Effect of TQM on customer satisfaction in Indian Banking industry: A literature review

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Abstract

Total Quality Management (TQM) has been practised in diverse industries from manufacturing to services. But its important in banking sector has attracted only a few researchers. By providing the best service quality in banks higher organizational performance will be expected. There is intense competition between Public sector, Private sector and foreign banks in India. So customer satisfaction plays a major role to survive in the intense competition. The present research attempts to close the research gap of relationship between TQM and Customer satisfaction. So the objective is to find out the association between the multidimensionality of TQM and Customer satisfaction in the banking industry in the Indian context. This research will provide constructive information that helps the practitioners to precisely identify areas of concerns and take corrective measures to enhance their level of customer satisfaction. Knowledge in this area will allow managers of the banking organizations to direct their resources adequately in improving the more important contributors of Customer satisfaction.

Keywords: TQM, Customer satisfaction, Banking.

1. Introduction

Banking sector has undergone intense competition and a change in customers' expectations over the last few years especially after the recession .The importance and increasing attention to service quality in financial institutions is fully justified by the socio-political changes that have arisen. Amongst these changes, we can point to the economic globalization, which has brought about a reversal in consumer habits for banking services. Amongst the knock-on effects of these changes, which constitute a new form of bank customer behaviour, we can point to greater demands and financial culture. These behaviours generate attitudes amongst customers with regard to the banks, which in turn affect these customers' assessment of the Banking services and products offered. At this juncture, the quality of service will be the dominant primary factor in ensuring the survival of the service provider in the global market. The onset of economic reforms has opened of Indian banking sector to private sector and foreign players. These firms with the state of art service systems and high service quality pose a real threat to the Government owned public sector banks. In such a situation organisations have to adopt a more pragmatic, market orientated approach if they have to succeed in winning and retaining customers. At this juncture, the quality of service will be the dominant primary factor in ensuring the survival of the service provider in the global market. The customer-centric services have the paradigm shift in the service industries. This has given an impetus to the concept of total quality management in the service sector (Saravanan and Rao, 2006).

The concept of total quality management (TQM) has been developed as a result of intense global competition. Organisations with international trade and global competition have paid considerable attention to TQM philosophies, procedures, tools and techniques. According to Juran, international competition requires higher levels of quality achievement by organisations. Total quality management is the popular area of research in management. Total Quality Management (TQM) has been practised in diverse manufacturing industries and now there is a growing interest in the service sector, even from non-profit organizations (Nwabueze, 1998). But the service industry differs from the manufacturing industry in a number of ways, such as service intangibility, simultaneity of production, delivery and consumption, perishability, variability of expectations of the customers and the participatory role of customers in the service delivery. Several authors have proposed models of TQM. However, most of the models are based on theories and practises that are primarily derived from the manufacturing industry.

The banking industry is the largest industry in the service sector which caters to the needs of the different categories of people. Notably, the service quality of commercial banks tends to play a dominant role in high involvement industries (Anger et al., 1999; Elango & Gudep, 2006). Indeed providing the best service quality is viewed as the pre requisite for the success of service organizations like banks (Roger, 2002). The organizational performance of commercial banks is significantly and positively linked with the internal service quality (Vanniarajan, 2007). And to provide both internal and external service quality in commercial banks, the total quality service is highly essential (Kassem, 1998). McCabe et al. (1994) indicated that 'more than 90 percent of banks, building societies and insurance companies at present are implementing some form of quality initiatives'.

On the other hand, researchers on the service marketing and management studied service quality by identifying the factors that influence customer's expectation and perception of service quality, and investigating their impact on customer satisfaction. Financial service sector including bank are no different. Banks are struggling to improve service and proclaim that they are customer focus. Financial institutions have undergone intense competition and a change in customers' expectations over the last few years (Cheng et al., 1996). The importance and increasing attention to service quality in financial institutions is fully justified by the socio-political changes that have arisen (Cowling & Newman, 1995). Amongst these changes, we can point to the economic globalization, which has brought about a reversal in consumer habits for banking services. Amongst the knock-on effects of these changes, which constitute a new form of bank customer behaviour, we can point to greater demands and financial culture. These behaviours generate attitudes amongst customers with regard to the banks, which in turn affect these customers' assessment of the financial services and products offered. In this study we developed the concept of relationship between the critical success factor of Total quality management for service model in banking sector and customer satisfaction. As a consequence studying the linkage between TQM and Customer satisfaction is necessary as it provides a theoretical as well as a practical platform to the Banking organizations in the efforts to gain sustainable competitive advantage.

2. Literature Review

2.1 Total Quality Management

In recent decades, TQM has become the buzz word in the management practice. It has been defined in many different ways. The International Standard ISO 8402, Quality Management and Quality Assurance-Terminology has defined TQM as the "management approach of an organization, centered on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction, and benefits to all members of the organization and to society" (Ljungstrom & Klefsjo, 2002). Temtime and Solomon (2002) said that TQM seeks continuous improvement in the quality of all processes, people, products, and services of an organization. TQM is also a systems approach to management that aims to enhance value to customers by designing and continually improving organizational processes and systems (Kartha, 2004). The emphasis is on employee involvement and empowerment along with customers and customer satisfaction as the focal point. The tenets of TQM are continuous improvement, top management leadership commitment to the goal of customer satisfaction, employee empowerment, and customer focus (Ugboro & Obeng, 2000). TQM means that the organization's culture is defined by and supports the constant attainment of customer satisfaction through an integrated system of tools, techniques and training (Sashkin & Kiser, 1993).

Even though many think that TQM is old news, many of the new continuous improvement initiatives are based on TQM philosophies. TQM encompasses a number of different initiatives. For example, Six Sigma, which is popular today, is a methodology within TQM, not an alternative to it (Klefsjo, Wiklund, & Edgeman, 2001). Lean Sigma is another methodology that is widely used today that is included within TQM. TQM also includes initiatives such as ISO 9000 and the Malcolm Baldrige National Quality Award (MBNQA). Regardless of the different perspectives, the underlying theme common to all frameworks is that TQM is based on a prevention work process that strives to increase quality and efficiency, improve productivity, and enhance customer satisfaction (Waldman & Addae, 1993).

The core values and beliefs that are essential in implementing a TQM process include the following elements: (1) quality information must be used for improvement, not to judge or control people; (2) authority must be equal to responsibility;(3) there must be rewards for results; (4) cooperation, not competition, must be the basis for working together; (5) employees must have secure jobs; (6) there must be a climate of fairness; (7) compensation should be equitable; and (8) employees should have an ownership stake (Sashkin & Kiser, 1993). Kassicieh et al. (1998) studied the impact of TQM training, performance evaluation and rewards on the success of TQM implementation. Aksu (2003) examined the preparedness of manufacturing industries to implement the TQM practices. Kassicieh et al. (1998) studied the impact of TQM training, performance evaluation and rewards on the success of TQM implementation.

2.2 Benefits of TQM

Juran (2001) wrote that the benefits and goals of total quality are lower costs, higher revenues, delighted customers, and empowered employees. Costs can be lowered by reducing errors, reducing rework, and reducing non-value added work. Higher quality can also equate to higher revenues through satisfied customers, increased market share, improved customer retention, more loyal customers, and premium prices. Customers continue to demand higher quality goods and services. Delighted customers purchase over and over again, advertise goods and services for the company, and check first when they are going to buy anything else to see what is offered by the company they are loyal to. Empowered employees have the means to measure the quality of their own work processes, to interpret the measurements, and compare these measurements to goals and take action when the process is not on target. These empowered employees also understand who their customers are; what the customers need, want, and expect; how to design new goods and services to meet these needs; how to develop the necessary work processes; how to develop and use the necessary quality measurements; and how to continuously improve these processes. Similarly Chin and Pun (2002) stated that the implementation of TQM can generate improved products and services, reduced costs, more satisfied customers and employees, and improved bottom line financial performance. Other benefits include improved company image, improved certainty in operations, improved morale, improved management, and committed customers (Davies, 2003). However, it is not easy for management to implement TQM, because TQM means a cultural overhaul (Rao, Youssef, & Stratton, 2004). Deming (1981) also attested that the benefits of better quality through improvement of the process are thus not just better quality and the long-range improvement of market-position, but also greater productivity and profit. Improvement of the process increases uniformity of output of product, reduces mistakes, and reduces waste of manpower, machine-time, and materials. Kaynak (2003) suggested that a positive relationship exists between the extent to which companies implement TQM and firm performance. The three TQM practices that have direct effects on operating performance (inventory management and quality performance) are supplier quality management, product/service design, and process management.

TQM deals with both individual and collective behaviors that can create customer satisfaction through continuous improvement (Claver, Gasco, Llopis, & Gonzalez, 2001). Each company should develop its own individual framework for TQM that fits its situation and available resources. TQM involves teamwork and commitment on the part of the employees and management. Well-conceived training, mentoring, and feedback systems have demonstrated that they serve important roles in mitigating employee resistance to change (Jun, Cai, & Peterson, 2004). If TQM succeeds in improving performance, the organization's customers may gain through lowered prices or improved satisfaction; its shareholders gain through improved returns on investment,

and management gains through higher compensation (Beer, 2003). A study by Prajogo and Sohal (2003) found that TQM significantly and positively contributes to innovation performance, in terms of product and process. They found that there was a positive and significant relationship between quality performance and innovation performance, particularly process innovation. Zhang (2000) identified the significant positive impact of quality management methods on the products quality and business performance. TQM can have a dynamic role in strategy formulation, in addition to the more tactical role of strategy application and deployment (Leonard & McAdam, 2003). Those organizations that applied TQM at a strategic level were found to have robust TQM programs with greater longevity as a result of using frequent regenerative approaches (Leonard, McAdam, & Reid, 2002).

2.3 Obstacles to TQM

TQM has many different obstacles and barriers. As per managers five barriers to TQM are inadequate human resources development and management; lack of planning for quality; lack of leadership for quality; inadequate resources for TQM; and lack of customer focus. The most significant obstacle was found to be inadequate resources, followed by inadequate human resources development, and then lack of planning (Sebastianelli & Tamimi, 2003). A primary reason for TQM failure in organization is due to half-heartedly implemented TQM. Many organizations are not willing to undertake the total cultural transformation that TQM requires (Ugboro & Obeng, 2000). As per Nwabueze (2001), nobody knows exactly what culture change is and how best to approach cultural transformation, which is argued to be the most essential ingredient if TQM is to succeed. Other often-cited problems include getting everyone in the organization to move in the same direction, the lack of goals, insufficient knowledge, poor planning, lack of management commitment, lack of proper training, failure to use the right framework, lack of resources, lack of effective management, and incompatibility of attitudes of top management and workers. Some companies are already in poor health at the time during which TQM is implemented. TQM demands that resources be available to sustain the organization over the full period of implementation and beyond, and it could prove to be too demanding for the weak (Nwabueze, 2001).

Beer (2003) stated that TQM fails due to failures in implementation, not in TQM theory and method. Top-down programs undermine the unit leaders' commitment and their capacity to lead a TQM transformation in their unit. It is management's lack of capacity to explore the gaps between the TQM program and the reality of actual practice—the very process of inquiry, analysis, and action embedded in TQM—that causes TQM implementation failure. The missing ingredient in unsuccessful TQM transformations is a total quality management process for assessing and developing a high quality of management at every level (Beer, 2003). A study by Ljungstrom and Klefsjo (2002) determined that the six areas for obstacles to TQM are management, continuous improvement, quality methods and tools, work development, process orientation, and unions. Unions have seldom been discussed in TQM literature, but they have a great deal of influence in many organizations. Efforts to achieve TQM that unions are often resistant to include reduced hierarchies, integration of work, increased responsibility and authority on the shop floor, membership in projects and design processes, and competence development. Lack of senior management commitment is seen as an important obstacle (Soltani, Lai, & Gharneh, 2005). Reasons for this include lack of knowledge about what TQM is, ineffective internal communication between management and employees, and low engagement of other levels of management within the organizations. So, top executives need training that will help them to understand the philosophy and benefits of TQM, along with how to implement it effectively.

Juran (1993) suggested that many companies have failed at TQM initiatives because CEOs do not know which quality strategy is best for their company and their choices have been a gamble and there was a laissez-fair attitude, that is, managers were not trained in the process of managing for quality. Critics of TQM have suggested that TQM entails excessive retraining costs, consumes huge amounts of management time, increases paperwork and documentation, demands unrealistic employee commitments levels, emphasizes process over results, and fails to address the needs of small firms, service firms, or non-profits. Failures of TQM have been attributed to factors that conflict with the philosophy of TQM, which include lack of cooperation and excessive time and financial commitments (Chin & Pun, 2002). The review of literature showed that the most common obstacle to TQM is lack of management support and commitment. Other prevalent obstacles were lack of proper and adequate training and resistance to change from all involved.

2.4 TQM from Manufacturing to Service

Developed during the era of manufacturing, both the US and Japanese TQM gurus focused and addressed their work primarily to manufacturing, and hence the application of TQM in service was only given secondary attention. Still many researchers worked for TQM application in service industry (Sureshchandra et al., 2002; Sit et al., 2009). Aksu (2003) examined the preparedness of manufacturing industries to implement theTQM practices. Sureshchandra et al. (2002) identified 12 dimensions of Total Quality Service (TQS) as being critical for effective implementation of quality management in service organizations. Among these 12 dimensions, it is Service Culture which is unique.

Today, the Indian customers have a wide choice of service providers in the market and the more knowledgeable and discerning among tend to opt for the best in terms of quality and reliability and are at par with international standard. At this juncture, the quality of service will be the dominant primary factor in ensuring the survival of the service provider in the global market. The customer-centric services have the paradigm shift in the service industries. This has given an impetus to the concept of total quality management in the service sector (Saravanan and Rao, 2006). Brah et al. (2000) surveyed 176 service companies in Singapore and found that top management support, customer focus, employee involvement and employee empowerment were positively correlated with financial and operating performance. So there is no lack of studies proposing that TQM can be transferable to the service environment. Still, there is an obvious need for empirical research to demonstrate that TQM applies equally to both service and manufacturing setting.

2.5 Model for Evaluating TQM Implementation in Services

Sureshchanda et al. (2001) in a research study in the banking sector of a developing economy identified that critical dimension of TQS can be broadly categorised under three groups as follows:1.Dimensions of manufacturing used in service sector- Top management commitment, Human resource management, Design and management process, Information and analysis, Benchmarking, Continuous improvement, Customer focus, Employee satisfaction. 2.Those dimension that are seldom used in the literature both in manufacturing and service organisation are Union intervention ,Social responsibility 3.Finally those factors that are unique to the service sector are Services capes-the man made physical environment and Service culture. Al-Marri et al. (2007) identified sixteen factors that were found to be critical to TQM implementation success. The factors are top management support, strategy, continuous improvement, benchmarking, customer focus, quality department, quality system, human resource management, recognition and reward, problem analysis, quality service technologies, service design, employees, services capes, service culture and social responsibility. Khamlah and Lingaraj (2007) survey of managerial perceptions of the implementation of total quality management (TQM) in small service businesses in the US. The study addresses the employment of TQM, tools used, successes, failures, benefits, and problems encountered in small firms. Using a structured instrument, they surveyed 550 small businesses from various types of services in northeastern Indiana and obtained 306 usable responses. Whereas the majority of the respondents indicate top management commitment towards TQM, most have not instituted formal TQM programs or quality-enhancing activities. Training of employees in quality is not commensurate with top management commitment to TQM. Further, the majority of the firms do not reward or recognize employees who successfully apply TQM. There may have been ambiguity in the minds of respondents about the meaning of TQM.

Lenka and Suar (2008) based on the review of literature, this study has identified six core concepts, for the realization of TQM in service sector such as hotels and banks.These are:

(a) transformational leadership,

(b) customer orientation,

(c) HRM,

(d) organizational culture,

(e) continuous improvement, and

(f) quality measurement.

The underlying assumption is that realization of these core concepts is facilitated through the implementation of the peripheral, supporting precepts. One of the peripheral precepts is measurement of customer satisfaction dominant theme in services marketing literature, with the aim of increasing customer loyalty and retention.

Selvaraj (2009) researched about Indian banking industry and found that top management commitment, human resource management, technical and important systems, customer focus, employee satisfaction, service culture, social responsibility and services capes are important commercial factors in commercial bank. His research showed that TQM is most successfully implemented in foreign banks followed by private and public sector banks. The important discriminant TQM factors among the three groups of banks were found to be customer focus and top management commitment.

2.6 TQM and Organization Performance

Zeithaml (2000) summarized about the relation between TQM and profit. His findings showed that both positive effect in some studies and no effect in other. But unlike the variability in profitability impact of TQM, the relationship between TQM and quality/operating performance is well establissed and empirically confirmed (Lee et al., 1999; Roa et al., 1999). With popularity of TQM, there is a growing awareness of importance of linking business drivers with other organizational issues such as leadership, strategic quality planning, service design, people and process management (Pannirselvam & Ferguson, 2001). There is a significant practitioner interest in this area and the adoption of quality award criteria as TQM framework tends to proliferate (Black & Porter, 1996; Hua et al., 2000). These awards stress the importance of total quality, customer satisfaction and management process to the attainment of superior competitive position. Many authors have highlighted the dangers of managers' mistaking the implementation of TQM for quality accreditation. Critiques of quality awards are also well rehearsed in the literature, calling into question the ubiquity and completeness of these awards (Bounds et al., 1994). Award-based framework is meant mainly for organizations seeking to be recognized as leaders in the quality management field, and it assumes that an organization has reached a mature level of TQM implementation (Yusof & Aspinwall, 2000). According to Botorff (2006), "From the economics of quality, we know it is much cheaper to prevent failure than to let it happen, catch it, and then try to fix it. If organizations would practice ethics as the logic based discipline and quality problem it is, they would achieve higher levels of accuracy, repeatability, and performance. This, in turn, would result in better moral and economic outcomes for all involved, including themselves."

A considerable body of empirical evidence suggests that TQM implementation improves organisational performance. Using a random sample of 950 companies in Singapore, Brah et al. (2000) determined how an organisation could benefit from TQM implementation in terms of improved financial and operating performance. Kunst and Lemmink (2000) investigated the relationship between quality implementation and organisational performance in hospitals and discovered that TQM leads to higher business performance, which indicates efficiency, cost effectiveness, and higher perceived service quality by patients. In the Netherlands, Zhang (2000) reached almost similar conclusions. He found that quality implementations have a positive impact on product quality and TQM has much better effects on the overall business performance than ISO 9000. TQM improves many aspects of performance such as customer satisfaction and business performance (Martinez-Lorente et al., 2004; Parzinger & Nath, 2000). In the UK, Soltani and Lai (2007) found that International Organization for Standardization (ISO) series and other total quality management (TQM) models were seen as helping organisations in the journey towards business excellence.

In contrast, there are some researchers who found that the implementation of TQM did not improve performance. For example, Dow et al. (1999) showed that some TQM factors, such as employee commitment, shared vision and customer focus, contribute to superior quality outcome and factors such as benchmarking, work teams, advanced manufacturing technologies and closer supplier relationships do not contribute to superior quality outcomes. This is also supported by Beaumont and Sohal's (1999) investigation which showed that the use of quality management practices was not correlated to profit levels. Singles et al. (2001) studied the effect of certification in the ISO 9000 series and found that ISO certification itself did not lead to an improvement in the performance of organisations. But Naser et al. (2004) investigated ISO 9000 registered companies in Malaysia and found positive links between ISO 9000 registered companies and firm performance. This is similar to a study conducted in Greece by Dimara et al. (2004), who found a moderate relationship between ISO 9000 registered companies and firm performance. So importance of TQM in raising organization performance cannot be ignored.

2.7 TQM in Banking Sector

Banking services are perhaps the largest industry that caters to the needs of various segments of the population, reflecting the diversity of society. Moreover, perceived service quality tends to play a significant role in high-involvement (high interaction between customers and service providers) industries like banks (Angur et al., 1999). Also, banks often have long-term business relationships with customers. In addition, the banking sector is large enough to capture and represent almost all the critical features of customer-perceived service quality and the critical dimensions of excellence that management may encounter in order to effectively manage a service organisation.

Authors such as Ahmed (2002), Lewis (1990), Anderson et al. (1994), Neyer (2000) and Sureshchandar et al.(2002) have suggested the need for this kind of study to underpin how banks perform in developing countries and what best practices need to be implemented to improve the financial performance and economies of this part of the globe. Banks can also benefit from TQM's emphasis on employee training. As Mary Walton observes in The Deming Management Method: "It is not enough to have good people in your organization. They must be continually acquiring the new knowledge and the new skills that are required to deal with new materials and new methods of production. Education and retraining are an investment in people that is required for long term planning" .Some banks eschew training due to cost or time considerations, or inadequate appreciation of its value. However, Sovereign Bank, a cutting-edge financial institution, has shown that it is possible to estimate the return on training dollars (Engel & Kapp, 2004). Mellahi & Eyuboglu (2001) on his research on Turkey banking sector find that successful TQM implementation requires: management's unwavering commitment to TQM and enthusiasm; formal national bodies to introduce organizations to TQM and provide assistance during and after TQM implementation; and a highly educated and competent management team. Curry and Kkolou (2004) found that CRM has revealed many aspects that closely resemble the total quality management (TQM) approach. Su, Tsai and Hsu (2010) proposed a concept of 'total customer relationship management' (TCRM). Since ISO 9000 QMS (International Organization for Standardization 9000 Quality Management System) is always available and useful in the field of TQM implementation, it is introduced offering the framework with five components. Issues and content pertaining to CRM literature are classified and lodged into these components as elements. Five components are Customer-related process, Management responsibility, Resource management, Product or service realisation, Measurement, analysis and improvement.

While investment returns varied by the type of training, the yields were eye-opening. For example, one of Sovereign Bank's core training programs – business banking – was found to have a net ROI of 471 percent for the first year alone. The bank also noted a number of intangible results, including an above-average reputation for knowledgeable service, empowered employees, and greater sales opportunities (Engel and Kapp, 2004). These consequences of training are not unique to Sovereign Bank, as will be discussed in the following section. Total quality management is essential to the banking sector in particular to sustain competitive advantage (Al-Marri et al., 2007). Al-marri et al. (2007) in his empirical study of the UAE banking sector identified sixteen factors were found to be critical to TQM implementation success. The factors are top management support, strategy, continuous improvement, benchmarking, customer focus, quality department, quality system, human resource management, recognition and reward, problem analysis, quality service technologies, service design, employees, services capes, service culture and social. He also summarize that summarize, total quality management is essential to the banking sector in particular and other service-oriented organizations in general to sustain competitive advantage.

Selvaraj (2009) in his study TQM in the Indian banking sector found that there is significant differences between the three groups of banks in respect of these factors have been investigated in all its dimensions. The public sector banks fare better in employee satisfaction whereas the private sector banks are good in service culture and Human Resource Management. The foreign banks perform better in top management commitment, customers focus and servicescapes. The important discriminant TQM factors among the three groups of banks are customer focus and top management commitment.

2.8 TQM and Customer Satisfaction

Customer satisfaction can be defined in various ways. According to Kotler et al. (1996), satisfaction is "the level of a person's felt state resulting from comparing a product's perceived performance (or outcome) in relation to the person's expectations." In brief, satisfaction level simply is a function of the difference between perceived performance and expectation (Stahl, 1999). Unlike the quality of goods, which may be tangible and measured objectively by using indicators such as performance, features, reliability etc, service quality, however, is not tangible and is thus defined in terms of 'attitude', 'interaction', and 'perception'. Thus, service quality is judged by what a customer perceives rather than what a provider offers. To yield highly satisfied and loyal customers, organizations throughout the world are striving to produce products and services of superior quality. For decades, Customer satisfaction is considered to be the key success factors for every profit-oriented organization as it affects companies' market share and customer retention. In addition, satisfied customers tend to be less influenced by competitors, less price sensitive, and stay loyal longer (Dimitriades, 2006). Oakland (1986) defined quality of a banking service as the degree to which it meets the requirements of the customer. So the total quality programme has to be started by obtaining the customers' perception of the service delivered and their expectation of the service to be provided by the company. It can also be learned from the internal feedback relationship created between the internal customer and supplier. These are the quality chains (Oakland, 1993). These will provide substantial contributions to enhance the process. No matter how efficient the administrative system of a company, it can produce zero defects only if the customers (internal and external) provide sufficient and accurate details to enable the quality process to meet their needs and expectations.According to the study of Yang (2006), TQM along with human resource management significantly affected quality performance, especially with regard to customer and employee satisfaction. According to Vora (2002), customer and employee satisfaction and streamlined processes together produce improved operational and financial results which will eventually lead to business excellence.

Agus (2004) in his study in Malaysia service sector finds that there is a strong and positive association between TQM and customer satisfacation. Saravanan and Rao (2006) found the statistically significant correlation between the implementation of TQM practices and customer satisfaction and business. Service quality promotes customer satisfaction, stimulates intention to return, and encourages recommendations (Nadiri and Hussain, 2005). Customer satisfaction increases profitability, market share, and return on investment (Stevens et al., 1995; Legoherel, 1998).Tanninen et al.(2010) on his empirical study prove that the TQM approach affected the customer satisfaction results positively, so the business units that had started to apply TQM earlier had more satisfied customers than their less experienced counterparts.

3. Conclusion

Even though many researchers conducted studies on various TQM dimensions independently, it seems that no research work, still, has collectively taken all these dimensions into consideration in the service sector. Some dimensions of TQM can be applied both in manufacturing and the service sector (Saravanan & Rao, 2006). The present literature review focused on importance of TQM in banking industry. Because few researches have been conducted regarding use of TQM in banks. Again customers are important aspect of bank and loyal consumers can add value to profitability of banks. TQM can improve performance of a bank by lowering costs, increasing revenues, delighting customers, and empowering employees (Juran, 2001).Also customer satisfaction is important for Banking industry. And implementation of TQM in Banking industry helps improving customer satisfaction. So using TQM banks can be benefited by satisfying consumers.

4. Future Research

Research can be conducted about the relationship between TQM and customer satisfaction in Indian banking industry. Service industry is an important component of India's economy. Apart from that banking is a crucial ingredient of India's financial system. Thus, our interest is in finding out the association between the multidimensionality of TQM and Customer satisfaction in the banking industry in the Indian context. Such

study will provide the basis for investigating the relationship between TQM and customer's perception of service quality w.r.t. Indian banking sector. Further research can be done to propose a model which is specially designed to establish a framework for launching an overall quality improvement programme in Banking sector which helps in improving customer satisfaction in the Indian banking sector.

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