



Assessing Total Quality Customer Service as the New Paradigm in Nigeria Banking System

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Abstract: The adoption of Total Quality Management (TQM) as part of marketing concepts has shifted competitive advantage from production to customer service. Consequently, how each producer treats the customers has become the subject of competitive manipulation. In the developed nations of the world, quality customer service has proved to be the least unexplored frontiers where organizations can gain competitive advantage. As a result of this new thrust in quality customer service and the need to follow the example of the developed nations. This study sets out to examine whether or not the Nigerian producer or service provider, especially in the banking sector has adjusted to the new trend through its strategic manufactures. The study is a survey research and employed the use of questionnaires, and Blanchard's (1992) elements of legendary customer strategies were used as the basis for the questionnaires. These strategies were described in terms of commitment to service, recovery strategy, commitment to continuous improvement, listening to customers and responding. The findings revealed that frontline workers have no autonomy to take independent actions when necessary in the interest of both the customer and the bank's long run profitability, and that Measuring customer satisfaction and feeding the result back to the management for the purpose of improving service delivery is not given due consideration by Nigerian banks. The study recommended among others that banks should define and emphasis service as the primary function of daily operations, and must be able to communicate the goal of complete customer satisfaction to all employees, also Training programmes are effective ways of emphasizing and rewarding talented employees who are tuned into customer needs and satisfaction.

Keywords: Total Quality, Customer Services, Nigerian Banking System

1. Introduction

With the introduction of marketing philosophy known as the marketing concept in the early 1980s emphasis has shifted from the product to the customer. Akpan [1] defined a customer as the "individuals(s) who exercise the right of acquisition and use over goods and services (products) offered for sale by marketing institutions". The customer thus, is the source of revenue to the business organization, although customer may mean different things to different people. One thing that is clear from the above description of the customer is that apart from a business's existing customers, there are those the business does not really know, but are serving, and yet another group which the business is not yet serving but hopes to serve in the future.

Many organizations in today's business environment are turning to embrace this marketing philosophy for their growth and survival. When one takes a critical look at the activities of business and the importance attached to them, one will note that what dominates business declaration of intent are such issues as maximization of profits, welfare of the employee, values of the CEO, social responsibility etc. Hardly, is the quality of service to customer ever mentioned as a feature of such declarations. To reflect the changing paradigm of customer satisfaction, many organizations are beginning to redefine their corporate mission to reflect the new understanding of the customer. This is indicative of the rate and types of changes taking place in today's business environment. These changes are not only as a result of information explosion, but also a consequence of changing values and economic imperatives. Thus, striving to do business

in the traditional sense is now insufficient to thrive in the new environment created by the combined forces of the above factors according to Malachy [2].

The objective of this study is to find out whether or not Nigerian banks are aware of the importance of quality customer service delivery, and the extent to which they consciously incorporate customer service imperative in the formulation of their corporate strategies. The main issue to address also is to find out whether we have quality culture in Nigerian banking system. As Hassan [3] rightly asked- how do we determine good quality service in our banks these days: What are the problems hindering the production of good quality service in Nigerian banks?

The Western world and the Asian countries have not only adapted to these changes but have actually participated in creating them. Hence, to meet the challenge posed by these changes, have shifted their frontiers to the areas of quality customer service, and have redefined a new business paradigm of customer satisfaction as against profit maximization, thereby changing the playing field of today's business.

Our concern in this study is to examine the extent to which banks in Nigeria has imbibed this shift in the environmental imperative of business. It is also designed to determine the degree to which Nigerian banks recognize and are addressing the issues of customer service in their corporate strategies formulation.

This research is a survey study which is descriptive in nature and restricted to only commercial banks. Findings from this research work is hoped to go a long way in shaping the banking practices in the banking industry, as appropriate recommendations that will enhance the overall corporate viability of the banks shall be made.

2. Concept of Customer Service

A service is any activity or benefit that one party can offer another which is essentially intangible and does not result in ownership of any thing [4]. The term customer service is yet to gain any universally acceptable definition, at least as far as the practitioners of the philosophy of marketing are concerned. However, we can begin by thinking of the concept simple as an activity or benefit offered to the customer to enhance his satisfaction of what a business offers. Like any service, it is essentially intangible and its production may or not be tied to a physical product.

Sometimes, customer service is erroneously assumed to mean after sales service whereas the latter is only one of the components of a total customer service, which permeates all the stages from needs identification to customer creation, product service delivery, to customer retention. Over the years, organization have regarded customer service as the activity of handling complaints and fixing damaged or broken products, while financial service companies such as banks see customer service in terms of pacifying customers when there are errors rather than providing error free transactions. Today, customer service means more than just taking order, distributing products, handling complaints, providing operative manuals

and training for complex products and services, or molding the behaviour of every employee who comes in contact with the customer to meet the letter's expectations. Customer service has assumed a broader dimension. It is the ability of organization not only to meet customer's expectations but to augment these expectations on a continuous basis so as to make it possible for the customer to realize the potential value of the fundamental product or service. And this will result to customer satisfaction. As Rawan & Al-Zubi [5] pointed out, customer satisfaction is a vital trend to develop organizational performance. Customer service means all features, acts, and information that augment the customer's ability to realize the potential value of a core product or service [2].

The rise of service as a tool of corporate strategy followed the conquest of technology and the equalization of quality factors across borders. The Japanese zero defect concept charged the quality and value paradigm to the extent that every consumer can afford quality products/service while all producers can produce quality without defects. This phenomenon supported the rise of service as a competitive weapon.

In the U.S.A Berry *et al* [6] noted that "it used to be that we were good at growing things. We still are but with virtually no people involved. Agriculture has gone from over all jobs to about 2% of them. It used to be that we were good at making things; we still are but with very few people involved. Today, only 9% of American workers actually work in the factories. It is not surprising that what these people are doing instead of making things is providing service". Service is not only in the traditional service sectors such as banking but also in the manufacturing sector where the importance of customer service is the new frontier for competitive advantage since it has virtually become impossible to establish and sustain a technology based competitive advantage. Most organizations have therefore turned to customer service to earn customer loyalty. The question however is what do customers regard as satisfactory service and how does on organization determine its own service quality [2].

Kotler & Keller [4] saw customer satisfaction as "the extent of discrepancy between customer's expectation or desire and their perceptions". Perhaps, the most revealing contribution to understanding customer satisfaction is what he call the ten general criteria or dimensions of service quality from the customer's view; tangible reliability, responsiveness, competence, curtesy, credibility, security, access, communication and understanding the customer. On the other hand, Davidow and Uttal [7] noted that "customer satisfaction or lack of it is the difference between how a customer expects to be treated and how he or she perceives being treated". They further asserted that both expectation and perception are shaped by factors that can be hard to control, as they range from advertised prices to product design to behaviour of employees.

Today, service to customers has come up top on the list for consideration as the best competitive weapon at the disposal of the organizations providing it. It is seen as a corporate obligation rather than as a favour to the customer.

2.1. Total Quality Customer Service as the New Paradigm

A revolution is sweeping across all industries including the banking business. To provide superior customer service, businesses are changing the way they look at all facets of operation. We sometimes refer to a revolution of change in thinking as a “paradigm shift”. Scientist Thomas Kuhn theorized that a revolution or change in thinking occurs not because of startling new facts but because of a change in the overall way something is seen. Thus the paradigm shift that is taking place in industries is not necessarily due to a gain in knowledge but a change in the way customer service is viewed.

To remain competitive today, a business must focus on quality. Quality product while important is no longer the fundamental key to success. It is only a prerequisite ingredient. Quality must encompass all aspects of business, from superior service to turnaround time. Business strives to achieve quality for one main reason-customer satisfaction- because loyal customers are a business’s long term financial success.

The quality paradigm thus refers to a new way of thinking about quality and customers. Nothing in a business enterprise can be taken for granted. Each work process must continuously be improved in order to remain competitive and attain world class status. The quality paradigm is the foundation of the entire Total Quality Management (TQM) revolution in industry.

Before a business can provided superior service, it must have an overall strategy. TQM is a management philosophy geared towards the continuous improvement of quality to meet, exceed, and anticipate customer expectations [1]. TQM focuses on all customers both internal and external. To achieve TQM, a business must have a long term commitment, a change in employee attitude and behaviours, and a collaborative effort among the functional departments. In addition, there should also be an emphasis on the empowerment of all employees. Total Quality is now widely recognized and accepted as an effective management tool for improving organizational performance which in return offers benefits to customers, employees and other stakeholders [3]

Developing a perspective on the future which invariably shows changes in the way he looked at organizations, Scully in Malachy [2] contrasts shifting management paradigms using the concepts originally developed by Toffler to contrast what he calls second wave organizations and third wave corporate entities.

Table 1. Customer Service as the New Paradigm.

Characteristics	Second wave	Third wave
Organization	Hierarchy	Network
Output	Market	Market creation
Focus	Institution	Individual
Style	Structure	Flexible
Source of strength	Stability	Change
Structure	Self-sufficiency	Inter-dependencies
Culture	Tradition	Genetic code
Mission	Goals/strategic plans	Identity/directory
Leadership	Dogmatic	Inspirational
Quality	Affordable beat	No compromise
Expectations	Security	Personal growth

Characteristics	Second wave	Third wave
Status	Tile and rank	Making a difference
Resources	Cash	Information
Advantage	Better sameness	Meaningful difference
Motivation	To compete	To build

Source: Image magazine, issue no.6 September, 1989.

Looking at the contrast table, it is clear almost immediately that the shifts are all in favour of customer satisfaction. The entire third Wave organization which incidentally is the organization of the future is set to work for the customer. According to Scully [1], “a third wave organization is more concerned with market creation than with market share, more on finding market niches, customer needs, anticipate societal changes and less on competing for a determined market... the company renews by supplying the customer with a meaningful difference, whereas a second wave organization gives customer better sameness”.

To make the transition from the second wave to the third wave, customer- responding business organizations and several authorities have outlined various strategies which the transiting organization can adopt. Kotler & Keller [4] noted that “customers are coming increasingly to place higher value on the warmth of the support orientation in their search for service. They are looking for service transactions where they are treated as worthwhile individuals; where their opinion about what they want and need is respected; where they are assisted by people whom they can relate to on a level of equality; and where caring and kindness characterizes the human interaction”. He went further to say that “perhaps, living in a competitive abrasive and insecure world where relationships are often transitory and easily fractured, we are developing a “hidden hunger” to be loved a little bit”

Finally, Kotler noted that whatever the reasons, customers and organizations that don’t learn to listen to customers from the perspective of the “support” framework will not understand what they are hearing and they may put efforts... Which customers are happy enough to have, but which don’t meet their inner priorities, the “hidden hunger”.

2.2. Total Quality Customer Service and Corporate Strategy

Foremost among the crusaders for service as a major consideration in corporate strategy formulation are Albrecht et al (1990). According to them, service must “being firstly with a well thought out customer strategy that can align the entire organization towards the customer, with delivery system that are user friendly whenever a customer encounters them and finally, the organization should “depend on customer oriented frontline people” who must be trained, treated with respect and empowered.

Albrecht et al [8] believed the business ought to “start with a basic understanding that the purpose of the organization, any organization is service. Neither profit, growth, nor excellence can substitute for that purpose, thus, it is a wonder that we all experience receiving good service as such a rarity”.

Pushing customer service as an important tool of corporate

strategy, Tonny [9] in his film “passion for customer” outlined six factors that can help any organization to have or make impact in the area of quality customer service. These are redefining the mundane, listening and measuring customer satisfaction, cherishing the frontline people, responding quickly to customer needs, focusing on quality and service; and inspired in-touch leadership. Whereas, Zeinthalm et al [10] identified five features of strategic input for improved service which the customer regards as importance as follows;

- i. The appearance of the company’s physical facilities, equipments personnel and communication link.
- ii. The company’s ability to perform the promised service dependably and accurately.
- iii. The company’s willingness to help customers and provide prompt service.
- iv. Courtesy of the employees and their ability to command trust and confidence.
- v. The caring and individualized attention the company provides its customers.

They proposed that any company that wants to excel in customer service will need to develop its strategies round these elements.

2.3. Challenges of Quality Customer Service in the Banking Industry

Customer satisfaction is a critical factor in retaining and maintaining a loyalty of customers. Satisfaction is a person’s feeling of pleasure or disappointment resulting from comparing a product’s performance (outcome) in relation to his or her expectations. This presupposes that customer’s satisfaction depends on the offer’s performance in relation to his expectations [4]. Customers form expectations from past experience, friends and associates, competitor’s information and promises etc. hence banks which aim for success must raise expectations and deliver quality customer services to match those expectations. They should aim for high satisfaction because customers who are just satisfied still find it easy to switch when a better offer comes along.

Service quality in banking implies consistently anticipating and satisfying the needs and expectations of the customers. Banks should seek to provide a high quality service in the way the customers prioritize them. The definition provides by Haskett, and Hart [11] indicates that service quality in banking implies consistently anticipating and satisfying the needs and expectations of the customers. In particular, “it is customer centered” but in requiring the definition of needs, it does not presume upon the customers prior knowledge or technical competence, while in allowing for expectations it implies that service should take account of this prior knowledge and experience. It also implies an awareness of the dynamic nature of the customer expectations in requiring that these are anticipated.

Customers view banks as providers of unique service for their personal and commercial finances. These same services are offered by many other financial service providers such as insurance competitors, who emphasis innovative products to

match customer needs. A typical banking service does more than just managing customers’ money. Customers evaluate the attention they receive from service personnel, the waiting time involved as well as the promptness, courtesy and accuracy of the transaction. Johnston [12] highlighted five major trends in customer service expectations:

- i. The widespread perception that service quality is deteriorating.
- ii. Increased demand for add-on value.
- iii. A growing desire for high-tech to be balanced with high-touch.
- iv. Greater expectations of customer service dealing.
- v. A stronger need for one-stop service.

There are some of the factors that banks must consider in the re-formulation of their approach to providing customer service. Customer service is the main determinant of having a more successful banking business. Banks must be innovative in the type of services that they are willing to provide to the customer. Bankers must remember that not only are the handling the customer’s money, but should handle it wisely and determine what is the best alternative that will benefit the customers financial needs in the long run, and advice the customer accordingly. Customers want more than just products. They want to know that they are dealing with a bank that will advise them to make better decisions at a reasonable price. The goal for customer service in the banking industry should be to produce the best quality service that the customer deserves and expects.

3. Summary of Findings and Management Implications

There is no doubt that the world has moved from the industrial age to the information age. At this movement, the information revolution has taken over industrial activities and structures. What we have today is a service economy and the measure of the degree of success in this economy is the quality of customer service.

This study has attempted to isolate the elements of corporate strategy which when present and applied can make a bank a successful customer service champion. In finding out the degree to which Nigerian banks use quality customer service as a strategic tool, the research employed the use of questionnaires. Blanchard’s elements of legendary customer strategies were used as the basis for the questionnaires. These strategies were described in terms of commitment to service, recovery strategy, commitment to continuous improvement, listening to customers and responding, defining the playing field, granting autonomy to frontline employees, measuring performance from customers’ point of view, holding employee accountable for handling much moment of truth and celebrating good performance.

4. Findings of the Study

- i. Customer service is supposed to begin with a

corporate commitment to service hence the development of a recovery strategy which enables dissatisfied customers to seek redress without any problems or delay is imperative. Our findings reveal that this element does not feature prominently in the policies of the banks examined.

- ii. The findings revealed that Nigerian banks do not often listen to their customers, but rather to themselves. The implication is that they may offer services that the customers may or may not require. Also the management of Nigerian banks does not seem to realize that roles have changed and the core values held in the study banks do not reflect customer service.
- iii. Every employee ought to be clear about the result that is expected of him or her. This study reveals that employees do not get clear picture of what is expected of them. Management has failed to define the playing field within which employees can maneuver in his or her attempt to render quality service to customer.
- iv. The result of our analysis points to the fact that frontline workers have no autonomy to take independent actions when necessary in the interest of both the customer and the bank's long run profitability. Measuring customer satisfaction and feeding the result back to the management for the purpose of improving service delivery is not given due consideration by Nigerian banks.

5. Recommendations and Conclusion

Customers desire more than just traditional banking services, they expect their banks to develop a place where they can provide networking with their officers, a social hub to see people and enjoy the atmosphere, as well as learn about financial investments. The banks must cater and tailor their products and provide services needed by all categories of customers in the banking industry.

Providing reliable information in a timely and cost effective manner is critical in the competitive banking industry. Bankers must realize that customers are bargain hunters as well as high quality service seekers. They want better value for their money, and innovative products designed to fit specific needs. Customers in general want convenience, efficiency, quick answers and total confidence in the banking system.

In the future, the banking industry will continue to evolve towards becoming a high quality information industry which will provide profitability on services and products that customers purchase. More access for customers to banking information will be available in the future and will include a more interactive telecommunication and a bigger demand for personal computers. Banks will become more entrepreneurial and dynamic. They will thus, have to decide what level of customer service they are going to aim for in order to manage their resources accordingly. The luxury of the high cost base of banking will be a memory of the past, as specialization niche markets and differentiation will be the name of the game.

The key for success in banking is being able to define and emphasize service as the primary function of daily operations. Banks must be able to communicate the goal of complete customer satisfaction to all employees. Training programmes are effective ways of emphasizing and rewarding talented employees who are tuned into customer needs and satisfaction. In order to maintain the competitiveness in the banking industry, banks must work towards automating other services that could lead to an easier and faster way of meeting customers' banking need.

Conclusively, the key to generating high customer loyalty is to deliver high customer value. Nigerian banks should create high value relative to competitors at a sufficiently low cost. The higher the bank's value creation ability, the more efficient its internal operations, the greater its competitive advantage and the higher its profits will be. Losing profitable customers can drastically affect a bank's profits.

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