CONTINUOUS IMPROVEMENT AND PERFORMANCE OF COMMERCIAL BANKS IN RIVERS STATE, NIGERIA

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ABSTRACT

This study examined the relationship between continuous improvement and the performance of commercial bank in Rivers State, Nigeria. The measures of organizational performance were market share and innovation. The study adopted the correlational survey design. Primary data was generated through structured copies of questionnaire. The population of this macro study was the 22 commercial banks operating in Rivers State, Nigeria. Census sampling was adopted because our population of study was not large. However, the researchers administered 3 copies of the questionnaire to each of the 22 commercial banks giving a total of 66 respondents who served as the study elements. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson's Product Moment Correlation Coefficient Correlation Statistics. The tests were carried out at a 0.05 significance level. The study findings provide substantial evidence of a significant relationship between continuous improvement and organizational performance within commercial banks operating in the Rivers State of Nigeria. Hence, the study recommends that management of commercial banks should encourage a culture of total quality management as it will enhance their performance.

Keywords: Continuous improvement, organisational performance, market share**,** innovation

INTRODUCTION

In today's economy, organizations strive to develop quality in other to increase their performance and be part of the global village. The concept of performance has gained increasing attention in recent decades, being pervasive in almost all spheres of the human activity. Performance is a subjective perception of reality, which explains the multitude of critical reflections on the concept and its measuring instruments (Ion & Criveanu 2016). Organizational performance represents a state of competitiveness, attained through a level of effectiveness and productivity that ensures its strong presence on the market, considering the multiform and complex interaction between numerous factors. Organizational performance depends first of all on how it is managed and, secondly, on the active and correct involvement of the employees in fulfilling the strategic objectives of the companies (Dragomir & Pânzaru 2014).

The fulfilment of strategic goals is achieved both by observing the plans and procedures established, as well as by creating and accumulating new knowledge in all areas of the organization's activity (Doval 2020). Organizational performance is conceived as organizational output or productivity. Telsang (2007) asserts that productivity is the quantitative relationship between what is produced and what is used as a resource to produce them. Managers consider productivity as cost cutting and speed up in production, accountants consider productivity from financial ratios and budgetary variances while engineers consider productivity with respect to output per hour, capacity utilization, and manpower efficiency. Organizations need to be able to identify and seize opportunities quicker than their competitors do to attain enhanced their performance. Salih and Alnaji (2014), stated that thorough evaluation of the key players in a business entity's external environment are vendors, consumers and competitors. Therefore, they should consider offering consumers value-added goods as their core competences by focusing on improving reliability, versatility, cost effectiveness and creativity, because in most industries there is no certainty about the evolution of the business environment and what it will be like a year from now (Doz & Kosonen, 2008).

Organisations must adapt to new changes and continuously improve on their product and services to enhance their performance, majority of large and small organisations are faced with difficulties such as; globalisation, rapid technical advancements, competition, innovative business models, developing new markets, and continuous improvement. These ever-changing difficulties drive organisations to become more effective and adaptable in order to survive, especially when combined with more conventional risks of business and economic lifecycles (Zientara & Zamojska, 2018). Therefore, total quality management (TQM) is vital to organizations as it is a technique that underscores the continuous improvement of product and service quality to satisfy customers and enhance productivity (Fotoponlam & Psomas, 2009).

Over the years, several studies have been conducted in related areas, Rahman and Bullock (2005) looked at total quality management practices and organisational performance in Australian manufacturing companies, Doval (2020) looked at organizational performance by The process of knowledge creation; Alan (2023) looked at organization performance and effectiveness; Ajayi (2020) also looked out Total quality management: a means of better work like output in manufacturing industries. Despite the many studies carried out, to the best of my knowledge before this assertion, only few studies have been carried out using this concept continuous improvement and organizational performance of commercial banks in Rivers State. This study therefore sought to fill the existing research gap and also provide a better understanding through the empirical evidence of the effect of continuous improvement on organizational performance of commercial banks in Rivers State. The specific objectives of the study include:

i. To examine the relationship between continuous improvement and market share of commercial banks in Rivers State, Nigeria.
ii. To examine the relationship between continuous improvement and innovation of commercial banks in Rivers State, Nigeria.

Conceptual Framework

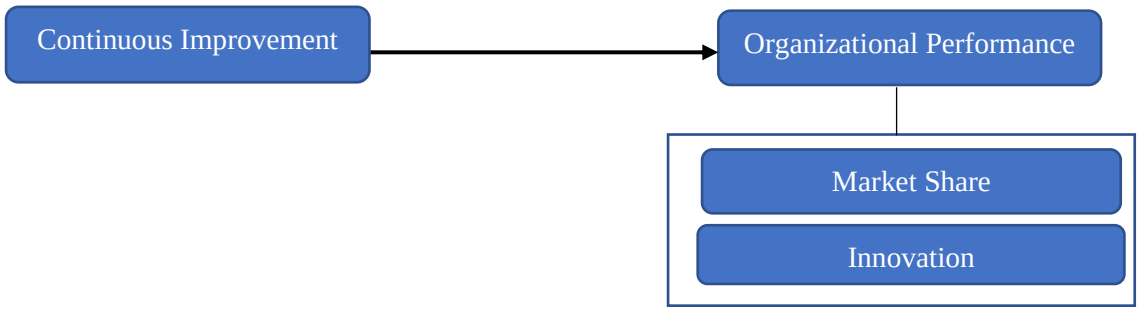

Figure 1: Continuous improvement and Organizational Performance

Source: Desk Research (2024)

The following Research Questions, which were in line with the study objectives guided the study:

i. What is the relationship between continuous improvement and market share of commercial banks in Rivers State, Nigeria?

ii. What is the relationship between continuous improvement and innovation of commercial banks in Rivers State, Nigeria?

LITERATURE REVIEW

Theoretical Foundation

The theoretical foundation of this study is hinged on the Deming's Management Theory. The proponent of this theory is William Edwards Deming. The theory stated that quality improves productivity and competitive position. He defines quality in terms of design, quality of conformance. He advocates measurement of quality by direct statistical measures of performance against specification. The Deming, 1986 version of the 14 points are; Point 1: Create reliability of purpose toward improvement of product and service with the aim to become competitive and to stay in business, and to provide jobs. Point 2: Adopt the new philosophy. We are in a new economic age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership of change.

Alauddin and Yamada (2019), stated that Deming 14 Points is vital in aiming to make people work with joy. Stressing the role of management in leading the comprehensive and continues improvement of the system and the continuous development of people. It can be applied anywhere, to small organizations as well as to large ones, to the service industry as well as to manufacturing. Perhaps, the Deming philosophy is the key feature of the Deming Prize. The method promotes self-discovery in a company to embed the continuous improvement processes and ensure the organization's survival even if there is a change of leadership (Porter & Tanner 2004). Several authors were using Deming 14 points to deploy the understandings to be used at school levels and higher education institutions. Lunenburg (2010), suggested that Deming 14 points could be used as a basis for achieving excellence in schools. He further explained how each of the 14 points is useful to make more exceptional quality, accountability, and fulfil customer satisfaction in higher education. According to Evans and Lindsay (2008) stated that Deming argued that "a product or service possesses quality if it helps somebody and enjoys a good and sustainable market". Deming's philosophy emphasized the role of management in that, most of the opportunities for quality improvement require management action, and very few opportunities lie at the operator level (Montgomery 2005). This view led to his often-quoted dictum that: "Over 85% of quality problems can be solved only by top management" (Farnum 2004).

Conceptual Review

Concept of Continuous Improvement

Continuous improvement is a quality philosophy that assumes further improvements are always possible and that processes should be continuously re-evaluated and improvements implemented (Juergensen, 2005). It is also the seeking of small improvements in processes and products, with the objective of increasing quality and reducing waste. Continuous improvement is a philosophy that Deming described simply as consisting of improvement initiatives that increase successes and reduce failures (Juergensen, 2000). Continuous improvement (CI) can be considered an ongoing effort to improve products, services or processes. These efforts can seek "incremental" improvement over time or "breakthrough" improvement

all at once (Bhuiyan & Baghel, 2005). Continuous Improvement has been seen as a key element in the performance improvement, constantly increasing its adoption rate (Hyland et al., 2007). According to Singh and Singh, (2015), continuous Improvement was originated in Japan after the Second World War, was then when it was started to be used as an approach and philosophy for performance improvement and not only as isolated initiatives. Becoming then, one of the foundations of the success of the Japanese manufacturing.

As highlighted by Sanchez and Blanco, (2014), some of the first definitions of Continuous improvement date from 1982 and 1989 by authors Deming and Imai, respectively. From which, it is highlighted its iterative characteristic and the involvement of the different levels at the organization. The concept has been evolving along with the changes in the environment, it has been constantly ratifying its great importance for organizations. Being seen as an umbrella term and as a necessity for organizations in order to have a better organizational performance, to remain competitive in business. Continuous Improvement importance manifests itself in terms of the role it plays in quality improvement, customer satisfaction, employee engagement and productivity. CI is essentially a quality journey that is "never ending" (Oakland,2007) and its main emphasis per Deming"s teachings, lies in never accepting that the way business operates today is the best way, even in the face of profitability. Continuous Improvement in context of Kaizen means improving performance in many small, incremental steps. In Japan, continuous improvement is called kaizen. The word means continuous improvement, involving everyone in an organization. It implies a never-ending cycle of repeatedly evaluating and re-evaluating the basic processes of an operation (Russell &Taylor, 2003).

Concept of Organizational Performance

Organizational performance reflects the ability of an organization to fulfil its shareholders' desires and survive in the market (Griffin, 2003). Also, organizational performance is known as the outcome of the actions or activities, which members of organizations carried out to measure how well an organization has

accomplished its objectives (Chung, & Lo, 2007; Ho, 2008). So, organizational performance is the ability of the organization to achieve its goals. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives. Didier (2002), believes that the performance consists in ″achieving the goals that were given to you in convergence of enterprise orientations″. In his opinion, performance is not a mere finding of an outcome, but rather it is the result of a comparison between the outcome and the objective. Organizational performance depends first of all on how it is managed and, secondly, on the active and correct involvement of the employees in fulfilling the strategic objectives of the companies.

According to Richard et al. (2015), organizational performance includes three specific areas of firm outcomes: Financial performance (profits, return on assets, return on investment, etc.); Product market performance (sales, market share, etc.); and Technical and technological potential, equipment quality, know-how, employee qualification, productivity level, etc. are factors that determine the present and future competitiveness of the enterprise and hence of its financial performance through financial policies (capital accumulation, investment, productive capital management). External socio-economic and political factors and internal factors (organization's structure and culture, strategy, management skills, employee's commitment, and stakeholders' implication) also influence the performance of the organization

Measures of Organizational Performance

Cost Leadership

Market share has been seen as the most influential measure to evaluate the marketing performance (Clark, 2001). According to the research conducted by the Profit Impact of Market Strategies (PIMS) project and the Boston Consulting Group, companies which have focused on gaining market share can enjoy the economies of scale and long-term profitability (Clark, 2001). Therefore, market share seems to be the main emphasis for a lot companies and also generally seems to dominate market concentration measures in explaining companies' profitability. In addition, since the major goal for a company, regardless of which

performance measures it uses, is to be profitable, previous research has indicated that companies with higher market shares are able to enjoy higher rates of return on invested capital. Therefore, this is the major reason why market share has received so much attention from businesses.

Innovation

The word innovation is derived from the Latin word 'innovare' meaning 'to renew, to make new or to alter'. In order to sustain achievement, a firm needs to survive the competitive and turbulent market, in which products' life cycle, technologies, competitors, laws and even whole societies exhibit rapid change of nature. Firms need to protect their tangible and intangible assets against the market uncertainties (Davila et al., 2006). Innovation gives the organization the ability to adapt and evolve to meet the changing market conditions and customer demands. It is generally and widely acknowledged as a key ingredient of productivity success and involves People, Process and Product. A recent definition by Knowles et al. (2008), defines innovation as the introduction of new products, processes, or business systems. Such introduction could be as a result of adoption or creation of new products, processes or business systems. Rogers (2003) defined innovation as "an idea, practice, or object that is perceived as new to an individual or another unit of adoption." From the definitions provided, innovation can be inferred as a new product, process or business system. Innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organizations, or external relations. A product innovation is the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in the technical specifications, components and materials, incorporated software, user-friendliness or other functional characteristics.

Empirical Review

A study done by Tannock, Krasachol, and Ruangpermpool, S. (2002) indicated that Total Quality Management has been applied widely in most of the organizations in developed countries while ISO 9000

series standards have been the focus of quality management development in developing countries. In this study, the authors examine the progress of four Thai SMEs attempting to implement Total Quality Management over a two-year period. The study has revealed the efforts, problems, barriers and progress of the companies.

Siregar, Nasution, and Sari, (2017) conducted a study titled Effect of Total Quality Management (TQM) on the Quality and Productivity of Human Resources, stated that this study did a survey of instructors in public and private universities in North Sumatra to obtain the factors that affect quality of human resources and productivity of human resources. Human resources quality is viewed by the elements of TQM. Total Quality Management (TQM) is based on; all organization staff should collaborate with each other for purposes of producing high quality products and services in order to meet customers' demands. Total Quality Management consists of several quality instruments and techniques, in addition to various values and beliefs that all staff within the same organization share.

Uche & Timinepere (2013) examined effect of TQM on Industrial Performance in Nigeria. Longitudinal design was employed which spanned the period of 1996 to 2008. Secondary data set of quality control cost, expenditure of salary on labour and the value of industrial output that served as surrogates of TQM and Industrial Performance respectively were collected from Pal Brewery in Anambra State. The data were analysed using Ordinary Least Square (OLS) method of multiple regression to determine the effect of the predictor variables on the dependent variable. The study found that cost of quality control had no significant positive effect on industrial performance while expenditure of salary on labour had a non-significant negative effect on industrial performance. Based on the forgoing the following hypotheses were formulated:

$H0_1$: There is no significant relationship between continuous improvement and market share of commercial banks in Rivers State, Nigeria.

$H0_2$: There is no significant relationship between continuous improvement and innovation of commercial banks in Rivers State, Nigeria.

METHODOLOGY

This study adopted correlational survey design. The population of this macro study comprised of the 22 Commercial Banks operating in Rivers State registered with the Central Bank of Nigeria. Participants of the study are selected in line with the unit of analysis which is the organization level study. By the virtue of the aforesaid, the researcher chooses three representatives from each of the branch offices of the 22 Commercial Banks in Rivers State making it sixty six (66) senior managers as the study elements. The data were collected through a survey questionnaire method that is widely used for data collection. Pearson's Product Moment Correlation was used for data analysis with the aid of the Statistical Package for the Social Sciences (SPSS) software Version 26.0.

DATA ANALYSIS AND RESULTS

Bivariate Analysis

The study adopted a criterion and significance value of 0.05, based on its level of confidence (95%). **Decision rule:** The decision rule which applies for all bivariate test outcomes is stated as follows: where $P < 0.05$, reject hypothesis on the basis or evident of significant relationship; and where $P > 0.05$, accept hypothesis on the basis of insignificant relationship between the variables. The extent of influence is on this basis assessed using the rho interpretations provided by Bryman and Bell (2015) as shown in table 2:

Table 1: Description on Range of correlation (rho) values and the corresponding level of association

Range of r with positive and negative sign values	Strength of Association
± 0.80 – 0.99	very strong
± 0.60 – 0.79	Strong
± 0.40 – 0.59	Moderate
± 0.20 – 0.39	Weak
± 0.00 – 0.19	Very weak

Source: Adopted from Ahiauzu & Asawo, 2016, *Advance Social Research Methods*

The positive (+) sign in the values of (*rho*) indicates a positive relationship, while the negative (-) sign in the value of (*rho*) indicates an indirect/negative or inverse relationship. Thus, the sign of the *rho* explains the direction of association between the two variables.

H_{01}: There is no relationship between continuous improvement and market share of the commercial banks in Rivers State, Nigeria.

H_{02}: There is no relationship between continuous improvement and innovation of the commercial banks in Rivers State, Nigeria.

Table 2: Correlation Matrix For continuous Improvement And Measure Of Organizational Performance

		Continuous Improvement	Market Share	Innovation
Continuous Improvement	Pearson Correlation	1	.842**	.981**
	Sig. (2-Tailed)		.000	.000
	N	60	60	60
Market Share	Pearson Correlation	.842**	1	.914**
	Sig. (2-Tailed)	.000		.000
	N	60	60	60
Innovation	Pearson Correlation	.981**	.914**	1
	Sig. (2-Tailed)	.000	.000	
	N	60	60	60

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS Output, 2024.

The table 2 shows the correlation of hypotheses 1 and 2; the hypothesis one show a significant correlation at r = .842** where P-value = .000 (P<0.001). This implies a strong and significant relationship between both variables at 95% level of confidence. We therefore reject the null hypothesis (Ho:$_1$), and upheld the alternate and restated, thus, there is a significance relationship between continuous improvement and market share of the commercial banks in Rivers State, Nigeria.

The hypothesis two show a significant correlation at rho = .981** where P-value = .000 (P<0.001). This implies a strong and significant relationship between both variables at 95% level of confidence. We therefore reject the null hypothesis (Ho:4), and upheld the alternate and restated, thus, there is a significance relationship continuous improvement and innovation of the commercial banks in Rivers State, Nigeria.

DISCUSSION OF FINDINGS

The findings showed that there is a strong positive relationship between Continuous Improvement and organisational performance of commercial banks in Rivers State. This study shows that Continual improvement of the organization‟s overall performance should be a permanent objective of the organization. It can be achieved by carrying out audits, self-assessments, and management reviews. Continuous improvements can also be realized by collecting data, analyzing information, setting objectives, and implementing corrective and preventive actions. It drives an organization to be both analytical and creative in finding ways to become more competitive and more effective at meeting stakeholder expectations.

The first hypothesis shows that, there is a strong positive relationship between continuous improvement and measure of organizational performance market share of which the significant is based on r=0.842; p= 0.000 <0.05., at 95% confidence interval leading to the rejection of the null hypothesis (H_{01}), stated in the chapter one, and upheld the alternate and restated thus; there is a significant relationship between continuous improvement and market share. This finding supports the empirical finding of Hyland et al (2007). In his study state that Continuous Improvement has been seen as a key element in the performance improvement, constantly increasing its adoption rate. Also, Chong and Rundus (2004) indicate that when organization focus on quality processes and product at all cost in their production, it will improve their performance and relationship with customers with the ultimate goal of satisfying customers. Therefore, the focus on quality throughout the organization should be the main principle on continuous improvement. The second hypothesis show that, there is a strong positive relationship between continuous improvement and

measure of organizational performance innovation of which the significant is based on r=0.981; p= 0.000 <0.05., at 95% confidence interval leading to the rejection of the null hypothesis (H_{01}), stated in the chapter one, and upheld the alternate and restated thus; there is a significant relationship between continuous improvement and innovation. This finding supports the empirical finding of Oakland (2007), stated that Continuous Improvement importance manifests itself in terms of the role it plays in quality improvement, customer satisfaction, employee engagement and productivity. CI is essentially a quality journey that is never ending.

CONCLUSION AND RECOMMENDATION

The outcome of this study reveals that Continuous improvement plays significant role in organisational performance of commercial banks in Rivers State, Nigeria. Thus, we conclude that Continuous improvement plays essential role in enhancing organisational performance. Continuous improvement is a fundamental determinant of organizational performance of commercial banks in Rivers State, Nigeria. Thus, ensuring that their is continuous improvement of product and service quality to satisfy customers and enhance productivity.

From the research analysis and conclusions, it becomes plausible to recommend that:

i. Top management of commercial banks should encourage total quality management practices in the banks as it can help them optimize performance.
ii. Top management of commercial banks should allow Employees in the banks to take active part in their decision making as it enhances organizational performance.
iii. Top management of commercial banks should encourage teamwork among employees as it allows them to quickly exchange experience or new information as they work in group.

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