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**ANALYZING THE IMPACT OF TQM, SERVICE QUALITY,  
AND MARKET ORIENTATION ON CUSTOMER SATISFACTION  
IN STATE-OWNED BANKS INDONESIA**

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**Abstract:** The economic environment has significantly changed, necessitating quality improvements to achieve the organization's competitive advantage. A notable progress involves the creation and execution of a quality management system, utilizing the Total Quality Management (TQM) principle to address forthcoming consumer requirements. This paper explores the impact of TQM, service quality, and market orientation effects customer satisfaction in East Java's state-owned banking sector. The researchers collected empirical data from 199 respondents who were employees of state-owned banks in East Java. In this research, we utilized PLS-SEM analysis to investigate the connections between the variables. The results indicate a positive effect between TQM and service quality, market orientation, and customer satisfaction. Moreover, there is a positive association between service quality, market orientation, and customer satisfaction. According to this study, state-owned banks in East Java should focus on implementing TQM, improving service quality, and developing a market orientation to enhance customer satisfaction. By practicing effective TQM, continuously improving service quality, and adapting responsive marketing strategies, state-owned banks can improve customer satisfaction and strengthen their position in the highly competitive banking sector.

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

**Abstrak:** Lingkungan ekonomi telah mengalami perubahan besar dan perlunya melakukan peningkatan kualitas untuk mencapai keunggulan kompetitif organisasi. Salah satu perkembangan tersebut melibatkan pengembangan dan penerapan sistem manajemen mutu dengan menerapkan konsep Total Quality Management (TQM) guna memenuhi kebutuhan konsumen di masa mendatang. Penelitian ini bertujuan untuk mengeksplorasi pengaruh antara TQM, *service quality*, dan *market orientation* terhadap korelasi *customer satisfaction* di sektor perbankan BUMN Jawa Timur. Peneliti mengumpulkan data empiris dari 199 responden yang merupakan pegawai bank BUMN di Jawa Timur. Dalam penelitian ini, peneliti menggunakan analisis faktor konfirmatori untuk menguji reliabilitas dan validitas konfigurasi, sedangkan hubungan antar variabel diperiksa melalui Partial Least Square. Penelitian ini membuktikan bahwa TQM berhubungan positif dengan *Service Quality*, *Market Orientation*, dan *Customer Satisfaction*. *Service Quality* dan *Market Orientation* juga berhubungan secara positif dengan *Customer Satisfaction*. Menurut penelitian ini, perbankan BUMN di Jawa Timur perlu mendapat perhatian serius untuk menerapkan TQM, meningkatkan kualitas layanan dan mengembangkan orientasi pasar untuk meningkatkan kepuasan nasabah. Dengan menerapkan praktik TQM yang efektif, terus meningkatkan kualitas layanan, dan merespons perubahan strategi pemasaran, perbankan BUMN dapat meningkatkan kepuasan nasabah dan memperkuat posisinya di tengah sektor perbankan yang sangat kompetitif.

**Kata Kunci:** Manajemen Mutu Terpadu, Kualitas Layanan, Orientasi Pasar, Kepuasan Pelanggan, Industri Perbankan Indonesia

## INTRODUCTION

### Background

The changing economic landscape has necessitated organizations to enhance their quality standards to gain a competitive edge (Abdullahi et al., 2020). Thus, companies must formulate effective strategies to attain desired goals, including profitability and high competitiveness (Simorangkir & Ardiantono, 2022). One such technique is improving and developing a quality management system that can meet consumers' current and future needs, achieved by implementing Total Quality Management (TQM). Many companies adopt TQM to maintain operational efficiency while securing a competitive advantage (Chang et al., 2010; Simorangkir & Ardiantono, 2022; Zakuan et al., 2008). Its implementation enables the integration of business processes to deliver products or services of the highest quality, thereby meeting and satisfying customer needs and desires, ultimately increasing customer satisfaction (Harimurti & Suryani, 2019; Topalović, 2015; Yu et al., 2020).

TQM is founded on constant improvement and quality enhancement, meticulous measurement of performance for every business process, and the collaborative efforts of human resources to create customer value (Topalović, 2015). Effective implementation of TQM can elevate organizational performance and increase consumer and employee satisfaction (Topalović, 2015). The significance of recognizing quality has expanded the scope of TQM beyond manufacturing and extended its application to the service sector as well (Abdullahi et al., 2020; Harimurti & Suryani, 2019; Ooi et al., 2011; Pattanayak et al., 2017). Nowadays, the TQM system encompasses not only product quality but also extends to encompass the quality of services and the service sector (Abdullahi et al., 2020; Harimurti & Suryani, 2019; Ooi et al., 2011; Pattanayak et al., 2017; Samat et al., 2006). A competitive strategy involves offering superior service quality compared to competitors. Customer satisfaction and quality exhibit a strong correlation, highlighting the importance of service providers fostering close relationships with their customers (Al-Jarrah et al., 2023). Customer satisfaction influences the successful implementation of TQM practices (Harimurti & Suryani, 2019). Therefore, stakeholders expect some service industries to prioritize service quality and regularly update their services.

To further clarify the above explanation, the authors take the example of a service-related company in the banking industry. As a developing country, Indonesia views the banking sector as an essential part of the country's economic growth. Banks play a crucial role in gathering and reallocating public funds, substantially contributing to economic development (Simatupang, 2019). The role of the banking world significantly affects the Indonesian people, ranging from small and medium business loans or other business loans to act as a guarantee for public deposits. This influence cannot be separated from the development and growth of the national economy (Simatupang, 2019). Banks also implement TQM practices by engaging in activities that meet customer demands for quality products and services (Nguyen & Nagase, 2019). State-owned enterprises (SOEs), including banking institutions, encounter numerous challenges in pursuing improved performance on a global scale (Harimurti & Suryani, 2019). To maintain Indonesian state-owned banks like Mandiri, BNI, and BRI should focus on achieving higher levels of efficiency than foreign banks and delivering top-notch services (Harimurti & Suryani, 2019). The intense competition between banking industries makes companies compete to offer quality services that can satisfy their customers (Pattanayak et al., 2017). Applying TQM practices in the banking industry to maintain Business excellence can be seen based on the BUMN report, where since 2022 semester one, the profit of state-owned banks has skyrocketed. PT BRI's net profit grew 98.38 percent or Rp 24.88 trillion, Bank Mandiri also experienced a surge in net profit by 61.7 percent or Rp 20.2 trillion, and BNI experienced an increase of 75 percent or Rp 8.8 trillion. Indonesia's banking proved

transformation had reached the digitalization stage to improve performance that is more effective and efficient in serving customers.

Given the context of the issues, the author aims to analyze the impact of TQM, service quality, and market orientation on their correlation with customer satisfaction within the East Java State-Owned Enterprise (SOE) banking sector. The findings of this research will be valuable for bank management, enabling them to enhance the company's overall performance.

## **THEORETICAL FRAMEWORK AND HYPOTHESES**

### **Total Quality Management**

In achieving business success, many companies apply TQM (Total Quality Management) as an essential technique in quality improvement (Topalović, 2015). TQM is a quality management method, namely by implementing a continuous and integrated quality improvement program involving all internal organizational functions to achieve customer satisfaction on an ongoing basis (Samat et al., 2006). According to Pattanayak et al. (2017), Total Quality Management (TQM) is often seen as a customer-focused strategy that aims to cultivate intense customer satisfaction and loyalty. Maximizing customer satisfaction is a primary objective of TQM (Ooi et al., 2011). Contented customers are likely to foster loyalty and demonstrate a higher propensity to engage in positive word-of-mouth promotion for the company, which can result in potential future transactions (Supriyanto et al., 2021).

The banking sector employs TQM to bring together management and employees to achieve ongoing enhancements in products, services, and processes, all geared toward meeting the expectations and desires of consumers (Faraj et al., 2021). As a result, bank management can use approaches to improve company performance (Sinambela & Darmawan, 2021). In this context, companies must develop and present products or services to consumers with features and performance that match their expectations. Sutrisno (2019) has formulated seven indicators for total quality management (TQM), including: (1) Top management commitment, (2) Continuous Improvement, (3) Training and Education, (4) Customer Focus, (5) Process Management, (6) Workforce Management, and (7) Supplier Relationship.

### **Service Quality**

Service quality refers to the company's capacity to deliver customer services effectively (Lupiyoadi & Hamdani, 2011). In substance, service quality relates to the company's capability to meet or surpass client desires (Pakurár et al., 2019). The significance of service quality plays a crucial role in attaining a competitive edge within the banking sector. Banks can gain a competitive advantage through high service quality. One is providing excellent service that prioritizes focus on customers by providing high quality, prioritizing fast, reliable service, and understanding customer needs (Rahmayanty, 2010). The indicator for service quality, as identified by Supriyanto et al. (2021), Hisam et al. (2016), and Parasuraman et al. (1985), have identified the components that constitute the Service Quality indicator, comprising: (1) Tangibility, linked to physical facilities, (2) Responsiveness, involving the provision of prompt service, (3) Empathy, referring to the attention given to customers by the company, (4) Assurance, which denotes the employee's ability to instill customer trust, and (5) Reliability, representing the company's capability to deliver services that adjust with client desires.

### **Market Orientation**

Market orientation involves a process, and activities focused on creating and sustaining customer satisfaction by evaluating customer needs and desires (Nor et al., 2016). Market orientation includes the tendency of companies to gain excellence by meeting consumer needs and desires (Pramesti & Giantari, 2016). Market orientation can create the necessary behaviors to create more buyer value and provide good organizational performance, especially in a competitive environment (M. R. Khan et al., 2022; Narver & Slater, 1990; Saraswati, 2021). The three indicators of market orientation are: (1) Customer orientation, encompassing all

efforts to comprehend customer needs and preferences to facilitate the creation of satisfying products and services, (2) Competitor orientation, involving awareness of competitors' immediate strengths and weaknesses or long-term capabilities, along with the capacity to respond with appropriate corporate strategies, and (3) Coordination between functions is employed within companies to facilitate information sharing between departments (Narver & Slater, 1990; Saraswati, 2021).

Regardless of a company's position as a market leader, competitor, or follower, it must diligently observe the competition and formulate the most efficient marketing strategy for competition. Businesses must consistently modify their approaches to acclimate to the swiftly evolving competitive landscape. A market-focused or customer-centric company gives equal importance to consumers and rivals within its marketing strategy (Saraswati, 2021).

### **Customer Satisfaction**

Client satisfaction relates to the emotions shoppers experience, whereas evaluating the execution of products and services in connection to their desires (Marques et al., 2018). In the current competitive business landscape, customer contentment is a pivotal factor determining success, influencing market share and customer loyalty. It constitutes a subjective appraisal of individuals regarding the efficiency of a product or service in their perceived context (Marques et al., 2018; H. C. Wu, 2014). Customer satisfaction indicators, according to Supriyanto et al. (2021) among others: (1) Customer attitudes which include customer attitudes towards products and customer attitudes towards the organization's brand, (2) Customer happiness which includes services provided by banks, and (3) Customer satisfaction based on repeated service purchases.

### **The Relationship between Total Quality Management and Customer Satisfaction**

The company adopts TQM as a customer-centric approach to foster elevated customer satisfaction and loyalty. One of TQM's primary objectives is to maximize customer satisfaction, as contented customers tend to become loyal, share positive feedback about the company, and make repeat purchases in the future (Saraswati, 2021). Implementing TQM within the organization heightens customer satisfaction. This achievement stems from raising the satisfaction levels of internal employees by providing comprehensive and accurate information, enabling them to deliver improved services to external customers. Many studies have shown a high positive correlation between consumer satisfaction, improved performance, and TQM models (Al-Jarrah et al., 2023; Lepistö et al., 2022; Mehra & Ranganathan, 2008; Pattanayak et al., 2017; Terziovski, 2006). The strong association between total quality management and customer satisfaction enhances organizational performance. Studies by Pattanayak et al. (2017) and Al-Jarrah et al. (2023) in the banking domain have exposed a constructive impact of TQM on customer contentment. Drawing from these revelations, researchers put forward the initial hypothesis ( $H_1$ ) as follows:

$H_1$ : Total Quality Management has a positive effect on Customer Satisfaction.

### **The Relationship between Total Quality Management and Service Quality**

TQM extends beyond enhancing product quality and encompasses a broader range of quality aspects in service sectors, including the banking industry. Integrating TQM in the organization will enhance customer service quality (Calvo-Mora et al., 2014). Companies with top management adopting TQM will exhibit more incredible dedication to nurturing human resources. Based on the results of research from Harimurti and Suryani (2019), who conducted a survey on the banking industry in East Java, show that implementing TQM can positively impact the quality of service of state-owned banks. These results align with earlier research by Psomas and Jaca (2016), which demonstrated that adopting TQM enhances overall company performance, including service quality and customer satisfaction. The presence of superior quality human resources and effective human resource management further support the bank

in delivering quality services to its customers. Building on these insights, researchers propose the second hypothesis (H<sub>2</sub>) as follows:

H<sub>2</sub>: Total Quality Management has a positive effect on Service Quality.

### **The Relationship between Total Quality Management and Market Orientation**

According to Sparks and Legault (1993), TQM has the potential to bolster an organization's responsiveness to customer needs, leading to more enduring relationships between the organization and its customers. Drawing on prior research discoveries, Pattanayak et al. (2017) investigated the Indian banking sector, revealing a favorable correlation between TQM and Market Orientation. Similarly, Lam et al. (2012) reported a direct and positive correlation between TQM and market orientation. Drawing from these insights, researchers propose the third hypothesis (H<sub>3</sub>) as follows:

H<sub>3</sub>: Total Quality Management has a positive effect on Market Orientation.

### **The Relationship between Service Quality and Customer Satisfaction**

Earlier investigations have established a link between service quality and customer satisfaction (Gani & Oroh, 2021; Pakurár et al., 2019; Saraswati, 2021; Supriyanto et al., 2021). Many companies endeavor to attain high customer satisfaction, particularly those that value long-term customer relationships as valuable assets (Pattanayak et al., 2017). Numerous researchers have examined the relationship between elevated levels of Service Quality and enhanced Customer Satisfaction (Gani & Oroh, 2021; Pakurár et al., 2019; Parasuraman et al., 1985; Saraswati, 2021; Supriyanto et al., 2021; S. I. Wu & Chan, 2011). This research conducted by Saraswati (2021), Harimurti and Suryani (2019), Pattanayak et al. (2017), Yulianti (2013), and Shanka (2012) unveiled a favorable connection between service quality and customer satisfaction within the banking sector. By augmenting the five service quality dimensions in the banking industry, one can deduce an increase in customer satisfaction from these results. Leveraging this understanding, the researcher constructed the fourth hypothesis (H<sub>4</sub>) as follows:

H<sub>4</sub>: Service Quality has a positive effect on Customer Satisfaction.

### **The Relationship between Market Orientation and Customer Satisfaction**

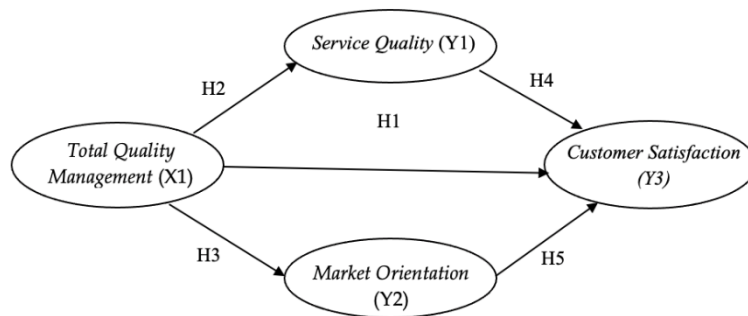
Osuagwu and Obaji (2011) assert that a market-focused company must cater to all elements that can gratify its customers, considering the impact of market orientation on customer contentment. Market-oriented organizations must continue understanding customers' desire to modify their services to meet their needs. Therefore, when the customer wants are fulfilled, customers can feel satisfied, and in general, execution can progress because companies can change their marketing procedures to serve their customers better than their competitors. It tends to improve (Saraswati, 2021; Webb et al., 2000). Earlier investigations have unveiled a constructive correlation and notable impact of market orientation on customer satisfaction (Gunawan et al., 2017; Isaiah & Turyakira, 2019; Saraswati, 2021). Building on this depiction, researchers propose the fifth hypothesis (H<sub>5</sub>) as follows:

H<sub>5</sub>: Market Orientation has a positive effect on Customer Satisfaction.

From the preceding discussion, the research framework can be presented concisely in Figure 1.



**Figure 1**  
**Research Framework**



Source: Researcher (2023)

## RESEARCH METHODS

This study utilized a survey questionnaire research design and qualitative approach to investigate the proposed research model. Data were collected from respondents who were employees of state-owned banks in the East Java region, specifically in Surabaya, Malang, Jember, Kediri, Tulungagung, and Madiun. The Likert scale was the measurement tool to assess individuals' attitudes, opinions, and perceptions regarding social phenomena. Participants rated their responses to each item on the instrument using a scale of (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, to (5) strongly agree. Researchers collected data by sending questionnaires to banking employees in East Java online using Google Forms containing statements regarding the implementation of TQM, service quality, market orientation, and customer satisfaction for as many as 250 employees in state-owned banks in the East Java region. The total number of respondents who answered were 199 bank employees (79,6 percent). The data show promising results in representing the state-owned banking conditions of the Republic of Indonesia, East Java.

In this research, the quantitative analysis approach employed is Partial Least Square (PLS). PLS-SEM is a multivariate analysis technique that manages and compares multiple dependent and independent variables. The primary objective of using Partial Least Square (PLS) is to identify the most optimal weight components of endogenous variables, allowing for a better understanding of the influence of variables X and Y, as well as explaining the relationship between them. Given that the sample size exceeds 100, the author will employ Partial Least Square (PLS-SEM) analysis. Research data will be processed using Smart-PLS 4.0 software.

## RESULT AND DISCUSSION

### Company Profile

Most banks participating in this study are macro state-owned banks with the most considerable assets in Indonesia, including PT Bank Mandiri Tbk (BMRI), PT Bank Rakyat Indonesia Tbk (BBRI), and PT BNI Bank. The company was chosen as a sample because it has high financial stability and is a large financial institution oriented towards quality customer service. A substantial 79.6% of company employees associated the successful implementation of the TQM, market orientation, and service quality system with attaining customer satisfaction in the present and the future.

### Confirmatory Factor Analysis

The obtained values for questions from respondents represent measurable variables utilized to represent each latent construct in the model. Table 2 showcases the criteria results, utilizing Partial Least Square, integrating composite variables in the indicator, and conducting validity and reliability tests using product moment and Cronbach's alpha. Latent variables

undergo validity and reliability evaluations through CFA for each underlying variable. Based on the discoveries in Table 1, all indicators for variables exhibit values exceeding 0.5, affirming the indicators' validity in measuring latent variables.

Hair et al. (2012) examined the dependability of the latent construct by computing Cronbach's alpha coefficient, which surpassed 0.7 (Table 2). Convergent validity was assessed using confirmatory factor analysis, with factors possessing loadings  $> 0.5$ , Average Variance Extracted  $> 0.5$ , and Composite Reliability  $> 0.7$ . The model testing outcomes yielded *R*-squared values that sufficiently described the results. The anticipated *R*-Square value is greater than zero, and Table 3 displayed *R*-Square values for Service Quality ( $Y_1$ ) as 0.697, Market Orientation ( $Y_2$ ) as 0.535, and Customer Satisfaction ( $Y_3$ ) as 0.686. Thus, this research model meets the required standards.

In this study, a multicollinearity test is also required to examine whether there is a correlation between independent variables in a regression model (Ghozali, 2018). If a correlation is found, it is referred to as multicollinearity. To check for the presence of multicollinearity, one can look at the values of Variance Inflation Factor (VIF) and Tolerance. A regression model is considered good if the Tolerance value is  $> 0.10$  and the VIF is  $< 10$ . In this study, the data used for the multicollinearity test are from the independent variables with the following outcomes: ( $H_1$ ) Total Quality Management has a positive effect on Customer Satisfaction with a VIF value of  $3.272 < 10$  and a Tolerance value of  $0.306 > 0.10$ ; ( $H_2$ ) Total Quality Management has a positive effect on Service Quality with a VIF value of  $1 < 10$  and a Tolerance value of  $1 > 0.10$ ; ( $H_3$ ) Total Quality Management has a positive effect on Market Orientation with a VIF value of  $1 < 10$  and a Tolerance value of  $1 > 0.10$ ; ( $H_4$ ) Service Quality has a positive effect on Customer Satisfaction with a VIF value of  $4.291 < 10$  and a Tolerance value of  $0.233 > 0.10$ ; ( $H_5$ ) Market Orientation has a positive effect on Customer Satisfaction with a VIF value of  $2.884 < 10$  and a Tolerance value of  $0.347 > 0.10$ . Therefore, it can be concluded that there is no multicollinearity issue in the results of each hypothesis.

**Table 1**  
**Confirmatory Factor Analysis**

Variable	Variables Under Study	Factor Loading
Total Quality Management ( $X_1$ )	Top Management Commitment (TMC)	0.819
	Continuous Improvement (CI)	0.774
	Training and Education (TE)	0.783
	Customer Focus (CF)	0.724
	Process Management (PM)	0.825
	Workforce Management (WM)	0.805
	Supplier Relationship (SR)	0.730
Service Quality ( $Y_1$ )	Tangibility	0.721
	Responsiveness	0.789
	Empathy	0.832
	Assurance	0.823
	Reliability	0.878
Market Orientation ( $Y_2$ )	Customer Orientation	0.880
	Competitor orientation	0.865
	Coordination between functions	0.852
Customer Satisfaction ( $Y_3$ )	Customer attitude	0.913
	Customer Happiness	0.876
	Customer satisfaction	0.879

Source: Researcher (2023)

**Table 2**  
**Model Reliability and Validity**

Latent Construct	Cronbach's Alpha	AVE	Composite Reliability	R Square
$X_1$	0.893	0.610	0.916	
$Y_1$	0.868	0.657	0.905	0.697

Y <sub>2</sub>	0.833	0.750	0.900	0.535
Y <sub>3</sub>	0.868	0.791	0.919	0.686

Source: Researcher (2023)

**Table 3**

**Hypothesis testing**

Research Hypothesis	Description	Path Coefficient	T Statistics	Information
H <sub>1</sub>	Total Quality Management → Customer Satisfaction	0.189	2.082	Supported
H <sub>2</sub>	Total Quality Management → Service Quality	0.828	24.621	Supported
H <sub>3</sub>	Total Quality Management → Market Orientation	0.732	14.756	Supported
H <sub>4</sub>	Service Quality → Customer Satisfaction	0.467	4.374	Supported
H <sub>5</sub>	Market Orientation → Customer Satisfaction	0.236	2.662	Supported

Source: Researcher (2023)

**Hypothesis Testing**

Table 3 presents the results of significant values for the path coefficients in this study. Based on the table and using a sample of 199 respondents ( $t$ -table > 1.971), the interpretation of each coefficient is as follows: (H<sub>1</sub>) Total Quality Management has a positive effect on Customer Satisfaction, with a path coefficient value of 0.189 and a  $T$ -Statistics value of 2.082; (H<sub>2</sub>) Total Quality Management has a positive effect on Service Quality, with a path coefficient value of 0.828 and a  $T$ -Statistics value of 24.621; (H<sub>3</sub>) Total Quality Management has a positive effect on Market Orientation, with a path coefficient value of 0.732 and a  $T$ -Statistics value of 14.756; (H<sub>4</sub>) Service Quality has a positive effect on Customer Satisfaction, with a path coefficient value of 0.467 and a  $T$ -Statistics value of 4.374; (H<sub>5</sub>) Market Orientation has a positive effect on Customer Satisfaction, with a path coefficient value of 0.236 and a  $T$ -Statistics value of 2.662.

**DISCUSSION**

The findings from the data above indicate that all five hypotheses significantly impact the existing variables. The first hypothesis suggests a notable influence on Total Quality Management and Customer Satisfaction. Kristian P. and Panjaitan (2014) emphasized that TQM seeks to guarantee customer delight through quality service delivery, operational performance, and sustainability. Consequently, customer satisfaction and overall quality management maintain a constructive and advantageous connection. In the banking world, engaged in service certainly has an orientation to meet and exceed their customers' expectations and demands so that they can feel satisfied and eventually become loyal. Thus, the TQM approach within banking companies can improve performance by developing and providing products/services to consumers with features and performance according to customer expectations (Topalović, 2015). The results of this examination further strengthen the previous research findings that assert the significant influence of Total Quality Management and Customer Satisfaction (Al-Jarrah et al., 2023; Kristian P. & Panjaitan, 2014; Lepistö et al., 2022; Mehra & Ranganathan, 2008; Nassar et al., 2015; Pattanayak et al., 2017; Terziovski, 2006; Topalović, 2015).

The findings from the second hypothesis test uncover a striking influence of Total Quality Management on Service Quality. TQM methods encompass comprehensive management and customer-focused strategies, incorporating reduced rework, long-term planning, and increased employee engagement (Hanoum et al., 2022), all directed towards meeting customer demands in terms of both product quality and service, ultimately resulting in customer satisfaction (Nguyen & Nagase, 2019). Moreover, Psomas & Jaca's (2016) research findings reveal that successful TQM implementation can positively contribute to organizational performance in various aspects, including financial performance, product/service quality, customer satisfaction, and operational performance. The quality of



administrations given by the bank to its clients is bolstered by one of a few pointers in TQM, to be specific quality human assets and way better human asset administration by giving inspiration, instruction, center on shoppers, and instruction to progress the administrations given by the bank to clients (Harimurti & Suryani, 2019). The TQM concept can afterward assist companies and offer substantial and exact data to be spread to customers (Samat et al., 2006). The findings of this examination further substantiate previous studies that affirm a substantial influence of Total Quality Management and Service Quality (Calvo-Mora et al., 2014; Harimurti & Suryani, 2019; Psomas & Jaca, 2016; Samat et al., 2006).

Findings from the third hypothesis test show that Total Quality Management has a substantial impact on Market Orientation. Customer-centric companies acknowledge that customers ultimately assess the company's quality. Companies that actively listen to and endeavor to meet customer expectations are better equipped to provide superior customer service. By involving customers, companies can produce products/services that meet customer needs (Harimurti & Suryani, 2019). Service companies implementing the TQM model can effectively enhance market orientation to enhance business performance. This observation corresponds with the study carried out by (Bazazo et al., 2017), indicating that TQM provides a systematic approach to establishing a work environment with a market orientation, leading to improved performance. TQM allows the implementation of a better market orientation to increase consumer satisfaction (Pattanayak et al., 2017). Bhaskar (2020) also notes that well-designed and implemented TQM practices result in market analysis that can identify needs that match consumer expectations, enabling market-centric companies to develop more effective marketing strategies and engage consumers. The outcomes of this analysis provide additional confirmation to earlier research that proposes a notable connection between Total Quality Management and market orientation (Bazazo et al., 2017; Bhaskar, 2020; Demirbag et al., 2006; Pattanayak et al., 2017)

Analyzing the fourth hypothesis uncovers a substantial impact of Service Quality on Customer Satisfaction. This discovery implies that emphasizing service quality can result in heightened customer satisfaction. Within the banking sector, prioritizing customer satisfaction is intricately linked to providing outstanding service quality and cultivating a mutually advantageous relationship between service providers and customers, all fueled by customer contentment (Gounaris et al., 2003; Joseph & Stone, 2003; Newman, 2001). Studies conducted by Harimurti and Suryani (2019), Pattanayak et al. (2017), Saraswati (2021), Shanka (2012), and Yulianti (2013) provide additional evidence supporting the positive connection between service quality and customer satisfaction in the banking sector. Hence, satisfying customer expectations by providing quality services, particularly in safety, reliability, responsiveness, and empathy, as indicated by SERVQUAL (Parasuraman et al., 1985), is a crucial step in winning their hearts. These findings are in line with previous research that supports the significant impact of service quality on customer satisfaction (Gani & Oroh, 2021; Pakurár et al., 2019; Parasuraman et al., 1985; Saraswati, 2021; Supriyanto et al., 2021; S. I. Wu & Chan, 2011).

The outcomes of evaluating the fifth hypothesis validate a significant influence of Market Orientation on Customer Satisfaction. Providing services is of utmost importance within the banking sector as it bolsters banking marketing endeavors. According to Khan and Bashir (2020), customer orientation is crucial for service companies to attain long-term profitability because it enables banks to comprehend customer needs and obtain essential information, enabling organizations to meet those needs with appropriate products and services. Market-oriented companies prioritize offering exceptional services, which can increase customer satisfaction (Webb et al., 2000). These results also correspond with prior studies that confirm the meaningful connection between Market Orientation and Customer Satisfaction (Gunawan et al., 2017; Isaiah & Turyakira, 2019; Saraswati, 2021).

## CONCLUSION AND SUGGESTION

Organizational success hinges on understanding and meeting consumer needs to ensure satisfaction. The competitive banking industry in Indonesia emphasizes Total Quality Management (TQM) principles to enhance service quality, customer satisfaction, and market orientation. TQM promotes continuous improvement and empowers companies to tailor services to exceed customer expectations. It significantly influences service quality, fostering consistency and higher standards. TQM also enhances market orientation, driving business performance. Service quality directly impacts customer satisfaction through efficient, responsive, and personalized service. Market orientation, driven by TQM, aligns businesses with customer preferences, enhancing satisfaction. These insights guide strategic planning for sustained customer satisfaction. While this research provides valuable insights, limitations remain, prompting suggestions for future studies: (1) More even sample distribution across East Java's banking branches for validity, (2) Specific questionnaire focuses on TQM, service quality, and market orientation's impact, and (3) External perspectives, like customer views, could complement results.

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