International Journal of Economics, Business and Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-7, Issue-4, 2023 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

REACHING BANK EXCELLENCE THROUGH TQM IMPLEMENTATION IN PRIVATE BANK IN SURABAYA

Evelyn Audrey[1], Timotius F. C. W. Sutrisno[2]
Ciputra University, Surabaya, Indonesia[1,2]
E-mail: evelyn03@student.ciputra.ac.id[1], Timotius.febry@ciputra.ac.id

Abstract: Total Quality Management (TQM) has gained significant attention across various industries as a concept to enhance organizational performance, including in banking industry. This research paper aims to investigate the implementation and impact of TQM principles in the banking industry, exploring its essential indicators including service quality, market orientation, and customer satisfaction. The study begins by reviewing the existing literature on TQM and its application in the banking industry, highlighting key concepts, methodologies, and discussion. Data was taken from 185 bank workers in Surabaya. This study uses Confirmatory Factor Analysis to test construct reliability and validity, while the relationship between variables is examined with Partial Least Square. This research contributes to the existing body of knowledge by providing a comprehensive review and analysis of TQM implementation in the banking industry

Keywords: *Total Quality Management; Service Quality; Market Orientation; Customer Satisfaction; Banking Industry*

Submitted: 2023-08-23; Revised: 2023-12-11; Accepted: 2023-12-27

---

1. Introduction

As public services extend and develop amid fast-developing areas in the global financial and monetary system, the banking sector has been one of the most viewed sector that contributes a lot to public facilities and infrastructure growth (Susilawaty & Nicola, 2020). As stated in Law Number 10 of 1998, Bank is a financial intermediary institution tasked with accumulating and allocating public funds to improve the living standards of many people. This institution has become a part that played a major role in economic activities and the increasing of Indonesian society (Susilawaty & Nicola, 2020) According to Ismanto (2019), a bank is an institution that functions in helping Indonesian people to channel funds to improve their living standards to the Indonesian people. Regarding those definitions, it is known that bank receives funds from people in the form of their current interest accounts, deposits, and savings, as well as being financial loan through credit and other forms of lending. (Hadi Ismanto, 2019) mentioned that the Financial Services Authority always observes and inspects the bank. As mentioned by Financial Service Authority a bank is also defined as an institution that bridges parties who over-fund to those who demand funds, regulated by authority and policies applied to its activity (Hadi Ismanto, 2019).

Banking in Indonesia has undergone significant development in recent years (Darman et al., 2021) with the government implementing various policies to foster and promote the growth of the banking sector. There are variety of banks in Indonesia, including private banks, state-owned banks, and foreign/overseas banks, sorted by their operating system and policies, in Indonesia, there are public banks, private banks, and Islamic banks (Susilawaty & Nicola, 2020)

Advancing their service, Indonesian banks have implemented various strategies such as digitization and expansion of branch networks, including earning trust from people (Darman et al., 2021). Darman et al. (2021) stated that for banks earning trust from communities is cultivating and embracing the bank's health. Bank Indonesia (BI) collaborated with Financial Services Authority, as an institution that advised banks, always focused on improving the system to be more effective and maintain good service performance (Darman et al., 2021)

Jumono (2019) investigated that the Indonesian banking industry has shown significant growth. From 2001 to 2014, the BEP of Indonesian banking increased from 0,2% to 2,9% (Jumono et al., 2019) This is reckoned as a good indicator that the banking industry will exceed exponentially. This circumstance of market structure in Indonesia implies what happened back in 2001, over 145 banks in Indonesia and more than 6,757 office branches have 1,099.699 billion rupiah calculated assets, 316,059 billion rupiahs total credit, and 957,417 billion rupiahs total deposit. Meanwhile, in 2005, the calculation of total banks dropped by 131 banks with an increasing number of branch offices to 8,236 offices. With that being said, the total calculated assets increased to 1,469,8297 billion rupiahs, 695,648 billion rupiahs in total credits, and 1,166,065 billion rupiahs in total deposits. The number of total banks decreased from 145 in 2001 to 122 in 2010, but the number of branch offices increased from 6,765 to 13,837 during the same period. Total assets rose to 3,008,853 billion rupiahs, total credits increased to 1,710,677 million rupiahs, and total deposits remained at 1,166,065 billion rupiahs. In 2014, the number of total banks decreased further to 119 banks, while the number of branch offices significantly increased to 19,948. Total assets rose to 5,615,150 billion rupiahs, total credit was 3,526,364 billion rupiahs, and total deposit was 3,943,697 billion rupiahs. These changes suggest that the Indonesian banking industry faced tight competition during this period, resulting in some banks exiting the market or merging with other banks. However, the banks that managed to survive continued to expand their reach by opening more offices throughout the country. (Jumono et al., 2019)

Furthermore, many banks in Indonesia have implemented diverse loyalty programs, promotions, and incentives to attract and retain customers. All these efforts are created to improve and develop quality in banking industry (Dandis et al., 2021)

Comprehensively, Indonesian banks are tirelessly accelerating their services by embracing digitalization, expanding their branch networks, and offering fascinating loyalty programs. These strategies have assisted and mitigated Indonesian banks to remain competitive and to advance better services to their customers. With the increasing amount of banks and intense competition, Hussain et al. (2023) declared that customers can get round-the-clock way to the bank industry access, regardless of location. Regarding that proliferation, banking is now providing an impressive customer experience their strategic imperative for a bank (Hussain et al., 2023). This exponential growth has made the banking industry wider. Hence, banks ought to maintain a long-run relationship with consumers, banks are required to supply a satisfactory service experience (Patel & Siddiqui, 2023). Patel conducted that service quality has a major influence on customer satisfaction to maintain and retain customer satisfaction ahead (Patel & Siddiqui, 2023). Customer satisfaction is hugely impacted and relevant to the performance of service quality (Patel & Siddiqui, 2023). Besides all those competition factors existed, there's a metric to measure the impact of TQM on . satisfaction, service quality, and market orientation This research shows how TQM or Total Management Quality can measure and give the right metrics toward customer satisfaction, service quality, and market orientation and how it affects company success, especially in the banking industry. The researcher examines the origin of TQM and links it to TQM's initial views on the content of functioning in service paradox.

Injecting customer satisfaction, service quality, and market orientation as new quality standards aiming for good results of TQM, researchers portray how enormous the effect of those quality standards regarding company ascendancy. This study acquires data from 50 random sample respondents from bank workers and customers to get an absolute database for this study. The researcher's methodology is shown, followed by the result of the research, then After all, completion is described.

Over decades, the growth of the service industry especially financial service providers has been enormously irresistible. The exacerbation of economic internationalization, revolution of finances, and escalating progress in financial service, In conjunction with the easing of monetary policies, financial transformation and the ongoing strides forward in fiscal constraints, has led banks to competitive strategies responding to the reduction in their earnings. The primary driving force behind various actions was the eager to take on increased risk in order to enhance banks' profits. As a result, banking regulators have bolstered banking regulations with the aim of ensuring superior and targeted management. Though regulatory interventions and changes play a prior role in banks' risk management, the enhancing risk management function is closely tied to the caliber of comprehensive and integrated banking management. (Jin et al., 2011). Therefore, the more advancing banking procedure by optimizing total quality management (TQM) fundamental for banks to advance for enhanced administrative procedures. TQM facilitates the enhancement of transparency in processes, effectiveness, and the synchronization of critical points, while also fostering the development of a suitable measurement system. (Al Khasabah et al., 2022; Banna et al., 2018; Williams, 2001)

The core emphasis of this study lies in investigating how TQM influences a company's success in establishing fundamental services. Total Quality Management holds three grand dimensions, those are service quality, market orientation, and customer satisfaction. Due to what (Lepistö et al., 2022) said, TQM helps organizations that want to increase and ace their services to support the success of the company or organization that it is now widely used as a metric to evaluate and qualify the company's services. Research has explored the significant role that TQM plays in influencing firm performance. (Ahmed & Idris, 2021; Dubey & Gunasekaran, 2015). Lepistö et al. (2022) hugely agreed that TQM had proved its capability by increasing customer satisfaction, service quality, and market orientation (Lepistö et al., 2022). Because of the intricacies associated with TQM and composites, it is crucial to ascertain how the performance of TQM can be maximized to its utmost potential. (Dubey & Gunasekaran, 2015) Penetrating the potential usage of TQM in a service system requires major aspects. These are business systems, quality parameters, growing and increasing control systems, and integrated business models (Lepistö et al., 2022).

TQM is an approach to managing the continual refinement of processes and products to meet customers' expectations and excellent service. TQM holds major aspects in enhancing company success through customer satisfaction, service quality, and market orientation (Banna et al., 2018). TQM indicators as defined from various studies are as follows: Top management commitment, continuous improvement, training and education, customer focus, process management, workforce management, and supplier relationship. (Sutrisno, 2019)

2. Literature Reviews

Customer Satisfaction

Customers have a powerful role in a company's success. In this situation, companies are required to amend their thinking and strategy to provide significant customer satisfaction. Customer satisfaction is widely recognized as the main role in the banking and financial industry. On another side, it is challenging to reach and achieve customer satisfaction in this intensively competitive banking industry in Indonesia (Dandis et al., 2021) Delivering excellent services results in lower perceived risk, and this has been proven to have a positive effect on customer satisfaction. (McKecnie et al., 2011). Customer satisfaction is determined by some indicators, based on Supriyanto et al., (2021) those indicators are customer attitude, customer happiness, and customer satisfaction.

Service Quality

The important role taken by expectations in customers' evaluation of services has been broadly known and recognized in any industry, including the banking industry. Banking services initially began with the retail bank industry, hence now, mobile banking also taking part in providing excellent service to their customers (Patel & Siddiqui, 2023). Over time, the banking service portfolio grows exponentially, and it requires the bank to provide satisfactory and advanced service quality (Patel & Siddiqui, 2023). Referring to Dandis et al., (2021), it is stated that Service Quality has indicators that determine, those are Tangibles, Reliability, Responsiveness, Assurance, and Empathy (Dandis et al., 2021)

Market Orientation

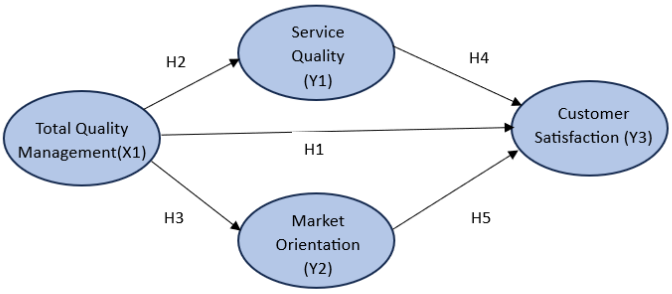
Over the years, it has been demonstrated that contemporary scholars and experts are intrigued by the topic of market orientation and its connection to company performance. (Jaworski, B.J., Kohli, 1993). The outcome is unsurprising, considering that the concept of market orientation has taken root and become a strong foundation for companies to guide their operational growth.. As stated by Jaworski et al. (1993) and (Liu, 1995), market orientation is a metric that offers a common focal point for endeavors and initiatives within the company, ultimately leading to enhanced and outstanding performance. (Jaworski, B.J., Kohli, 1993; Liu, 1995).

Nonetheless, concrete evidence from empirical studies concerning the correlation between market orientation and performance is lacking. (Slater & Narver, 2016). Evidence indicates that market orientation affects business performance solely in the context of subjective performance metrics. (Ruekert, 1992), but is not suitable and well fitted to objective performance metrics (Slater & Narver, 2016). Since it is considered that the effectiveness of market orientation may be contingent on the dynamics of the market, an examination of market orientation in developing countries such as Indonesia in the banking sector would be worthwhile.

As stated in the study that market orientation has five big elements consisted; Customer orientation, Information orientation, integration orientation, competition orientation, and responsiveness orientation (Zebal & Saber, 2014). And the result of those indicators (Narver & Slater, 1990; Tomášková, 2009) are described; customer orientation, competitor orientation, and inter-functional coordination

International Journal of Economics, Business and Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-7, Issue-4, 2023 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

Figure 1. Structural Model



The Relationship between Total Quality Management and Customer Satisfaction

In 2022, Mainardes and Freitas (2023) did research aiming for a further study portraying the impact of customer satisfaction on the bank industry. It's clearly and comprehensively stated that the result of customer satisfaction has a stronger and more sustainable impact because they present genuine and lasting competitive advantages such as the perception of quality and reliance in the company, moreover to the current digitalization era, which stimulates banks to promote and foster their customer satisfaction (Mainardes & Freitas, 2023).

Traditional and digital banks that implement TQM principles prioritize customer satisfaction as their primary goal (Mainardes & Freitas, 2023)(Dandis et al., 2021). Dandis et al. (2021) mentioned that customer satisfaction is recognized a significant source of intensive competitive benefits for all financial sectors and the service industry. They strive to provide efficient and effective services to their customers, which can lead to increased customer loyalty and retention (Dandis et al., 2021). Hence, we propose the following hypothesis

H1: There is a positive direct relationship between total quality management and customer satisfaction.

The Relationship between Total Quality Management and Service Quality

A significant volume of research studies has been published regarding TQM and its integration across various service sectors, particularly within the banking industry. Studies have shown that TQM and service quality is inseparable recognizing the soft issues in its application (Talib & Rahman, 2010). Service factor concepts have mastered the realization that a factory does not just manufacture goods, but also generates tangible and exceptional integral services that hold a crucial role in tackling various challenges within company competition. (McKecnie et al., 2011). Therefore, Talib and Rahman (2010) mentioned that it is widely known and believed that service quality is gradually taking a central position in TQM.

Penetrating and syncing TQM in a service management is considered an important work. They require an in-depth analysis of the company's needs and demands to integrate outstanding service quality (Slater & Narver, 2016; Sutrisno, 2019; Talib & Rahman, 2010). That said, we put forth the subsequent hypotheses.

H2: There is a positive direct relationship between total quality management and service quality.

The Relationship between Total Quality Management and Market Orientation

TQM and market orientation contribute to significant growth in the service sector (Talib & Rahman, 2010). Market orientation is acknowledged as a cultural element that shapes a unique array of organizational behaviors. Market orientation has been defined as a structure that is comprising information regarding both present and future customer demands, along with external factors that influence these needs. (Bhuian, 1997; Samat et al., 2006). The relationship between market orientation and a company's performance has been has been examined and analyzed in numerous research endeavors. (Liu, 1995; Slater & Narver, 2016). However, there is still a lack of an empirical investigation of the relationship between market orientation in developing country, focusing on samples taken from banks in the service industry. (Bhuian, 1997). Given the fact above, this study aims to portray how market orientation influence TQM through its dependency

H3: There is a positive direct relationship between total quality management and market orientation.

The Relationship between Service Quality and Customer Satisfaction

It is clearly stated by (Chuah et al., 2017) that a correlation exists between service quality and customer satisfaction. It is explained as one of the factors of the functional dimension of the service quality is determined by the impact of customer satisfaction (Chuah et al., 2017). As for (Brasileiro Bancário Brasileiro Bancário Brasileiro Bancário Brasileiro & Vidal Barbosa, 2009) the reliability is made by the ongoing paradigms that customer satisfaction is fully dependent and fairly demonstrated by service quality, especially in the financial service provider. In terms of the banking sector, they have an active dependency between service quality and customers' intention to continue consuming (Maureen Nelloh et al., 2019). Proving the relationship between customer satisfaction and service quality, hypotheses are developed as follows.

H4: There is a positive direct relationship between service quality and customer satisfaction.

The Relationship between Market Orientation and Customer Satisfaction

Ruekert (1992) agreed that market orientation involves the execution of a customer orientation strategy by performing responsiveness toward market demand. These behaviors will continuously reflect and deliver customer satisfaction (Ruekert, 1992). This study is consistent with the (Narver & Slater, 1990) behavioral component of customer value (Narver & Slater, 1990) We, therefore, propose that there is a positive relationship of market orientation to customer satisfaction.

H5: There is a positive direct relationship between market orientation and customer satisfaction.

3. Research Method

To examine the proposed model, this research employs a research design centered around a survey questionnaire and a qualitative approach. Data were taken from respondents who are private bank workers in Surabaya City which is registered in the Indonesia Stock Exchange We are using the Likert scale to measure this study. The Likert scale is employed for measurement purposes for attitudes, opinions, and perceptions of a person about the banking industry where the answer to each instrument item has gradation (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agree.

Data collection by researchers was carried out by sending questionnaires to each bank worker in Surabaya via e-mail and paper questions to as many as 250 bank workers registered in private banks in the East Java region, specifically Surabaya City. The total number of respondents who responded was 185 (74%). This indicates that the collected data can be referred accurately to reflect the state of the private banking industry in Surabaya.

As being said by Hair, et al. (2005), prior multivariate data analysis, it is essential to validate assumptions concerning sample size, variable scaling, multicollinearity, multivariate normal distribution, and the presence of outliers. Given that the sample size exceeds 100, it is advisable to opt for Partial Least Squares (PLS) analysis. (Ferdinand, 2012). Mentioned by Garson (2007) and Byrne (2001), the Likert scale and the Maximum Likelihood method within the PLS framework can be utilized.

Table 1. Confirmatory Factor Analysis

Variable	Variable Under Study	Factor Loading
Total Quality Management (X1)	Top Management Commitment (TMC)	0.824
	Continuous Improvement (CI)	0.852
	Training and Education (TE)	0.759
	Process Management (PM)	0.826
	Workforce Management (WM)	0.822
	Supplier Relationship (SR)	0.807
Service Quality (Y1)	Tangibility	0.793
	Responsiveness	0.827
	Empathy	0.873
	Assurance	0.824
	Reliability	0.855
Market Orientation (Y2)	Customer Orientation	0.801
	Competitor orientation	0.889
	Coordination between functions	0.866
Customer Satisfaction (Y3)	Customer attitude	0.889
	Customer Happiness	0.851
	Customer satisfaction	0.869

Table.2 Model validity

Latent Construct	Cronbach's Alpha	AVE	Composite Reliability	R Square
X1	0.899	0.665	0.901	
Y1	0.891	0.697	0.893	0.713
Y2	0.812	0.727	0.821	0.676
Y3	0.839	0.757	0.839	0.845

4. Results and Discussion

4.1. Results

Table. 3 Hypothesis testing

Research Hypothesis	Description	Path Coefficient	T statistics	Information
H1	TQM →Customer Satisfaction	0.252	19.189	Accepted
H2	TQM → Service Quality	0.844	16.881	Accepted
H3	TQM → Market Orientation	0.822	16.110	Accepted
H4	Service Quality → Customer Satisfaction	0.376	4.680	Accepted
H5	Market Orientation → Customer Satisfaction	0.350	4.479	Accepted

International Journal of Economics, Business and Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-7, Issue-4, 2023 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

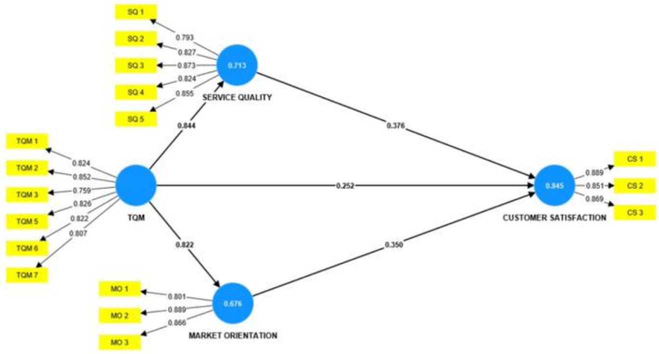


Figure 2 Partial Least Square Model

4.2. Discussion

Industries that participated in this study were private bank sectors in East Java, especially Surabaya City. Ultimately, a response rate of 72 percent from the companies indicated agreement that TQM is closely linked to company success through customer satisfaction, service quality, and market orientation. The values recorded (observed) for the questions, acquired from the participants, form the observed variables within the model. These variables serve as indicators for the corresponding latent constructs or factors. Table V presents the outcomes of the Partial Least Squares analysis, which incorporates the Composite variable in relation to the indicators, as well as the Validity test and Reliability assessment utilizing the Product Moment and Cronbach's alpha methods. Subsequently, the latent variables undergo validity and reliability testing via Confirmatory Factor Analysis (CFA) for each respective latent variable. Referring to Table 1, all indicators associated with variables possess values exceeding 0.5, indicating the indicators are valid in measuring the latent variables.

The reliability of the mentioned latent constructs was assessed following the methodology outlined by Hair et al. (2005), which involved computing Cronbach's alpha coefficient, surpassing the number of 0.7. (Table 2). Confirmatory factor analysis was conducted to assess convergent validity, with emphasis on evaluating factor loadings (Factor loading > 0.5, Average variance extracted > 0.5, Composite reliability >0.7). The test results of the model get an R-square value that describes the goodness-of-fit of a model. The expected r-square value is greater than zero. Table 2 shows, the value of R-Square Service Quality (Y1) is 0.713, Market Orientation (Y2) is 0.676, and Customer Satisfaction (Y3) is 0.845, This implies that the research model meets the requirement criteria. The goodness of fit inner model measurement with the results of Q Square calculations from Table 2 is obtained using the following formulations:

$$\mathbf{Q2= 1\text{-}(1\text{-}0.713) \times (1\text{-}0.676) \times (1\text{-}0.845) =0.986}$$

The outcomes of the calculations above yielded a value of 0.985.or 98,6% can be interpreted that the model is relevant in terms of value, where the model is used to interpret the information in the research data by 98,6%.

Hypothesis Testing

The results of the inner path coefficient and the full significance values are shown in Table 3. Based on Table 3, the interpretation of each coefficient with a sample of 185 respondents (t table: 1.97287) paths then: (H1) There is a positive relationship between total quality management and customer satisfaction seen from the path coefficient of 0.252 with a t-statistic value of 19.189. (H2) TQM significantly affects the positive direction of service quality. It can be seen from the path coefficient of 0.844 with a t-statistic value of 16.881. (H3) TQM has a significant positive direction toward market orientation. It can be seen from the path coefficient of 0.822 with a t-statistic value of 16.110. (H4) There is a positive relationship between service quality and customer satisfaction with a t-statistic value of 4.680 and a path coefficient of 0.376. (H5) Market orientation has a significant relationship with customer satisfaction with a value of path coefficient 0.350 and t-statistic 4.479.

Broadly speaking, when examining the private banking sector within East Java, particularly in Surabaya, through this research, it becomes evident that these industries hold ambitious aspirations for achieving quality. Moreover, when we take into account the widespread anticipation among banks to integrate the TQM concept into their quality systems, we are not merely discussing a future perspective but rather an optimistic outlook for quality management. But in this research, we are focusing on the banks' concrete steps in optimizing the elements that significantly influence customer satisfaction, service quality, and market orientation.

Nevertheless, it is important to highlight that the quality management initiatives carried out by individual companies alone are insufficient. To meet the expectations of end consumers, assurance of quality needs to extend beyond the confines of the company, encompassing the entire distribution network. Hence, once quality standards are firmly established within the company, it becomes imperative for the company to shift its focus toward ensuring quality among customers.

By understanding and meeting customer needs and expectations, banks can enhance long-term relationships retention with their customers, leading to increased loyalty and repeat business. The result of the first hypothesis is there is a significant influence between TQM and Customer Satisfaction. TQM holds major aspects in enhancing company success through customer satisfaction (Banna et al., 2018). Traditional and digital banks that implement TQM will prioritize and place customer satisfaction as their utmost priority (Mainardes & Freitas, 2023) (Dandis et al., 2021). This result is also supported by the prior study by Dandis et al. (2021); they mentioned that customer satisfaction is considered to play a major role in intensive competitive benefits for all financial sectors and the service industry. Moreover, Mainardes and Frietas (2023) agreed that the result of customer satisfaction has a stronger and more sustainable impact because they present genuine quality and trust in the company. This customer focus empowers organizations to deliver products and services that meet or exceed customer expectations and finally enhance overall customer satisfaction. This finding is in line with the prior researcher who agreed with this hypothesis such as (Banna et al., 2018; Dandis et al., 2021; Mainardes & Freitas, 2023)

The second hypothesis testing result shows that TQM is positively related to Service Quality. This means the concept of service factors recognizes that a company's role extends beyond the quality of the goods, but it acknowledges the importance of providing qualified service (McKecnie et al., 2011). TQM recognizes that providing high-quality services is essential for customer retention. Referring to Dandis et al., (2021), it is stated that Service Quality has indicators that determine whether a company is likely to have a satisfied customer, those are Tangibles, Reliability, Responsiveness, Assurance, and Empathy. Penetrating and syncing TQM in a service system is the first and foremost step to accomplish. They require an in-depth analysis of the company's needs and demands to integrate outstanding service quality (Slater & Narver, 2016; Sutrisno, 2019; Talib & Rahman, 2010). By adopting a service-oriented mindset, organizations can evaluate areas for improvement, address customer concerns promptly, and ensure the delivery of reliable and efficient services, ultimately establishing customer experience. This is consistent with findings by several previous researchers such as (Dandis et al., 2021; McKecnie et al., 2011; Slater & Narver, 2016; Sutrisno, 2019; Talib & Rahman, 2010)

The result of testing the third hypothesis shows that there is a significant impact between TQM and Market Orientation. The fact that TQM is related to Market Orientation is aligned with the prior research study tested by Talib & Rahman (2010). Market orientation is closely intertwined with TQM as it contributes to significant growth in the service sector (Talib & Rahman, 2010). As stated by Jaworski et al. (1993) and (Liu, 1995), market orientation is a metric that will provide a clear focus for the efforts and projects within the company, thereby directing to superior and enhanced performance (Jaworski, B.J., Kohli, 1993; Liu, 1995). By aligning organizational strategies and processes with market needs, TQM empowers a company to stay competitive, responsive, and agile to changing customer demands by composing information about customer's current and future demands and other related factors that impact both needs (Bhuian, 1997; Samat et al., 2006). The results of this test also support previous research which argues that Total Quality Management and Market Orientation have a significant relationship (Bhuian, 1997; Jaworski, B.J., Kohli, 1993; Liu, 1995; Samat et al., 2006; Talib & Rahman, 2010)

The relationship between Service Quality and Customer satisfaction is positively proven in the fifth hypothesis. This result is aligned with the previous study done by McKecnie et al.(2011) which mentioned that providing high-quality service leads to reduced calculated risk, which has been testified to contribute a good impact on customer satisfaction. As for (Brasileiro Bancário Brasileiro Bancário Brasileiro Bancário Brasileiro & Vidal Barbosa (2009) the reliability is made by the ongoing paradigms that customer satisfaction is fully dependent and fairly demonstrated by service quality, especially in the financial service provider. This finding is consistent with a thorough review of the literature that largely supports a positive and significant relationship between Service Quality and Customer Satisfaction (Brasileiro Bancário Brasileiro Bancário Brasileiro Bancário Brasileiro & Vidal Barbosa, 2009; Chuah et al., 2017; Maureen Nelloh et al., 2019)

The fifth hypothesis proves that there is a significant impact from Market Orientation to Customer Satisfaction. Ruekert (1992) proved that market orientation corporate the implementation and execution of a customer orientation strategy by performing responsiveness toward market demand. The more company grows its agility to respond to market demand, the more it delivers customer satisfaction (Ruekert, 1992). The target is the customer, and the competition serves as a point of comparison from which the business differentiates itself by utilizing its relative corporate strengths to enhance or deliver customer-desired satisfaction in a unique way (Narver & Slater, 1990). This finding is consistent with the (Narver & Slater, 1990; Ruekert, 1992) behavioral component of customer value.

5. Conclusion

In conclusion, TQM plays a vital role in driving customer satisfaction, service quality, and market orientation within companies. By adopting TQM principles, companies can enhance and sharpen their understanding of customer needs, improve service quality, and remain responsive to market dynamics. The customer-centric and market-driven approach of TQM, paired with a focus on continuous improvement and employee empowerment, positions companies for long-term success and competitive milestones.

However, in this study, there are limitations. Data is a subjective proof of business originating from private bank workers, a fact that carries the risk of accepting biased answers. This is also a study conducted on the banking sector, and the proposed model has not yet been specifically examined for validity in the banking sector. However, this can be the subject of future research in the banking industry with a wider scoop of research.

References

Ahmed Ahmed, A. O., & Idris, A. A. (2021). Examining the relationship between soft total quality management (TQM) aspects and employees' job satisfaction in "ISO 9001" Sudanese oil companies. *TQM Journal*, *33*(1), 95–124. https://doi.org/10.1108/TQM-05-2019-0147

Al Khasabah, M. A. I., Salleh, H. S., Mat, N. H. N., & Zulkiffli, S. N. A. (2022). Nexus Between Total Quality Management and Competitive Advantage in Jordanian Banking Sector: the Mediating Effect of Quality Performance. *Corporate Governance and Organizational Behavior Review*, *6*(2 Special Issue), 193–205. https://doi.org/10.22495/cgobrv6i2sip3

Banna, H., Ahmad, R., & Koh, E. H. Y. (2018). How does total quality management influence the loan quality of the bank? *Total Quality Management and Business Excellence*, *29*(3–4), 287–300. https://doi.org/10.1080/14783363.2016.1180954

Brasileiro Bancário Brasileiro Bancário Brasileiro Bancário Brasileiro, B., & Vidal Barbosa, F. (2009). *Proposta de Escala para The Customer Value Structure in the Braz The Customer Value Structure in the Braz The Customer Value Structure in the Braz The Customer Value Structure in the Brazilian Personal Retail Banking Market: an ilian Personal Retail Bankin*. *2*, 310–327. http://www.anpad.org.br/rac

Chuah, S. H. W., Marimuthu, M., Kandampully, J., & Bilgihan, A. (2017). What drives Gen Y loyalty? Understanding the mediated moderating roles of switching costs and alternative attractiveness in the value-satisfaction-loyalty chain. *Journal of Retailing and Consumer Services*, *36*(December 2016), 124–136. https://doi.org/10.1016/j.jretconser.2017.01.010

Dandis, A. O., Wright, L. T., Wallace-williams, D. M., Al, M., Eid, H., Cai, H. H., Omar, A., Wright, L. T., Wallace-williams, D. M., Al, M., Eid, H., Huifen, H., & Enhancing, C. (2021). Cogent Business & Management Enhancing consumers ' self-reported loyalty intentions in Islamic Banks : The relationship between service quality and the mediating role of customer satisfaction Enhancing consumers ' self-reported loyalty intentions in Islam. *Cogent Business & Management*, *8*(1). https://doi.org/10.1080/23311975.2021.1892256

Darman, D., Maulana, M. A., & Tope, P. (2021). Analisis Perbandingan Tingkat Kesehatan Bank BUMN dan Bank BUMS di Indonesia. *J-MKLI (Jurnal Manajemen Dan Kearifan Lokal Indonesia)*, *4*(2), 92. https://doi.org/10.26805/jmkli.v4i2.112

Dubey, R., & Gunasekaran, A. (2015). Exploring soft TQM dimensions and their impact on firm performance: Some exploratory empirical results. *International Journal of Production Research*, *53*(2), 371–382. https://doi.org/10.1080/00207543.2014.933909

Hadi Ismanto, D. (2019). *Perbankan dan Literasi Keuangan*.

Hussain, A., Hannan, A., & Shafiq, M. (2023). Exploring mobile banking service quality dimensions in Pakistan: a text mining approach. *International Journal of Bank Marketing*. https://doi.org/10.1108/ijbm-08-2022-0379

Jaworski, B.J., Kohli, A. K. (1993). Orientation : Antecedents and. *Journal of Marketing*, *57*(3), 53–70. https://sci-hubtw.hkvisa.net/10.2307/1251854

Jin, J. Y., Kanagaretnam, K., & Lobo, G. J. (2011). Ability of accounting and audit quality variables to predict bank failure during the financial crisis. *Journal of Banking and Finance*, *35*(11), 2811–2819. https://doi.org/10.1016/j.jbankfin.2011.03.005

Jumono, S., Sugiyanto, & Mala, C. M. F. (2019). Determinants of profitability in banking industry: A case study of Indonesia. *International Journal of English Language and Literature Studies*, *9*(1), 91–108. https://doi.org/10.18488/journal.aefr.2019.91.91.108

Lepistö, K., Saunila, M., & Ukko, J. (2022). The impact of certification on the elements of TQM exploring the influence of company size and industry. *International Journal of Quality and Reliability Management*, *39*(1), 30–52. https://doi.org/10.1108/IJQRM-11-2020-0362

Liu, H. (1995). Market orientation and firm size: an empirical examination in UK firms. *European Journal of Marketing*, *29*(1), 57–71. https://doi.org/10.1108/03090569510075343

Mainardes, E. W., & Freitas, N. P. de. (2023). The effects of perceived value dimensions on customer satisfaction and loyalty: a comparison between traditional banks and fintechs. *International Journal of Bank Marketing*. https://doi.org/10.1108/IJBM-10-2022-0437

Maureen Nelloh, L. A., Santoso, A. S., & Slamet, M. W. (2019). Will users keep using mobile payment? It depends on trust and cognitive perspectives. *Procedia Computer Science*, *161*, 1156–1164. https://doi.org/10.1016/j.procs.2019.11.228

McKecnie, S., Ganguli, S., & Roy, S. K. (2011). Generic technology-based service quality dimensions in banking: Impact on customer satisfaction and loyalty. *International Journal of Bank Marketing*, *29*(2), 168–189. https://doi.org/10.1108/02652321111107648

Narver, J. C., & Slater, S. F. (1990). The Effect of a Market Orientation on Business Profitability. *Journal of Marketing*, *54*(4), 20. https://doi.org/10.2307/1251757

Patel, R. J., & Siddiqui, A. (2023). Banking service quality literature: a bibliometric review and future research agenda. *Qualitative Research in Financial Markets*, *1997*. https://doi.org/10.1108/QRFM-01-2022-0008

Ruekert, R. W. (1992). Developing a market orientation: An organizational strategy perspective. *International Journal of Research in Marketing*, *9*(3), 225–245. https://doi.org/10.1016/0167-8116(92)90019-H

Samat, N., Ramayah, T., & Mat Saad, N. (2006). TQM practices, service quality, and market orientation: Some empirical evidence from a developing country. *Management Research News*, *29*(11), 713–728. https://doi.org/10.1108/01409170610716025

Slater, S. F., & Narver, J. C. (2016). Does Competitive Environment Moderate the Market Orientation-Performance Moderate the Market Orientation- Does Competitive Environment Performance Relationship ? *American Marketing Association*, *58*(1), 46–55.

Supriyanto, A., Wiyono, B. B., & Burhanuddin, B. (2021). Effects of service quality and customer satisfaction on loyalty of bank customers. *Cogent Business and*

Management, *8*(1). https://doi.org/10.1080/23311975.2021.1937847

Susilawaty, L., & Nicola, N. (2020). Pengaruh layanan perbankan digital pada kepuasan nasabah perbankan. *Jurnal Manajemen Maranatha*, *19*(2), 179–190. https://doi.org/10.28932/jmm.v19i2.2478

Sutrisno, T. F. C. W. (2019). RELATIONSHIP BETWEEN TOTAL QUALITY MANAGEMENT ELEMENT, OPERATIONAL PERFORMANCE AND ORGANIZATIONAL PERFORMANCE IN FOOD PRODUCTION SMEs. *Jurnal Aplikasi Manajemen*, *17*(2), 285–294. https://doi.org/10.21776/ub.jam.2019.017.02.11

Talib, F., & Rahman, Z. (2010). Studying the impact of total quality management in service industries. *International Journal of Productivity and Quality Management*, *6*(2), 249–268. https://doi.org/10.1504/IJPQM.2010.034408

Tomášková, E. (2009). The current methods of measurement of market orientation. *European Research Studies Journal*, *12*(3), 135–150.

Williams, S. W. (2001). The effectiveness of subject matter experts as technical trainers. *Human Resource Development Quarterly*, *12*(1), 91–97. https://doi.org/10.1002/1532-1096(200101/02)12:1<91::AID-HRDQ7>3.0.CO;2-0

Zebal, M. A., & Saber, H. M. (2014). Market orientation in Islamic banks - a qualitative approach. *Marketing Intelligence and Planning*, *32*(4), 495–527. https://doi.org/10.1108/MIP-08-2013-0138