HUMAN RESOURCE MANAGEMENT PRACTICES IN IMPLYING TOTAL QUALITY MANAGEMENT (TQM) BANKING SECTOR – A STUDY

Author
Dr. ROHITH PARIKAR
Faculty of Management
University of Calicut, West Bengal.

ABSTRACT

The present study aimed to identify the reality of strategic human resources management and total quality management at Jordanian bank sector, the study also examines the relation between SHRM and TQM in Jordanian banking sector, also it aimed to identify some important aspects of SHRM components and total quality dimensions. The study sample consist of (120) human resource managers and quality managers, in order to answer the study questions and hypotheses, the researcher developed questionnaire to measure SHRM practices like and TQM dimensions. SPSS was used for testing the hypotheses and answering the study questions. The present study revealed the following findings: There is statistical significant correlation at the level of significance (p ≤ 0.05) in strategic human resources and total quality management. The commercial banks are applying total quality management. The commercial banks are applying (SHRM). There is no statistical significant impact at the level of significance (p≤0.05) of demographic factors in strategic human resources management.

Key Words: Strategic Human resources management (SHRM), Total Quality Management (TQM), Strategic management.

1. INTRODUCTION

The environments in which organizations operate today are divergent. The Jordanian banking sector has been facing unprecedented challenges with the wave of privatization and globalization of Jordanian economy. Banks in Jordan are under intense pressure to perform in today’s volatile market place. Steep competition, globalization, growing customer demand and exposure to higher credit risks are forcing the banks to find new ways of providing better customer service so as to improve profitability.

To survive and thrive in a globally competitive marketplace, organizations must adopt a broad strategy that gives them a sustainable competitive advantage. Total quality relates to strategic management in that, it enhances organization’s ability to gain a sustainable competitive advantage in the market place, because the total quality approach is the best way to continually improve efficiency and cut costs. Total quality can also improve an organization's chances of becoming a leader in a given market niche. (Goetsch and Davis, 2010)

The implementation of corporate and functional strategies depends on the companies’ resources and, particularly, on people. The human resource strategy focuses on how the company should manage its staff to assist the organization in the achievement of corporate objectives (Walker, 1992).
The strategic management of human resources is one of the ways companies may use to increase their competitiveness in the new organizational landscapes, since managing in a global marketplace, introducing new technology, developing organizational knowledge, improving customer service or product quality, requires considering the “human equation” (Pfeiffer, 1998). This study integrates strategic human resources practices with total quality management at the Jordanian banking sector, and examines their interdependence. A major contribution of this study provides a framework for strategists at Jordanian banking sector, who wish to make better competitive use of their human resources and for quality managers who hope to enhance the human resource functions contribution to the strategic objectives of the firm and implementation of TQM.

2. STUDY PROBLEM

This study attempts to find the integration between strategic human resources management and implementation of TQM in commercial banks in Jordan. The integration between SHRM practices and TQM is a crucial strategy that banks obliged to do in order to be more effective in providing best services for their clients. To address this point the study attempt to answer the following questions:

- Are human resources managers in Jordanian commercial banks aware of the meaning of SHRM concept and TQM?
- What is the role of strategic human resources management at the Jordanian banking sector in implementing total quality management?

3. STUDY HYPOTHESES

The first main hypothesis: there is no statistical significant correlation at the level of significance (p≤0.05) in strategic human resources and total quality management.

The second main hypothesis: the commercial banks are not applying total quality management.

The third main hypothesis: the commercial banks are not applying strategic human resources management.

The fourth main hypothesis: There is no statistical significant impact at the level of significance (p≤0.05) of demographic factors (age, educational level, job and experience) in strategic human resources management.

4. OPERATIONAL DEFINITION FOR STUDY TERMINOLOGY

Strategic Human Resources Management (SHRM):- is defined as the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals (Noe et al., 2008).

Total Quality Management (TQM): is an approach to doing business that attempts to maximize the competitiveness of an organization through the continual improvement of the quality of its products, services, people, processes, and environments (Goetsch and Davis, 2010).

5. STUDY COMMUNITY AND SAMPLE

The community of the study is all HR managers and TQ managers in commercial banks in the north region. A simple–random sample was chosen from the study community the researcher distributed (128) questionnaires. The distribution took into consideration covering managers in different levels, functions, experiences, ages, genders, and educational levels. 120 questionnaires were received with the rate of return (94%). Only (8) questionnaires were dismissed because of
6. **STUDY INSTRUMENT**

The researchers reviewed the theoretical background and previous studies about strategic human resources management. The researchers also concentrated on total quality management philosophy and they reviewed many questionnaires that used in the previous studies. So, they designed one that reflects strategic human resources practices and total quality management dimensions. The parts of the questionnaire are:

**Part one:** background information: in this part, respondents were asked to specify their gender, age, level of education, job title, and experience.

**Part two:** the questions of dependent and independent variables, this part covers dimensions:

The first dimension – dependent variable- is TQM dimensions which contains sixteen items from H1 to H16. The respondents were asked to indicate their degree of agreement with five Likert scale choices.

The second dimension – independent variable- is strategic human resources quality -oriented practices. Which contains twenty four items from (H17 to H40). The SHRM practices contain the secondary dimensions: - items from (H17 to H20) related to human resource planning, items from (H21 to H24) related to staffing, items from (H25 to H30) related to training, items from (H31 to H35) related to performance systems, and items from (H36 to H40) related to compensation systems.

![Diagram of SHRM and TQM](image)

---

**Figure 1:** Study Model

7. **INSTRUMENT RELIABILITY**

The current applied Cronbach's Alpha, which measures the reliability of measurement in similar research. Cronbach's Alpha coefficient value of all dimensions of the study is (88%). The acceptable level of Cronbach's Alpha for the social research should be more than 60%.

8. **THEORETICAL BACKGROUND AND REVIEW OF PREVIOUS STUDIES**

8.1. **Total Quality Management (TQM)**

The (TQM) is defined as "A management approach of an organization, centered on quality, based on participation of all members and aiming at long-term success through customer satisfaction, and benefits to all members of the organization and the society "(Rao, 1995: 18). TQM is a continuous process of improvement for individuals, and for whole organization.

8.2. **TQM philosophy:**

8.2.1. Strategically based
Total quality approach has a comprehensive strategic plan that contains vision, mission, broad objectives and activities that must be completed to accomplish the broad objectives. The strategic plan of TQM is designed to give it a sustainable competitive advantage (Geotsch & Davis, 2010).

8.2.2. Continual process improvement
Continuous improvement requires that the company continually strive to be better through learning and problem solving. Because we can never achieve perfection, we must always evaluate our performance and take measures to improve it (Garvin, 1988).

8.2.3. Employee empowerment
Part of the TQM philosophy is to empower all employees to seek out quality problems and correct them. With the old concept of quality, employees were afraid to identify problems for fear that they would be reprimanded. Often poor quality was passed on someone else, in order to make it “someone else’s problem.” The new concept of quality, TQM provides incentives for employees to identify quality problems. Employees are rewarded for uncovering quality problems, not punished (Garvin, 1987).

8.2.4. Team approach
TQM stresses that quality is an organizational effort. To facilitate the solving of quality problems, it places great emphasis on teamwork. Using techniques such as brainstorming, discussion, quality control tools, and teams work regularly to correct problems. The contributions of teams are considered vital to the success of the company (Geotsch and Davis, 2010).

8.2.5. Education and training
Education and training are fundamental to total quality because they represent the best way to improve people on continual basis. It is through education and training that people who know how to work hard, learn how to work smart (Geotsch and Davis, 2010).

8.3: Strategic Human Resources Management (SHRM) Concept
Strategic Human resources management means to integrate decisions about people with decisions about the results an organization is trying to obtain: integration of HRM into the organizational planning process and building strong human relationships across an organization. HR is increasingly being seen as a critical strategic partner and transformational roles and responsibilities. Taking a strategic approach to human resources management involves abandoning the mindset and practices of personnel management and focusing more on strategic issues than operational issues (Mello, 2006).

8.3.1. Establishing Human Resources Strategy
If human resources is a strategic partner, human resources executives must work with top management in achieving concrete plans and results. They must understand the operational side of the business and comprehend the complex organizational design, and they must be able to determine the capabilities of the company workforce. HR executives must insure the human resources support the firm mission (Mondy, 2007). The management of organization human resources is an integral part of how an organization is going to achieve its mission goals. Therefore, integrating HRM into the organization strategic plan is important step in establishing an HR strategy. The function of building human resources management strategy requires an analysis
of current strategies in the organization.

An organization should also analyze its environment (internally and externally) to define the strategic business issues or needs. SWOT analysis help human resources managers determining if there is strategic gap between capabilities of the company workforce and achieving organization strategy. HR strategy team needs to identify the specific people issues that will be critical to address in order for the business to succeed. Human resources managers must be able to determine the capabilities of the company workforce. HR executives must insure the human resources support the firm mission and achieving its strategic goals. All of this information should be employed to design the HR strategy, which provide a detailed plan regarding the major programs and process that must be adopted or executed (Neo, 2008).

8.3.2. SHRM Components 8.3.2.1. Human resource planning

First of all Human resource planning must be familiar with the business strategy, define the impact of this strategy over the specific units of the organization. HR planning defines the required skills and develops action plans to meet the needs of activities of organization. HR planning is “the process of determining the human resource needs of an organization and ensuring that the organization has the right number of qualified people in the right jobs at the right time” (Ivancwvich, 1999: 28). The implementation of TQM concepts leads human resource development through determining of jobs description and specification, and improvement of work environment.

8.3.2.2. The design of work systems

Job analysis is “the systematic process of determining the skills, duties, and knowledge required for performing jobs in an organization" (Monday, 2007: 21). This analysis produces job description and job specifications. The following step is the job design that is “the process of structuring work and designating the specific work activities of an individual or a group to achieve certain organizational objectives" (Byars, 2000: 8). The organization must consider the implication of its future plans on how tasks and responsibilities should be assigned to individuals and groups within the organization and decide how to redesign exiting work systems and redesigning of work to create more flexible, responsive organization (Mello, 2006). By implementing TQM concepts, the approaches to work system design focused on job rotation, job enlargement and job enrichment.

8.3.2.3. Staffing

Staffing is the process of recruiting applicants and selecting prospective employees remains a key strategic area for HRM. The performance of organization is a direct result of the individuals. The staffing process will directly impact an organization success or lack thereof. An effective staffing strategy requires in-depth planning for the recruiting process to insure efficiency and generation of a qualified applicant pool. Staffing is an optimal fit between employees and the strategic needs of the organization (Mello, 2006).

8.3.2.4. Development and training

Training involves employees acquiring knowledge and learning skills that they will be able to use immediately. Employee development involves learning, which will aid the organization and employees later in the employee's career. Organizations should take a holistic view of training and development, particularly with regard to the kinds of employees and the skills and knowledge
bases necessary to achieve strategic objectives. Changes in how work is conducted mandate that organizations conduct specific, targeted, strategic training and development initiatives a prerequisite for continues success (Mello, 2006).

8.3.2.5. Performance systems

A performance appraisal system is “a process of determining and communicating to an employee on the job and, establishing a plan of improvement” (Dessler, 2000: 17). The formal Performance management systems is not enough to achieve an effective results; the most important concern in designing a performance management systems is its fit with the organization's strategic objectives. Moreover, the most important concern in providing performance–related feedback is its fit with the organization culture (Mello, 2006).

8.3.2.6. Compensation

Compensation is the total of all rewards provided to employees in return for their services. The components of a total compensation program include direct financial compensation and indirect financial and nonfinancial compensation (Monday, 2007). Compensation is key strategic area for organizations, impacts an employer's ability to attract applicants, retain employees, and ensure optimal levels of performance from employees in meeting the organization's strategic objectives. Organizations need to reevaluate their compensation programs within the context of their corporate strategy and specific HR strategy to insure that they are consistent with the necessary performance measures required by the organization (Mello, 2006).

8.4. The Integration between TQM and SHRM

Quality strategy requires changing traditional functions of human resources management to professional functions. Attraction strategy HRM should focus on skillful and talented work force. Also, it should provide employees with sustainable training programs to empower them through providing excellent services (Bown and Lawler, 1992). The program’s efficiency is counted through research of employee’s and client’s satisfaction HRM must pay attention to compensation systems that motivate employees to productivity and innovation. The following table provide theoretical framework for these professional functions. Table (1) illustrates the integration between TQM and SHRM.

Table (1): The Integration between TQM and SHRM*

<table>
<thead>
<tr>
<th>SHRM components</th>
<th>Quality – Oriented SHRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design Work System</td>
<td>Service- oriented, less production oriented, flexible work design system, increasing autonomy, employee empowerment and determining the skills needed at implementing TQM.</td>
</tr>
<tr>
<td>Recruitment</td>
<td>Attract skillful and talented workforce.</td>
</tr>
<tr>
<td>Selection</td>
<td>Abilities of problem solving, creating ideas, team working, participation, and fit between employees and TQM principles.</td>
</tr>
<tr>
<td>Training</td>
<td>Create quality culture, training in problem solving, quality measurement, quality cost, customer service, and team work.</td>
</tr>
<tr>
<td>Performance</td>
<td>Collective responsibility, quality measurement more than individual</td>
</tr>
</tbody>
</table>
Compensation

9. PREVIOUS STUDIES

Al-Sa'oudi (2008) found the following results: the participant level of acknowledgment to TQM concept, and the level of acknowledgment to organization uniqueness were high. Also, he found that there is a statistically significant relation between TQM application and organization uniqueness at Jordanian commercial banks. The study of Al-Qarawi (2008) illustrates the following findings of the study were: there is a good relationship between TQM in IDECO. This relationship is founded for employees' perspective and customer focus. Radaideh (2008) argued that the applications of the quality management programs in the Jordanian industrial organizations are differently conducted from firm to another. The program of inspection was highly applied in these firms, while the remaining quality management programs were moderately applied. The lowest application was the quality circles in the Jordanian industrial organizations. Akroush (2007) found that the service quality implementation variables have stronger mediation effect on the relationship between technical quality and banks performance than their effect on the relationship between functional quality and banks performance. In the study of Abu-Doleh and Tohmas (2004), the most salient finding of the study are: 77% of human resources managers in Jordanian industrial organizations are not fully aware of the meaning of human resource strategy concept, and most of Jordanian industrial organizations don’t achieve a considerable linkage between corporate strategy and human resource strategy. AL-Mahmoud (2004) tested that relationship between TQM and HRM. He found that there is not a deep understanding of the concept of TQM and the relationship between TQM and HRM in practice.

10. DATA PRESENTATION AND ANALYSIS

10.1. The profile of sample

Data was collected from six main banks and twenty branches in Jordanian banking sector. This sample is six out thirteen banks in Jordan. The study focuses on the big banks in Jordan. Therefore, the sample was judged as normal, and representative. Most of them are certified with the ISO 9001 and awarded in the king Abdulla II Award for excellence. For example, the housing bank was awarded at 1999-2000. The King Abdullah II Award for Excellence is the highest level of quality and excellence recognition in Jordan. It aims at enhancing the competitiveness of Jordanian businesses by promoting quality awareness and performance excellence, as well as recognizing quality of and business achievements of Jordanian organizations (www.kaaps.jo). The characteristics the respondents are shown in table (2).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>93</td>
<td>77%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>27</td>
<td>23%</td>
</tr>
<tr>
<td>Age</td>
<td>20-29 Years</td>
<td>22</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>30-39 Years</td>
<td>37</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>40-49 Years</td>
<td>52</td>
<td>43%</td>
</tr>
</tbody>
</table>
10.2. Hypotheses Testing

The first main hypothesis: There is no statistical significant correlation at the level of significance (p≤0.05) in strategic human resources and total quality management.

This hypothesis was tested using the linear regression between the independent variable SHRM level and the dependent variable TQM. Hence, the following tables show the main results of testing.

Table (3): Results of Relation and R. Square test for SHRM and TQM

Table (4): Results of Regression test for SHRM and TQM

Table (5): Result of Coefficients for SHRM and TQM

The tables show that the value of relation coefficient was (R=0.791). The (R Square) value was (0.625), which means the percent of (62.5%) from variance in TQM because of SHRM implications. Table (4) shows that the level of significant (Sig=0.000), and the value of (F=196.58), which means that there is a statistical significant correlation at the level of significance (p≤0.05) in SHRM to apply TQM. Table (5) shows the linear regression equation between SHRM and TQM as following: \( Y = 0.814 + 0.716 \text{SHRM} \).

The second main hypothesis: - the commercial banks are not applying total quality management.

Table (6): Result of One-Sample Statistics TQM

Table (7): Result of One-Sample Test
Table (6) shows that the mean for applying TQM is (3.4568) which indicates moderate importance. Also, one-sample test indicates that the Sig (2-tailed) for TQM (0.00). The results of tests indicate that the alternative hypothesis is accepted. This means that Jordanian banks are applying TQM at the level of significance (p≤0.05).

**The third main hypothesis:** - the commercial banks are not applying strategic human resources management.

Table (8): Result of One-Sample Statistics SHRM

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHRM</td>
<td>120</td>
<td>3.69</td>
<td>0.691</td>
<td>0.063</td>
</tr>
</tbody>
</table>

Table (9): Result of One-Sample (T) Test

<table>
<thead>
<tr>
<th></th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
<th>Mean</th>
<th>95% Confidence Interval of the Difference</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHRM</td>
<td>10.939</td>
<td>119</td>
<td>0.000</td>
<td>0.690</td>
<td>0.565</td>
<td>0.815</td>
<td></td>
</tr>
</tbody>
</table>

Table (8) shows that the mean for applying SHRM is (3.69) which indicates high importance. The previous tables also indicate that the alternative hypothesis is accepted. The banks are applying SHRM at the level of significance (p≤0.05).

**The fourth main hypothesis:** - There is no statistical significant impact at the level of significance (p≤0.05) of demographic factors (age, educational level, job and experience) in strategic human resources management.

Table (10): One Way ANOVA test of the impact of demographic factors on SHRM

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Between Groups</td>
<td>0.165</td>
<td>3</td>
<td>0.055</td>
<td>0.112</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>56.758</td>
<td>116</td>
<td>0.489</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>56.922</td>
<td>119</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualification</td>
<td>Between Groups</td>
<td>0.707</td>
<td>3</td>
<td>0.236</td>
<td>0.486</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>56.215</td>
<td>116</td>
<td>0.485</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>56.922</td>
<td>119</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job</td>
<td>Between Groups</td>
<td>1.153</td>
<td>3</td>
<td>0.384</td>
<td>0.800</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>55.769</td>
<td>116</td>
<td>0.481</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>56.922</td>
<td>119</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td>Between Groups</td>
<td>0.062</td>
<td>2</td>
<td>0.031</td>
<td>0.064</td>
</tr>
<tr>
<td></td>
<td>Within Groups</td>
<td>56.861</td>
<td>117</td>
<td>0.486</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>56.922</td>
<td>119</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table (10) shows that there is no statistically significant impact at the level of significance
(p≤0.05) of demographic factors on workers perception towards SHRM. The level of Sig was (0.05) to accept the hypotheses. Accordingly, the null hypothesis was accepted. There is no statistical significant impact at the level of significance (p≤0.05) of demographic factors on workers perception towards SHRM.

11. CONCLUSIONS

The major findings of this study are as the following:

1. The total dimensions of strategic human resources management have high importance with the mean of (3.69). On the other hand, total quality management has a moderate importance with the mean of (3.45).

2. The total dimensions of SHRM to implement TQM have a statistically significant correlation with positive levels between the dependent variable (TQM), and the SHRM functions.

3. There are statistical significant correlations (at the level of significance p≤0.05) between TQM and SHR planning, SHR staffing, SHR performance appraisal, SHR training and SHR compensation.

4. The banks in Jordanian sector are reasonable applying of TQM and SHRM at the level of significance (p≤0.05).

5. There is no statistical significant impact at the level of significance (p≤0.05) of demographic factors (job, qualification, age and experience) on workers perception towards SHRM.

12. RECOMMENDATIONS

This study had tested the relationship between TQM and SHRM in the Jordanian baking sector. The main recommendations of this study as follows:-

Conducting total quality management training programs, and the banks employees should be trained on ISO 9000 systems and cost of quality. These programs should emphasize the need of excellence in all spheres of management. Jordanian banks also must conduct strategic human resources management training programs. Managers should be emphasizing on supporting the firm mission and achieving its strategic goals. Educators from different educational and management development institutions or management professionals from the industry should be invited to present their views on TQM. Designing of compensation systems should be support implementation of total quality management and strategic human resources management. These systems must be adequate and suitable for employees. Also, banks should change traditional functions of human resources management to professional functions that focus on quality strategy.

Creating organizational culture at banks that concentrate on TQM dimensions, and design organizational processes to insist on teamwork and customer satisfaction. The development of banking web sites into comprehensive e-banking servers offering a great variety of services in
addition to traditional bank products. Providing intensive training of personnel programs in the topic of TQM methods, and provide tools and initiating employee involvement in TQM activity. Directing TQM mindset in the following areas: customer orientation, process orientation and people orientation. Adapting strategic management to survive in turbulent environment and specify the missions of the banks clearly. Conducting more practical studies on human resources management and the total quality management.

13. REFERENCES


