

## **Practices of Total Quality Management in Creating Superior Customer Value: A Pilot Study on Chain Superstores in Bangladesh**

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### **Abstract**

*This paper aims to empirically examine how Total Quality Management (TQM) practices influence the creation of superior customer value in chain superstores across Bangladesh. TQM practices are categorized into three dimensions—strategic, tactical, and operational—which serve as predictors of enhanced customer value. Data analysis was conducted using regression techniques in SPSS. The findings reveal a positive relationship between TQM practices and superior customer value, with the operational dimension having the strongest predictive power compared to the strategic and tactical dimensions. These results can serve as a foundation for developing strategies to enhance customer value in Bangladeshi chain superstores.*

**Keywords** *Total Quality Management (TQM), strategic dimension, tactical dimension, operational dimension, customer value, chain superstores.*

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## **Introduction**

The process of the delivering superior customer value appears to be a crucial point in the war for achieving competitive advantage. Most modern quality characterizations diagnose that quality must be valued by the customers and therefore their needs and expectations are to be valued with utmost care (Dahlgaard et al., 2008; Bergman & Klefsjö, 2010). In Bangladesh, Rahimafrooz Superstores Ltd. (RSL) made a breakthrough in the urban lifestyles by launching 'Agora', the first retail chain in the country in 2001 bearing the slogan "Daily Quality Bazar". Then Nandan, Meena bazaar, Shopno, Price Quality Service (PQS) etc. have been established in the next few years. At any point in time, there are nearly 20,000 different products available at these superstores but the chain superstore is yet to be fully developed from the viewpoint of quality. Diverse customers respond distinctly to the shopping atmosphere and/or offerings (Scarpi, 2006). In addition to that, Bangladesh has a fast-growing and rapidly urbanizing population and it is expected that present urban population of 62 million will be doubled by 2035 (UN-Habitat, 2025). Surely this trend will generate demand for convenient, accessible shopping experiences. Generally value-sensitive people shop from the superstores and thus the superstores require core improvements in their quality systems. In this study, the Total Quality Management (TQM) has been introduced as an integrated organizational effort designed to improve quality at every dimension. More specifically, the study (i) identifies and investigates the attributes affecting strategic, tactical, and operational dimensions of TQM, and (ii) detects the indicators of superior customer value for the chain superstores in Bangladesh. The analysis is based on survey data from the respondents ranging from top level to bottom level of management working in this sector and customers in Bangladesh. The outcomes of this study have significant implications for both theory and practice. Theoretically, this study supports to the literature on TQM and superior customer value. From a practical perspective, the results of this study have important suggestions for policymakers and marketers trying to offer superior customer value.

## **Literature review**

When customers visit a retail store, they instantly mark a relationship among the merchandises sold in the store, their value, the store's manner of communication, atmosphere and uniqueness (Bäckström & Johansson, 2006). Customers look for enormous choice, convenience, enjoyable experience and easy conversion while shopping (Oliver, 2014). Superstores are gaining customers due to their hassle-free shopping environment, hygienic products, fresh vegetables, meat, and fish selection (Hossain, 2023). People visit supermarkets who wish to devote time and effort as minimum as possible for shopping. Customers assess stores while planning for shopping trip as well as during their

shopping process (Stone,1954). They deploy some standards for evaluating the stores which might be addressed as attributes. Thus, store characteristics effect customers' verdicts to patronize or shop at a specific retail store (Lindquist,1974). In Bangladesh, the hypermarket-places are observing an increase of shoppers every day (Akter, 2023) and that is why customers come to supermarkets for other tangible and intangible benefits (The Daily Star, 2023). The retail market in Bangladesh one of the country's fastest-growing sectors with 7.5% growth rate annually, on the other hand, the overall supermarkets' growth rate is more than 12% annually, and taking market share of traditional retail (The Daily Star, 2023). According to the Population and Housing Census 2022, two-person households now make up around 21% of all households in Bangladesh, reflecting an increase in young couples and small families, particularly in urban areas (Bangladesh Bureau of Statistics, 2022). These households have unique shopping needs that differ from the typical bazar shoppers who buy in bulk. Again, consumers ultimately shop from the superstoresto get more values but still it is challenging to provide accordingly (The Daily Star, 2023). Thus this unique trend and reality require the creation of superior customer value through quality management to keep the chain superstores competitive.TQM is an integrative management viewpoint designed for continuous improvement of the quality of offerings and processes (Ahire, Landeros&Golhar, 1995) and operations (Brown,2013)to ensure customer satisfaction. Tang (2019) explains that the primary aim of Total Quality Management (TQM) is to help organizations meet their objectives by understanding customer expectations, monitoring processes, and standardizing operations. TQM represents a company-wide culture focused on achieving customer satisfaction through ongoing improvement and innovation across all areas. In this context, the term 'customer' refers not only to the end user of a product or service but also includes internal individuals and departments (Ahire & Ravichandran, 2001). While the TQM culture may differ between companies and industries, its universal goals include waste elimination, cost reduction, enhanced reputation, and increased market share (Ahire & Ravichandran, 2001).In today's highly competitive retail environment, consumers have greater flexibility to choose among various retailers, making customer retention more challenging. Successful retailing now depends on building and sustaining long-term relationships by consistently delivering high customer value and satisfaction, rather than focusing solely on individual transactions. Most marketing strategies in the retail sector recognize the significance of creating this superior value (Salem, 2004). A well-designed service process and a positive shopping experience are crucial in achieving this (Ma, Ding & Hong, 2010). Ultimately, providing exceptional value helps foster customer loyalty. Based on these findings, TQM is widely viewed as the most advanced and holistic approach to quality management.Further, TQM focuses on uninterrupted process improvement to meet customers' requirements fostering

superior value. Thus, it is imperative to examine which dimension(s) of TQM contribute to create superior customer value in order to highlight the right dimension(s). Therefore, with the rapid growth of retail marketing technology, and the attributes of TQM dimensions have become important to improve the ability to create superior customer value.

### **Objectives of the study**

The broader objective of the study is to understand the dimensions of TQM in the chain superstores in Bangladesh and the specific objectives are as follows:

- To investigate the effect of the strategic dimension of TQM practices on creating superior customer value;
- To investigate the effect of the tactical dimension of TQM practices on creating superior customer value;
- To investigate the effect of the operational dimension of TQM practices on creating superior customer value;
- To identify the indicators of superior customer value for the chain superstores in Bangladesh.

### **Conceptual framework**

The dependent variable in the study is superior customer value. The independent variables in the study are the dimensions of TQM. The dimensions of TQM included in the independent variables are strategic dimension, tactical dimension and operational dimension (table 1).

### **Model development**

For investigating the effects of the independent variables on the dependent variable, multiple regression analysis is performed (Hair et al., 1998). The model is constructed as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where, Y = Superior customer value

$\alpha$  = Constant

$\beta_1, \beta_2, \beta_3$  = Regression coefficients

$X_1$  = Strategic dimension

$X_2$  = Tactical dimension

$X_3$  = Operational dimension

$\varepsilon$  = Error term

The scheme of the conceptual framework formulates the following hypotheses:

H<sub>1</sub>: The strategic dimension of TQM has a significant effect on creating superior customer value.

H<sub>2</sub>: The tactical dimension of TQM has a significant effect on creating superior customer value.

H<sub>3</sub>: The operational dimension of TQM has a significant effect on creating superior customer value.

### **Methodology**

This study is explorative and quantitative by nature. A survey is conducted to empirically validate the attributes of the TQM dimensions in creating superior customer value in the chain superstores in Bangladesh. A total of 120 people providing the service of chain superstores have been surveyed from whom 87 valid questionnaires have been found and the rest 33 were not properly filled up and these 33 have not been used in the study. The respondents were 11 directors, 23 operations managers, 17 quality managers, and 36 salespersons. In the pre-testing phase, a total of 30 respondents (directors 4, operation manager 10, quality manager 4 and salesperson 12) have been asked to (i) list down the attributes of the TQM dimensions they consider from the viewpoint of strategy, tactic and operation in creating superior customer value and (ii) to identify the indicators for creating superior customer value in the chain superstores in an open-ended questionnaire. The respondents cited 22 attributes divided into three groups (table 1) for TQM and identified 6 indicators (table 2) for creating superior customer value and all of the attributes and indicators have been considered in the study. In a structured questionnaire containing 22 items covering the study information, the respondents were requested to identify their sensitivity level of each attribute of TQM dimensions and the importance level of the indicators for creating superior customer value on a five-point Likert scale considering the range from 1 (extremely disagreed) to 5 (extremely agreed). A regression analysis was performed for the study using SPSS. This study applied a purposive sampling technique where particular types of respondents were selected who were knowledgeable and could deliver the wanted information.

### **Findings and Discussions**

The results of validity test based on the data analysis displayed in the tables 1 and 2 below:

**Table 1: The result of validity test of TQM Practices**

No.	Attributes	Correlation	Description
<b>1</b>	<b>Strategic dimension(X<sub>1</sub>)</b>		
	Holistic marketing orientation (X <sub>1.1</sub> )	0.488	Valid
	Organizational culture (X <sub>1.2</sub> )	0.539	Valid
	Top management support (X <sub>1.3</sub> )	0.429	Valid
	Continuous improvement (X <sub>1.4</sub> )	0.624	Valid
	Benchmarking (X <sub>1.5</sub> )	0.561	Valid
	Quality goals and policy (X <sub>1.6</sub> )	0.597	Valid
<b>2</b>	<b>Tactical dimension(X<sub>2</sub>)</b>		
	Team building and problem solving (X <sub>2.1</sub> )	0.533	Valid
	Employee involvement (X <sub>2.2</sub> )	0.475	Valid
	Employee training (X <sub>2.3</sub> )	0.523	Valid
	Use of information technology (X <sub>2.4</sub> )	0.555	Valid
	Supplier quality (X <sub>2.5</sub> )	0.687	Valid
	Supplier relationships (X <sub>2.6</sub> )	0.762	Valid
	Store layout (X <sub>2.7</sub> )	0.654	Valid
<b>3</b>	<b>Operational dimension(X<sub>3</sub>)</b>		
	Product and service package design(X <sub>3.1</sub> )	0.530	Valid
	Interior design (X <sub>3.2</sub> )	0.421	Valid
	Parking facility (X <sub>3.3</sub> )	0.527	Valid
	Customer orientation(X <sub>3.4</sub> )	0.676	Valid
	Management of customer relationships(X <sub>3.5</sub> )	0.501	Valid
	Online payment (X <sub>3.6</sub> )	0.478	Valid
	Proper packaging (X <sub>3.7</sub> )	0.489	Valid
	Speed in delivery process (X <sub>3.8</sub> )	0.454	Valid
	Hygienic atmosphere(X <sub>3.9</sub> )	0.634	Valid

Source: Primary Data

**Table 2: The result of validity test of Superior Customer Value**

No.	Indicators	Correlation	Description
1	Improvedquality of products/service	0.686	Valid
2	High product assortment	0.489	Valid
3	Favorable shopping environment	0.714	Valid
4	Reasonable price	0.499	Valid
5	Proximate distance	0.519	Valid
6	Behavior of salespeople	0.620	Valid

Source: Primary Data

Table 1 and table 2 show that the correlation values of each attribute are greater than 0.30. The validity test is used to assess how accurately and precisely an instrument performs its measurement function. According to Cooper and Schindler (2014), an instrument is considered valid if the correlation coefficient ( $r$ ) exceeds 0.30. Based on this criterion, the instrument used in this study is deemed valid and suitable for further use. The results of the reliability test are presented in Table 3.

**Table 3: The result of reliability test of the constructs**

No.	Indicators	Cronbach alpha	Description
1	Strategic dimension	0.717	Reliable
2	Tactical dimension	0.751	Reliable
3	Operational dimension	0.808	Reliable
4	Superior customer value	0.733	Reliable

Source: Primary Data

Reliability refers to the extent to which measurement items are free from error (Kerlinger, 1973). A reliability test was carried out to assess the consistency of the instrument. Cronbach's alpha was calculated for each construct—strategic, tactical, operational dimensions, and superior customer value—to evaluate internal consistency and determine how reliably the items represent each construct. In most social science research condition, a reliability coefficient of 0.70 or higher is assumed 'acceptable' (UCLA, 2024). Reliability values in the study are calculated as 0.717, 0.751, 0.808, and 0.733 for the strategic dimension, tactical dimension, operational dimension, and superior customer value, respectively. The result confirmed that survey results have high reliability and confirm a suitable ground for further investigation. The multiple regressions in table 4 show that 62.8% of the variation of the superior customer value could be explained by the variations of TQM dimensions whereas 37.2% by other variables that were not tested in the study.

**Table 4: Regression model summary**

R	R Square	Adjusted R Square	Std. Error of the Estimate
.761	.628	.584	.34074

Predictors: (Constant), Strategic dimension, Tactical dimension, Operational dimension

The t-statistic given in table 5 indicates that none of the regression coefficients is statistically insignificant, considering a 5% level of significance. Thus, a statistically significant relationship exists between superior customer value and strategic dimension, tactical dimension, and operational dimension ( $p < 0.05$ ).

**Table 5: Estimates of coefficients for the model**

Dimension/Construct	Standardized coefficients ( $\beta$ )	t	Sig.
Constant = 0.176	-	1.018	.309
Strategic dimension ( $X_1$ )	0.331	3.117	.000
Tactical dimension ( $X_2$ )	0.419	4.504	.000
Operational dimension ( $X_3$ )	0.461	5.219	.001

Dependent variable: Superior customer value

As per the table 5 representing the summary of multiple regression analysis, the equation of multiple linear regressions could be articulated as follows:

$$Y = 0.176 + 0.331X_1 + 0.419X_2 + 0.461X_3$$

In terms of findings, the equation shows that TQM dimensions that consist of strategic dimension ( $X_1$ ), tactical dimension ( $X_2$ ) and operational dimension ( $X_3$ ) have significant effects on creating superior customer value.

### Implications and Recommendations

The following can be considered for creating and delivering superior customer value to the customers:

- The operational dimensions have the highest contribution in delivering superior customer value, so field-level retailing practice should be attentively cared for.
- The chain superstores should be careful and spontaneous to ensure a favorable shopping environment as it has the highest correlation with superior customer value.
- Continuous improvement of the quality of products/services at a reasonable price on a competitive basis should be done.
- Impressive behavior of salespeople in terms of customer dealings is expected to create superior customer value.
- The chain superstores should be located at convenient locations.
- High product assortment with a minimum effort should be provided.
- Every attribute of the strategic dimension, tactical dimension, and operational dimension in the TQM should be considered in designing policies for creating superior customer value in retail marketing, especially in the chain superstores in Bangladesh.



## **Conclusion**

Bangladesh entered the era of chain superstores in the retail marketing sector after Rahimafrooz Superstores Ltd. (RSL) launched the first retail chain 'Agora' in 2001. The strategic dimension, tactical dimension, and operational dimension of TQM have significant effects on creating superior customer value. All of the attributes included in the strategic dimension, tactical dimension, and operational dimension jointly create superior customer value. Improving the quality of product/service, high product assortment, favorable shopping environment, reasonable price, proximate distance and behavior of salespeople have been identified in the study as the variables/indicators of creating superior customer value. Superiority in all respects is valued by the customers and therefore be put in relation to their needs and expectations. The practices of TQM will boost retail technology by increasing customer value in the world of marketing. Therefore, a chain superstore with successfully implemented TQM dimensions will be able to manage and improve the ability to create superior customer value in a rapidly changing world. The study is not without some limitations and future directions. This study was a pilot in nature focusing on a small sample and four major superstores from Dhaka city. Therefore, this study can be extended to the future with a special focus on considering more sample size as well as a wider spectrum of supermarket chains in other parts of Bangladesh. Furthermore, other TQM dimensions, along with new attributes, could be assessed for creating superior customer value in the future.

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