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The application of quality management in the financial services sector in Jordan

Abstract

This study examines the applicability of total quality management (TQM) in the Jordanian financial services sector using a sample of employees at 12 financial institutions. The applicability of the TQM is assessed through the five dimensions defined by the European Foundation for Quality Management (EFQM). The results reveal some areas of good performance and opportunities of improvement. Still, financial services sector in Jordan lagged behind the effective usage of cross functional teams; the appropriate levels of communications and the helpful feedback channels. The sector was unable to extend the sufficient level of employees' empowerment and involvement due to the lack of sufficient communication with top management. Although the sector encompassed good internal organization of work task, it advised to incorporate quality tools in the process design in order to improve its innovation and efficiency. The recommendations of this study centered around relaxing the source of internal politics that block quality, by supporting feedback channels and increasing the level of communication. Additionally, financial services sector is recommended to lever the awareness of TQM concept, focus on human resources beside customers, reinforce top management proactive role and enhance process quality.

Keywords: total quality management, financial services, EFQM, performance, human resources.

JEL Classification: M10, M12, M19, M20.

Introduction

Total quality management (TQM) is an approach that attempts to maximize the businesses' competitiveness through continual improvement of the quality of processes, people, services and environment. TQM is built on strategic management and its main characteristics includes customer focus, long-term commitment, teamwork, scientific approach in looking into decision making, continual improvement, education & training, freedom through control, unity of purpose and employee involvement & empowerment (See Harvey and Millett, 1999; Psychogios and Priporas, 2007).

TQM came as a revolutionary trend in the world of management following the World War II era and its adoption contributed a radical leap to the manufacturing industry. Top management in the services sector, including the financial services, became aware of what their peers in the manufacturing sector realized about quality. What provoked the service sector to consider TQM approach was the competitive worldwide trends that prevailed beyond 1990s including deregulations and international trade agreements (Longo & Cox, 2000; Powell, 1995).

At the beginning of 1990s, financial services industry was suffering from low quality across different places around the world. Many customers weren't satisfied with the service level and were not content with the information provided by financial companies, many of them frequently considered changing their banks but were hesitant to do so, this is primarily due to the fact that not only one or two banks

were perceived negatively, but the whole business needed an upgrade (Longbottom and Zairi, 1996; Ruding, 2002).

Full implementation of TQM didn't happen right away in the financial sector given the fact that it was originally installed to suit the manufacturing industry's specifications. For the services sector the implementation processes needed to be modified (Longo & Cox, 2000; Powell, 1995). This doesn't indicate any problem with the philosophy itself, it only highlights the issue that there is a way for proper implementation of TQM that takes into account the special characteristics of the financial services industry. Later on, real initiatives take place regarding the implementation of TQM within a service oriented business entities including the financial sector. Therefore, researches start to highlight the applicability of TQM in the service contexts in general and in the financial services in particular (e.g. Longo and Cox, 1997; Goetsch and Davis, 2006; Selvaraj, 2009; Al-Swidi and Mahmud, 2011).

Quality management in the financial services sector has a different form and structure than it is in the industrial sector. The major driver of applying TQM at the financial sector is the competitive forces, customer satisfaction and cost efficiency. This sector is very labor intensive, and its staff interacts frequently with customers. Leadership, motivation, and teamwork are very important factors for achieving excellence in quality service (Al Mansour, 2007).

Our study aims at investigating the best practices of TQM at the top financial services companies in Jordan. It is based on the five variables found in the European Foundation Quality Model (EFQM). These variables are: resources and partnership management,

people management, leadership, policy and strategy, and process management.

Our main concern is testing whether quality best practices are encompassed within the conduct of business in the Jordanian financial companies. Answering such question would provide empirical evidence regarding the areas of good performance and opportunities of improvement that these companies may consider when commencing into any quality award project in the future. Additionally, as we aware, this is the first study that examines the TQM in the Jordanian financial sector as a whole (banks, insurance, and brokerage firms), therefore the results of this study may motivate further work on how to enforce the presence of quality management within the sector to enhance its competitive position and future sustainability.

The remaining of this paper is organized as follows. Section 1 provides an overview of the Jordanian financial services sector. Section 2 briefs the quality management literature, especially in the financial sector. Section 3 clarifies study's framework. Section 4 discusses the research methodology. Section 5 analyzes the results and the final section presents conclusions and recommendations.

1. An overview of the Jordanian financial services sector

There are 4 major sectors listed over the Amman Stock Exchange with 23 subsectors branching from them. The financial sector is a major sector and encompasses the following subsectors: commercial and investment banks, insurance companies, and brokerage firms. Those companies' ownership is either publically held, or is dominated by non listed companies that are connected to listed ones.

In Jordan, there are 14 commercial banks that operate under the jurisdiction of the Central Bank of Jordan. Commercial banks are the dominant subsector that occupies the highest portion of the financial sector's profitability with the Arab Bank topping the list (Amman Stock Exchange, 2008). Despite the deteriorated performance of international banks during 2008's financial crisis, banking sector in Jordan was able to encounter such conditions and concluded the year with an overall profit of JD 902.3 million achieving an annual growth rate of 6.7% (Amman Stock Exchange, 2008). The regulatory efforts had its presence as the government of Jordan announced in late 2008 to guarantee customers' deposits till the end of 2009 and re extend its guarantee for the end of 2010¹, the Central Bank of Jordan also announced an interest rate cut

by 50 points in April 2009 to support banks in their credit extension activities².

Insurance companies are another participant in the financial services sector in Jordan, their capitalization though is less dominant, there are 29 companies listed over the exchange under the jurisdiction of the Insurance Commission established in 1999 by the Insurance Regulatory Act No. 33 of 1999. Jordan Insurance Company, Al-Nisr Al-Arabi Insurance and Middle East Insurance top the list in terms of market capitalization (Amman Stock Exchange, 2008).

There are 69 brokerage firms that hold memberships in Amman Stock Exchange. The Arab Financial Investment Company and Amman for securities almost occupied approximately 10% to 14% of total stock traded during 2008 (Amman Stock Exchange, 2008).

Investment banking firms cover diversified financial services including asset management, brokerage, research and corporate finance. Leading investment banks include JordInvest, Arab Consultants for Financial Services, Global investment House, Amwal Invest and others (Security Depository Center, 2008).

2. Literature review

As the TQM approach has proven its success since its inception in the 1950s, many companies were competing on adopting it as a strategic scheme to improve their operations and competitive position. Empirically, TQM implementation in reality was not a straight forward issue and many researchers went into studying TQM application in different contexts since TQM differs in the practical sense.

Different studies discussed TQM approach of management within a theoretical frame. Deming is considered to be one of the major pioneers of TQM as his work goes back to the 1940s when he assisted the US war department in teaching quality control techniques. Deming came up with 14 points that characterizes quality management. He also clarified 7 deadly diseases of organizational functions and Deming cycle for performance management, (Goetsch and Davis, 2006). Sila (2005) discussed the context of applying quality as he went into the issue of the universality of TQM application. He concludes that TQM is affected by the context. Therefore, applying TQM is differing from industry to industry.

Longo and Cox (1997) stress the importance of TQM implementation as a key process that distinguishes TQM from other types of organizational change. They discussed the TQM in the context of financial services. The main conclusion of this study reveals that financial services need a special TQM

¹ Alghad Newspaper, April, 2009 and November, 2009.

² REUTERS, April 18, 2009.

program that considers its uniqueness; since failures of TQM programs normally results from the lack of focus on a financial services oriented TQM approach. Such conclusion is consistent with what Sila arrived at; TQM is context dependent.

Another study contributed to the literature is conducted by Longbottom and Zairi (1996) who studied TQM within the financial services sector in the UK and derived the best practices that suit this sector. The study uncovered the barriers constrained the proper implementation of TQM in the financial services industry by conducting some case studies for different organizations and benchmarking their practices against the European Model for Continuous Improvement. Longo & Cox (2000) investigated those best practices by conducting a survey in northeast England's clearing banks. Managers were interviewed or answered questionnaires with regards to their perception of the implemented quality programs in a trial to reach a conclusion that best describes TQM in the field of work. Managers highlighted the reasons and constrains of quality management application. The main reasons presented by managers focused on responding to competitive pressure as the first priority, while achieving customer satisfaction and cost reduction came as the next priority. The basic constrain that came on the top of the list was the inability to persuade top managers with TQM benefit, since there is a tendency to focus on short-term goals with a lack of clear communication.

Tang & Zairi (1998) extended the study of TQM. They studied quality implementation in two different services sectors: financial services and education. The results indicated that there was a heavy focus on external customers in the financial services sector. Training and staff development is oriented toward customer satisfaction and teamwork is a critical yardstick as well.

The judgment of quality in financial services sector is basically subjective and is derived from customers' perception of what creates value to them. Khadra (1994) based his work as he investigated quality management in a local context of financial services. The author conducted a study that sat an implementation plan for total quality management system for the Jubaiha branch of the Arab Bank in Jordan. Such aim was carried out by distributing a questionnaire that solicited customers' input regarding some quality dimensions that were found important as the researcher's literature review demonstrated, including accuracy, employees, self service and inter-branch services. Such dimensions were applied to articulate a plan for a proper incorporation for TQM within the day to day operations. The analysis results concentrate on the areas where service quality perception was low. Areas

that were believed to embed low quality were the long waiting time the client had to tolerate to get his/her service done, the accuracy of carrying out the service and the knowledge of service features.

Quality in financial services depends more on soft skills, e.g. leadership, employees' motivation, and continuous learning. Quality of service cannot be objectively quantified and depends on subjective characteristics. Kangis & Voukelatos (1997) studied the clients' perception of characteristics like reliability, responsiveness, assurance and empathy in the public and private banking sector in Greece. The perception of services that the client has is the major yardstick that determines quality of financial services. Such perception should be considered when customizing financial services, but not for the long run as other attributes shall be taken into account to measure performance like deregulation and liberalization of the financial services sector and the intensification and globalization of competition.

More recently, researchers start to concentrate on the applicability of TQM in the financial sector of different developing countries. Al-Marri et al. (2007) examine the critical success factors of total quality management (TQM) implementation in the United Arab Emirates (UAE) banking sector. Sixteen factors were found to be critical to TQM implementation success. The factors are top management support, strategy, continuous improvement, benchmarking, customer focus, quality department, quality system, human resource management, recognition and reward, problem analysis, quality service technologies, service design, employees, services capes, service culture and social responsibility. Naeem et al. (2008) examine the quality implementation level of commercial banks in Pakistan. The data indicate that majority of the banks in Pakistan are at the introductory stage where as almost one fifth claim have TQM fully implemented. The situation highlights the level of effort put by management of banks operating in Pakistan and initiatives taken by them in respect of quality management.

Selvaraj (2009) investigates the important TQM factors in three groups of commercial banks and their rate of implementation in each group in India. He finds a significant difference among the three groups of banks regarding the rate of implementation of TQM factors. The foreign banks are considered to be the most successful in implementing the TQM factors followed by the private sector banks, while the public sector banks are lagging behind in this regard. Finally, Al-Swidi and Mahmod (2011) focused on the TQM implementation on the branch level. They found that the role of top management commitment and organizational culture are the main

determinants of successful TQM initiatives. Additionally, the authors proposed a framework for the TQM implementation on the branch levels emphasizing on the role of branches in creating excited employees and satisfied customer.

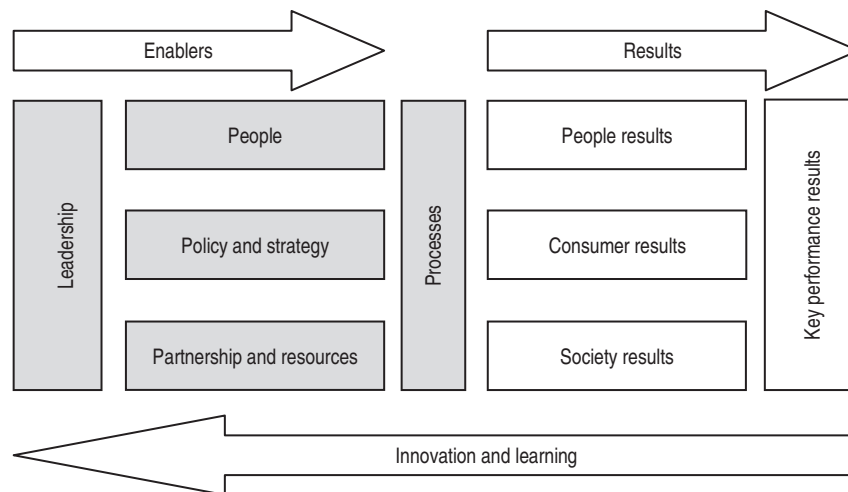
3. Study's framework

Different researchers discussed many elements of TQM that were classified under three main categories: technology, organization and people. Such categorization was later summarized in the *enabler part* of TQM manifested by the European Model for Quality Management (Hafeez et al., 2006).

The underlying dimension of this study is basically derived from EFQM and is endorsed as the formal model for European Quality Award (EQA) certification. The model is basically based on self-assessment and extends on two parts: enabler part and result part. The enabler part discusses the "applicability" of quality through different dimensions involving resources and partnership management, people management, leadership, policy/strategy management and process management. There are three reasons behind choosing the European Quality Award model to be the base of this study. First, representation of TQM, a study conducted by Bou-Llusar et al. (2009) sup-

ported the ability of the EFQM excellence model to provide an operational expression of TQM's framework. Second, universality, EFQM's manual can be used as an assessment tool that can be applied not just for participation in the European Quality Award but also for internal quality assessment and improvement (Dijkstra, 1997). Thus, the model can express quality initiatives within any sort of organizations anywhere in the world for internal performance enhancement. Conducting self-assessment using this model can furnish the organization with a systematic approach for looking into its strength and areas of improvements and sets the path for action plans implementations which are later integrated in business planning (Porter and Tanner, 1996; Black and Crumley, 1997).

Finally, simplicity and consistency, due to its simplicity in expressing the major quality component and to maintain consistency with previous studies, EFQM model will be applied in this study. The study will shade the light on the factors of the EFQM model as it tries to generate a general conclusion of the quality situation in the financial sector in Jordan. And finally, identifies the basic areas of possible improvements. Figure 1 illustrates the model and clarifies the parts of which this study is concerned with the enablers.



Source: www.EFQM.org.

Fig. 1. EFQM model

The following discussion clarifies the definition of each dimension of the study model, followed by Table 1 that specifies the measurements and relevant question items.

3.1. Dimensions of the study. *3.1.1. Resources and partnership management.* Resources management refers to how well the resources are effectively employed. Dijkstra (1997) describes the resources dimension as the management, utilization and preservation of resources. In this context, the extent to which the resources are applied effectively to support policy and strategy is the main point of focus.

TQM perception of resource management goes beyond the reactive approach of managing finance, information, people, partnerships, technology and facilities to a more organized, proactive approach of management. Quality oriented resource management calls for stopping the allocation of resources on the basis of ad hoc circumstances and direct resources toward social responsibilities.

For information management, EFQM bypass the static information recording to a full scale of deployment that involves utilizing information in a way that enables it to be used in the most efficient and

effective manner with the condition of high level of accessibility for all employees. Information has an essential value especially when it is supported with a solid IT infrastructure (Johnson et al., 2008). This target can be achieved through enhancing products/service features that will reinforce the company's competitive position. In this context, Bou-Liusar et al. (2009) argue that excellent organizations plan to manage external partnership, suppliers and internal resources to support policy, strategy and the effective operations of the process.

3.1.2. People management. Organizational change brought in by TQM effect all stakeholders especially employees (which we can refer to as people or human resource). So excellent organizations manage, develop and release the full potentials of their people on the individual, team and organizational level by promoting fairness & equality and by involving and empowering them (Euro Control Experimental Center, 2003).

Human resources management is among the categories of practices that another quality award model highlighted. That is, the Malcome Baldrige National Quality Award (Sila, 2007). World class organizations place great value on their human capital through following different activities like assuring the strategic alignment of human resources policies, in addition, to guaranteeing effective communication, empowerment, proper training and teamwork. Such organizations are persistent on improving such practices continuously (Oakland, 2003).

As solicited from the previous literature review, internal customers (employees) are being neglected for the benefit of external customers in the financial services industry. This was a major constrain for the proper applicability of TQM. Therefore, this study aims to rehighlight this issue within the context of financial services sector in Jordan.

3.1.3. Leadership. The EFQM perceives leaders as developers and facilitators of the achievement of the mission and vision. Bou-Lliusar et al. (2009) indicate that leaders should develop organizational values and systems required for sustainable success and implement them via their actions and behaviors. Within this context, Longbottom and Zairi (1996) define leadership to be about involvement of board and chief executives in quality activities, hands on ownership and improve awareness and skills level.

The provision of leadership excellence varies from the low extreme of providing ad hoc solutions to problems on occurrence with no signs of being proactive to the other – TQM oriented – extreme that involves the full engagement in improvement and ongoing commitment to quality (Dijkstra, 1997).

3.1.4. Policy and strategy. Based on the EFQM view, excellent organizations implement their mission and vision by developing a stakeholder focused strategy that takes into account the market and sector in which it operates. Policies, plans, objectives and processes are developed and applied to deliver such strategy (Bou-Lliusar et al., 2009).

Stakeholders can be customers or employees. Tang and Zairi (1998) benchmarked financial and educational sector against the theoretical dimensions of quality initiatives. The authors found that financial services sector's strategy is concentrated around the highest customer satisfaction and employees occupied less dominance. Consequently, they recommend that employees should be the focus point of strategic orientation.

To attain the best of strategic planning, policy and strategy should be communicated across the organization, information related to quality should be structured and systematic and all employees should enjoy easy access to it. Moreover, policy and strategy should be evaluated based on a comparison with competitors and/or best practices available.

3.1.5. Process management. Process management is a very important aspect of the quality system as it refers to the management of all value adding activities within the organization. It is concerned with how process is identified, reviewed and if necessary, revised to insure continuous improvement of the organizational business (Dijkstra, 1997). Process management's importance is solicited from the fact that the best resource utilization is only feasible through a solid process management. Adding value to customers/stakeholders embeds a proper design, management and improvement of processes (Bou-Lliusar et al., 2009). Giving a general look into the sub criteria of process management, there is an explicit focus on the systematic process design, and the constant review of products and processes to satisfy all stakeholders, in addition to high concern to customer relations.

A systematic view of processes is of a high importance due to the fact that process management is vague in service context than it is in the manufacturing field and neglecting a systematic approach may cause a failure of implementation. A study conducted by Huq (2005) uncovered that one of the reasons for TQM failures in services industry is the over emphasis on the final output while in fact there should be an equal focus on input process as well.

Linkage between theoretical and operational aspects of the study elements is highly essential to arrive at valid recommendations. Each dimension has its measurements and those measurements are further expressed through question items. Table 1 demonstrates such linkage.

Table 1. Measurement and question items

Dimension name	Measurement	Question items number
Resources and partnership management	Availability of resources	1, 2, 3
	Few (but sufficient) lines of communication	4, 5
	Usage of project and cross functional team	6
	The level of incorporation of TQM into business	7, 8, 9
	The existence of external links of expertise and suppliers	10, 11
People management	Alliance of human resource policies with TQM	12, 13
	Commitment to long-term education and training	14
	Emphasis on roles and competency development	15, 16
	Emphasis on teams as working protocol	17, 18
	High level of feedback channels and open communication with staff	19, 20, 21
	Explicit empowerment and involvement	22, 23
Leadership	The level CEO's commitment to TQM	24, 25
	The reliance on self articulated quality initiatives	26, 27
	Long term investment in education, training, research and innovation	28
	Sufficient level of communication	29, 30
Policy and strategy	Incorporation TQM as a part of corporate planning process and with an emphasis on corporate values	31, 32, 33
	Policy and strategy are well communicated and explicit	34, 35
	Policy and strategy are based on information from performance measurement, research, learning and external activities	36, 37, 38
Process management	The clear identification of key business processes	39, 40, 41, 42
	Few but relevant critical performance measures are developed	43, 44
	Process organization culture is developed	45, 46
	Processes are customers' oriented and reinforce competitiveness	47, 48, 49, 50

4. Research methodology

In this part we will explain statistical procedures that will be applied in order to answer the question regarding whether the elements set by the EFQM applies to the financial industry in Jordan. To derive an answer, questionnaires were distributed according to a specific sampling design.

4.1. Sample. For the purpose of this study, we adopted the probability-stratified random sampling methodology. In order to have a good representation

of the population, the sample was initially selected based on the criterion that expresses the institution's size or activity. Consequently, a random sample of institutions' staff (our population) was chosen to receive the questionnaire. The total sample size came to 218 staff. Following Selvaraj (2009), data gathering was carried out by a mail survey along with telephone follow-up interviews wherever necessary. Approximately, 63% per cent of the staff responded to the questionnaire. Table 2 specifies the number of distributed and collected pieces of questionnaires.

Table 2. Response details

Institution name	No. of questionnaires distributed	No. of questionnaires collected	Response rate
Arab Bank	50	37	74.00%
The Housing Bank for Trade and Finance	50	12	24.00%
Jordan Kuwait Bank	20	17	85.00%
Total response rate/ Banking sector			55.00%
Al-Nisr Al-Arabi Insurance	76	52	68.42%
Middle East Insurance	50	34	68.00%
Jordan Insurance Company	20	15	75.00%
Total response rate/ Insurance sector			69.18%
Aman for Securities	20	16	80.00%
The Arab Financial Investment	10	8	80.00%
United Co. for Financial Investment	12	6	50.00%
Total response rate/ Brokers			71.43%
Al-Nisr Al-Arabi Insurance	76	52	68.42%
Middle East Insurance	50	34	68.00%
Jordan Insurance Company	20	15	75.00%

Table 2 (cont.). Response details

Institution name	No. of questionnaires distributed	No. of questionnaires collected	Response rate
Total response rate/ Insurance sector			69.18%
Aman for Securities	20	16	80.00%
The Arab Financial Investment	10	8	80.00%
United Co. for Financial Investment	12	6	50.00%
Total response rate/ Brokers			71.43%
Amwal Invest	13	10	76.92%
Arab Consultants for Financial Services	4	4	100.00%
International Brokerage and Financial Markets	22	7	31.82%
Total response rate/ Investment banking			53.85%
Total (all sectors)	347	218	62.82%

Banks and insurance companies were selected based on what so called “Market Capitalization” (MC) that is calculated according to the following formula:

$$MC = \text{Number of Shares Outstanding} * \text{Closing Stock Price}.$$

MC reflects the organization’s size and represents the public shareholder’s view of the organization’s net worth. For listed banks and insurance companies, MC was first calculated and the top 3 institutions were selected to be in the sample.

For brokerage companies, another indicator is taken, that is, annual volume traded. Through each brokerage firm, a specific number of shares are traded across traders; the stake of volume traded reflects a broker’s business activity. The top three volume traded brokers were selected.

For investment banking firm, the level of its activity is expressed through the Initial Public Offerings (IPOs) that a company get engaged in as a consultant. The sample was chosen based on the number of IPOs conducted through 2008 and the top three firms were chosen. Nevertheless, two of the top three companies (Jordinvest and Global Investment house) apologized for participation, which was referred to as a high level of conservation from the management’s point of view. As a result, these two companies were substituted by another two: Amwal Invest and International Brokerage and Financial Markets.

4.2. Instrumental design and data analysis. In order to measure the applicability of TQM factors in the Jordanian financial services sector, a questionnaire was developed by the researchers in the light of previous studies conducted by Longbottom and Zairi (1996), Tang and Zairi (1998), and Selvaraj (2009). Such instrument was designed in a manner that tabbed in the main concepts and reflected the study dimensions in a way that was consistent with the operational and theoretical definitions determined by the study’s framework. The instrument was articulated in a way that is capable of answering the study question.

In this study, the questionnaire consists of 2 parts. The first part contains a general information regarding age, gender, and years of experience since these factors may influence the employees’ perception toward their work environment. Table 3 illustrates the general specifications of the sample.

Table 3. Respondents general information

Age	22-27	36.24%
	28-33	29.82%
	34-39	12.84%
	40-45	9.17%
	Above 45	11.01%
	Not Specified	0.92%
Gender	Male	55.96%
	Female	43.12%
	Not Specified	0.92%
Years of experience	From 0→5	47.25%
	From 6→11	19.72%
	From 12→17	11.47%
	From 18→23	6.42%
	Above 23	7.34%
	Not Specified	7.80%

The second part is comprised of 50 statements organized under the 5 dimensions of the study (resources and partnership management, people management, leadership, policy & strategy and process management). These statements reflect the best practices that suit the financial services industry and reflect definitions of the variables. Each statement can be answered based on an interval scale (Likert scale with 5 points) as follows:

1. Strongly disagree.
2. Disagree.
3. Neither agree nor disagree.
4. Agree.
5. Strongly agree.

In order to provide an indicative evaluation, we calculate three intervals based on an interval length of 1.67 (5/3). These intervals were articulated in Table 4 (Al Rabay’a, 2009).

Table 4. Interval length

Weak performance for scores	below 1.67
Intermediate performance for scores	1.68 to 3.33
Excellent performance for scores	above 3.34

Our instrument was analyzed based on descriptive statistics. In particular, the study analysis was based on quality dimension level. Each related measurement which underlies question items is presented along with the results of each question item in the form of arithmetic mean (the item score) and standard deviation (SD). To check the validity and reliability of the measuring instrument, a famous measure called *Cronbach alpha* was applied based on a sample of the answers, and the results showed a value of 0.97, which is high enough to consider our instrument as “reliable”.

5. Final results by each sub-category¹

For each sub-financial services sector in Jordan, we will present the results of the underlying dimensions which are basically derived from EFQM. These dimensions are: resource and partnership management, people management, leadership, policy and strategy, and process management.

5.1. Bank results. *5.1.1. First dimension: resource and partnership management.* Table 5 presents the results of dimension's five measurements and its

question items. The analysis revealed that banks have a high level of resources availability. Most of answers on question items scored higher than 3.33. This result is not surprising because the banking sector in Jordan has the ability to build a very strong economic and financial infrastructure.

The usage of cross functional teams seems to be inapplicable as item 6 scored 2.89 given that 36.36% of respondents disagreed and 9.09% of them strongly disagreed.

The explicit incorporation of TQM as represented in measurement 4 unveils an intermediate performance for most items. Internal correction of work scored high as 53.03% of respondents confirmed such fact since accuracy is highly vital in providing banking services. The familiarity with TQM scored below 3 as only 24.24% of total respondents agreed on such statement despite the fact that at least one bank has quality award related history.

External links with supplies, trainers and other stakeholders scored high on all items reflecting the strong connections commercial banks enjoy as economic leaders.

5.1.2. Second dimension: people management. Table 6 presents the results of six measurements of dimension and its question items.

Table 5. Measurement & question items results (dimension 1/banks)

Dimension	Measurement	Mean	Standard deviation	Question item
Resources and partnership management	M1: Availability of resources	3.36	0.94	Financial resources are readily available for any need.
		3.41	0.84	Data of all sorts are available and with easy access.
		3.5	0.8	Human resources for all sorts of work tasks are available.
	M2: Few (but sufficient) lines of communication	3.33	1.03	Lines of communication between different levels do not cause delay in work processing.
		4.26	0.64	Emails are a formal sort of communication inside this organization.
	M3: Usage of project and cross functional team	2.89	1.15	Employees are knowledgeable in more than one function of work in a way that employees can easily substitute absent colleagues in other related department.
	M4: The level of incorporation of TQM into business	3.35	1.09	Usually, work is internally corrected (quality from source).
		2.82	0.93	Quality management is a concept widely known.
		3.14	1.04	In conducting business, there is focus on roles and competencies rather than individuals and functions.
	M5: The existence of external links of expertise and suppliers	3.76	0.86	The institution deploys external consultants for training.
		3.66	0.82	There are long-term partnership agreements with suppliers, competitors and/or customers for mutual benefit.

Table 6. Measurement & question items results (dimension 2/banks)

Dimension	Measurement	Mean	Standard deviation	Question item
People Mana-gement	M6 : Alliance of human resource policies with TQM	3.42	0.95	Human resources policies encourage continuous improvement.
		3.41	1.08	This organization offers opportunities to update employee skill.

¹ To save space, in this part, we will include the results tables for the banking sector only. However, the results tables for the other sub-financial services sectors are available from the authors upon request.

Table 6 (cont.). Measurement & question items results (dimension 2/banks)

Dimension	Measurement	Mean	Standard deviation	Question item
	M7: Commitment to long term education and training	3.50	0.96	This institution offers problem solving or/and TQM training.
	M8: Emphasis on roles and competency development	3.65	0.89	Emphasis on recruiting high skilled employees is something normal in the organization.
		3.45	1.11	Balanced performance measures that consider soft and hard aspects of work are commonly used.
	M9: Emphasis on teams as working protocol	3.14	1.16	Increased emphasis on team based reward, competency base pay and gain sharing.
		3.33	0.94	Work is carried out through teams.
	M10: High level of feedback channels and open communication with staff	3.39	0.87	Formal communication channels are in place to provide organizational areas with information about customer's needs.
		3.14	0.94	Openness and effective informal communication between departments is common.
		2.97	1.1	Employees have clear idea of the strategic direction that management is heading.
	M11: Explicit empowerment and involvement	2.82	1.11	Employees' opinions are taken into account when defining organizational and / or work objectives or plans.
		3.02	1.13	Employees are given opportunity to suggest & implement solutions to work problems.

Answer items of Measurements 6 and 7 scored “excellent” as 51.5% of respondents confirm that human resource policies encourages continuous improvement. Also, 39.39% of respondents agreed that their organization offers opportunities to update their skill and 54.55% stated their agreement of receiving problem solving and/or quality training. Opinions regarding team orientation came intermediate in this sector showing an unexploited opportunity regarding this aspect as measurement 9 scored intermediate on its two items.

Feedback channels and empowerment aspects of management seem to be in need for more focus for better TQM. 30.30% of respondents confirmed that their opinions are taken into account when defining organizational and/or work objectives or plans,

most of them had more than 5 years of experience, which is quite logical, while 69.70% disagreed. In addition, only 39.39% of respondents had a clear idea of the strategic direction of the organization.

5.1.3. *Third dimension: leadership.* Table 7 presents the results of dimension’s four measurements and its question items.

The results in Table 7 reveal that among all measurements regarding leadership excellence only 3 items scored “excellent”. These items are related to the top management participation in continuous improvement, the use of special style in running the organization, and the active involvement in research, innovation and quality training.

Table 7. Measurement & question items results (dimension 3/banks)

Dimension	Measurement	Mean	Standard deviation	Question item
Leadership	M12: The level CEO's commitment to TQM	2.88	1.0	Top managers encourage employee empowerment and autonomy.
		3.35	0.87	Top managers participate and give support to continuous improvement processes.
	M13: The reliance on self articulated quality initiatives	3.36	1	Top managers use their style of running the company as a set of interrelated processes.
		3.17	0.9	Top managers take part in continuous improvement processes, even when these activities go beyond managerial responsibilities.
	M14: Long term investment in education, training, research and innovation	3.48	0.92	Top managers are actively involved in research and innovation and collaborate in quality training by teaching people at lower hierarchical levels.
	M15: Sufficient level of communication	3.30	0.89	Managers ensure that all members of the company have a clear idea of what the company's position in the market and what should it be.
		3.14	0.97	Managers communicate smoothly with all levels of employees.

These results indicate that leadership dimension scored lower than the previous two dimensions. Top management participation in continuous improvement, the use of special style in running the organiza-

tion, and the active involvement in research, innovation and quality training were areas of some drawback. Answers reveal that top management encouragement to autonomy and empowerment is interme-

diate and scored below 3 as 36.36% of respondents were indifferent and 33.33% disagreed. 42.42% gave neutral answer with regards to management communication with lower levels while 21.21% disagreed.

5.1.4. Forth dimension: policy and strategy. Table 8 presents the results of dimension's three measurements and its question items. The results in Table 8 indicate, as for policy and strategy that banks uncovered intermediate and excellent performance with

regards to measurements of this dimension. Respondents confirmed that the major focus of policy and strategy was around customers, where this item received the highest score (3.72).

A clear idea of the organization's direction prevailed among respondents. A solid base for policies and strategies are in place to evaluate the organization's goals, where all items of measurement 18 scored "excellent".

Table 8. Measurement & question items results (dimension 4/banks)

Dimension	Measurement	Mean	Standard deviation	Question item
Policy and Strategy	M16: Incorporation TQM as a part of corporate planning process and with an emphasis on corporate values	3.27	0.99	The organization has formal documented strategic plan that employees have seen before.
		3.23	0.98	The organization's strategic focus is on improving the capabilities of employees.
		3.72	0.89	The organization's strategic orientation is focused mainly on customer satisfaction.
	M17: The extent to which Policies and strategy are communicated and explicit	3.45	0.99	You have a clear idea about the organization's mission and objectives.
		3.19	0.85	Managers communicate with employees about the strategy.
	M18: Policy and strategy are based on information from performance measurement, research, learning and external activities	3.34	0.92	Quality policies are translated into a set of specific and measurable objectives that are known widely.
		3.46	0.88	Systematic procedures are in place to plan, evaluate and control organizational goal achievements.
		3.42	0.85	Policies and strategy are evaluated based on benchmarking against best practices.

5.1.5. Fifth dimension: process management. Table 9 presents the results of dimension's four measurements and its question items.

In Table 9, the results for a clear identification of key business processes indicate that this measure scored intermediate for all items except for the item related to explicit definition of work methods and organizational process. Critical performance development is

in place as all items on this measure scored "excellent". Nevertheless, employees' comprehension of the full picture of the process flow and their role in it wasn't strong since this item scored "intermediate".

Finally, we are highly agreed that processes in the Jordanian banks are customers and competition oriented since all items of this measure scored "excellent".

Table 9. Measurement & question items results (dimension 5/banks)

Dimension	Measurement	Mean	Standard deviation	Question item
Process management	M19: The clear identification of key business processes	3.47	1.1	Work methods and organizational processes are explicitly defined for all employees
		3.22	0.97	Quality manuals (if available) and organizational processes are periodically revised.
		3.28	0.90	High level of innovation and quality is taken into consideration when designing processes.
		3.26	0.9	High use of principles and techniques like (Business Process reengineering, benchmarking quality for deployment, flowcharts, quality systems, prevention) in process development.
	M20: Few but relevant critical performance measures are developed	3.41	0.84	There are performance measures in place to control business processes.
		3.42	0.87	Systems of indicators are in place to revise changes in processes.
	M21: Process organization culture is developed	3.39	0.8	Work processes promote efficient behavior patterns throughout the organization.
		3.28	0.92	Employees comprehend the full picture of the process flow and realize their role clearly.
	M22: Processes are customers' oriented and reinforce competitiveness	3.7	0.9	The organization's processes are oriented towards the fulfillment of customers' expectations and needs.
		3.89	0.86	The organization is able to develop new products or services ahead of competitors.
		3.69	0.77	Standardized systems are in place to deal with customer complaints.
		3.66	0.9	Processes are improved, as needed, using innovation in order to satisfy and generate increasing value for customers and other stakeholders.

5.2. Insurance results. Regarding the first dimension, the results showed a high indication of resource availability as the three question items of (availability of resources) measurement illustrated. More than half of the respondents agreed on that data of all sorts was available and with easy access. Lines of communication are efficient as email is widely used, but communication lines may cause some delays. And as it was in the banking sub sector, cross functional teams and the incorporation of TQM in business performed below “excellence”.

Concerning people management dimension, cons outperformed pros. Insurance companies offer their employees some opportunities to update their skills. But on the other hand, there were other answers that unveiled some drawbacks. A high level of feedback channels and open communication with staff scored below the needed excellence level. A better focus on enlightening employees about the strategic direction of the organization needs to be emphasized in addition to explicit empowerment and involvement, as those two areas weren't perceived sufficiently positive answers among respondents.

Leadership dimension in insurance sub-sector is rated almost the same as it was rated in the banking sub-sector. Common issues arise in such sector were the problem with communication, autonomy, encouragement and initiatives.

Policy and strategy is less systematic in insurance sub-sector comparing with the banking sub-sector. There is a need to base policies and strategies on information from performance. Subsequently, they should be translated into a set of specific and measurable objectives that are known widely.

Similar to performance management, insurance companies need clearer identification of key business processes. The level of innovation, quality manual usage and quality techniques were found to be below the required deployment.

On the other side, the results indicate that processes are highly customers' oriented, where insurance companies are able to stay competitive. Still, there were some conservative answers with regards to the fact of having standardized system to deal with customer.

5.3. Investment banking and brokerage firms results. Resource management in these firms is less available. Human and financial resources availability excellence scored below the other two sub-sectors. As prevailed in the previous two subsectors, the lines of communication complication seemed to place some delays on work processing and the concept of quality management is a concept not widely known although internal quality initiatives prevail.

Finally, unlike the other two sub-sectors, the usage of cross functional teams scored high.

Regarding people management, there is a need for more incorporation of quality concept into such path as problem solving and quality training realized some drawback. In addition, balanced performance measures that consider soft and hard aspects of work need more enforcement. Openness and effective informal communication between departments is an area needs to be worked on and more efforts need to be navigated towards empowerment and involvement as such area unveils some shortfalls.

For leadership, participants perceived top management empowerment & autonomy and continuous improvement support to be below the required level. At the same time, participants agreed at most that managers ensure that all members of the company have a clear idea of what the company's position in the market and what should it be.

Policy and strategy orientation in investment and brokerage firms is clearly directed toward customers, while the focus on employees has a lower priority. Participants were less supportive to the fact that there is a written strategic plan that they have seen before. Unlike the previous two sub-sectors, policy and strategy is not sufficiently based on information from performance and research.

Finally, process management in brokerage and investment firms is prevailed. Most participants agreed that work methods and organizational processes are explicitly defined for all relevant employees. Processes are highly oriented towards customers and lever competitiveness. Nevertheless, innovation in process design was below the required level as well as the usage of principles and techniques like (business process reengineering, benchmarking quality for deployment, flowcharts, and quality systems).

5.4. Three sub-financial sectors results. This study examines the applicability of TQM within the Jordanian financial service sector. The results of this study show that the concept of TQM was found to be not well known although some institutions already went into local and international quality awards programs. The study found that cross functional teams' usage is below the needed level as banks and insurance sub sectors scored intermediate on measurement 6 (Alliance of human resource policies with TQM). This may indicate a traditional way of dividing roles that does not allow any overlaps in these two fields. In addition, the use of teams to carry out financial sector tasks is highly crucial as demonstrated in the literature review. The applicability of such factor was found sometimes interme-

diate and when proven, team based reward indicator was found below the needed level.

On the other side, many levels of communication created by hierarchical over sophistication are causing delays in work being done. In addition, a lack of sufficient communication on the informal level is prevailed. This caused weakness in the feedback channel is which distorted imagine with regards to the strategic direction of the institution and placing some constrains on proper TQM implementation as it nurture the environment for internal politics.

Empowerment and involvement issue revealed a shortcoming in all sub-sectors. The idea is that employees are not being given the opportunity to suggest & implement solutions to their own work problems. This procedure may lead to non realistic solutions imposed by authority as the “doer” of the task is the best “dealer” with its problems. The explicit support and commitment from top management to TQM is intermediate in all sub sectors indicating that managers may support quality initiatives by interface but the evidence of real engagement and proactive participation is weak.

This study realizes the strategic focus on customers outweighs the focus on employees who are the basic creators of the institution’s success; such fact came consistent with literature review as studies on a financial sector of England produced the same result. Processes are designed around customer satisfaction and explicit definition of business processes to employees is common among all sub sectors. Nevertheless, innovation in process creation is intermediate and may unveil a room for improvement. In addition, most of employees state that they don’t fully comprehend the big picture of process as if their experience is limited to specific tasks which may negatively affect the quality of processes itself and the end service.

Conclusions and recommendations

This study tests whether quality best practices are encompassed within the conduct of business in the

Jordanian financial services institutions or not to. It is based on the enabler variables found in the European Foundation Quality Model (EFQM) and the best practices derived from the model (as solicited from different pervious literature). Additionally, it investigates the ability of the sector to move into the quality journey and achieve the best of it; since it answers the question of an “enabled” or “not enabled” sector. The results reveal some areas of good performance and opportunities of improvement. Decision makers at the Jordanian financial institutions need to reduce the unneeded lines of communication that cause work delay. This is an uneasy task to carry on and needs a high level of accurate process reengineering that underlies a great deal of time and resources. A simpler and preliminary approach might be helpful though; supervisors for primary tasks can identify the flow of each procedure, determine the most relevant management figures, and eliminate the non relevant authorization.

While human recourses are not in a focus of Jordanian financial institutions, they should give more attention to human resources when formulating their strategy. It is curial to invest in such resource through proper training, incentive programs and successive planning among other options. Explicit support from top management to all sorts of quality initiatives, this includes active recommendation and participation in quality related training, open communication and proper display of proactive attitude on every related aspect to the organization.

To ensure service quality, it is recommended to enhance process quality by providing the big picture when defining tasks for employees. A specific clarification of aim and destination of all tasks will directly lever their experience and enhance the value they add. Also, the introduction of innovation in designing processes will contribute to better results. Finally, a systematic control on all business processes should be out in place including a standardized and formal system to track customer complains. Quality manuals that draw a clear path of process are of high value to process quality.

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