

Title: The impact of quality management practice on performance and competitive advantages.

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ABSTRACT

The present proposal suggests the research framework for studying the impact of quality management practices on performance and competitive advantages of Halifax Bank.

This paper presents the results of research carried out at Halifax bank for

Total Quality Management TQM, investigating the status of TQM within the financial services industry in the UK. The research finds that at the present time the financial services industry is in a state of considerable structural change, and competition is intense. This paper explains that the case for adoption of TQM as a generic strategy is now established and overwhelming. However, it is apparent that financial services are lagging behind other sectors in this regard. The research finds that TQM is not yet well established as an overall management philosophy. This issue was chosen due to the importance of quality performances for retail banks. The results of the number of studies the researcher highlighted that the high level of quality is critical of component of relationship building with external and internal customers. (Zeithaml et al., 2003)

INTRODUCTION AND BACKGORUND

Halifax Bank was founded in 1853 as a building society to attract and allow working people to get loans usually for homes. In 1913 it's became the largest building society in the United Kingdom. In 1924 they opened new offices in London then after four years later also in Scotland. In 1928 they have known as Halifax Equitable building society. Now they are partly nationalized with Lloyds banking group. In 1973 they have opened their first headquarters at West Yorkshire. Their credit card service was opened in 1980. They have expended their business as a life insurance company in 1996. The telephone and online banking system had started in 2000. Through of bad loans and overextending borrowing itself the bank has lost £10.8 billion in 2008. Halifax was chosen as the focus of the report because it is the largest mortgage and savings provider in the UK. It has 20 million customers, maintaining relationship with two out of every five UK households. Now they are offering one of the lowest interests for mortgages which way

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people can save up to £750 pound. According to the Bank of England tracks is 2.39% and Halifax is offering 2.89% then changing to Halifax standard variable rate is overall cost is 3.5%(APR). They are offering large number of credit cards with the different kind of variable rate, duration, and fee. But before they offer these credit cards they will check the credit score for the person who did apply for credit cards. By the credit rating score they will offer a different kind of credit card with the different credit limit which means the quality performance is very good and have challenge other banks.

Now days they are exploring:

- Different kind of Bank accounts
- Credits cards.
- Loans
- Mortgages
- Investments
- Share dealing
- Insurance
- Travel
- Additional information
- Related sites

All information the researcher will get from their website which is

<http://www.halifax.co.uk/home/home.asp>

RESEARCHER AIMS and OBJECTIVES

Well planned helps to the researcher to find out correct and proper aim and objectives of the research. By carrying out research on this subject the aim of the researcher will help to explore the quality management of Halifax Bank PLC. The proposed research will provide an important assessment of the way the performance quality managed by the Halifax building society. By considering these aims and objectives the main 4 objectives that the researcher will base his research project on will be:

- ❖ To explore the concept of performance quality management of Halifax bank PLC.
- ❖ To assess the way performance quality is managed by Halifax's management.
- ❖ To propose measures of improvement.

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- ❖ To identify the degree of fit of the quality management approach with the Halifax's service concepts and performances.

Maylor and Blackmon, (2005) recommend that SMART objective make standard objectives for any research. After viewed some literature researcher have decided the proposal objective will be specific, measurable, achievable, realistic and timely.

BRIEF LITERATURE REVIEW

Bendapudi and Berry (1997) suggest four factors can be affect consumer receptivity when deciding whether to maintain the connection with habitual providers such as environmental, partner, customer, and interaction. Gwinner *et al.*, (1998) point out that motivated consumers who maintain long-term relationships with their providers expect not only to receive good service, but also additional benefits from maintaining that relationship for example social benefits, confidence and special treatment. "On the other hand, other studies have recognized that the affect experienced during the acquisition and consumption of the product or PERFORMANCE can also have a significant influence on satisfaction judgments" Homburg *et al.*, (2006). According to this approach, organizations should be more interested in keeping stable relationships with their customers than in accumulating occasional exchanges (Beatty *et al.*, (1996). Darian *et al.*, (2001) mentioned consumer satisfaction is a central element in the marketing exchange process, because it undoubtedly contributes to performance providers' success. (Zeithaml *et al.*, (2003) say about customer expectations provide a standard comparison against which consumers judge a product or service and their performances therefore they are essential for a service organisation. Although there is an agreement between researchers that expectations serve as reference points in a customers' assessment of quality performance there was discuss on whether performance quality and satisfaction measure the same thing. In addition, other researcher also pointed out that companies can gain benefits by keeping long-term customer relationships due to increased satisfaction (Zeithaml *et al.*, (1993). "The credit that there are positive links between satisfactions in general, relationship satisfaction in particular and loyalty and word-of-mouth and repurchase highlight the importance of identifying and explaining the conditions under which satisfaction develops" (Bijou).

A possible explanation for the mixed findings may be that the experimental expression of the recovery impossibility is dependent on a number of factors:

- failure expectations, recovery expectations and recovery performance McCullough *et al.*, (2000)
- severity of the failure, prior failure with the firm, company control over the failure and stability of the cause of the failure Manganic *et al.*, (2007) and
- The difficulty in statistically detecting what appears to be a rare event with small size effects Michel and Meuter, (2008).

The study of Lassar *et al.*, (2000) examines the effects of quality on customer satisfaction from two separate methodological perspectives service-equal and technical/functional quality.

Delivering good-quality service and product to customers is essential for success and survival in today's competitive environment Wong & Kanji, (2001). service quality has been defined as “customers' long-term, cognitive evaluations of a firm's delivery” Lovelock & Wright, (1999).

And “the difference between customer expectations of quality to be received and perceptions of the service actually received” (Parasuraman *et al.*, 1988; cited by Wang *et al.*, 2003). Both definitions stress the importance of customer expectations as criteria for measuring performance quality. However, the second definition stresses that the actual service delivery might differ from expectations and the level of incongruence between expectations and performance determine the quality evaluation. According to Black *et al.*, (2000), customer expectations provide a standard comparison against which consumers judge a product or service and therefore they are essential for a organisation. Although there is agreement between researchers that expectations serve as reference points in a customers' assessment of performance there was a debate on whether performance quality and satisfaction measure - the same thing Zeithaml *et al.*, (2003).

With regards to financial service providers, managers should seek to develop consistent approach of managing quality Peppard *et al.*, (2000). Successful quality strategies are generally characterized by customer segmentation, customized performance, guarantees, continuous customer feedback, and comprehensive measurement of company performance Zeithaml *et al.*, (2003). After studied several journals the following relationship between PERFORMANCE quality and firm's performance is founded by the researcher:

Customer Satisfaction (outcome of service quality evaluation) = Improved Customer Retention, Loyalty and Lifetime Value

Zeithaml et al., (2003) claims that if customers are satisfied they stay with a provider and they will buy more with a greater frequency. According to Lovelock & Wright (1999), apart from direct influence in terms of customer yield maximization, loyal customers might introduce the following contribution to a company's success:

- ✚ Providing positive word-of-mouth
- ✚ Recommending the quality performance to others
- ✚ Encouraging others to use the service.

According to Gronroos et al., (2000) the management of quality enables the management of a PERFORMANCE provider to meet the following objectives:

- ✚ Establish the basis for developing long-term relationships with customers
- ✚ Minimise operational costs

Philosophical Approach

According to Saunders *et al.*, (2003) the methodology is related to theoretical backgrounds that cover the way a research should be undertaken. The methodology established the guidelines of how a research should be carried out, determines the way findings should be interpreted and introduces specific limitations and delimitations. Positivist approach is widely used by both natural and social science by the researchers. With regards to industry contexts with high service dominant Zeithaml (2003) notes that quality experience cannot be replicated due to its perishability, the inseparability of service process from an individual and the impact of certain varying intangibles on the process of performance utilization. The lack of possibility to duplicate PERFORMANCE experience and the impact of various unpredictable factors reduce the applicability of positivist approach. According to Bryman (2004) adds that business conditions might vary respective to the influence of highly context-specific factors, therefore the tendencies relevant for one business context might be completely irrelevant for another.

Due to the complexity of the quality fact and the importance of taking into account specific features of business context, the research will be based on the use of interpretivism. This philosophical stance allows a researcher to take a pre-paradigmatic approach to studying issues

of concern. This approach sets the methodological framework for the use of inductive reasoning and the triangulated use of secondary and primary analysis.

Data Collection

In order to carry out of this research different data collection methods and analysing methods need to be used to obtain relevant data to answer the objective given above. The researcher will state the data collection and analysis methods on more detail.

Data collection methods will help to the researcher how the researcher will collect data to finish this proposal. Most of the data the researcher will collect by the primary and secondary research. Then the researcher will take semi interview.

According to http://sixthsense.osfc.ac.uk/business/secondary_research.asp “Secondary research is another way of conducting marketing research. However it differs from primary research as the information found has already been put together by someone else. It is also known as “second-hand” information”. Due to complexity of the quality experience and the importance of taking into account the specific feature of business context, most of the information for this proposal will be collected by secondary research. It is also less expensive and easy to find the information for the proposal.

Secondary research provides the information relevant to the current research as the unique features of customers, market distinguishing attributes. A number of ranges of sources have been consulted to identify the methodological tools and analytical models employed by other researchers to study the approach that financial service providers use to manage quality. Past studies have also been used by the researcher to triangulate the findings of primary data analysis and develop a weighted view of Halifax’s approach.

As the proposal is going to make based on the performance Quality Management of Halifax, so most of the questionnaires and observation will be based on their activities. On the secondary data will be collect from books, journals, articles. Researcher could also find lots of information from Halifax financial reports, Internet and daily newspaper.

The researcher has to discover the primary data by himself. For this research primary information will be coming from the interviews, questionnaires, customer survey, and also field observation by the researcher. To do primary research, an original research plan must be devised

which will be included, data collection, data input and then the production and analysis of the following results.

In respect to primary data collection tools, the research has employed personal observation technique and semi-structured interviews. The researcher will visit two branches to observe the way front-line employees will handle performance encounter process. The researcher required to explore the following issues:

- ✚ The behaviour of front-line employees in case of specific customer cases
- ✚ The capability of front-line employees to handle non-routine customer cases
- ✚ The influence of performance scripts on employees' servicing

Its semi-structured nature provided the researcher with a certain level of flexibility in getting responses of front-line employees. This method was preferred to questionnaire following the recommendation of Saunders et al., (2003) who argued that managers are more likely to agree to be interviewed, rather than complete questionnaire, especially where the interview topic is seen to be interesting and relevant to their current work.

Researcher will speak to the HR department of Halifax organisation and try to get agreed, to take a part for research depth interview, researcher would be able to interview 12 employees of Chelmsford Halifax Bank PLC and also email will be sent to the employees. Duration of the interview would be 5 mints each. The interview part will be very a sensitive matter, because it's all about personal data such as income etc.

ACCESS TO STUDY AND TIME PERIOD

According to **Saunders et al ., 2007** the sources generated by participant observation as primary, secondary, and experiential. The secondary data will be collected from the case study, internet, books, their financial report, journals, articles, and newspaper.

And the primary data will be collected from the semi-structure interviews and the behaviour of front-line employees in case of specific customer case. It took 2 weeks to complete this research.

ETHICALS CONSIDERATION

Blumberg., (2005) as in other aspects of business, all parties should show ethical behavior.

Ethics is the study of the 'right behavior' and address the question of how to use methodology in a proper way to conduct sound research also address the question of how the available methodology may be used in the right way. Researcher will follow three guidelines for the ethical consideration.

- Explain the benefits of the study
- Explain the participant's right and protection.
- Obtain inform consent.

The key ethical issues is clear to arise during the course of this research will concentrated during the stage of seeking initial access to the firm and interviewing its front-line employees. Privacy, confidentiality and anonymity will some of the ethical concerns confronted by the researcher during the collection of qualitative data through semi-structured interviews. These issues will be countered by making verbal anonymity agreement between the researcher and the interviewees.

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