

## Factors Affect the Total Quality Management in Banks According to Customers Point of View

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### Abstract

*This research aimed at investigating the extent of application of TQM in a sample of commercial banks in Jordan. The study used the questionnaire as a tool to collect data. The results showed that there are some shortages in applying the TQM in commercial banks in Jordan. The results revealed that some aspects of TQM are ignored in the direction of customer care.*

**Keywords:** Total Quality Management, Commercial Banks, Customers

### Introduction

Total quality management (TQM) is considered crucial in banks to reach a comprehensive customer and employees satisfaction (Chang, 2009). The implementation of TQM in banks should use the international standards. The TQM should be measured from time to time to figure out the bank position in achieving progress of applying TQM (Alnaweigah, 2013).

“Meting or better still exceeding, customers’ expectations is an essential task for business. The growing awareness of the importance of the dimension of quality performance was stimulated in the 1970s and 80s by the improvement made and sustained in Japanese companies and the impact that the resulting improvements had In terms of their increased sales and market share” (Hill, 2005, p387).

The quality task for operations is to consistently meet the agreed specification of the services and products an origination offers: **Service/product specification-** determining customers’ needs and embodying these in the design specifications of the range of services and products on offer is the first step in meeting the quality requirements and managing their provision. **Quality conformance-** consistently meeting the service and product specification is referred to in operations as quality conformance (Hill, 2005, p387).

The importance of consistently meeting the service of product specification is that it will influence whether customers repurchase in the future and in turn customer retention levels significantly affect the growth and success of an enterprise. Recognizing the interrelated nature of these parts of the task and ensuring that essential dialogue and feedback are sustained alerts a company to what it is doing well where it needs to improve and the actions to take (Hill, 2005,p387).

**The quality principles to meet customers’ needs are: Meet customer requirements:** “Consistently meeting customer requirements is at the core of quality conformance. Requirements originate with the

customer, result in an understanding and agreement on the specification and necessitate the consistent meeting of these needs in that way quality is a tree dimensional proposal accompany, its suppliers and customers” (Hill, 2005, p393). **Error-free work:** Error free work sets the standard for how often a customer’s requirements are met – the need to consistently meet the service or the product specification (standard) right first time and every time (Hill, 2005, p393). **Managing by prevention:** an organization has to decide whether to adopt a reactive or proactive approach to managing quality. In the former, the emphasis is on detection, with the aim of preventing faulty work from being passed on to subsequent processes, so minimizing the costs of rectification, scrap, returned or rejected service or products and most lost business. The is proactive approach aimed at preventing errors in the first place by allocating resources to provide services and products right first time. To manage by preventing means that rigorous approach to meting quality standards must be built in to the delivery system (Hill, 2005, p394). **Measuring the cost of quality:** “Measuring the cost of quality aims to reduce the cost of doing business by alimenting errors. The costs involve detecting and correcting errors on one hand and preventing errors on other” (Hill, 2005, p394).

### Methods

The research used the questionnaire as a tool to collect data (Sekaran, 2008). The questionnaire was directed for customers. The customers were collected as a dealers of five commercial banks. For the purpose the 5- level Likert scale has been coded to enter the data to the database to get the result. The levels of the scale were given the following codes: highly agree (5), agree (4), approximately agree (3), disagree (2), and completely disagree (1). To get the general results of the study the means and the standard deviations of the different questions were calculated using the Statistical Package for Social Studies (SPSS). To make more

simple to deal with the different results when the mean is 3.5 or more, it was considered that the customer or the employee agree on that statement, but when it is less then the answer is negative for that statement. For the purpose of testing hypothesis, the mean for all statements were calculated to be considered as the factor of analysis (reference), while the mean of the different questions representing the same hypothesis were calculated to be compared with the reference using One Way Analysis of Variance (ANOVA).

**Results**

The results of table (1) shows the banks that the customer sample members dealing with. The larger proportion of the sample was distributed on the customers of the Jordan Bank (80) of percent (36.5%), followed by the Islamic Bank (43) of percent (19.6%). The other customers was dealing with the Housing Bank (35) with percentage (16.0) and National Jordan Bank (32) with percentage (14.6%). The lowest of proportion of customers were taken from the Jordanian Kuwaiti Bank (29) with percentage (13.2%).

Table 1: The banks on which the sample members was distributed.

Bank name	Frequency	Percent
Housing bank	35	16.0
Islamic Bank	43	19.6
Jordan Bank	80	36.5
National Jordan Bank	32	14.6
Jordanian Kuwaiti Bank	29	13.2
<b>Total</b>	<b>219</b>	<b>100.0</b>

The results of table (2) shows the number of years these customers spend in dealing with their banks. Most of the sample deal ranges from 1 to 10 years as the number of these customers were (173) with percentage (79.0%). The number of customers spend dealing with their bank from 11 to 20 years was (39) with percentage (17.8%). The least number of customers spend dealing with their banks 21 years or more as their number (3) with percentage (1.4%).

Table 2: The years the customer has been dealing with the bank.

Years of Dealing with Bank	Frequency	Percent
1-10 years	173	79.0
11-20 years	39	17.8
21 years and more	3	1.4
<b>Total</b>	<b>215</b>	<b>98.2</b>

Table (3) shows the frequency of dealing with bank. The results showed that the customers deal with bank more frequently visits when the number of visits ranges from 1 to 10 visits per month. The number of customers have these number of visits was (185) with percentage (84.5%) which forms the majority of the sample. While the second portion of the sample have more frequent bank visits ranges from 11-20. The number of this portion was (12) with percentage (5.5%). While the rest of the sample have daily visit for their banks. The number of this portion was (22) with percentage (10.0%).

Table (3): The number of customer visits for his bank.

Number of visits	Frequency	Percent
1-10	185	84.5
11-20	12	5.5
21-30	22	10.0
<b>Total</b>	<b>219</b>	<b>100.0</b>

**Customers Point of View of Total Quality Management Components**

Table (4) shows the means and standard deviations of customers’ point of view of total quality management components. The customers agreed that their banks have modern technical equipments (4.13). The existence of such modern equipment became urgent for any bank to be able to follow up the technology development used all over the world, which is crucial for the continuity of the bank. The majority of the banks of the study have general appearance, which is compatible with the offered services (4.06). Most of banks of the sample perform their promises for their

customers (3.96) but the attitude for this component was less as compared to many other criteria. This may resulted of the bureaucracy procedure existed in some of these banks that any new procedure that will be followed should be granted from the administration. The customers' attitudes decreased for the paragraphs that are concerned with inside procedures. Concerning the care for the solution of the customers' problems, the mean was (3.72), which indicates their agreement but less than their agreement for other statements. The customers showed that their banks are reliable on (4.09). Also, the results indicated that the banks have documentation that can depend on (4.18).

Concerning the services introduced by the bank, the customers show that they receive immediate services by the employees, this may due to the management system insists on finishing their job day by day. Also, the results show that the employees care for their customers and they get them their needs. On the other hand, the customers trust the employees of their banks (4.08). This trust should be existed, else the customer will not deal with his bank any more. The care the customers receive from the employees is existed by the administration too. This care reflects the importance of the customers for the bank, who is considered the core of the banking process.

The results also indicated that the bank care for their needs and they available it regularly. The customers indicated that the bank has employees qualified to do their jobs. The first priority of the bank as indicated by the sample is the benefit of customers. This proves our previous comment that the customer plays the major role of the bank success.

The sample of the study indicated that the working hours of the bank are suitable for them, as they do not agree on the negative statement (3.03). The sample showed that they agree for the quality of the financial service (3.52) and these banks trying continuously to improve the quality of these services (3.83). But the customers indicate that the bank does not take into consideration the suggestions of customers to improve its financial services quality (3.40). Also, the customers do not agree that the interest rate of the bank is lower than that introduced by the other banks (3.33). This may be resulted from the determination of interest rate by the Central Bank of Jordan.

The customer show that the ATM services introduced by their banks are appreciable (4.31) knowing that the ATM service minimize time loose and improve customers' facilities (4.61).

Table (4): Means and Standard Deviation of Customers Point of View of Total Quality Management Components.

No.	Sentence	Mean	Standard Deviation
1	Modern equipment availability	4.13	0.791
2	Bank general appearance matches its offered services	4.06	0.820
3	Sticking to their promises for customers	3.96	0.797
4	Management support customers' problems	3.72	1.010
5	The management of the bank is reliable	4.09	0.904
6	The bank management use modern electronic filing systems	4.18	0.850
7	Customers do not receive immediate services	2.67	1.320
8	Employees lack the tendency to help customers	2.27	1.266
9	Trusting bank employees	4.08	1.015
10	Management does not provide customers' individual care	2.35	1.306
11	Management does not care for customer personally	2.14	1.170
12	Customers' needs are not recognized by employees	2.16	1.214
13	Customers' needs are not priority for the bank	2.60	1.246
14	Working hours are suitable for customers	3.03	1.241
15	Financial services quality is a priority	3.52	1.190
16	Financial quality is improve continuously	3.83	0.917
17	The bank has high qualified employees.	3.76	0.923
18	Management care for customers' feedback for quality	3.48	1.046
19	Bank adopt services are with high quality and low cost	3.40	1.106
20	My bank services are superior compared to others	3.31	1.118
21	Loans introduced are lower than other banks	3.33	1.127
22	Bank has economic counselors with high experience.	3.63	1.025
23	The bank provides the A.T.M services	4.31	0.945
24	ATM provide wide financial facilities and save time	4.61	0.754

The evaluation of commercial Jordanian banks customers to the provided services quality level was negative.

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	97.344	36	2.704	12.233	.0001
Within Groups	40.229	182	.221		
Total	137.572	218			

The null hypothesis was tested using the One Way Analysis of Variance. The results of the test shows that the calculated “F” value was (12.233) which is greater than the tabulated So, we reject the null hypothesis and accept the alternative hypothesis that say: “The evaluation of commercial Jordanian banks customers to the provided services quality level was positive”.

**The percentage importance that the commercial Jordanian banks customers used to evaluate the provided financial services quality doesn’t differ.**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	34.085	36	.947	7.516	.0001
Within Groups	22.928	182	.126		
Total	57.013	218			

The null hypothesis was tested using the One Way Analysis of Variance. The results of the test shows that the null hypothesis is rejected and accept the alternative hypothesis that say: “The percentage importance that the commercial Jordanian banks customers used to evaluate the provided financial services quality differ.”

**The evaluation of commercial Jordanian banks customers to the actual provided services quality level doesn’t differ dependent on the number of dealing years with the bank**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.194	2	0.0968	0.587	0.557
Within Groups	34.950	212	0.165		
Total	35.144	214			

The null hypothesis was tested using the One Way Analysis of Variance. The results of the test shows that acceptance of the null hypothesis.

**The evaluation of commercial Jordanian banks customers to the actual provided services quality level doesn’t differ dependent on the number of dealing frequency with the bank.**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.806	2	4.403	7.386	.001
Within Groups	128.766	216	.596		
Total	137.572	218			

The null hypothesis was tested using the One Way Analysis of Variance. The results of the test shows rejection of the null hypothesis and accept the alternative hypothesis that say: “The evaluation of commercial Jordanian banks customers to the actual provided services quality level differ independent on the number of dealing frequency with the bank.”

**H0: The evaluation of commercial Jordanian banks customers to the actual provided services quality level doesn’t differ dependent on their dealing with other banks.**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.776	4	1.694	2.772	.028
Within Groups	130.797	214	.611		
Total	137.572	218			

The null hypothesis was tested using the One Way Analysis of Variance. The results of the test shows rejection of the null hypothesis and accept the alternative hypothesis that say: “The evaluation of commercial Jordanian banks customers to the actual provided services quality level differ independent on their dealing with other banks.”

**H0: The evaluation of commercial Jordanian banks customers to the actual provided services quality level doesn't depend on providing services quickly more than the cost of this provided services.**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	86.760	8	10.845	44.821	.0001
Within Groups	50.812	210	.242		
Total	137.572	218			

The null hypothesis was tested using the One Way Analysis of Variance. The results of the test shows the rejection of the null hypothesis and accept the alternative hypothesis.

**Conclusions:**

Through the previous results and analysis the following conclusion can be mentioned:

1. The customers are satisfied of the quality found in their banks in general.
2. The customers expressed their point of view that there is still some aspects that need more improvement in the banks.
3. The suggestions introduced by the customers are taken into consideration by the employees or the administration all the time.
4. When the customers express their point of view, they forget that their some procedures should be followed to complete the task by the employees in the bank and they neglected that such a job need cautiousness and care through it performance.
5. The care given for the different customers was under questioning, but in general they accept the level of care they are given by the employees.
6. The trust of the employees and the documentation methods available in the bank is existed.

**Recommendations:**

There are some deficiencies in many the total quality systems in the banks the samples of the study, these deficiencies represented in the following:

1. The care for the customers should be increased to the level that each customer should feel that he forms an important part of the dealer with the bank.
2. The bank should improve the achievement of the promises it made for the customers which improve the trust of customers with their bank.
3. The quality of the financial services should be improved in many directions to help the customers to enjoy flexible deal with bank.
4. To improve and facilitate the customer deal with the bank, the bank should introduce a short training time for the customer (10 to 15 minutes) about the methodology of dealing the technology available in the bank.
5. Establishing a department of the customers suggestions to solve their problems in one direction, and to inform the employee about the mistakes hold with the customers in the different branches of the bank to make them improve their deal.
6. The evaluation of the branches performance should be run regularly to correct the mistakes.

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