

RECOMMENDING A CONCEPTUAL MODEL FOR TOTAL QUALITY MANAGEMENT IN COMMERCIAL BRANCH BANKING OPERATIONS

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ABSTRACT

The main objective of the paper was to develop and propose a Total Quality Management model for commercial branch banking operations. After an extensive literature survey, the researcher developed the said model based on the assumption that if TQM tenets i.e. leadership, human resource development, employee empowerment and strategic quality planning (Ngware et al., 2006), are strictly implemented by bank branch management in various departments, that would result into higher level of service quality. The researcher used five dimensions of SERVQUAL model (Zeithaml et al., 1996) namely tangibles, reliability, responsiveness, empathy and assurance to measure service quality. The developed model is applied in nature and may be used by any bank to empirically examine the level of TQM implementation. Further empirical verification is possible by taking the model as an independent variable and any other variable like customer satisfaction or financial performance as a dependent variable.

INTRODUCTION

The success of an economic system largely depends on the performance of financial institutions operating in the system. Within financial institutions, banks play their own important role, being the back bone of an economic system and as financial intermediaries involved in channeling funds from those having surplus to those having its shortage (Luckett, 1994).

Whether it is retail banking, investment or correspondent banking, all banks are involved in fund channeling, and banks earn profits through funds-channeling. In order to reach maximum customers, banks develop a network of branches. Branches are the points where banks offer their products. Banking products are almost the same in a country but what matters is the way the product is offered and the quality aspects associated with those products. As proved in other industries and service sectors, the true implementation of Total Quality Management (TQM) principles offers the solution to quality problems in banking sector too. It seems appropriate to have a glimpse of the evolution of quality school of thought.

Total Quality Management (TQM), a modern concept and a phrase that is most commonly used by strategists, is based on the assumption that quality is manageable. This fashionable approach focuses on

customer satisfaction, accurate measurement of all significant factors of business, continuous improvement, employee empowerment and development and their relationships based on mutual trust and teamwork. (Pearce and Robinson, 2005).

Banks are not left behind in quality race. In today's highly competitive environment, the success of banking depends upon the satisfaction of both internal and external customers. The philosophy of Total Quality Management diverts the modern business towards a particular direction, i.e. satisfaction of both internal and external customers and they are the best sales people around.

Keeping in view the competitive environment in banking sector where bank officers are trying their best to offer high quality services to their customers, there is a need to develop a TQM model of commercial branch banking operations highlighting different departments in commercial branch banking and applications of TQM principles to such departments. At present, guidelines covering the application of TQM principles to branch banking in general are available in the body of knowledge and trainers in banks develop their own training modules on the basis of such guidelines and impart training. There is no comprehensive model available in the body of knowledge covering all departments