = \frac{N}{1 + N\,(e)\,2}$$

Where n, implies for sample size

N, implies for Population size

e, implies for sampling errors or prediction level usually an alpha 0.05

Therefore, sample size for this study was conducted as follows:

Employees4,878.00

Total population (N) 4,878.00

$n = \frac{4,878}{1+4,878(0.05)\,2}$ = 4,878/1+12.2 = 369.55 approximately 370.00

According to the above sample size, the study distributed 370 structured questioners to the above selected employees and collected 363 questioners from respondents.

Table 3.1 Number of respondents selected from each sub population

No. of Districts office	**1st South West A.A**	**2nd South East A.A**	**3rd North Addis Ababa**	**Head office**	
No. of selected branches from Districts office	13 Branches	14 Branches	13 Branches	50 employees selected	
No. of selected employees from branches and HO	104 (8*13)	112 (8*14)	104 (8*13)	10- Department managers 10- section heads and 30- Senior officers (50)	
Total	104	112	104	50	**370**

3.3.3 Sampling Design

The research is conducted using probability sampling technique which is random and cluster sampling technique in order to select relevant respondents from employees which is appropriate for the study.

According to the above random and cluster sampling technique, the questioners are distributed to Branch managers, Assistant branch managers and Customers service officers at branch level. In addition to this, questioners were distributed to Department managers, Section Heads and senior officers at Head Office level.

The above table shows in detail how the branch and districts are selected as well it shows how the participants are selected from each target population in to districts as South West AA, South East AA, North AA and Head Office of the bank. Then from each districts, participants, were selected based on simple random technique. This is because the population has equal chance of being selected.

3.4 Data source and collection method

Data can be collected from both primary and secondary sources. Primary data is a type of data, which is collected and accumulated specifically for the research project at hand. This can be collected from questionnaire. Secondary data involves the collection of information from studies that other researchers have conducted on a given issues or phenomenon (Creswell, 2009). Therefore, to achieve the objectives of this study, primary sources of data were gathered from selected employees. The researcher collected primary data from 370 employees using five-point Likert-scale questionnaire. The data collection took 5 weeks.

3.5 Data analysis method

The questionnaires were processed using the statistical package for social science (SPSS 20). The data were analyzed using both descriptive and inferential statistics. Descriptive analysis includes frequency of distribution (to interpret demographic variables of respondents) and means (to find the mean sores of performance) and inferential analysis was sued for hypothesis testing that include correlations and regression analysis.

To examine the relationship between operational performance and independent variables, Pearson correlation were used. Multiple Regression analysis is used to test hypotheses and identify the significant factors of operational performance. Multiple regression analysis is used to examine the relationship between the five independent variables and one dependent variable.

Accordingly; the researcher estimated a linear regression model in the following form.

$OP = \alpha + \beta_1 TMC_1 + \beta_2 ETE_2 + \beta_3 EI_3 + \beta_4 QF_4 + \beta_5 CPI_5 + \varepsilon$

Source: - Compiled by the researcher mainly based on Paul (2015), Anton et al (2013), Kua (2016), Omar & Stephen (2018), Saadia (2018) and Carolyne & Bichanga (2014).

Where,

OP= Operational Performance

α =Constant

β=Coefficient of estimate

TMC= Top management commitment

ETE = Employee training and education

EI = Employee involvement

QF = Quality focus

CPI =Continuous process improvement

ε = the error term

3.6 Validity and Reliability of data collection instruments

3.6.1 Validity

Validity is concerned with whether the findings are really about what they appear to be about (Sounders et. al., 2003). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Sounders et. al., 2003). To ensure the validity of the study:

- ✓ Survey question are made based on literature review and frame of reference to ensure result validity.

3.6.2 Reliability Test

Reliability is the degree to which the measure of a construct is consistent or dependable (Bhattacherjeend, 2012). Measurement reliability of a scale may be obtained by one of the following methods: test-retest, alternative forms and internal consistency. To measure internal consistence cronbach's alpha is the most widely used measure to assess the reliability. In this study Cronbach's coefficient alpha will be executed.

Alpha coefficient ranges in value from 0 to 1. The higher the score, the more internally reliable the generated scale is Cronbach's coefficient alpha value over 0.7 is believed to be acceptable reliability coefficient (Pallant, 2005).

Table 3.2 Cronbach Alpha Coefficient for each item

	No of item	Cronbach's Alpha if Item Deleted
OP	7	.848
TMC	6	.796
ETE	5	.809
EI	5	.879
QF	6	.781
CPI	7	.772

Source: Own Survey, computed in SPSS, 2021

The above table illustrates that the values of Cronbach's alpha for each of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's alpha ranged between 0.772 and 0.879which is highly acceptable according to Malhotra, et.al. (2007). In addition to this the overall reliability statics for six items is 0.845.Hence, based on the above reliability statistics, it is above the minimum required threshold and showed that the high reliability of the questionnaire.

3.7 Ethical consideration

In order to keep the confidentiality of the data to be given by respondents, the respondent are not be require to write their name and assure the anonymity and confidentiality of their response. The purpose of the study was disclosed in the introductory part of the questionnaire. Furthermore, the researcher did to avoid misleading or deceptive statements in the questionnaire and the questionnaires are handed out up on their consent only.

CHAPTER FOUR
DATA PRESENTATION AND INTERPRETATION

Introduction

This chapter deals with the results and analysis of the findings and it contains three sections. The first section presented descriptive and correlation analysis on variables of the study; the second section presented fulfillment of the assumptions; the third section laid down the results of regression analysis that constitute the main findings of this study.

Response Rate

The primary focus of the study was to test the effect of total quality management practices on operational performance in case of Hibret Bank S.C particularly Addis Ababa branches. Therefore, this chapter presents the analysis of responses that were received via questionnaires distributed to selected 370 employees. The researcher was able to get back three hundred sixty three (363) out of 370 questionnaires administered which gives 98.11% response rate. This was done in order to obtain a larger response rate.

Hence, in this chapter, the data collected from respondents were analyzed and interpreted using quantitative analysis which involves analysis of the demographical information of respondents and the descriptive as well as inferential statistics employed to test the hypothesis and to investigate the influence of independent variables on the dependent variable. A total of 363 questionnaires were personally handed to the respondents with close follow up and guidance in filling the questioners. The study used five independent variables to measure total quality management practices i.e., top management commitment, employee training and education, employee involvement, quality focus and continuous process improvement and operational performance as dependent variable.

A multiple regression modeling was proposed as an effective method for studying the relationships. The result of this multiple regression model is analyzed and discussed in this chapter. The data were processed through SPSS software, version 20. And the results of the study were shown in descriptive and inferential section.

4.1. Descriptive statistics

4.1.1. Demographic Profile of respondents

The questionnaire included a segment on employee's profile, as an assortment of demographic and other factors which likely to influence the total quality management practice son operational performance. The demographic profile of the respondents is described in the under the table.

Table 4.1 Demographic Profile for selected employees

No.	Demographics		Frequency	Percentage
1	Gender	Male	143	39.4%
		Female	220	60.6%
		Total	**363**	**100.00**
2	Educational level	Bachelor degree	226	62.3%
		Masters degree	137	37.7%
		Above Masters	-	-
		Total	**363**	**100.00**
3	Your Current position	Higher Managerial Position	10	2.8%
		Section Heads	10	2.8%
		Senior officers	198	54.5%
		Junior officers	145	39.9%
		Total	**363**	**100.00**
4	How long you have worked in your company	Under five years	98	27%
		5 to under 10 years	42	11.6%
		10 to under 15 years	130	35.8%
		15 years and above	93	25.6%
		Total	**363**	**100.00**

Source: Own Survey, computed in SPSS, 2021

As shown from the above table, the gender distribution indicates that covers 60.6% were female and the remaining 39.4% were male. Related to the educational level of the respondents, all of the respondents were Bachelor degree and Master's Degree holder accounted for cover 62.3% and 37.7%, respectively from the total sample respondents under consideration.

In line with employee experiences, most of employees have worked ten up to fifteen years which covers 35.8%, next to this employee who worked under five years covers 27%. In addition to this, employees who have fifteen years' experience and above cover 25.6% and the rest of employees those who worked for five up to ten years cover least of present which is 11.6%. In short, from the above demographic data, females have more coverage than males and most the respondents are bachelor degree holder than masters' degree holder. Besides, most of respondents are found in senor positions than other and also most of them they have worked ten up to fifteen years as compare to other employee's years of experiences.

4.2. Descriptive Analysis

4.1.2. Mean and Standard deviations

Neil J. Salkind (2010) Mean is a parameter that measures the central location of the distribution of a random variable. A standard deviation is a statistic that measures the dispersion of a dataset relative to its mean. Descriptive statistics (mean and standard deviations) of the respondents' scores were computed and analysis has been done by comparing these mean scores and standard deviations among respondents. The reason for using descriptive statistics is to compare the effect of total quality management practices on operational performance in case of Hibret Bank S.C in Addis Ababa city branches by using means and standard deviations values.

Table 4.2 Mean and Standard deviations

	N	Mean	Std. Deviation
	Statistic	Statistic	Statistic
OP	363	3.8205	.34072
TMC	363	3.8402	.48980
ETE	363	3.8303	.32750
EI	363	3.2264	.37338
QF	363	3.8343	.45635
CPI	363	3.9229	.46963

Source: Own Survey, computed in SPSS, 2021

The standard deviation 0.34072indicates that there was moderate variability on operational performance in the data. The table suggests that all operational performance determinant rated as

above satisfactory. As far as the mean values are concerned, out of the determinant top management commitment (mean of 3.8402), employee training and education (mean of 3.8303), employee involvement (mean of 3.2264), quality focus (mean of 3.8343) and continuous process improvement (mean of 3.9299) have relatively major roles on operational performance. As the above table depicted, all explanatory variables play a fundamental role for operational performance in selected samples.

4.3. Inferential Analysis

Like the descriptive statistical methods, i.e. demographic and other related factors, the scale typed questionnaire has been entered to the SPSS software version 20 and inferential statistics methods such as: simple correlation and multiple regression methods has been employed to test the hypothesis.

4.3.1. Correlation Analysis

Pearson correlation test was conducted to know the degree of relationship between the independent variables i.e. top management commitment, employee training and education, employee involvement, quality focus and continuous process improvement and dependent variable i.e. operational performance. Based on the questionnaires which were filled by the employees and the results of correlation analysis between these variables are shown in table below.

Table 4.3 Correlation Analysis

		OP	TMC	ETE	EI	QF	CPI
OP	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	363					
TMC	Pearson Correlation	.277**	1				
	Sig. (2-tailed)	.000					
	N	363	363				
ETE	Pearson Correlation	.507**	.584**	1			
	Sig. (2-tailed)	.000	.000				
	N	363	363	363			
EI	Pearson Correlation	.163**	.220**	.264**	1		
	Sig. (2-tailed)	.002	.000	.000			
	N	363	363	363	363		
QF	Pearson Correlation	.443**	.770**	.647**	.158**	1	

	Sig. (2-tailed)	.000	.000	.000	.003		
	N	363	363	363	363	363	
CPI	Pearson Correlation	.437**	.780**	.650**	.270**	.818**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	363	363	363	363	363	363

Source: Own Survey, computed in SPSS, 2021

As the results shown in Table 4.3, the independent variables (top management commitment, employee training and education, employee involvement, quality focus and continuous process improvement) are significantly and positively correlated with the dependent variable (top management commitment (Pearson Correlation = 0.277, p<.005), employee training and education (Pearson Correlation = 0.507, p<.005), employee involvement (Pearson Correlation = 0.163, p<.005), and quality focus (Pearson Correlation = 0.443, p<.005) and continuous process improvement(Pearson Correlation = 0.437, p<.005).

The results of correlation analysis shows positively and significantly correlated with the dependent variable i.e. operational performance at 95 percent confidence level (P<0.05). The finding on table 4.3 above further indicates that the highest significant relationship is found between employee training and education and operational performance (Pearson Correlation = 0.507, p < 0.05), however the lowest statistically significant relationship is found between employee involvement and operational performance (Pearson Correlation = 0.163, P < 0.05).

4.3.2. Regressions Analysis

4.3.2.1. Assumptions of Testing in Regressions analysis

The basic assumptions should be satisfied in order to maintain data validity and robustness of the regressed result of the research under the multiple regression models. Hence, this study has conducted the assumption tests such as, multi-Collinearity, linearity, homoscedasticity and normality.

I. Multi Collinearity

Multi Collinearity is checked using correlations between the variables in the model. Independent variables show at least some relationship with dependent variable. In this case all of the scales (top management commitment, employee training and education, employee involvement, quality

focus and continuous process improvement) with operational performance correlate substantially (0.277, 0.507, 0.163, 0.443 and 0.437) respectively. As it can be seen from the table these requirements are validated and there is no issue of Multi Collinearity.

Collinearity diagnostics on the variables as part of the multiple regression procedure is done using tolerance and variance inflation factor (VIF). Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multi Collinearity (Pallant, 2010) furthermore, the other value given is the VIF, which is just the inverse of the tolerance value (1 divided by tolerance). According to Pallant (2010), VIF values above 10 would be a concern, indicating multi Collinearity.

Table 4.4 Multi Collinearity Diagnosis

Model		Collinearity Statistics	
		Tolerance	VIF
	TMC	.336	2.973
	ETE	.522	1.916
	EI	.890	1.123
	QF	.265	3.767
	CPI	.255	3.925

Source: Own Survey, computed in SPSS, 2021

The result shows that the tolerance value for each independent variable is (0.336, 0.522, 0.890, 0.265 and 0.255) respectively which are not less than 0.10; therefore, multi Collinearity assumption is not violated. This is also supported by the VIF value, which is 2.973, 1.916, 1.123, 3.767 and 3.925 which is well below the cut-off 10 as shown in the coefficient table.

Normality, linearity of residuals: one of the ways that these assumptions can be checked is by inspecting the residuals scatter plot and the normal probability plots of the regression standardized residuals that were requested as part of the analysis. These are presented in normal P-P Plots of regression standardized residuals graph. In normal probability plots the points will lie in reasonably straight diagonal line from bottom left to top right. This would suggest no major

deviations from normality. The finding from normal P-Plot reveals no violation of normality assumptions.

II. Test of Normality

The study used both methods of assessing normality; graphically using Normal Probability Plot (P-P) graph and using Skewness and Kurtosis numerically. Figure 4.1depictedthat the scores are normally distributed.

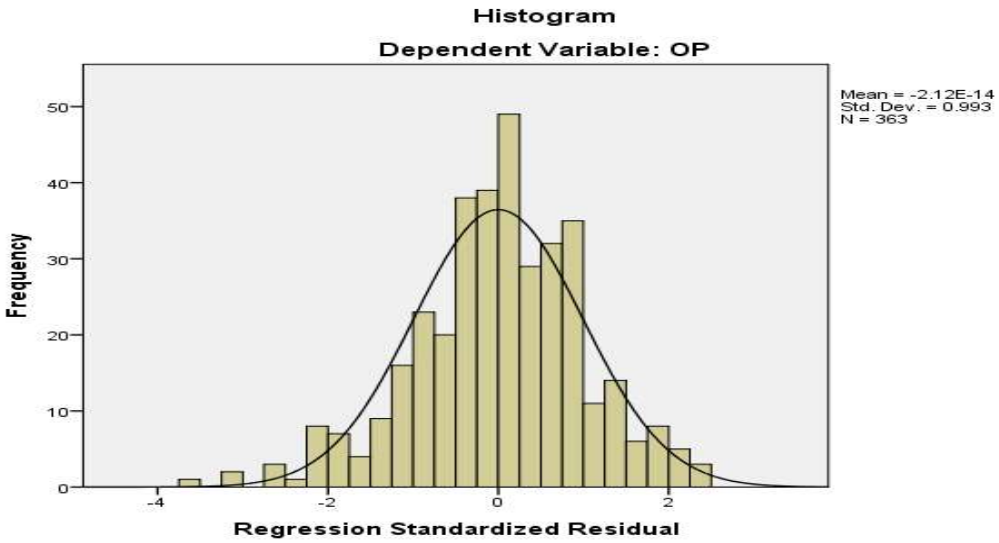


Figure 4.1: Frequency Distribution of Standardized Residual

Source: Own Survey, computed in SPSS, 2021

Kurtosis and Skewness

As Field (2009) and Garson (2012) noted, many statistical procedures assumed that the sampling distribution is normally distributed and so, if the sample data are approximately normal then the sampling distribution will be also. In this regard, it is useful to test for normality of the sample data. Therefore, it was checked for the data to see if they are normally distributed through quantify aspects of a distribution (i.e. skewness and kurtosis) and presented as follows.

Table 4.5 Kurtosis and Skewness

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
OP	-.199	.128	.131	.255
TMC	-.414	.128	.359	.255
ETE	-.116	.128	.405	.255
EI	.078	.128	.778	.255
QF	-.156	.128	-.303	.255
CPI	-.058	.128	-.454	.255

Source: Own Survey, computed in SPSS, 2021

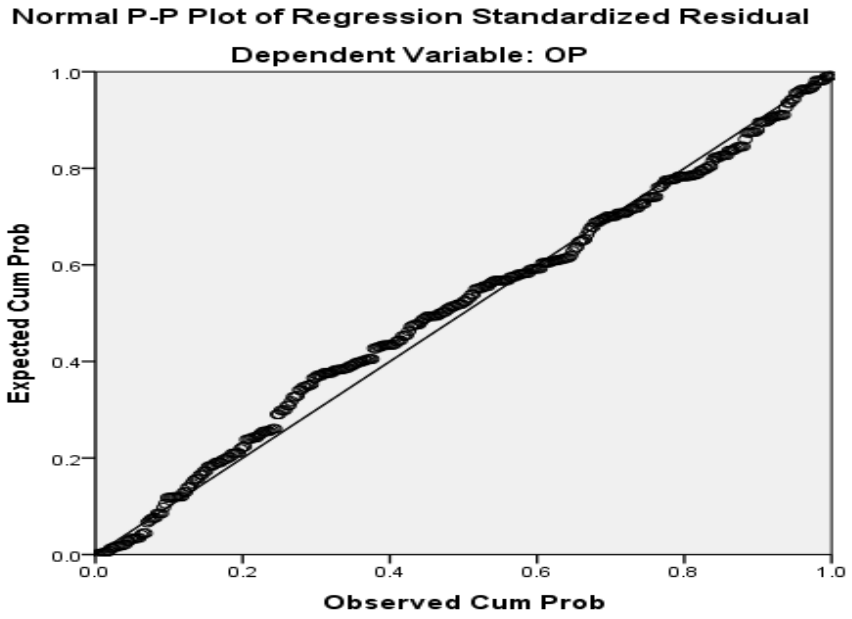
According to Garson (2012), as a rule of thumb, for normality skew should be within the +2 to -2 range, when the data are normally distributed. Some statisticians also prescribe +1 to -1 as a more stringent criterion when normality is critical. In this regard, as shown in the above table, the skew value is perfectly fit within the limit and ranges between -0.414 and 0.078. Thus, in this research, is said to be normally distributed.

Furthermore, as Garson (2012) suggests, kurtosis should be within the +2 to -2 range when the data are normally distributed, while some statisticians prescribe +1 to -1 as a more stringent criterion when normality is critical. Taking both options in to consideration, when we look at table 4.5, the kurtosis value is perfectly fit within the limit and ranges between -0.454 and 0.778. Therefore, it can be explained that, abnormality of the data distribution cannot be a problem for this study.

III. Test of linearity

In the Normal Probability Plot it will be hoped that points reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The study applied Normal P-Plot of regression Standardized Residua l (See Figure 4.2) to test linearity. Since the points were symmetrically distributed around diagonal line, linearity pattern was observed. Hence, the straight line relationship between the residuals and the predicted dependent variable scores depicted that linearity was achieved.

Figure 4.2: Normal Point Plot of Standardized Residual



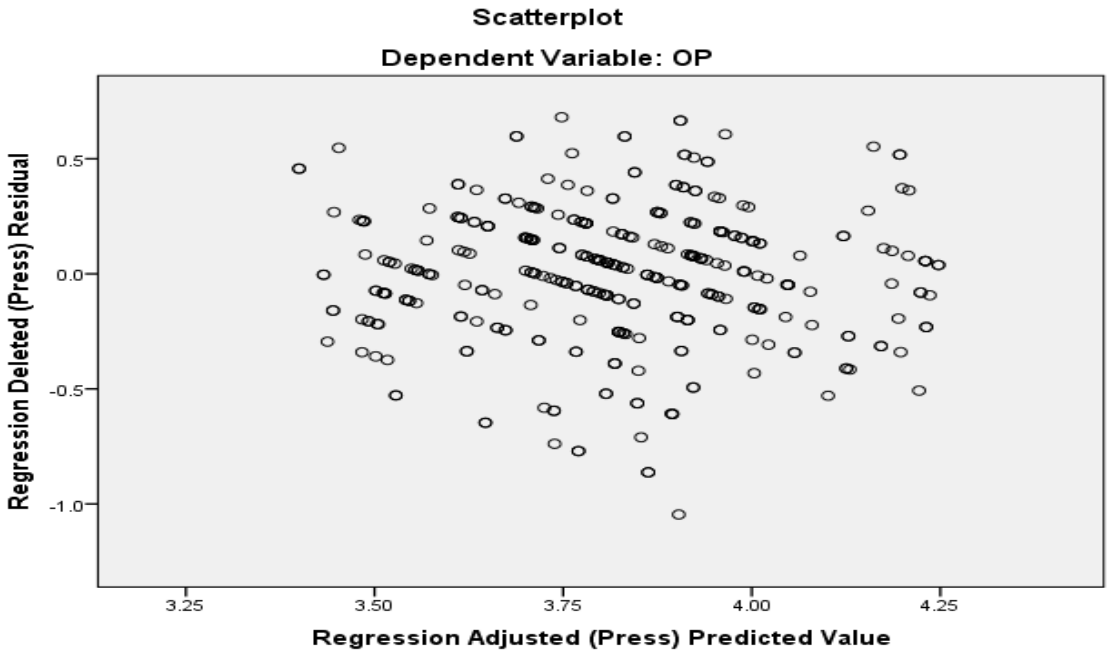
Source: Own Survey, computed in SPSS, 2021

Homoscedasticity

Homoscedasticity is the extent to which the data values for the dependent and independent variables have equal variances, as Saunders, et al. (2009) noted. Based on the explanation by Field (2009), at each level of the predictor variables, the variance of the residual terms should be constant which means the residuals at each level of the predictors should have the same variance, therefore checking for this assumption is helpful for the goodness of the regression model.

Field (2009) suggested that it should plot the standardized residuals, or errors (ZRESID) on the X axis and the standardized predicted values of the dependent variable based on the model (ZPRED) on the Y axis to get the homoscedacticity result.

Figure 4.3: Scatter Plot of Standardized Residual



Source: Own Survey, computed in SPSS, 2021

According to Garson (2012), homoscedasticity help as to check for the relationship under investigation is the same for the entire range of the dependent variable and lack of homoscedasticity is shown by higher errors (residuals) for some portions of the range, which can be seen on the scatter plot. In this regard, as Field (2009) describes, the graph of *ZRESID and *ZPRED should look like a random array of dots evenly dispersed around zero, if the assumption of homoscedasticity has to be met.

Likewise, as shown in the above figure, the points are randomly and evenly dispersed throughout the plot and there are no obvious outliers on this cloud of dots which are spaced around zero. Therefore, it can be conclude that the assumptions of random errors and homoscedasticity have been met.

IV. No Autocorrelation

To determine the autocorrelation between observations Durbin – Watson test was used. As per Brooks (2008) lagged the value is simply the value that the variable took during a previous period. A value of DW test result of 2 mean there is no autocorrelation detected.

Whereas a value between 0 and 2 indicate positive autocorrelation and a value between 2 and 4 indicates negative autocorrelation. In this study the Durbin waston test regression result DW is 2.37. Hence, as the test indicated there is absence of autocorrelation between residuals.

Table 4.6

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.565[a]	.319	.309	.28313	.319	33.447	5	357	.000	2.373

4.3.2.2. Regressions Results
ANOVA Test

Table 4.7 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	**Regression**	13.406	5	2.681	33.447	.000[b]
	Residual	28.618	357	.080		
	Total	42.024	362			

Source: Own Survey, computed in SPSS, 2021

a. Dependent variable: Operational Performance
b. Predictor:(Constant) CPI,EI, ETE,TMC,QF

The significant level in ANOVA table shows that the combination of variables significantly predicts the dependent variable. ANOVA that tests whether the model is significantly better at predicting the outcome than using the mean as a best guess; specifically, the F-ratio represents the ratio of the improvements in prediction that results from fitting the model, relative to the inaccuracy that still exists in the model.

For these data, F is 33.477, which is significant at $p<0.05$. This result indicates that us there is less than 0.1% chance that an F-ratio is larger would happen by chance alone. Therefore, it canbe said that the regression model results in significantly better prediction of operational performance.

Model Summary

Table 4.8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.319[a]	.565	.309	.28313	.565	33.447	5	357	.000	2.373

Source: Own Survey, computed in SPSS, 2021

a. Predictor:(Constant) CPI,EI, ETE,TMC,QF

b. Dependent variable: Operational Performance

Overall, the given table revealed that all independent variables accounted for about 56.5% of the contribution for operational performance (R2=0.565). Thus, 56.5% of the variation in operational performance can be explained by five determinate and other factors may limit contribution of those determinant to the operational performance which accounts for about 43.5%, as shown in the table.

Table 4.9 Regression coefficient analysis of the model

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	**(Constant)**	1.714	.196		8.754	.000
	TMC	.227	.052	.327	4.338	.000
	ETE	.387	.063	.372	6.152	.000
	EI	.031	.042	.034	.733	.464
	QF	.197	.063	.264	3.110	.002
	CPI	.164	.063	.226	2.608	.010

Source: Own Survey, computed in SPSS, 2021

Based on the above table, the description is found below that interpret the individual effect of the predictors.

- If Top management commitment increases by 1 percent, operational performance will increase by 22.7 %. Thus, the researcher confirms that top management commitment has a positive effect on operational performance of Hibret Bank.
- If Employee training and education increases by 1 percent, operational performance will increase by 38.7 %. Thus, the researcher confirms that Employee training and education has a positive effect on operational performance of Hibret Bank.
- If quality focus increases by 1 percent, operational performance will increase by 19.7 %. Thus, the researcher confirms that quality focus has a positive effect on operational performance of Hibret Bank.
- If continuous process improvement increases by 1 percent, operational performance will increase by 16.4 %. Thus, the researcher confirms that continuous process improvement has a positive effect on operational performance of Hibret Bank.

From the above finding the study can develop the following regression model

$OP= \alpha + \beta 1TMC1+ \beta 2ETE2+ \beta 3EI3+ \beta 4QF4+ \beta 5CPI5+ \varepsilon$

$OP=1.714 + 0.327TMC1 + 0.372ETE2 + 0.264QF4 + 0.226CPI5 + \varepsilon$

Where,

OP = Operational Performance

α = Constant

β = Coefficient of estimate

TMC = Top management commitment

ETE = Employee training and education

EI = Employee involvement

QF = Quality focus

CPI = Continuous process improvement

ε = the error term

Regression model was applied to test how far determinants have effect on operational performance. Coefficient of determination R2 is the measure of proportion of the variance of dependent variables about its mean that is explained by the independent or predictor variables. It

is conducted to investigate the effect of independent variable on the dependent variable and identify the relative significant influence; i.e. Independent variable (top management commitment, employee training and education, employee involvement, quality focus and continuous process improvement) to the dependent variable; i.e. operational performance. Higher value of R2 represents greater explanatory power of the regression equation. The proposed hypotheses were tested using multiple regression analysis.

H_1: Top management commitment has significant and positive effect on operational performance

The result of multiple regression analysis of the above table clearly indicates that top management commitment has significant effect on operational performance ($P<0.05$). Besides, the value of beta in top management commitment ($\beta= 0.327$) shows positive effect on operational performance. This implies that a one unit increase in top management commitment results in 0.327 unit increase in operational performance. Thus, the above proposed hypothesis is accepted.

H_2: Employee training and education has significant and positive effect on operational performance

The result of multiple regression analysis of the above table clearly indicates that employee training and education has significant effect on operational performance ($p<0.05$). Besides, the value of beta in employee training and education ($\beta= 0.372$) shows positive effect on operational performance. This implies that a one unit increase in employee training and education results in 0.372 unit increase in operational performance. Thus, the above proposed hypothesis is accepted.

H_3: Employee involvement has significant and positive effect on operational performance

The result of multiple regression analysis of the above table clearly indicates that employee involvement has no significant effect on operational performance $\beta=0.034$, $p<0.05$). Thus, the above proposed hypothesis is rejected.

H_4: Quality focus has significant and positive effect on operational performance

The result of multiple regression analysis of the above table clearly indicates that quality focus has significant effect on operational performance ($p<0.05$). Besides, the value of beta in

employee training and education (β= 0.264) shows positive effect on operational performance. This implies that a one unit increase in quality focus results in 0.264 unit increase in operational performance. Thus, the above proposed hypothesis is accepted.

H_5: Continuous process improvement has significant and positive effect on operational performance

The result of multiple regression analysis of the above table clearly indicates that continuous process improvement has significant effect on operational performance ($p<0.05$). Besides, the value of beta in continuous process improvement (β= 0.226) shows positive effect on operational performance. This implies that a one unit increase in continuous process improvement results in 0.226 unit increase in operational performance. Thus, the above proposed hypothesis is accepted.

Discussion of Findings

Top management commitment

According to the regression result of top management commitment has a positive and significant relationship with operational performance a coefficient estimate of 0.327. This means that holding other independent variables constant and when one percent increases in top management commitment, consequently it improves operational performance by 32.7% and the p value of top management commitment is 0.000 reveals that it is statistically significant at 1% level of significance. Accordingly, the result supports the working hypothesis that top management commitment has significant and positive effect on operational performance. It implies that top management commitment has a great role for one company operational performance growth. Thus, this outcome is consistent with prior study of Paul (2015), Anton et al (2013), Omar & Stephen (2018), Saadia (2018) and Carolyne&Bichanga (2014).

Employee training and education

According to the regression result of employee training and education has a positive and significant relationship with operational performance a coefficient estimate of 0.372. This means that holding other independent variables constant and when one percent increases in employee training and education, consequently it improves operational performance by 37.2% and the p value of employee training and education is 0.000 reveals that it is statistically significant at 1%

level of significance. Accordingly, the result supports the working hypothesis that employee training and education has significant and positive effect on operational performance. It entailed that employee training and education has a great role for one company operational performance development. Thus, this outcome is consistent with prior study of Paul (2015) and Omar & Stephen (2018).

Employee involvement

According to the regression result of employee involvement has no significant and positive relationship with operational performance with a coefficient estimate of 0.034. This means that holding other independent variables constant and when one percent increases in employee involvement, consequently it cannot improves operational performance by 3.4% and the p value of employee involvement is 0.464 reveals that it is statistically insignificant at 5% level of significance. Accordingly, the result didn't support the working hypothesis that employee involvement has significant and positive effect on operational performance. It entailed that employee involvement has less role for one company operational performance development. Thus, this outcome is contradicted with prior study of Paul (2015).

Quality focus

According to the regression result of quality focus has significant and positive effect with operational performance a coefficient estimate of 0.264. This means that holding other independent variables constant and when one percent increases in quality focus, consequently it improves operational performance by 26.4% and the p value of quality focus is 0.002 reveals that it is statistically significant at 1% level of significance. Accordingly, the result supports the working hypothesis that quality focus has significant and positive effect on operational performance. It indicates that quality focus has a huge role for one company operational performance development. Thus, this outcome is consistent with prior study of Paul (2015) and Omar & Stephen (2018).

Continuous process improvement

According to the regression result of continuous process improvement has significant and positive effect with operational performance a coefficient estimate of 0.226. This means that

holding other independent variables constant and when one percent increases in continuous process improvement, consequently it improves operational performance by 22.6% and the p value of quality focus is 0.010 reveals that it is statistically significant at 1% level of significance. Accordingly, the result supports the working hypothesis that continuous process improvement has significant and positive effect on operational performance. It indicates that continuous process improvement has a great function for one company operational performance enlargement. Thus, this outcome is consistent with prior study of Paul (2015), Anton et al (2013), Omar & Stephen (2018), Saadia (2018) and Carolyne&Bichanga (2014).

Generally the overall result is depicted in the following table.

Table 4.10 Summary of the overall outcome of the research hypotheses

Hypothesis	*Result*	*Reason*
H_1: Top management commitment has significant and positive effect on operational performance	**Accepted**	β=**0.327**, p<0.05
H_2: Employee training and education has significant and positive effect on operational performance	**Accepted**	β=**0.372**, p<0.05
H_3: Employee involvement has significant and positive effect on operational performance	**Rejected**	β=**0.034**, p<0.05
H_4: Quality focus has significant and positive effect on operational performance	**Accepted**	β=**0.264**, p<0.05
H_5: Continuous process improvement has significant and positive effect on operational performance	**Accepted**	β=**0.226**, p<0.05

To summarize, all hypothesis developed based on the research objective and the conceptual framework, were tested. Moreover, aiming in validating the hypothesis testing, several assumptions were checked. Accordingly, the hypotheses were tested through appropriate statistical procedures and the results obtained from the statistical analysis are said to be successful in achieving the desired objective and in answering the research questions.

CHAPTER FIVE

SUMMARY, CONCULSION AND RECOMMENDATION

Introduction

The focus of this chapter is going to be in the summaries of the findings, conclusion, recommendation and areas for further researches.

5.1. Summary of Findings

The objective of this research is to examine the effects of total quality management on operational performance the case of Hibret Bank S.C. The researcher studied Total Quality Management variables such as Top management commitment, Employee training and education, Employee involvement, Quality focus and Continuous process improvement that affect the operational performance of Hibret Bank S.C.

The result of this research provides important information about the effect of TQM on operation performance and leads us towards the most effective TQM variables.

In accordance with the five research objectives of the study, the result of the survey examines how total quality management affects operational performance in Hibret Bank S.C. This is given by the descriptive statistics of perception towards total quality management variables and operational performance where respondents have reflected their attitude towards total quality management variables and operational performance with the following results of means score:

- The general mean for the perception of top management commitment is 3.8402, indicating that the majority of respondents are towards agreeing level of agreement as it is rated above satisfactory.
- The general mean for the perception of employee training and education is 3.8303, indicating that the significant respondents are towards agreeing level of agreement which is rated above satisfactory.

- The overall mean for the perception of employee involvement is 3.2264, indicating that the majority of respondents are towards agreeing level of agreement with the statements specified in the study

- The overall mean for the perception of quality focus is 3.8343, indicating that the majority of respondents are towards agreeing level of agreement which is rated above satisfactory.

- The overall mean for the perception of continuous process improvement is 3.9229, indicating that the majority of respondents are towards agreeing level of agreement which is rated above satisfactory by respondents.

- Pearson correlation coefficient shows that the independent variables (top management commitment, employee training and education, employee involvement, quality focus and continuous process improvement) are significantly and positively correlated with the dependent variable: (top management commitment (Pearson Correlation = 0.277, $p<0.05$), employee training and education (Pearson Correlation = 0.507, $p<0.05$), employee involvement (Pearson Correlation = 0.163, $p<0.05$), and quality focus (Pearson Correlation = 0.443, $p<0.05$) and continuous process improvement (Pearson Correlation = 0.437, $p<0.05$).

- The result of correlation analysis shows positively and significantly correlated with the dependent variable i.e. operational performance at 95 percent confidence level ($p<0.05$).

- The highest significant relationship is found between employee training and education and operational performance (Pearson Correlation = 0.507, $p < 0.05$).

- The lowest statistically significant relationship is found between employee involvement and operational performance (Pearson Correlation = 0.163, $p< 0.05$).

- The result of multiple regression analysis clearly indicates that top management commitment has significant effect on operational performance ($p<0.05$). Besides, the value of beta in top management commitment ($\beta= 0.327$) shows the positive effect of on operational performance. This implies that a one unit increase in top management commitment results in 0.327 unit increase in operational performance. Thus, the above proposed hypothesis is accepted.

- The result of multiple regression analysis clearly indicates that employee training and education has significant effect on operational performance ($p<0.05$). Besides, the value of beta in employee training and education ($\beta= 0.372$) shows the positive effect of on operational performance. This implies that a one unit increase in employee training and education results in 0.372 unit increase in operational performance. Thus, the above proposed hypothesis is accepted.

- The result of multiple regression analysis clearly indicates that employee involvement has no significant effect on operational performance ($p<0.05$). Besides, the value of beta in employee involvement ($\beta= 0.034$) shows the positive effect of on operational performance. This implies that a one unit increase in employee involvement results in 0.034 units is not increase in operational performance. Thus, the above proposed hypothesis is rejected.

- The result of multiple regression analysis clearly indicates that quality focus has significant effect on operational performance ($p<0.05$). Besides, the value of beta in employee training and education ($\beta= 0.264$) shows the positive effect of on operational performance. This implies that a one unit increase in quality focus results in 0.264 unit increase in operational performance. Thus, the above proposed hypothesis is accepted.

- The result of multiple regression analysis clearly indicates that continuous process improvement has significant effect on operational performance ($p<0.05$). Besides, the value of beta in continuous process improvement ($\beta= 0.226$) shows the positive effect of on operational performance. This implies that a one unit increase in continuous process improvement results in 0.226 unit increase in operational performance. Thus, the above proposed hypothesis is accepted.

5.2 Conclusions

The study shows that employee training and education and top management commitment are most dominant factor influencing operational performance. The major variables of total quality management consists of top management commitment, employee training and education, quality focus, continuous process improvement and employee involvement were examined. From the research, it is found that there exists significant relationship between operational performances.

The result indicates that top management commitment has significant and positive significant effect on operational performance which implies that an increase in top management commitment inevitably lead to enhance operational performance.

The result point out employee training and education has significant and positive effect on operational performance which implies that an increase in employee training and education certainly lead to improve operational performance.

Among TQM variables employee training and education and top management commitment are the most important factor that affect operational performance which implies that Hibret bank is frequently using them. Next to employee training and education and top management commitment quality focus is the other variable that affects operational performance of Hibret bank.

In general, top management commitment, employee training and education, quality focus and continuous process improvement have significant and positive effect on operational performance. However, employee involvement has no significant effect on operational performance.

5.3 Recommendation

The findings of the study showed that top management commitment, employee training and education, quality focus and continuous process improvement have significant and positive effect on operational performance. However, employee involvement has no significant effect on operational performance. Hence, focusing and taking the necessary action on these variables could improve the probability containing the effect on operational performance. Based on the findings which are obtained from regression analysis, the researcher has drawn the following recommendations.

- As top management commitment, it has a significant and positive effect on operational performance, so that Hibert Bank S.C has to work on this area by making the top managers being committed on their duties and responsibilities activities implementation and the bank must strictly assures and follow the top managers whether they are real committed or not while they perform their duties. In conclusion, by keeping the above activities, Hibert bank can easily enhance his operational performance.

- The analysis indicated that employee training and education has a significant and positive effect on operational performance, therefore Hibert Bank S.C has to provide relevant and timely base training for all employees according to their position. In addition, the bank must encourage and gives incentives for employees in order to improve their educational background. By doing so and making related programs, Hibert Bank S.C can enhance his operational performance.
- The finding explained that employee involvement has no significant effect on operational performance. However, Hibert Bank S.C should encourage and provide opportunities to employees to be involved in making and decisions process. In addition, the bank's management must 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. Finally, by keeping the above activities, Hibert bank can easily enhance his operational performance.
- The result disclosed that quality focus has a significant and positive effect on operational performance; therefore Hibert Bank S.C must focus on quality by making its main objective in designing its products or services is to fulfill and or exceed customer expectations and at the same time make a reasonable profit. So that, by implementing this Hibert Bank S.C can improve his operational performance.

- The analysis indicated that continuous process improvement has a significant and positive effect on operational performance, therefore Hibert Bank S.C must often involves creating a team that includes representatives from all areas of the company and this can attract more employees into this concept which in turn leads to the continued search for more improvements. By doing so, Hibert Bank S.C can improve his operational performance.

Therefore, Hibert Bank S.C should effectively consider the above determinants by performing more work on those factors to have a better operational performance.

5.4. Direction for Future Research

- This study was conducted solely in Addis Ababa branches and the composition of the sample may not be analogous to the whole out lets in Ethiopia. Therefore; additional studies in different regions of the country are needed to investigate the hypotheses. Moreover, this study investigates the effect of total quality management practiceson operational performance using only non-quantitative operational performance measurements. In addition, variables included in the study were not exhaustive and future researches should be carried out to determine the effect of other variables which are not identified in the present study but affect operational performance regarding banking industry.

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Appendix

Appendix-A Questionnaire for Employees

ST. Mary's University School of Graduate Studies

Business Administration Management: Post Graduate Program

This questionnaire is designed to carry out a research on ***the effect of total quality management practice on operational performance in the case of Hibret Bank S.C*** and its main purposes are: to the effect of total quality management practice on operational performance and as partial fulfillment of the requirements for the degree of Master in Business Administration Management.

The data will be used only for academic purpose and your response is not forwarded to other third party and it is kept confidential, please answer each questions with no fear of consequence. No need of writing your name.

I thank you in advance for your cooperation.

Please feel free to contact me @ any time for further clarification if any!

Ruth Kirubel
Tel 0913593901

If you have any question regarding the questionnaire please contact me using the above mentioned address.

Part I: **Demographic or Personal Information**

Please read each statement carefully and encircle your choice for the questions indicated in the table.

Question		**Response**
1	Gender	1. Male 2. Female
2	Educational level	1. Bachelor degree 2. Masters degree 3. Above Masters
3	Your current position	1. Higher Managerial position 2. Section Heads 3. Senior officers 4. Junior officers
4	How long you have worked in your company	1. Under five years 2. 5 to under 10 years 3. 10 to under 15 years 4. 15 years and above

Part: II Examining the effect of Total Quality Management Practices on operational performance offered by the bank

The following question aims to examine the effect of total quality management practice on operational performance offered by the bank. Please tick **(√)** the number that you feel most appropriate number using the scale below (from 1 to 5 alternatives in the Likert scale).

No	Dimensions of Total Quality Management Practices	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
1. Top Management Commitment						
1.1	Senior managers actively encourage change					
1.2	Leadership proactively pursue continuous improvement					
1.3	Top management clearly understands the fundamental spirits and principles of quality management					
1.4	Company's plan always incorporates external customers, suppliers and other stakeholders					
1.5	Management create synergy, interdependence and interconnections					
1.6	Top management believes and appreciates team work					
2. Employee Training and Education						
2.1	Employee of your bank are given adequate training on total quality management					
2.2	Training programs are constantly revised or update to fit with changing environment					
2.3	The training programs always bring change in employees quality commitment					
2.4	The training programs given to employees are customized to your					

	respective duty					
2.5	Resources are provided for employee training in quality					
3. Employee Involvement						
3.1	I am provided with substantial autonomy and responsibility					
3.2	Employees are involved in design and planning of their work					
3.3	I am encouraged to develop new ways to provide better services					
3.4	I am provided with sufficient information to arrive at good quality suggestions					
3.5	Employees are involved in planning their work evaluation					
4. Quality Focus						
4.1	There is a strong commitment to quality at all levels of this bank					
4.2	Employee in this company are aware of its overall mission and vision					
4.3	Staff Members of the bank show concern for the need for quality					
4.4	Continuous quality improvement is important goal of this bank					
4.5	Top Mangers here try to plan ahead for changes that might affect our quality performance					
4.6	Quality products and services produced meet the customer demands effectively					
5. Continuous Process Improvement						
5.1	When designing processes, the bank carefully considers the quality of service					
5.2	Before applying new procedures or delivery processes, the bank conducts comprehensive tests to assure quality					
5.3	The bank has appropriate management measures to control and improve delivery processes					

5.4	The bank continuously improves its delivery processes, to enhance the overall service quality development					
5.5	Individual departments work to improve their processes					
5.6	Process improvement initiatives are shared among departments					
5.7	Our associates (employees, supervisor, and managers) in the bank analyze their work process to look for ways of doing a better job					
Operational Performance measurement						
1.1	The bank maintains consistent quality standards for providing services					
1.2	Customer visit of our branch has increased					
1.3	Our bank employee as have increased error free transactions					
1.4	Customer complaints have been reduced					
1.5	Customer retention has been improved					
1.6	New Customer visits has been increased					
1.7	Customer waiting line has been reduced					

Thank You!!!

Appendix B: List of Selected branches for sampling purpose

SR NO.	1st South West A.A District	2nd South East A.A District	3rd North Addis Ababa District
1	ABAKORAN	22 GEBRIEL	ABUNE PETROS
2	ALEM BANK	AFRICA AVENUE	ADDISU GEBEYA
3	AMANUEL TOTAL	AYAT	ANBESAGIBI
4	ASKO ADDIS SEFER	BOLE	ARAT KILLO
5	BETHEL	BOLE BULBULA	BALDERAS
6	BISRATE GEBRIEL	BOLE MEDHANIALEM	BAMBIS
7	CINEMA RAS	CMC	BEKLOBET
8	D'AFRIQUE	GERJI	CATHEDRAL
9	ANWAR	GOTERA	CONGO ZEMACH
10	AYER TENA	BOLE RWANDA	DIL BER
11	GENET	BOLE ARABSA CONDOMINIUM	ECA
12	GOFA	BOLE AIRPORT	GANDI
13	AKAKI GEBEYA	AYAT 72	GOLLASFER
14	-	BESHALE	-