

FACTORS AFFECTING THE IMPLEMENTATION OF TOTAL QUALITY MANAGEMENT IN JORDANIAN COMMERCIAL BANKS FROM CUSTOMERS POINT OF VIEW

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ABSTRACT: *This research aimed at investigating the factors affecting the implementation 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 defaults in the implementation of TQM in commercial banks in Jordan and some aspects of TQM were ignored and wrongly Implemented and this in turn affected customer care.*

KEYWORDS: Total Quality Management, Commercial Banks, Customers, Conformance, Specification.

INTRODUCTION

The implementation of Total quality management (TQM) is considered crucial in banks to reach a comprehensive customer satisfaction (Chang, 2009). International standards might be used in the implementation of TQM. These standards can be measured from time to time to find out the bank's position in achieving profit and/or progress (Alnaweigah, 2013). "Meting or better 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 of resulting improvements had increased sales and market shares" (Hill, 2005, p387). The quality task is to consistently meet the agreed specification of the services/products an organization offers.

These specifications include: **Service/product specification-** determining customers' needs and embodying these in the design specifications of the range of services and products is the first step in meeting the quality requirements and managing their provision.

Quality conformance specifications- consistently meeting the service/product specification is referred to in operations as quality conformance (Hill, 2005, p387). The importance of that is to influence customers' repurchasing the service/product 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 the company to weather it is doing well and where it needs to improve and the actions to be taken (Hill, 2005 p 387).

The quality principles to meet customers' needs are:

- a. **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 this way quality is a three dimensional proposal accompany its suppliers and customers" (Hill, 2005, p393).
- b. **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 (right first time and every time) (Hill, 2005, p393).
- c. **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. There 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 meeting quality standards must be built in to the delivery system (Hill, 2005, p394).
- d. **Measuring the cost of quality:** "Measuring the cost of quality aims to reduce the cost of doing business by eliminating errors. The costs involve detecting and correcting errors on one hand and preventing errors on the other" (Hill, 2005, p394).

Objectives of Study

The first objective of this study was to assess the factors affecting the implementation of TQM in a sample of five commercial banks in Jordan. This was accomplished by distributing a questionnaire to customers of those commercial banks. The second objective was to describe the number of years customers were dealing with the banks, the number of visits to these banks and the quality of financial services offered by these banks.

The Study Problem and its Elements

Commercial Banks in Jordan suffers from fully implementing TQM and there are many complaints from those who are already dealing with those banks. Therefore, the purpose of this is to find out the customers point of view concerning the implementation of total quality management. To achieve the purpose of this study the following questions can be asked:

1. What are the factors affecting the implementation of TQM?
2. Does the Customers' evaluation of the quality of the actual services provided by the bank differ from one bank to another?
3. Does the Customers' evaluation of the quality of the actual services provided by the bank differ depending on the number of years dealing with the bank?
4. Does the Customers' evaluation of the quality of the actual services provided by the bank differ depending on the number of visits to the bank?
5. Does the Customers' evaluation of the quality of the actual services provided by the bank differ depending on previous dealing with other banks?

6. Does the Customers' evaluation of the quality of the actual services provided by the bank differ depending on the cost of these services?

Study Hypothesis

1. Customers' evaluation of the quality of the actual services provided by the bank does not differ from one bank to another?
2. Customers' evaluation of the quality of the actual services provided by the bank does not differ depending on the number of years dealing with the bank?
3. Customers' evaluation of the quality of the actual services provided by the bank does not differ depending on the number of visits to the bank?
4. Customers' evaluation of the quality of the actual services provided by the bank does not differ depending on previous dealing with other banks?
5. Customers' evaluation of the quality of the actual services provided by the bank does not differ depending on the cost of these services?

Significance of the Study

Commercial banks are an important body of society because of their economic and financial weight. This study will help the commercial banks in Jordan to find the best possible ways to help their customers to achieve their needs which will provide implementation of total quality management.

Because of the disparity of customers' satisfaction with the implementation of TQM in commercial banks and because a large number of customers are dealing with these banks the researchers wanted to highlight these disparities, and shed the light on the services available at the banks in an effective way so that TQM would be fully implemented in them.

Sources of Information

The current study will use two sources to get data, secondary and primary sources. In the secondary source the data will be collected from various available sources that include published articles, books, previous studies and website materials in order to form the theoretical framework of the study. The primary source will be gathered from a questionnaire that will be designed and developed to reflect the study objectives and questions.

Sampling of the Study

The population of the study consisted of the customers who are dealing with the commercial banks in Jordan. A random sample of (230) customers was used to examine their point of view at their banks. (11) Questionnaires were excluded because either they were returned blank or not completed; therefore the unit of analysis consisted of (219) customers

Limitations of the Study

One of the limitations of the study was that the unit of analysis was small due to the fact that many customers were not optimistic about change and they believe that it was useless to fill up the questionnaire. The other limitation was that some of the commercial banks under study were not convinced with the idea of distributing questionnaires inside the bank.

Tool of Study its Reliability and Validity

The tool that was used for this study is the questionnaire and in order to check the content validity of the questionnaire an academic professors and professional bodies were asked to verify the content validity of the questionnaire and on receiving their comments the needed amendments were made and the questionnaire was distributed to the study sample. To check the questionnaire reliability Cronbach's Alpha reliability coefficients was used to calculate the study variables and it was clear that all alpha values are higher than 60% which indicates that all the questionnaire statements are appropriate for this study.

RESEARCH METHODS

The research used the descriptive and analytical approach to get results. A questionnaire was developed to collect data from customers of five commercial banks in Amman/Jordan. For the purpose of this study 5- level Likert scale has been used and coded to enter the data to the database to get results. The levels of the scale were given the following codes: Strongly agree (5), agree (4), Neutral (3), disagree (2), and strongly disagree (1). Statistical analysis was used by using means, modes and standard deviations and the Statistical Package for Social Sciences (SPSS) was used too. For the purpose of testing the hypothesis, means of all statements were calculated and considered as the factor of analysis (reference), while the mean of the other questions representing the same hypothesis were calculated to be compared with the reference using one way ANOVA.

RESULTS

Table (1) shows the names of banks and the samples withdrawn from these banks. The majority of the sample was withdrawn from the customers of the Jordan Bank (80) (36.5%), followed by the Islamic Bank (43) (19.6%) Housing Bank (35) (16.0%) National Jordan Bank (32) (14.6%) and the lowest number of customers were taken from Jordanian Kuwaiti Bank (29) (13.2%). These numbers were withdrawn according to the equation of Uma Sekaran, 1989 depending on the number of customers, size of the bank and its capital.

Table (1)

Bank name	Frequency	Percent
Housing bank	35	16.0
Islamic Bank	43	19.6
Jordan Bank	80	36.6
National Jordan Bank	32	14.6
Jordanian Kuwaiti Bank	29	13.2
Total	219	100.0

Distribution of samples in the commercial banks

Table (2) shows the number of years those customers were dealing with their banks. The majority of the sample (173) were dealing with these banks for less than 10 years and this

constitutes (79.0%), the next category of the sample (39) (17.8%) and the lowest number of customers dealing with their banks for more than 21 years are (3) (1.4%).

Table (2)

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
Total	215	98.2

Number of years customers have been dealing with their banks

Table (3) shows the frequency of the visits customers pay to their banks. The highest frequency is (185) (84.5%) the number of visits 1-10; while the second frequency is (12) (5.5%) and the number of visits from 11-20; while the rest of the sample have almost daily visits for their banks. The frequency of this sample is (22) (10.0%).

Table (3)

Number of Visits to the Bank	Frequency	Percent
1-10	185	84.5
11-20	12	5.5
21-30	22	10.0
Total	219	100.0

Number of visits for their banks

Table (4) shows the means and standard deviations of customers' point of view of total quality management components. Customers agreed that their banks have modern equipment (4.13). The existence of such equipment became urgent for any bank to be able to follow up with the technology development and to compete with other banks. The majority of the banks under study have good inside outside appearance, which is compatible with the offered services (4.06). The management of the sampled banks most often fulfil their promises to their customers (3.96). This might be as a result of the bureaucracy procedures existed in some of these banks. The trend of the means for the customers' answers started to decrease when the statement were concerned with the procedures inside the banks. Concerning the care for finding a solution to the customers' problems, the mean was (3.72), which indicates that there is an agreement but not as high as other issues. Customers showed that their banks were reliable (4.09). Moreover, the results indicated that the above mentioned banks are using reliable documentation (4.18).

As far as the services introduced by banks, customers indicate that they receive fast services from the crew in these banks. On the other hand, customer's trust to the employees working in these banks were (4.08) and the care the customers receive from the employees of the bank equal the care they receive by the top management.

Customers indicated that the sampled banks have qualified employees. The first priority of banks, as indicated by the sample, is customers. This proves our previous comment that the customer plays a major role of the success or failure of the bank.

The sample of the study indicated that the working hours of the bank are suitable for them (3.03). The sample showed that they agree on the quality of financial service offered (3.52) and these banks were trying continuously to improve the quality of their services (3.83). But customers indicate that banks do not take into consideration their suggestions (3.40). Also, customers do not agree that the interest rate these banks gives is lower than other banks (3.33). This is true because the interest rate in most cases is limited through the Central Bank of Jordan.

Customers show that the ATM services offered by their banks are valuable (4.31) and these services help in saving times and effort for customers (4.61).

Table (4)

No.	Sentence	Mean	Standard Deviation
1	The bank is using modern equipment	4.13	0.791
2	The general appearance of the bank (inside/outside) is compatible with the offered services.	4.06	0.820
3	The management fulfils its promises to customers	3.96	0.797
4	The management try to solve customers' problems	3.72	1.010
5	I can depend on the management of the bank.	4.09	0.904
6	The bank management has accurate documentations.	4.18	0.850
7	Customers don't receive immediate help form the bank	2.67	1.320
8	Bank employees don't have the desire to help customers.	2.27	1.266
9	I trust the bank employees	4.08	1.015
10	The management of the bank doesn't give the customer any respect.	2.35	1.306
11	The management of the bank doesn't give the customer any personal care.	2.14	1.170
12	The bank employees don't know the customers' needs	2.16	1.214
13	The management of the bank doesn't give priority to customers	2.60	1.246
14	The working hours of the bank don't suit me as a customer	3.03	1.241
15	The bank shows the importance of quality of the financial services.	3.52	1.190
16	The bank shows continuous improvement in its financial services	3.83	0.917
17	The bank has a highly qualified employees.	3.76	0.923
18	The management of the bank gives a high regard to the suggestions and comments of the customers	3.48	1.046
19	The bank provides financial services with high quality	3.40	1.106

	and low cost.		
20	The bank services are better than other banks services	3.31	1.118
21	The bank interests on loans are lower than other banks.	3.33	1.127
22	The bank has economic counselors with high experience.	3.63	1.025
23	The bank provides A.T.M services	4.31	0.945
24	The A.T.M services help saving time and effort	4.61	0.754

Means and Standard Deviation of Customers' Point of View of Total Quality Management Components.

The null hypothesis in table (5) was tested using the one way Analysis of Variance (ANOVA). The results of the test show that the calculated "F" (12.233) is greater than the tabulated one therefore we reject the null hypothesis and accept the alternative hypothesis that says: customers' evaluation of the level of the quality of services offered by the Jordanian commercial banks is positive.

Table (5)

	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			

In table (6) the null hypothesis was tested and the results show that the calculated "F" (7.516) is greater than the tabulated one therefore we reject the null hypothesis and accept the alternative hypothesis that says: the customers' evaluation of the quality of financial services differs from one bank to another is positive.

Table (6)

	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			

Customers' evaluation of the quality of the actual services provided in table (7) doesn't differ depending on the number of years dealing with the bank. The null hypothesis was tested using the One Way Analysis of Variance and the results of the test shows acceptance of the null hypothesis.

Table (7)

	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			

In table (8) the null hypothesis was tested and the results show rejection of the null hypothesis and acceptance of the alternative hypothesis that say: "Customers' evaluation of the quality of the actual services provided doesn't differ depending on the frequency of dealing with the bank".

Table (8)

	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			

Table (9) shows the testing of the null hypothesis and the results indicate rejection of the null hypothesis and accept the alternative hypothesis that say: "Customers evaluation of the quality of the actual services provided differ depending on their dealing with other banks."

Table (9)

	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 results of the test in table (10) show the rejection of the null hypothesis and accept the alternative hypothesis. "Customers evaluation of the quality of the actual services provided differ depending on the cost of these provided services".

Table (10)

	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			

CONCLUSIONS

Through the previous analytical analysis the following conclusion can be mentioned:

1. The sampled customers of the Jordanian Commercial Banks are, in general, satisfied with the quality implemented in their banks.
2. Customers strongly believe that there are still some aspects that need more improvement in the commercial banks.
3. Suggestions introduced by customers are well taken into consideration by the banks all the time.
4. The care that was given for customers was not enough.
5. There is a strong trust for the documentation methods available in the above mentioned banks.

RECOMMENDATIONS

1. The care for the customers should be increased to the level that each customer should feel that he is an important part of the bank.
2. Banks should fulfil the promises they made to build the trust between them and their customers.
3. Quality of the financial services should be improved in many ways to help customers enjoy the flexibility of financial dealings.
4. Banks should inform customers of the technology available in the bank.
5. Establishing a quality department to take the customers suggestions seriously.
6. Evaluation of the performance should be run regularly to correct the mistakes that had been committed.

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