

ASSESSING THE DEGREE OF COMPLIANCE WITH TQM PRACTICES: STUDY OF BANKING SECTOR IN PALESTINE

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Abstract: Employing firm's resources in a way can satisfy the unexpected needs of customers in less costs, which helps a firm to achieve a competitive edge against competitors considers the main goal for any business director. From other side, customers would prefer to deal with firms that offer goods and services with high level of quality, reliability and those at par with international standards. This has given the birth to the concept of TQM in service sector after proofing success in industrial sectors. The aim of the paper is to investigate the level of compliance to TQM practices in Banking sector in Palestine. In the beginning researcher reviewed literature studies to develop a knowledge about TQM practices (Leadership and Human resources development & management) in specific. and try to investigate the relationship between TQM practices and bank's efficiency. Then, researcher have prepared a questionnaire to measure the level of compliance of Palestinian banks to TQM practices. 100 questionnaires have distributed for the bank employees, who work in different positions and departments. The results showed that less concern to TQM practices in leadership system, human resource development and management. Finally, researcher recommended that banks should give more attention to motivate employees through satisfying them financially and activate their role in decision making and work in a team soul.

Keywords: total quality management, leadership skills, communication channels, international standards, performance

1. Introduction

Today, customers have a wide choice of service providers and they would opt for only the best service providers in terms of quality, reliability, and profitability and who are at par with international standards. (Talib et al. 2012). Therefore, the whole focus is now concentrated on providing services to customer beyond his expectations. This concept is applicable to all service industries and has given birth to the concept of TQM in service sector. (Selvaraj, M. 2009). TQM is a people-focused management system that aims to increase a customer's satisfaction in less costs by involving firm's resources in effective way. (Evans, J. 1992), under the banner of TQM, efforts were specifically directed at improving: (1) leadership; (2) strategic planning; (3) customer and market focus; (4) information and analysis; (5) human resource development and management; (6) process management; and (7) business results. (Curkovic et al. 2000).

The Palestinian economy is dominantly service activities, about (73.2%) of the Palestinian (GDP) contributed by this sector. Therefore, considered to be one of the vital components of its economy. The Banking sector is key part of the Palestinian economic system, which it influences and can be influenced by its developments and changes. Many economic writers agree on the important role of financial intermediary in economic development in general. Therefore, the safer, sound and healthy the banking sector is, the more it is capable of affecting and stimulating economic activity in general and investment in specific, which would assist the development process. Palestine Monetary Authority (PMA), (2017). Therefore, given the importance of the banking sector and its direct impact on the economy in general, it is necessary to study the processes and practices that can have a clear impact on the development of efficiency and quality of this sector and the services it provides, thus improving the organizational performance on various levels (operating, financial, and market performance). Hence the importance of this study and the need for it, to

understand to which level Palestinian banks complain with TQM practices in their work, by focusing on two factors: Leadership and HR development & management.

2. Literature review

In today's competitive global economy, TQM has experienced a radical shift. The concept is no longer restricted to the manufacturing sector; in fact, it has been extended to service companies and non-profit organizations such as health care, government, services, education, and financial institutions. (Srivancı, M. B. 2004), so the TQM principles and practices have been embraced by many quality managers and practitioners from different sectors and have earned the attention of many researchers from diverse areas (Talib et al, 2013).

TQM frameworks

(Kaynak, H. 2003) argue that there are seven TQM techniques, they are management leadership, training, employee relations, quality data and reporting, supplier quality management, product/service design, and process management, and these techniques is same as those mentioned by (Saraph et al. 1989). Meanwhile, the second study of the European Centre for Total Quality Management-university of Bradford, have a wider domain of items, which include corporate quality culture, strategic quality management, quality improvement measurement systems, people and customer management, operational quality planning, external interface management, supplier partnerships, teamwork structures, customer satisfaction orientation, communication of improvement information. (Black, S. 1995).

As a result of the importance of the TQM theory, and the large number of studies prepared specifically on this theory, which include its practices, effects, dimensions, etc., a set of quality award models has begun to appear in different countries of the world, such as Malcolm Baldrige National Quality Award, European Quality Award, The Deming Prize and Kanji Business Excellence Model, which provide a useful benchmark framework for industries and help in implementing TQM as well as evaluating their business performance results (Talib et al. 2013).

Service quality in banks

Service quality is regarded as a critical success factor for organizations to differentiate from competitors, and it's defined as the degree of discrepancy between customers' normative expectations for service and their perceptions of service performance (Lau et al. 2013).

In view of the banking sector, when reviewing previous studies at the level of neighboring countries as well as the countries of the world, which focused on assessment of the service quality in this sector, these studies confirmed that for survival of the banking sector, it is mandatory to provide best service quality and it is also viewed as pre-requisite to success, and to achieve service quality in the banking sector, the TQM is highly essential. (Al-Shobaki et al. 2010), and some studies went for more, where confirmed that in banking quality means not just meeting but exceeding customer expectations. For this reason, service quality is viewed as an important aspect in the banking industry. Further, it is evident that over the years, bank customers' perception of service quality has been changed tremendously. Today, quality includes a commitment towards continuous improvement and service relationships with customers. Also, the need for technology based services, new and improved product services, and e-services are also viewed as important aspects of banking service quality that supports improved and superior quality services provided to customer. Hence, these are the areas where banks have to focus upon in order to satisfy their customers. (Qureshi et al. 2012).

3. Research questions

- Q1:** What is the level of Leadership Implementation (as TQM Factor) in the Palestinian Banks.
Q2: What is the level of HRDM Implementation (as TQM Factor) in the Palestinian Banks.

4. Research methodology

The research was a quantitative cross-sectional study design; it describes the population (the bank employees) trends and opinions about the quality practices used in the banking sector, and the quality of the banking

services provided, by studying a sample of that population - Bank employees, in addition to this, the study uses a cross-sectional survey method, so the data collected at one point of time.

There are 100 questionnaires distributed for the bank employees, who work at different work levels, and with different branches and offices all within Ramallah, and only 86 Questionnaires were retrieved. The questionnaires distributed on four banks, two foreign banks (Arab Bank, Cairo Amman Bank), and in the other side, targeted two local banks (Bank of Palestine, Al Quds Bank). A 5-Likert scale questionnaire was prepared to collect the data. It should be noted that the category of management excluded from this study, as it is focusing on the rest of the employees.

Table 1. Likert scale

Mean range	it's mean (Represent)
1.00 - 1.80	Completely disagree
1.81 - 2.60	Disagree
2.61 - 3.40	Approximately agree (neutral)
3.41 - 4.20	Agree
4.21 - 5.00	Highly agree

5. Results and analysis

As mentioned previously, this study and the questionnaire prepared to answer the questions of this study were based on the (MBNQA) framework.

“Leadership”

Table 1. Results of the first contract items

	Leadership	Mean	Overall Mean
1	All members of my department participate in planning for quality	2.28	
2	I am actively engaged with co-workers to improve overall customer satisfaction	2.36	
3	I make and implement quality improvement suggestions	3.04	
4	I know the bank's quality goals	3.11	
5	My boss keeps me informed	3.15	
6	All members of my department are actively engaged in joint problem solving	3.21	
7	I am encouraged to participate in community activities	4.07	
8	Top administration is committed to quality service and products	4.13	3.17

When looking at the overall mean of this section, we find that the participants who filled out the questionnaire are not confident in the system of leadership of the banking sector, although some experts and quality researchers believe that an inefficient leadership system can be the first obstacle to the application of TQM.

The first two sentences of this section; the mean of each of them reflects that the participants did not agree with their content, this reflects the poor involvement of staff in the planning process in general and quality planning in particular, which undoubtedly affects directly the satisfaction of customers, as staff - especially Front office, are the direct point of contact with customers, and thus the process of involving them in the process of quality planning ,as well as listening to the feedback from them, will have an impact on the evolution of quality of service and thus increased customer satisfaction.

For the third to the sixth sentences; the mean for each of them relate that the respondents have a neutral opinion, they did not agree or dis-agree with the content of each of them, and this also reflects a problem in the leadership system, specifically in the process of employee participation. Employees are not sufficiently familiar with the Bank's quality goals, and are not properly involved in the process of joint problem solving.

For the last two sentences, their mean reflects that the participants are somewhat agree to their content. The first sentence is about the extent to which management encourages employees to participate in community activities, taking into account that encouraging employees to participate in community activities is an important part of the active leadership system, and the other sentence is reflecting the commitment of top management toward the services with good quality, and this is also an important part of the leadership system.

"Human resources development and management"

Table 3. Results of the second contract items

Human resource development and management		Mean	Overall Mean
1	Salary increases are related to my performance	3.21	3.24
2	Consideration for promotion are tied to my performance	3.29	
3	I know that I am valuable to the bank	3.35	
4	I know the key indicators of my job performance, and what the quality trends are in my department	3.38	
5	I know what our service standards are	3.58	
6	Managers notice when we meet our quality goals	3.59	
7	"Quality Service" is part of my performance evaluation.	3.72	
8	The bank cares about employees.	3.88	
9	Our training to improve quality of service is one of the Bank's most important priorities	3.89	
10	I am treated by my manager with dignity and respect	3.98	
11	I have adequate authority to bend rules to satisfy my customers.	4.07	
12	I have a good work environment	4.16	
13	I have been trained to respond to my customers' problems.	4.56	

After evaluating this section as a whole by looking at the overall mean, the mean is equal to 3.24, which means that the participants were not sure enough that the banking sector takes Human Resources properly into consideration, and manages them in a better way, which ensures better quality and thus better customer satisfaction. It is also worth noting that Human Resources in the banking sector or any other sector have a very important role. It is the direct point of contact with customers most often. If the customer finds that the employee cares about him and his service, he provides the service in the best way, and provides solutions and answers to his questions and problems, He will definitely want to continue dealing with the same bank, and not to move to any other competitor may provide the same services and the same prices, but have better human resources at all levels. Therefore, attention to Human Resources is no longer an option for banks or any other service sectors. Rather, it has become a necessity that must be taken into consideration in order to develop the service and thus improve performance.

The mean of the first four sentences reflects the participants' dissatisfaction with their contents. They have a neutral opinion of each of them. And by reviewing the content of the sentences, we find the following:

- The participants are not convinced that the increase in salary or promotions is directly linked to the performance of employees, and by asking some of them, they believe that the salary increase and promotions are more related to the number of years of experience within the bank, in addition to employee relations within the bank, whether with executive management or the board of directors.
- The employees are not entirely convinced that they have value at the bank. They consider that, despite the management's interest in them, treating them well, and trying to train them on many things, it is easy to accept the resignation of any employee, which makes them feel that they have no value. It should be noted that the sample that filled out the questionnaire is of all functional categories at the bank, except for the category of managers, who may look at this point in a different way.
- Employees are not sufficiently familiar with the most important key indicators on which their performance is assessed, and are not familiar with the trends of the department in which they work generally, and specifically in the area of quality, as employee knowledge of these details is important,

and should have an important impact on the quality of service provided and thus customer satisfaction.

The rest of the sentences, specifically from the fifth to the thirteenth, reflect the participants agree on the content of all of them, which reflects the relative attention to Human Resources, we find that the management treats employees with dignity and respect, and pay attention to their performance and achievements, as well as adequate training for employees, as training is considered one of the priorities of the banking sector. In addition, participants believe that the work environment is a good environment. As providing a good working environment is one of the most important aspects of Human Resources management and development.

6. Recommendations

The Leadership section achieved an overall mean of 3.17, and therefore the first question that the banks in Palestine adapt focus on Leadership as a factor of Total Quality Management was not confirmed, therefore it is assumed to work on the handling of the leadership system. Thus, researcher recommended that:

- The system of leadership in the banking system must be strengthened, especially with regard to the quality of the service provided, and therefore must be started by participating Bank's employees in planning, especially in matters related to quality.
- Identify the quality goals of the bank, disseminate them to employees, and ensure that employees are interested in achieving these goals.
- The need for the participation of employees working in the same department in joint problem solving.

From other hand, The Human Resource development and management section achieved an overall mean of 3.24, which reflect that the participants did not agree with that the banking system focus on human resource development and management, and therefore the second question that the banks in Palestine adapt focus on Human Resource development and management as a factor of Total Quality Management was not confirmed, so it is assumed to work on the handling of this factor. Thus researcher recommended that:

- More attention should be given to the human resources development and management factor, as the continuous emphasis on human resources is the foundation of the success or failure of any organization or company, and banks are supposed to start with the following:
- There must be a clear relationship between the performance of employees, and achieving their services with the required quality, and between their promotion, and salary increase.
- Try to promote the principle that the employee is the most valuable thing.
- Management should not only pay attention to employees who achieve their quality goals, or that the quality of service provided is part of the employee's evaluation, rather it is supposed to translate these into incentives that motivate employees to achieve more.

7. Limitations

This study highlights the commitment of banks operating in Palestine in the Total Quality Management, and hence the quality of services provided. The importance of this study is that no one has ever studied this subject within the banking sector in Palestine, which is clearly growing sector, but we believe that this study faces a number of limitations, which should be mentioned, and if any future researcher wishes to study the same subject at the same sector, he can focus more on these limitations;

- It was emphasized that the TQM theory and under the framework we used in research (MBNQA), consisted of seven factors, but only two of these factors were studied and examined (Leadership and Human resources development & management), however, the other factors have never been addressed, since those factors requires a more extensive questionnaire, and needs to be distributed to specific parties that are able to assess this particular factor.
- It was pointed out that the questionnaire was distributed to a sample of bank employees. And it was emphasized that the senior management was excluded, and it should be emphasized here that the studies conducted within the same subject at the same sector in neighboring countries such as Jordan or foreign countries, usually they study the subject from three different aspects (three different samples, three different questionnaires), first; bank employees excluding senior management, second; senior management, and third; bank customers.

- The study of these samples gives a better perception of the quality of banking services provided, and since this study has focused on the employees, it is better in the future to study the remaining two segments (senior management, bank customers).

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