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Enhance TQM Practices for Malaysian Banks Reputation

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Abstract

After the successful implementation of Total Quality Management (TQM) practices in manufacturing it is now being extensively applied in service sector including banks, to improve business performance. Keeping this in view, the purpose of this paper is to enhance TQM practices for Malaysian banks reputation. A survey was sent to 226 employees the executive management team level and above in banks dyads working in Malaysia and was analysed through structural equation modelling technique using Smart PLS 2.0. The findings of this study show that all of TQM practices (customer focus, top management commitment, human resource management, continuous improvement, leadership, training & education and trust) have a significant impact on Malaysian banks reputation. Finally, the finding will provide an understanding of enhancing TQM practices for banks reputation in banking sector and it also provides useful direction for future research.

Keywords: (TQM) practices, Malaysian banks reputation.

1. Introduction

Economy always is a critical and significant issue to every country even in global. The eighth goals of sustainable development goals (SDGs) is concerned about decent work and economic growth (SDGS, 2017). One of the strategic thrusts in Malaysia Plan-11 is re-engineered economic growth for increasing prosperity. Gross Domestic Product (GDP) is a statistical method to represent economic performance according to figure shown in a region or country (11th Malaysia Plan 2018). According to Department of Statistics Malaysia, service sector has the major contribution (54.5%) to GDP Malaysia total RM1,174.3 billion in year 2017. Financial service is one of the key contributors in service sector. Banks also need to keep improving, updating and changing their service with the fluctuating market and needs of customers.

In 2016, the Development Bank of Singapore Limited (DBS) had won an award of “World’s Best Digital Bank”, that a truly digital financial institution. DBS the Digi bank (the first-mobile-only bank) has been launched in India which is paperless, less signature and less branch-less (Panchal 2018). All the bank activities such as account opening services, credit card application, financial investment advice service, loan application, and more are through connect online smartphone. If customer need cash, just withdraw it from India’s local bank (ALTO and ATM Bersama). Also in 2018, Citi has once again been named Best Digital Bank of the world by magazine global finance. Citi was selected as the world's best digital bank from 300 banks worldwide, which were measured against a wide range of strategy, features and functionally parameters

in the online and mobile channels (Husseini and Fam, 2019a). In Malaysia, CIMB bank is started moving forwards to digital banking services due to the trends of market and needs of customer. CIMB Bank Bhd CEO said more than 95% of customers' transactions are performed via digital or self-service platforms (Husseini and Fam, 2019a). Apart from CIMB bank, digital banking also performed in Hong Leong bank, Maybank, Public bank, RHB bank, and UOB bank (Vincent 2018).

Financial crime is considered as one of the biggest challenges in banking. The financial crime is a concern of entire society due to its case number has gradually increased in world. The financial crime brings various negative impact in different level and result in hot topic throughout the world. Financial crime typically covers a wide range of offenses. For example, cyber – crime, money laundering, terrorist financing, fraud, bribery and corruption , market manipulation and insider trading and the security of information (Goldrick, 2018). One of the most common tricks is offenders ask Malaysian housewives to help them to do transaction with a huge amount through their account and transfer money to another oversea account by giving a few hundred Ringgit Malaysia as commission to them. Those who lacked knowledge or awareness housewives will believe this trick as a simple and quicker way to earn their extra pocket money (Triona 2018).

All these criminal issues occurred will affect the reputation of bank which also will reduce confidence of customer towards to bank (Tim, 2016). This issue happened might be due to the careless of employees in banking or employees do not have such knowledge to handling or checking. As staff of bank, they have the responsibility to aware and prevent these crimes to be occurred. In this case, bank need to have the system as protection to prevent any mishap happened. All related staffs of bank should also be trained and educated to face these problems. On the other hand, good reputation can be continuing to get the trust and confident from customer. Moreover, it is not only can sustain even to attract new customer.

One of the strategies is implementing TQM practices in banking service. It is indicated that quality is necessary but still insufficient in today's business (Shan et al., 2016). TQM practices is commonly known as a major management practice to control the quality of product or service to improve organizational performance. Empirical studies have shown that there have a strong and positive relationship between TQM practices and organizational performance through promote the service quality (Alex, 2017; Shan et al., 2016; Husseini and Fam, 2019a). In past studies, researchers found that(TQM practices can be implemented in service sector such as banking sector in customer satisfaction, service quality and so on. Furthermore, the fundamental component of organizations to obtain the sustainable competitive advantage has been changed from quality to innovation (Shan et al., 2016). Hence, it is important to implement TQM practice to create an environment for innovation to launch and develop new products and services to achieve customer's requirement (Alex, 2017). As a result, in this research to to enhance TQM practices for Malaysian banks reputation for overcome the financial crime in order.

2. Literature Review

In this era of globalization and economic liberalization, quality has become one of the significant factors for attaining competitive advantage (Sinha and Garg, 2019). It is both a philosophy and a series of guiding justifications that are the basis of a ceaselessly improving organization (Bajaj, Garg, and Sethi 2018).

This aims to achieve the efficiency of the system, such as development, design, planning, quality measures, interaction with techniques and customer satisfaction, as it has the ability not only to improve competitiveness but also to reinforce firm effectiveness and to deliver more satisfied customers (Khanam and Talib 2015). and fulfill the continuously changing requirements of both the organization customer and stakeholders (Fotopoulos and Psomas 2010).

2.1 TQM Practices

Several studies have examined what constitutes TQM practices and what are the key principles for the success of TQM practices. These studies provided various set of principles deemed essential to the success of TQM practices. Further, it has been noted that terminology of TQM constructs used across various studies may be different, in some studies TQM constructs are referred to as 'practices', while in other studies, these are either mentioned as 'critical success factors' or even 'principles' but the meanings of constructs remain the same.

2.1.1 Customer Focus

Strengthening and building long-term cooperative relationship with customers is an important factor as it can increase the competitiveness of the bank competitiveness and thus, improving the performance of the bank (Mosadeghrad, 2019). According (Sadikoglu and Olcay 2014). First the expectations and requirements of the customers should be known and then the products / services should be offered accordingly. Production can be arranged in relation to the needs, expectations and complaints of the customers by means of successful customer focus efforts (Nizam et al., 2022). This inspires banks with improved efficiency and productivity to deliver products / services of high quality and effective on time. When customer expectations are met, they will increase their satisfaction, and sales of the bank and market share will increase.

2.1.2 Top Management Commitment

The Top management invests in economic and human resources to attain the objectives as they are the drivers of quality management policies. (Mosadeghrad, 2019) mentioned top management able committed on director the organization and assess organizational performance. The result of (Loay & Jamal, 2015) provide supporting evidences to show there have exist a strong relationship between top management commitment and organizational performance. Some authors argue that top management commitment was not significantly associated with quality performance (Talib, Rahman, and Qureshi 2013). In recent years, leadership has been connected to quality in banks. Leadership ensures that a bank has a definite vision, communicates directions, and makes continuous improvement towards that vision. Management commitment involves articulating a vision for the future that is clear and compelling, providing strategic leadership, creating an organizational climate that empowers employees, developing systems to meet customer expectations.

2.1.3 Human Resource Management

Human resources management can be defined as the degree to which employees in an organization engage in training and development programs that enable employees to be skilled in operational procedures to optimize service and manufacturing processes (Mosadeghrad, 2019). Human Resource management also gives workers a greater understanding of the importance of product quality and makes them committed to improving quality. Employees should be aware of how the organization's quality policies affect their jobs; encourage their development and motivation; and continually improve their work output (Mahmood et al., 2019). According (Harischandra, 2015). Empowered workers who are adequately and correctly directed and educated take decisions that help achieve the Bank's dream, being customer-centered.

2.1.4 Continuous Improvement

Process stability is related to continuous improvements (Mosadeghrad, 2019). Implementing continuous improvements may prevent the occurrence of non-conformances. (Sulieman & Amr, 2013) showed that continuous improvements can shorten the production cycle. This positively affects productivity and organizational performance. By making use of specific organizational structures, management can implement continuous improvements (e.g., quality committee) (Sila, 2018). In this case, a Bank should identify areas where improvements can be implemented. The intentions of continuous improvement are solving problems, providing equipment and improving other resource's quality. There is a need to monitor and improve continuously the process performance and employee performance.

2.1.5 Leadership

Leadership and top management support are expected to play an integral role in fostering practices and behaviours that lead to establishing quality goals, allocating resources, assessing quality performance and improving quality (Barouch et al., 2016). Furthermore, the leader of a firm is responsible for creating the appropriate environment/culture for innovation in addition to cultivating the process of innovation, quality, financial management and aligning the current strategy with the innovation strategy to achieve innovative and competitive performance (Frolova et al. 2015). Organizations should therefore provide their employees with the necessary qualitative education and training and support the improvement under the leadership of top management (Cetindere, Duran, and Seda 2019). Quality cannot hope to succeed without a clear and consistent leadership of quality. This requires that quality leadership be made a strategic goal, and this means that the leader provides the appropriate environment to provide the group members with the most comfort to improve performance and productivity (Keinan, 2018).

2.1.6 Training and Education

Training and education had more positive impact in service industry compared to manufacturing industry (Ooi, 2015). Through training and education can reduce employee turnover rate and improve organizational performance (Keinan, 2018). The critical role of training and education are able to maintain high quality level in service industry (Talib and Rahman, 2013). Training is seen as an efficient and important means of improving the workforce. ability to achieve better than the desired level. In the literature (Keinan, 2018 ; Husseini and Fam, 2019a) employee training is clearly identified as a critical component of workforce management when implementing significant changes in bank. bank should develop suitable training programs to help managers and employees to enhance the quality-related skills, communications and teamwork. If it is to be effective, i.e., transform employees into creative problem solvers, training in quality-related issues should result in a more satisfied workforce and help employees to overcome their resistance to continuous quality improvement.

2.1.7 Trust

Trust is a rarely element of TQM. In 2013, the author (Bugdol, 2013) had proved that trust is one of the elements to determine the success of quality improvement processes, and in particular TQM implementation. The previous studies also mentioned that TQM implementation have a high level of trust and trust is a component of the quality culture (Maccoby 1994). Role of trust in TQM act as a belief that manager trust the

decision of employees will be useful for the entire organization. Trust is valid between all level of organizational structure, it associated with leadership, as a source of employees' satisfaction and also as condition of the organization ability when adapting the fast-changing environment (Bugdol, 2013).

2.2 Bank Reputation

Fombrun, (1996), Who conceptualizes reputation as the perceptive representation of past actions and future prospects of an organization that describes the overall appeal of the firm to all its key constituents as compared to other leading rivals. Another definition of reputation is a relatively stable, issue-specific aggregate perceptual representation of past actions and future prospects of an organization compared with some standard (Walker, 2010). Bank, as a service sector with a higher risk of selection for the effect of reputation on client attitudes. When customer select a service provider, they usually are relying more heavily on reputation. Negative reputation has higher potential to lead customer do a mistake result (Walsh et al., 2014). Business reputation is difficult to build and easy to lose. (Keh and Xie, 2009) noted that corporate reputation is not just only good or bad in overall judgement. Management of corporate reputation is an important factor that can affect the opinion of external stakeholder (Walsh et al., 2014) That means in service industry, reputation of organization can affect the decision of customers. Consequently, reputation build on the perception and understandings of various stakeholders to the organization. Reputation plays a particularly significant strategic role in the services sector because the pre-purchase assessment of service quality is indistinct and incomplete, particularly in the banking sector.

2.3 Relationship Between TQM Practices and Bank Reputation

The author believe that TQM practices have certain impact on influencing bank reputation. If TQM implement properly in organization or bank, reputation can be shield even improve the reputation. Normally, bank reputation is built on or based on the perception of customer and public. Belen et al., (2016) proved that product and service, employer branding, reliability or financial strength, customer-based relationship, customer satisfaction and trust have positive consequence to bank reputation. Based on the Frombun (2000), there have more model and scale of reputation that mentioned in previous part. Among some of them are actually matching with the TQM practices element. Customer satisfaction and trust are the important factor to influence bank reputation (Walsh et al., 2014; Husseini and Fam, 2019b). Meanwhile, customer focus also considered as a must in TQM practices by a few researchers (Ahmad, et al., 2022; Loay & Jamal, 2015). Trust also proved to become one of the TQM practices (Bugdol, 2013). These statements show a clear relationship between TQM practices and bank reputation. Besides that, items existing in previous reputation survey such as business leadership, overall leadership, quality of management, products and services quality are also correlated with TQM practices. However, the management team of bank can only forecast or shield the reputation through some strategies. Therefore, the author proposed that TQM practices can be one of the strategies to enhance bank reputation.

H1. TQM practices lead to enhance bank reputation.

2.4 Research Framework

Figure 1 exhibits the research framework of the research study which suggests find out the structural

relationship between total Quality Management and Bank Reputation. The resource-based view (RBV) is one of the commonly used theories which are able to explain the relationship between the research's variables. These theories were developed to understand how organizations achieve sustainable competitive advantages (Wernerfelt 1984). Consistent with this view, total Quality Management become resources that are valuable, rare, inimitable, and non-substitutable (VRIN) for maintaining competitive advantage (Conner & Prahalad, 1996).

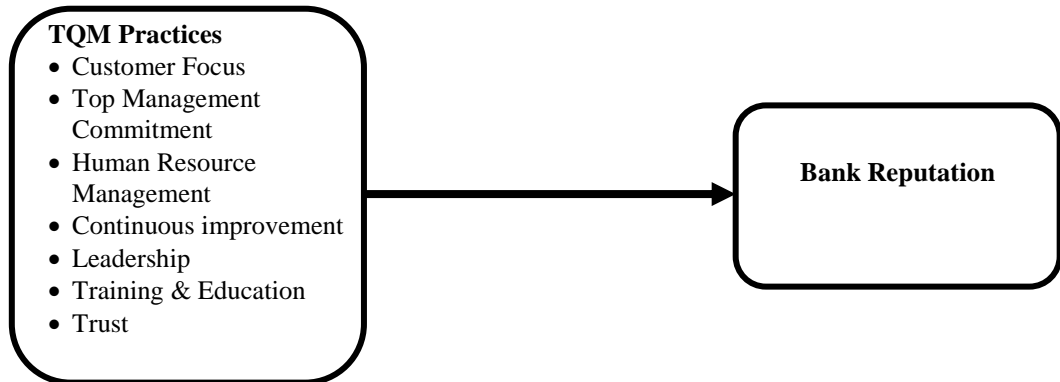


Figure:1 Research Framework

3. Methodology and Analysis

This research uses quantitative research design. There are 226 of questionnaires that are distributed to the employees in banks. Currently, there are 26 licensed financial institutions in Malaysia (Husseini and Fam, 2019b). A majority of the banks provide online banking services that allow their customers to transfer money and check balance online. The banks have extended their banking service by offering more online services such as opening a new account and online credit card application without going to the branches (Hadid et al., 2020). The banks chosen for conducting the survey were Maybank, CIMB Bank, Public Bank, RHB Bank, and Hong Leong Bank. These are the largest domestic banks by market capitalisation and balance sheet and the country's most efficient banks (Husseini and Fam, 2019b).

4. DATA ANALYSIS

4.1 Sample and Procedure

The samples that are involved in this research paper consists of staffs in banks of Malaysian in all the positions and departments of the bank (Kellogg et al., 2017) which has to request an interdependent step of transferring sharing information sharing between all the employees. In addition to that, the employees who are assigned the great roles to offer services can adapt easily to many new techniques and share new knowledge and new information. they also can easily suggest various solutions of the problems of the quality management performance (Husseini et al., 2019).

The descriptive statistics in this research shows that the respondents profiles where a total of 226 employees and managers have participated from different banks. Most of the participants are male (n=123, 54.4%), while the female participants (n=103, 45.6%). In education level, most of the participants hold a

bachelor degree (n=133, 58.8%), SPM level (n=8, 3.4%), STPM/ A-Level (n=14, 6.6%), diploma level (n=38, 17.2%), master level (n=31, 13.8%), and PhD level (n=2, 0.3%). The service duration for the participants is divided into four categories, for the Less than 2 years has scored (n=15, 6.6%), 2 – 5 years has scored (n=57, 25.3%), 6 – 10 years has scored (n=123, 54.4%), and Over 10 years has scored (n=31, 13.8%). For the position management level of the participants, most of the participants belong to the middle management category (n=86, 38.1%), top management category (n=71, 31.3%), and executive management category (n=69, 30.6%).

4.2 Normality Test

For the current research the acceptable range for Skewness is – 0.5 and 0.5. the data for all the variables revealed that all the distribution is extremely skewed. For the Kurtosis range, the acceptable range is +3 to -3. Kurtosis for the data of this study was investigated and found that all variables are within the +3 to -3 limits. On the basis of the results of the statistical and graphical assessments of the data distribution, normality of this study's data was assumed. Table 2, exhibits the skewness and kurtosis of each variable of this study.

Table 2: Results of Skewness and Kurtosis for Normality Test

| Constructs | Skewness | Kurtosis Statistic |
|---------------------------|----------|--------------------|
| Customer Focus | .210 | .400 |
| Top Management Commitment | -.005 | .068 |
| Human Resource Management | .321 | .767 |
| Continuous Improvement | -.141 | .465 |
| Leadership | -.150 | .084 |
| Training and Education | -.070 | -.348 |
| Trust | -.189 | 1.478 |
| Bank Reputation | .023 | -1.414 |

4.3 Multicollinearity

The state of multicollinearity is known as a property that causes problems in data analysis. In particular, the analysis of multicollinear input data in regression analysis is known to have a negative effect, and there have been many studies on how to solve this problem. Although the relevant research is insufficient, it is likely that multicollinearity will have a negative impact on regression analysis as well as other analysis methods (such as decision trees). Further research on this is considered necessary. Although the correlation (Pearson's correlation coefficient) is familiar, the word multicollinearity is often unfamiliar.

Multicollinearity is a problem in which strong correlations between independent variables appear in the regression analysis of statistics. It is also classified into the case of perfect collinearity where the exact linear relationship exists between the independent variables and the multicollinearity where the high linear relationship exists between the independent variables. This violates the premise assumption of regression analysis and thus becomes a problem to be solved for proper regression analysis.

In examining for any multicollinearity effects, the act of the tolerance and its inverse which is the variance inflation factor (VIF) is used. As explained by [Hair et al \(2017\)](#) and [Sekaran and Bougie \(2013\)](#), to determine whether or not this effect occurs, the average points for the tolerance value must be greater than

0.10, or the VIF value should not exceed 10. The analysis of multiple regression as shown in Table 3, the results show that the tolerance values range between 0.244 to 0.506. The VIF value ranges from 1.976 to 4.101. The values indicate that the tolerance value is substantially greater than 0.10 and the VIF is less than 10. Thus, it can be concluded that there is no multicollinearity among the variables of this study (Hair et al., 2017).

Table 3: Test for Multicollinearity on Assessment of Tolerance and VIF Values

| Constructs | Tolerance | VIF |
|---------------------------|-----------|-------|
| Customer Focus | .244 | 4.101 |
| Top Management Commitment | .289 | 3.457 |
| Human Resource Management | .413 | 2.420 |
| Continuous Improvement | .298 | 3.360 |
| Leadership | .328 | 3.049 |
| Training and Education | .312 | 3.210 |
| Trust | .506 | 1.976 |

4.4 Construct Reliability

When talking about reliability, we don't talk about the measuring instrument, but about the situation where the measurement is made. The reliability coefficient is made from a correlation between two equivalent measures or an intra-method reliability coefficient. Their values range from (0, 1) absence of reliability and perfect reliability, it can also be expressed by a percentage. The coefficient of reliability is equal to the quotient between the observed variance and the total or true variance, if both types of variance coincide the reliability would be equal to 1 and if nothing coincides it would be 0, hence derive formulas to quantify the reliability of a situation of measure.

Initially, researchers will use Cronbach Alpha to determine the reliability of the construct as it is assuming all indicators are equally reliable. However, specific indicator's reliable is more focused and stressed in PLS-SEM. Throughout the composite reliability, every construct has a high value which is 0.80 and above, and also the Cronbach's Alpha value to be greater than 0.7. By looking at the following table 4, it is noticeable that the variables Cronbach's Alpha values were ranged between 0.792 and 0.971, while the variables composite reliability values were ranged between 0.867 and 0.978. These results reveals that all the variables' items have great internal consistency. On the other hand, all the variables are reliable.

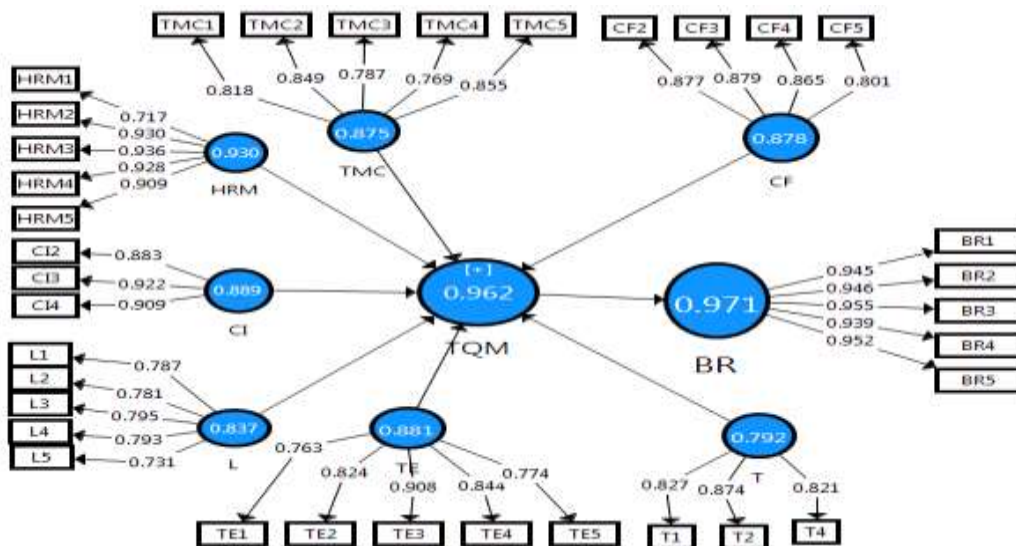
Table 4: Composite Reliability

| Constructs | Cronbach's Alpha | Reliability | (AVE) |
|---------------------------|------------------|-------------|-------|
| Top Management Commitment | 0.875 | 0.909 | 0.666 |
| Training and Education | 0.881 | 0.913 | 0.679 |
| Trust | 0.792 | 0.878 | 0.707 |
| Leadership | 0.837 | 0.884 | 0.605 |
| Human Resource | 0.93 | 0.949 | 0.788 |

| | | | |
|------------------------|-------|-------|-------|
| Management | | | |
| Continuous Improvement | 0.889 | 0.931 | 0.819 |
| Customer Focus | 0.878 | 0.917 | 0.733 |
| Bank Reputation | 0.971 | 0.978 | 0.897 |

4.5 Reliability and Validity

Under this section is the discussion of the analysis of measurement model. It included two parts which are the relationship between constructs and items and correlational relationships between constructs. Figure 4.1 is the measurement model with the result compute from PLS-SEM.



Key: CF: Customer Focus; TMC: Top Management Commitment; HRM: Human Resource Management; CI: Continuous Improvement; L: Leadership; TE: Training and Education; T: Trust; BR: Bank Reputation.

Figure 2: Measurement Model Result

In general, the factors that can characterize a group of variables are not known in advance but are determined by factor analysis. These factors are called common factors since all the variables under observation are expressed as their functions. When the factors that constitute the variables are not known in advance, an exploratory analysis is said to proceed. But instead, if the researcher has prepared the analysis anticipating (possibly supported by the theory) the existence of certain number of factors in particular and anticipating which variables make up each of the factors, it is a confirmatory analysis. In this case, when performing the analysis, the statistical processor must be requested to extract the number of hypothesized factors. For the current study, the factor loading test shows in table 4.9 that the variables items have relatively good loadings, 0.70 was taken as the minimum for the first stage model of this study, while the items were ranged between 0.718 and 0.963.

| Constructs | Indicators | Loading (> 0.7) |
|---------------------------|---------------------------|-----------------|
| Customer Focus | CF2 | 0.877 |
| | CF3 | 0.879 |
| | CF4 | 0.865 |
| | CF5 | 0.801 |
| | Top Management Commitment | TMC1 |
| Top Management Commitment | TMC2 | 0.849 |
| | TMC3 | 0.788 |
| | TMC4 | 0.769 |
| | TMC5 | 0.855 |
| | Human Resource Management | HRM1 |
| HRM2 | | 0.930 |
| HRM3 | | 0.936 |
| HRM4 | | 0.928 |
| HRM5 | | 0.908 |
| Continuous Improvement | CI2 | 0.883 |
| | CI3 | 0.922 |
| | CI4 | 0.909 |
| Leadership | L1 | 0.787 |
| | L2 | 0.781 |
| | L3 | 0.795 |
| | L4 | 0.792 |
| | L5 | 0.732 |
| Training and Education | TE1 | 0.763 |
| | TE2 | 0.824 |
| | TE3 | 0.908 |
| | TE4 | 0.844 |
| | TE5 | 0.774 |
| Trust | T1 | 0.827 |
| | T2 | 0.874 |
| | T4 | 0.821 |
| Bank Reputation | BR1 | 0.945 |
| | BR2 | 0.944 |
| | BR3 | 0.954 |
| | BR4 | 0.942 |
| | BR5 | 0.950 |

5. Results

5.1 Descriptive Analysis

A descriptive study is a type of methodology to apply to deduce a good or circumstance that is being presented; it is applied describing all its dimensions, in this case the organ or object to be studied is described. Descriptive studies focus on collecting data that describes the situation as it is. The statistic is the discipline responsible for studying the behaviour of entities and individuals, whether to observe social groups or sets of scientific data. In the case of descriptive analysis statistics, this type of methodology provides an approach by which a summary of the information given by the data of a sample is prepared. That is, its goal is to synthesize the information to show precision, simplicity and clarify and sort the data. The general statistical description of the study variable of this study is examined by utilizing the descriptive analysis. Means, standard deviation, minimum, and maximum were computed for the independent, dependent, and mediating constructs. Results of these statistical values are shown in Table 5. All the constructs have been estimated on a seven-point scale.

Table 5: Descriptive Statistics for Study Variables

| Constructs | N | Min | Max | Mean | Std. Dev |
|---------------------------|-----|-----|------|--------|----------|
| Customer Focus | 226 | 1 | 7.00 | 4.7230 | .89219 |
| Top Management Commitment | 226 | 1 | 7.00 | 4.6681 | .96081 |
| Human Resource Management | 226 | 1 | 7.00 | 4.4416 | 1.05268 |
| Continuous Improvement | 226 | 1 | 7.00 | 4.7965 | 1.01526 |
| Leadership | 226 | 1 | 7.00 | 5.0142 | .98530 |
| Training and Education | 226 | 1 | 7.00 | 5.1221 | 1.05407 |
| Trust | 226 | 1 | 7.00 | 4.6089 | .93001 |
| Bank Reputation | 226 | 1 | 7.00 | 3.8522 | 1.60630 |

5.2 Discriminant Validity

In determining the discriminant validity, the study followed the recommendation by. According to the author, outer model loading of 0.50 and above reflected acceptable and valid model. Following this suggestion, it was found that the 57 measurement items in the current study have outer loadings higher than 0.50. The items were retained in the model as they had loadings between 0.718 and 0.963. The following Table 6 show the structural model for the variable. These results confirmed the construct validity of the measurement model.

In Table 6, the correlations among the latent constructs are compared with the square root of AVE (in bold face). The AVEs are all greater than the correlations among latent constructs, indicating sufficient discriminant validity (Fornell & Larcker, 1981).

Table 6: Results of discriminant validity by Fornell-Larcker criterion

| | BR | CF | CI | HRM | L | T | TE | TMC |
|-----|-------|-------|-------|-------|-------|-------|-------|-------|
| BR | 0.947 | | | | | | | |
| CF | 0.350 | 0.856 | | | | | | |
| CI | 0.466 | 0.595 | 0.905 | | | | | |
| HRM | 0.170 | 0.690 | 0.472 | 0.888 | | | | |
| L | 0.439 | 0.651 | 0.683 | 0.479 | 0.778 | | | |
| T | 0.288 | 0.638 | 0.482 | 0.482 | 0.493 | 0.841 | | |
| TE | 0.491 | 0.632 | 0.654 | 0.519 | 0.739 | 0.611 | 0.824 | |
| TMC | 0.310 | 0.813 | 0.579 | 0.676 | 0.631 | 0.547 | 0.633 | 0.816 |

5.3 Direct Effect

Path coefficient used in order evaluate the significant of the hypotheses and examine the relationship among the TQM and bank reputation. Table 7 depicts the outcome of path coefficient. All the hypotheses of this study are significant in 95% confidence interval which p-value is less than 0.01, and t-value is more than 1.96.

Table 7: Summary of The Direct Effect

| Relationship | Beta | Std | Std error | T Statistics | P Values |
|--------------|------|-------|-----------|--------------|----------|
| CF -> TQM | | 0.169 | 0.01 | 16.985 | 0.000 |
| CI -> TQM | | 0.133 | 0.009 | 14.441 | 0.000 |
| HRM -> TQM | | 0.229 | 0.016 | 14.14 | 0.000 |
| L -> TQM | | 0.18 | 0.017 | 10.608 | 0.000 |
| T -> TQM | | 0.116 | 0.012 | 9.346 | 0.000 |
| TE -> TQM | | 0.209 | 0.015 | 14.098 | 0.000 |
| TMC -> TQM | | 0.185 | 0.014 | 13.189 | 0.000 |
| TQM -> BR | | 0.432 | 0.061 | 7.038 | 0.000 |

According to the results, TQM has a significant and positive impact on bank reputation. The coefficient table showed that TQM practices has a positive and significant effect on bank reputation ($\beta = 0.432$, $t = 7.38$, $p < 0.05$). This means that the effective implementation of TQM practices within the bank leads to the enhanced the reputation. The finding confirms [Qasrawi et al, \(2017\)](#) study that TQM practices significantly impact on organizational performance. However, it contradicts to [Li et al., \(2018\)](#) research findings that TQM practices hinder Chinese manufacturing firm's green management and innovation. Therefore, hypothesis H1 is accepted in this study.

6. Discussion and Research Implications

As per the findings, TQM practices has a positive and significant effect on bank reputation. The coefficient table showed that TQM practices has a positive and significant effect on bank reputation ($\beta = 0.267$, $t = 5.89$, $p < 0.05$). This ensures that the successful application of TQM activities within the bank leads to a better reputation. The results support the study by [Qasrawi et al. \(2017\)](#), who stated that TQM practices activities have a major effect on corporate reputation. Therefore, hypothesis H1 is accepted.

Banks tirelessly sought to resolve the drawbacks caused by the COVID-19 pan-demic. Workers encouraged to operate remotely and conform to the workforce of reduced areas are some of the measures in upgrading operation versatility and resilience, besides catering to banking demands. A comprehensive solution of the TQM practices allows re-al-time tracking and statistical analysis in all bank operations.

Based on the evidence of the multicollinearity problem amongst the TQM practice-es, the researcher concludes that the TQM practices measure passes the convergent validity test. Convergent validity, as adapted from [Hair et al. \(2017\)](#) for the current purposes, reflects the extent to which the TQM activities promulgated and respected by their founders share a similar collection of assumptions and regulations. These findings suggest that TQM practices are critical for Malaysia's banking reputation to accomplish their goals and achieve better banking performance. Therefore, the greater extent of TQM practices implementation, the better the bank's reputation.

Improvements in operation are also used in TQM initiatives and TQM view means that all staff is qualified to rely on the client. A team of workers headed by a quality facilitator will diagnose and investigate each touchpoint (experience) of a customer concerning the bank and consider how each point of contact can be enhanced somehow. By superior customer relations, this bank could achieve a competitive edge that will establish the reputation of consumer capital. To ensure that the TQM practices in banks are effectively carried out, workers must be encouraged to increase their service standards. The hiring of trained and experienced managers will also enable banks to manage effectively and will provide ample preparation for workers to understand the TQM's quality policy and plan ([Husseini and Fam, 2019a](#)). Finally, it will help boost the banking sector's performance and credibility to track customer loyalty and take reviews regularly. Above all, a top-level dedication to TQM practices and full support for their successful execution is needed. TQM practices are vital to sustaining a sustainable edge for the banking industry and other service-oriented organisations. Nonetheless, despite TQM's delayed outcome and the long-term operation, TQM practices are one step ahead of its alternatives ([Husseini and Fam, 2019a](#)).

As bank reputation have been improved, it will retain the customer and attract new customer even increase their organisational performance at the same time. Once the bank managed to increase their financial performance that will lead to greater performance of economic Malaysia. The improvement of GDP is able to achieve the target of re-engineered economic growth for increasing prosperity in Malaysia even increase the decent work and economic growth in SDGs. This research has provided some clarification of the relationship between TQM practices and banks reputation. This research had made some significant contribution to the literature especially in Asia county. Moreover, this study provided a pioneer study by proposing a new model that empirically QM on improving banks reputation. This model also provides a deeper understanding on the relationship between TQM practices and bank reputation. The result showed that through TQM practices, the banks reputation can be improved. The results finding can help Malaysia's banks make a precaution to prevent any financial crime issues occurred that could affect the bank reputation in future. Therefore, this model could treat as a valuable model to venture into future research regarding bank reputation.

For future research, a qualitative or mixed method is proposed to allow the result to be more reliable and valid. In addition to primary data, secondary data could also be used to test the efficiency of banking compared to traditional bank staff services. Although there are some limitations in this research, they could be considered as the opportunity topic for future studies. This research could be the pioneering research to analyse the proposed integrated model in banking Malaysia. Therefore, a similar study can be imitated and explored in other fields.

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