

Quality Issues in Branch Banking Operations: Proposing an Enhanced Conceptual Perspective

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Abstract: The United Arab Emirates has a large banking sector. More than 75 banks including domestic and foreign banks are operating in the United Arab Emirates. They have a huge network of branch and all branches are connected to head office of the Bank. The involvement of leaders plays an important role in quality management operations of these banks. The nature of the operations will determine that how to implement the quality management techniques. Either it is, service industry, manufacturing industry. Quality management plays an integral role in businesses.

Quality management is a philosophy which sets rule and it required to apply in a rightly manner. In this regards, the researcher discussed several factors while having a content analysis of published researched. Naeem and Saif (2008) were the early researchers who addressed the quality management issues formally with reference to branch banking. Various quality management approaches have been introduced including "Expanded Deming Model", "Causes and Consequent" and "Learning Process in the office". After careful review, the researcher find the new development and perspective for quality management in Branch Banking operations. In this study, the researcher examined the new development in 2016 with the help of content analysis of published researches. The researcher concluded that the integration of IT and infra-structure development play an important role for quality management in branch banking operations leading to the emergence of modern practices like "Mobile Banking" etc.

Keywords: Quality Management, Branch Banking Operations

I. Introduction

Banks play an important role and are the back bone of the economy and involved in transferring of funds to those who have surplus funds to those who have shortage of funds (Robert, 2014). The purpose of this is to increase income. Bank give services including depositing funds as saving, investment funds, and a lot of other services as well. In this regards, quality management is one of the basic fundamental which has a huge importance in banking industry.

As in 2016, banking industry is really dynamic and competitive industry. In order to gain maximum customers, banks formed a network of branches. Branches are the main points where bank offers its products and services and provide information to their customers as well. Banking products are almost the same products in each country, but banks offered in different way and depend upon the economy and culture. In this regard, technology playing a huge role to provide best services to their customer and improved their quality management. Now days, success of banking industry is based upon the satisfaction of both internal and external customers.

Quality Management represents one of the most important research factors in operation management and service oriented organizations as well.

Today quality management is a most important organization goal for several companies (Nair, 2014). Most of the organization practices the quality management which takes place within the quality culture or context. It defined as the actions and procedure undertaken by a company or organization to ensure the delivery of high quality service or product.

Naeem and Saif (2008) were the pioneers who addressed quality management issues formally with reference to branch banking. This work further improved by Croatian researchers (Severovic, Dipl and Sostaric, 2009). Now in 2016, researcher will going to develop and found new perspective of quality management for branch banking operations. Earlier, various researchers work on quality management for manufacturing and services operations as well.

Further, researcher find out the reasons for quality management for branch banking operations and even these are basics. Pioneer training of product knowledge required. Product knowledge is important for dealing with customers. This improves the quality management for any service organization. Interactive communication skills required for all members. As this study is limited to UAE banking industry only, there are multinational nationalities working in UAE banking industry. So mobilize the use of multicultural skills required. Employee satisfaction and job security also important factor in competitive environment for banking

industry. For quality management, there should be error free record and ease of use which was searched by earlier researchers as well.

A number of approaches have been found to deal with performance evaluation, where Ferreira et al. (2015a) mentioned in major groups of methods.

- Traditional ratio or coefficient
- Econometric models or parametric
- Non parametric techniques
- Performance evaluation integrated system

As per (Higher education commission Pakistan, Unknown student paper, 2015) The United Arab Emirates has huge setup for banking industry. More than 75 banks playing domestic and foreign banks role. This is the challenge for these banks to maintain their quality management in order gains the satisfaction and good experience from internal and external customers.

These are common basics about quality management. It not only focuses on product or service but also to achieve it. Quality management helps to process control with consistent performance.

Various quality management applications has been introduced by information technologies professionals and authorized by the organizations which help and support quality management functions. Quality management software is a type of technology used by organization to manage the delivery of high quality products and service..These applications provide a lot of solutions for quality management. Even with the use of automation capabilities that have basic factors including managing internal and external risk, compliance and quality of process. It requires the integration of IT with the basic quality management policies and procedures of the organization.

The integration of IT application software and quality management has given a huge era for improvement in quality management.

Problem Statement

As UAE has a competitive market, banking industry needs to focus more on the improvement in the quality management for branch banking operations. Due to advancement in technology, this type of business line has become easier in most of the countries for example Europe and USA. They are dealing with customers on line and finish the whole process by digital signature only. But in United Arab Emirates, as it has diversified market; it is not easy to connect online for processing.

So keeping the significance of banking operations for an economy, the researcher plans to develop and propose an updated perspective of quality management for branch banking operations.

II. Objective of the Study

The objective of the study is to develop a quality management perspective for implementation in branch banking operations, keeping the modern competitive banking environment in view.

Significance of the Study

Study to be taken from earlier theoretical contributions and it will be under taken. This study helps researcher to find earlier research and factors for improvement in the area of quality management for branch banking operations.

The researcher has come across various perspective suggested by researchers to address the quality issue for branch banking operations. But no one previous researcher have been researched and to cover challenges such as ongoing IT developments for banking operations, downsizing, reduction in force and availability of skilled work force faced by the banks in 2016 and years coming a head. So the proposed study is going to be a great contribution to the body of knowledge.

This study will be consider under as applied aspects since the perspective will encompass maximum challenges faced by the modern banking environment, therefore the proposed conceptual approach will be helpful for banks being proactive, will enable them to meet challenges of the competitive environment.

Limitations Of The Study

There is a bit limitation for this study to get more clear ideas about the process. There are some internal policies by bank, in which we cannot explore for further process.

The study is limited to Branch Banking operations with special reference to the UAE market banking industry.

III. Literature Review

After analyzing the previous studies with the current efforts, several points found and to be noted which improves the gap in the knowledge. Naeem and Saif (2008) were the early researchers who addressed the

quality management issues formally with references to branch banking. They identify the quality management principles and their applications to branch banking operations.

Various quality management approaches exist but meant for general manufacturing and service operations. Naeem and Saif (2008). In the mid of this, staff and equipment play an integral role in order to improve the quality management and if staff and equipment are not well trained, not aware of the process then the result will be vice versa such as the failure of the system.

As per Fernando et al.,(2011) says that the intangibility of banking service was difficult to measure. As per researchers, bankers understand the importance of intangible factors because of economic climate. Bankers always seek to promote new improvement initiative, which will assist banks in improving their consumer portfolio quality.

As per Aza Mohammed Hussein., (2012) said that customer focus represents the impact of total quality management and its continuous improvement and leadership as well. Researcher found two dimensions which is increase profitability and it has more factors such as profit margin, return on assets and return on equity. The second dimension was decreasing the risk and it includes liquidity risk and the capital risk. According to researchers, these tools are really important can be impact on quality management. Their result showed that the total quality management requires the customer focus, continues improvement and leadership. Bank Branches have studied including production, profitability, intermediation, cost efficiency, service quality, environment and technology etc. (Paradi & Zhu, 2013).

Efficiency of the branch is also depends on the number of employees and based on all factors mentioned above.

As per Síría Barros et al., (2014) researched in quality management organizational structure. They found factors which are highly used to the variability and in the application of application and practice. They found that there was a huge difference in the use application of quality management and practice in organization from the industry sector and organization service sector. They were no relevant indication that the use of quality principle and practice differ per region. Their aim was to develop a model that reflects the relationship between the implementation of principles and practice quality management and their impact on the quality performance of the Portuguese organizations.

As per Anna Huldaet al., (2014) found that there is need to develop an updated framework that can be might to use to build a system dynamic model. They aim was to find the benefits form a quality management in construction industry. According to Rateb Sweis et al., (2014) Jordanian economy was based on service sector;so such research could increase the quality of this sector. Their aims were to examine the relationship between the total quality practice and organizational performance in Jordan courier services and also to find out which of the studied practice control the performance wheel. DonHee Lee, et al., (2014) tested the effects of manufacturing system on quality management practice. Researcher uses data of global manufacturing research group in order to find competitive priorities and operational performance.

As per Awasthi, et al., (2015), researchers study the problems of finding the impact of quality management systems on business performance of organizations, where the business performance is measured on the basis of operation and other functions as well. Juan José Tarí et al., (2015) that the quality management has positive effect on operational and financial performance, that quality certification. Researcher will find the modern aspects in order serve better and improved quality management philosophy.

IV. Methodology

The researcher used and adopted below mentioned technique to conduct this qualitative research. Content Analysis of existing and published material regarding quality management in branch banking operations.

This qualitative data collection helps to develop and proposing an updated perspective of quality management operation at branch banking level. There are several earlier published materials available on the media channel as well. So collection of data through question air, interviews and focus group will not help in deep instead of some predefined terms and speed in the process. In order to introduce a simple quality management model in the context branch banking operation level required a lot of background study which could show the work of earlier researchers in different parts and phases in quality management. Gathering at all in one place and introducing in a simple form and based for selection of content analysis.

There are several reasons for the selection of above methodology which are as

- Since Quality management is very specialize topic with the involvement of different knowledge areas like technical, finance, planning, risk assessment, human resource management, procurement management, customers, competitors, political and environmental factors etc. It is difficult to find the large number of people in one market or in country to conduct empirical research.
- Due to specialized field, several study and published material are available on electronic media. So the researcher chooses to review that material instead of getting expert opinion from the field.

- Keeping above reasons, time and resources constraints in mind of the researcher, content analysis in methodology.

The data for this project is obtained from content analysis of the published researches. The researcher is thoroughly reviewing the earlier literature and fined the new aspects, perspective.

Reliability And Validity Aspects In Content Analysis To Be Browsed

Validity and Reliability are key aspects of whole research.

Validity and reliability issues are handled in content analysis and qualitative researches.

The researcher took a great care of the validity and reliability issues in research while picking up the published research in journal, addressing the quality management issues in branch banking operations.

Suggested model and Model Elaboration and Set of Hypotheses

After reviewing previous or earlier literature review, there are some factors extracted by researcher. It has been noticed that roots of all possible factors, which are affecting quality management for branch banking operations, are leading to below mentioned factors extracted by researcher. Then researcher put them in simple model for easy understanding.

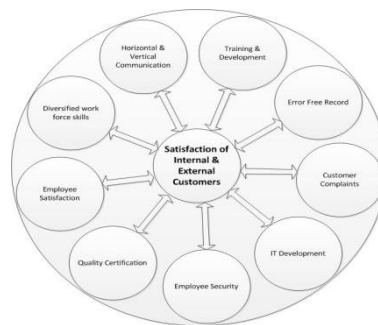


Figure 1: Model Elaboration: Quality Management for Branch Banking Operations

4.1: Different Factorssearched In The Model:

Training& Development:

Training is an important aspect to have all the product knowledge. Researcher found this aspect important as it required efficient training programs to be conducted. As UAE banking industry is a competitive market, there are many challenges for bringing new products and scheme as per stream line and it has to be run well in the market. For this purpose, training is an important part for improving the quality management.

Horizontal & Vertical Communication:

Interactive communication and interpersonal skills required for improvement and efficiency in quality management in branch banking operations. Communication attracts clients and creates a customer satisfactory environment.

Skills To Handle Diversified Workforce:

This study and research conducted under competitive environment which is UAE market in banking industry. There is mobilization the use of multicultural skills required for enhancing the customer experience and customer satisfaction which lead to the improvement in quality management at branch banking level.

Employee Satisfaction:

It is researched from employee point of view that the employee satisfaction is also to be considered important aspect for quality management at the branch banking level. Although, there is huge research had conducted about employee satisfaction and motivation but most important this part to be considered in quality management according to UAE market condition.

Employee Security:

As researcher said, UAE is a dynamic and competitive market, so employee required job security. With the help of this, employee motivation level increases as well.

Quality Certifications:

Employee required achieving a bench mark for quality improvement. For this purpose quality certification to be an important part. It supports employee to be more motivated, proactive and quality improvement as well.

It Development:

This aspect is the most important aspects of all. Information technology integration and development joints the bonding functions and removes the obstacle towards leading the right direction. Researcher found that there are some factors and function develop since last three years which improve the quality management such as

1. Credit Burro System

This is an application which is formed and integrated by central bank to all the other banks which are operated in UAE. This system is also called Itehad burro system. It helps bank to find the accurate record for customers in order to giving them the credit facilities. This leads towards the improvement in quality management.

2. Track Soft Inauguration:

This system helps to track the application which is under processed and where it is stopped. This system got a huge appreciation to monitor the performance of employees and maintain turnaround time which support provides the customer service and satisfaction according to within customer desired time.

3. Mobile Banking:

This became the fashion buzz and receives the appreciation to introduce as a mobile application for banking operations. This helps the customer in order to provide the information and knowledge.

Customer Complaints:

Researcher highlight this also an important aspect that the data should be ease of use foe customer. It should be enhanced the customer experience and customer satisfaction level as well. Because of this, this will decrease customer complaints.

Error Free Record:

This system says that the, if the customer credential to be update on time, it retained the customer by applying follow up approach. This keeps the retained customer by providing the new offer and services. All the banks in UAE within central bank working on a centralize application which tapped the entire customer credential within a passage of time and to be updated.

Porter Five Forces Analysis:

Researcher found these updated perspective for quality management at branch banking operation and will further elaborate under the light of Porter five forces analysis.

Porter five forces is a kind of framework or model that attempts to analyze the level of competition within an industry and business strategy development and progress. It involves the industrial organization economics to derive the five forces that determine the competition within the industry. The major part of this framework is to increase the profitability. This framework is used to increase the industry profitability.

Porter referred to these forces as the micro environment to contrast it with the more general terms macro environment. It consists of abilities that increase the service and customer efficiency and lead to profit. His model was as will describe below.

- Industry Rivalry
- Threat of Substitutes
- Bargaining power of suppliers
- Threats of new entrants
- Bargaining power of buyers



Figure 2: Porter (2000) Five Forces Analysis

Threat Of New Entrants:

Profitable markets that achieve high returns will attract the new firms. The results for the new entrants which eventually decrease the profitability of all the firms in the market.

Threat Of Substitute Products Or Services:

The existence of products outside the circle of the common product boundaries increases the chances of customer to switch to other alternative or other products.

Bargaining Power Of Customers (Buyers):

By implementing the loyal and other programs, firms can take measure to reduce buyer power.

Bargaining Power Of Suppliers:

The bargaining power of supplier is also described in the market of inputs. Supplier of raw materials, components, labor and services to the firm can be source of power over the firm when there are few substitutes. Researcher found more strength for improvement of quality management for branch banking operation under the porter five forces and elaborate the earlier model with the help of Porter five forces which is as,

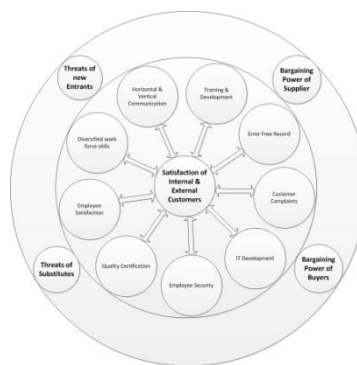


Figure 3: Satisfaction of Internal and External Customers, Model Elaboration

Researcher found the new updated aspects for quality improvement for branch banking operations with the satisfaction of internal and external customers. Researcher analyses the previous research as a part of content analysis material and further this would be the fruitful body of knowledge in order to present this model under the light of Porter five forces. Further, researcher under this model will extend his research in the light of Pest Analysis.

Pest Analysis:

Researcher adds his model under the concept of Pest analysis. This is also matter in order to improve the quality management for branch banking operations.

It consists of four basic factors such as Political, Economic, Social and Technological which will be described below under the shades of quality management for branch banking operations.

4.2: Environmental Factors:

Environmental factors are also can effect in quality management for branch banking operations such as the exact location for branches. When we talk about environmental factors, normally below factors comes under consideration.

- Political / Government and Legal Factors
- Economic Factors
- Social / Cultural / Demographic Factors
- Technological Factors
- Competitive Factors

These factors will be discussed one by one all.

Political, Government And Legal Factors:

This factor guides towards the economic stability which results in economic growth. Normally lobbies in political scenarios occur which result in favoritisms like where to be located in the market share. Forecast of political stability of the country could be done through history or trends.

Economic Factors:

Different economic related things comes under this factor like: availability of credit (loan / financing etc.), level of disposable income to spend on luxuries, interest rate, inflation rate, consumption pattern like in bulk or daily buying basis, unemployment trends, workers' productivity level, wages level, values & dollar exchange rate fluctuations, countries overall economic condition, import & export, income differences in different strata, minority policies, tax rates etc. All these factors directly or indirectly have their own influence and effects on quality management for branch banking operations.

Social / Cultural / Demographic Factors Etc.:

Every business work in a society, so different factors of society like: family, religion, living standards, population age, gender, education level, buying & consumption patterns, taste, preferences and language, basic values according to culture effects business socially. Business strategies got affected as well due to these factors; we may say that business strategies are under these influences. We can include weather, pollution, even ozone, water treatment, endangered species protection & recycling etc. There is a common approach that one organization spread its operations worldwide has different strategies for their products and services.

Technological Factors:

Rapidly growing technologies makes difference in the business process and giving edge over competitors and their rivals. Up to date knowledge of related technologies and their efficient use is important for an organization to grow further.

This factor covering all technologies which is part of the business like: latest ATM machines, communication channels, banking channels and bar Code systems etc. which have multipurpose use and giving better control over product and services.

Competitive Factors:

Managing competitor is also one of the big challenges to survive in the market. If an organization doesn't have monopolistic position in the market their pricing strategies most of the time is based on competitors otherwise they will be out of the race sooner or later. Most of the organizations are keeping eyes on capabilities of the competitors which come under various analyses. They focus on the competitor objectives and strategies by using internal and external challenges of that company.

Hence everyone in this world is under the influence of these factors. Organization should be more sensitive for these factors for running their operations smoothly.

4.3: Software / Applications / Computerize Tools:

Due to rapid growth in the technology more easy solutions are available to do the works for the human being. Speed and accuracy plays a major role at different level and phases of different situations.

During the peak pressure hours when branches are getting pressure from clients, computerize tools are very useful for speed, accuracy & quick results. Moreover modification with the help of computerize tools is very easy at any point of time.

4.4: Final Proposed Conceptual Model

Below is the Final Proposed model, which the researcher prepared under the deaminized study of content analysis with the help of Porter Five forces and Pest Analysis as well. This proposed model is based on improvement and satisfaction of internal and external customers under the lights of improvement in Quality management for branch banking operations.

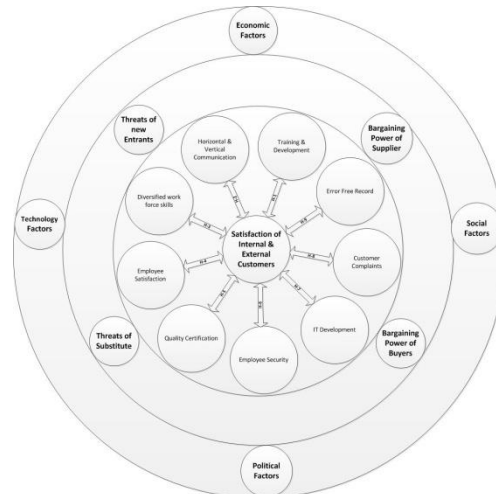


Figure 4: Final Proposed Conceptual Model

Sources For Model

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4.5: Set Of Hypotheses Generated Through The Proposed Conceptual Model

Following hypotheses have been developed based upon the proposed conceptual model in the domain of quality management:

- H1 Higher level of training and development of staff would lead to higher level of customer satisfaction.
- H2 Effective vertical and horizontal communication would enhance the satisfaction of internal and external customers.
- H3 Diversified work force skills required to enhance the satisfaction of internal and external customers.
- H4 Employee satisfaction would lead to satisfy customers.
- H5 Quality certification helps to improve the satisfaction of internal and external customers.
- H6 Employee security would increase the level of internal and external customers.
- H7 IT development helps to improve the satisfaction of internal and external customers.
- H8 Efficient handling of customer complaints enhanced the satisfaction of internal and external customer.
- H9 Error free record will help of internal and external customers.

V. Summary of Findings

As a researcher, it is a fruitful and great body of knowledge for finding new perspective of quality management at branch banking level. Main objective of this study was to find from the content analysis of early researches and find the new development. On behalf of all these perspective, researcher will propose a model.

After reviewing ample literature researcher take out important points for factors and tools that are effective for improving quality management at branch banking level. By the combination of all these factors, researcher proposes a simple modulator form for easy understating for all stake holders. During the research and preparation phase of model modified sometime with expert opinion.

During the sturdy of earlier published material, it was observed that very less material is available for quality management perspective at branch banking level and literature which is available feel complex and boring to the relevant and irrelevant person. Apart for the model, this researcher paper will provide the basic knowledge about the quality management for branch banking operations, in which integration of information and technology play a significant and vital role.

VI. Conclusion

Contemplating the above discussion, it is concluded that the quality management improve the operation efficiency. It initiate from Branch banking level. It was important to understand the quality management aspects and its content as well. Recent study shows that there is still area of improvement required. With the help of this study, it covers the gap and adds value to the body of knowledge.

Previous researcher appears in various discussion and found result. In this report, how quality management was applying in various organizations with several factors involved. . However there is still area of improvement required in several aspects as we discuss above that how the process improved with the help updated aspect of quality management.

There were few gaps in the process and operations in which organization need to take certain steps in order to enjoy customer satisfaction. Evaluating such gaps was bit complicated because there was a limitation within the organization and bring new, innovation ideas within the quality management aspects. Researcher discussed those ideas which help to improve the operation process further at the bank branch level. It helps to stick in the mission, vision and strategic goals of an organization through the process improvement. It either in the form of information technology and religious aspects as well.

VII. Recommendations

Recommendations For Industry

- Existing Banks and central bank can use these perspectives for the enhancement of operation and for quality management within the UAE competitive Banking Industry.

Future Research

- Few factors can be research in future research which add the value for quality management such as acquired and innovation in technology. There might be few aspect which researcher missed in this study research report.
- Set of hypotheses suggested may be tested by future researchers.

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