



UNIVERSITI PUTRA MALAYSIA

***ACHIEVING CUSTOMER SATISFACTION THROUGH TOTAL QUALITY
MANAGEMENT (TQM) : THE CASE OF HONG LEONG BANK BANDAR
SUNWAY BRANCH***

LOO WAI THIEN

GSM 2001 8

Achieving Customer Satisfaction Through Total Quality Management



1900118312

Achieving customer satisfaction through total quality management (TQM) : the case of Hong Leong Bank Bandar Sunway branch / Lo Wai Thien.



Malaysian Graduate School of Management

Universiti Putra Malaysia

April 2001

Achieving Customer Satisfaction Through Total Quality Management
(TQM) :
The Case Of Hong Leong Bank
Bandar Sunway Branch

The logo of Universiti Putra Malaysia (UPM) is a shield-shaped emblem. It features a red and white design with a book in the center and the letters 'UPM' at the top. The shield is set against a light gray background.

LOO WAI THIEN
GM00465

This case was submitted in partial fulfillment of the requirements for the degree
of Master of Business Administration in the Malaysian Graduate School of
Management, Universiti Putra Malaysia

April 2001

Acknowledgement

I would like to express my utmost appreciation to my supervisor, *Dr. [Name]* and *Prof. [Name]* for their valuable time, guidance and suggestion during the progress of my case writing.

I also like to take the opportunity to thank the members of Hong Leong Bank Bandar Sunway branch for allowing me write the case of Bandar Sunway branch, for their precious time spend with me during the dialogue sessions and sharing their view of TQM at branch level.

Last but not least, I would like to express my greatest gratitude to my fiancée, Ms. Amanda Koh for her patience, tolerance and support for the past 2 years while I pursued for my MBA degree.

TABLE OF CONTENTS

Part 1 : Case Description

	<u>Page</u>
1.0 INTRODUCTION	2
2.0 HONG LEONG BANK BERHAD (HLBB)	5
2.1 Hong Leong Bank's Branch Network And Structure	8
2.2 Hong Leong Bank Bandar Sunway Branch (SWY)	9
2.3 Personal Financial Centre	9
2.4 Operation Department	12
2.5 Credit Department	13
2.6 Marketing Department	16
3.0 INITIATION OF QUALITY IMPROVEMENT PROGRAMS IN HONG LEONG BANK	18
3.1 Hong Leong Bank Quality Support Structure	21
3.2 Bandar Sunway Branch's Quality Steering Committee (QSC)	21
4.0 EFFECTIVENES OF TOTAL QUALITY MANAGEMENT (TQM) IN BANDAR SUNWAY BRANCH MANAGEMENT	27
4.1 Telephone Etiquette Survey Conducted In Hong Leong Bank Branches	27
4.2 Queue Time Survey Conducted In Hong Leong Bank Branches	29
4.3 Dialogue Sessions With The Employees Of Hong Leong Bank Bandar Sunway Branch	31
4.4 The Current Status Of Total Quality Management (TQM) Implementation In Bandar Sunway Branch	34

TABLE OF CONTENTS

Part 2 : Case Analysis

	<u>Page</u>
SYNOPSIS	36
5.0 HINDRANCES AND PROBLEM UNDERLYING THE TQM PROCESS IN BANDAR SUNWAY BRANCH	38
5.1 Lack Of Quality Culture And Understanding Within The Organization	38
5.2 Lack Of Top Management Support	39
5.3 Poor Support From Division/Branches	40
5.4 QPP Efforts Was Hindered By The Economic Slow Down	41
5.5 Poor Time Management and Excessive Workload	42
6.0 RECOMMENDATION FOR IMPROVEMENT	43
6.1 Education And Implementation	43
6.2 Programmes For Quality Improvement	46
6.2.1 Customer Service	47
6.2.2 Work Processes	50
6.2.3 Housekeeping And Branch Cleanliness	51
6.3 Empowerment	54
7.0 CONCLUSION	58
REFERENCES	60

LIST OF TABLES

		<u>Page</u>
<u>Table</u>	<u>Content</u>	
Table 1	Comparing the bank's financial performance from 1999 – 2000	8
Table 2	Stages of QPP Modules	19
Table 3	Categories of improvements	26
Table 4	Results of telephone survey conducted on 50 calls between months of August – September 2000.	28
Table 5	Results of queue time testing survey conducted in 20 selected branches in moth of July – August 2000	29

LIST OF FIGURES

		<u>Page</u>
<u>Figure</u>	<u>Content</u>	
Figure 1	Hong Leong Group's Corporate Mission Statement	7
Figure 2	Hong Leong Bank's Branch Structure (Bandar Sunway Branch)	10
Figure 3	Hong Leong Bank's Quality Support Structure and Functions	22
Figure 4	Branch's Quality Steering Committee Structure	24

LIST OF APPENDICES

APPENDICES

	<u>Page</u>
APPENDIX 1 Review On The Malaysian Banking Industry	61
1.0 THE MALAYSIAN BANKING INDUSTRY REVIEW	61
1.1 Banking Industry In Malaysia	61
1.2 Malaysian Economic Crisis 1997-1998	62
1.3 Recovery And Growth Strategy Of Local And Foreign Institutions	64
APPENDIX 2 The Development Of Total Quality Management In The Banking Sector	67
2.0 THE DEVELOPMENT OF TOTAL QUALITY MANAGEMENT IN THE BANKING SECTOR	67

LIST OF ABBREVIATIONS

ABM	Assistant Branch Manager
ARE	Account Relationship Executive
BM	Branch Manager
CE	Credit Executive
EMS	Executive, Mortgage Sales
HLB	Hong Leong Bank
HLBB	Hong Leong Bank Berhad
HLBQA	Hong Leong Bank Quality Award
NPL	Non-Performing Loan
ODI	Organizational Dynamic Inc.
PBD	Personal Banking Division
PFC	Personal Financial Consultant
QAT	Quality Action Team
QIT	Quality Improvement Teams
QPP	Quality Productivity Program
QSC	Quality Steering Committee
QSE	Quality & Service Excellent Unit
SWY	Bandar Sunway Branch
TQM	Total Quality Management
VOC	Voice of Customer

UPM

PART 1

Case Description

1.0 INTRODUCTION

It was Monday morning, the first day of the week where most business transactions, appointments, meetings and many other business activities will be carry out. Many working people considered Monday as a dreadful day to start off the week where weekends are still far ahead.

Mr. Bernard Lee, branch manager for Hong Leong Bank (HLB), Bandar Sunway branch had already reached his office since 7:30 a.m. in the morning. He got himself a cup of coffee and started running through the stack of documents on his table. His table was rather messy with files pilling high up, internal memos to be signed, previous day transaction reports to be checked and many other documents need to be attended. Mr. Bernard was particularly concerned with the internal memos that he was putting up to management to obtain approval on downward revision of housing loan interest rate for the branch existing borrowers. Branch's borrowers had been complaining about high borrowing rate charged on their loan facilities and were attracted by other banks' housing loan packages that offer lower interest rate pricing. So far, Mr. Bernard has received 5 of these complains since last week and request for interest rate revisions have been prepared and ready for submission to management for consideration.

After going through and signed all the internal memos, Mr. Bernard turned to '*Voice of Customers*', a customer feedback & suggestion form that were placed in the banking hall for clients to voice out their complains and feedback on the branch's customer

service. He received 25 forms and was disappointed to discover 12 complains since last week. Many of these complains were related to front-line desk services like queuing too long to get transaction done, tellers making too many mistakes, request not attended within reasonable time and many more. Besides complains, there were 3 compliments received and the rest were open suggestions by the bank's clients.

Later in the afternoon, Mr. Bernard was having lunch with one of the director that maintained his company accounts with commercial facilities with the branch. It was a business cum lunch appointment that was schedule since last week but postponed to this week due to Mr. Bernard's hectic schedule. The company has been supporting the branch with millions of deposit and maintained some credit line for the past 5 years. The reason for the meet up was to discuss on the revision of the company's facilities to cater for the company's expansion plan. Mr. Bernard knows that the meeting was going to be difficult because of the complexity of the additional credit line requires and approval on commercial credit line requires different level of management decisions.

Later in the evening at 5:30 p.m., Mr. Bernard was conducting the branch monthly meeting with his branch officers. During the meeting, a few important agendas were brought up particularly on the branch business profile. The branch has been experiencing a decline in deposit level for the past 6 months and many accounts were closed either due to customer dissatisfaction with the branch service or the bank's deposit interest rates were not competitive enough compared to other financial institutions. Other issues brought up were administration backlogs pilling up in credit department and operational department. The meeting adjourn at 7:15 p.m.

Customer satisfaction is the key determinant to business success and businesses can no longer thrive on product supremacy or monopolistic markets to sustain continuous and profitable growth. Globalization, technological advancement and market liberalization in certain part of the world have directed firms to compete on enhancing product offerings and high service standards, which will instill customer satisfaction and assure continuous customer support to the organization.

The initiation of quality improvement programs in Hong Leong Bank begins way back in 1996, where the bank has invested and implemented Total Quality Management (TQM) throughout the institution to instill quality standards in providing value-added products and services to its clients. Total Quality Management (TQM) and quality improvement programs are avenues, which firms design to create culture within the organization that embraces quality towards value-added products and services. To create such values, the employees of the organization needs to believe and take their ownership of such quality programs to full commitment. Quality standard needs to exist within the employee in order to embrace the bank's quality standard to the highest level and channel these quality attributes in satisfying customers' expectation.

REFERENCE

1. Logothesis, N., "Managing For Total Quality : From Deming To Taguchi and SPC", Prentice-Hall 1992
2. Ripley, R.E. and Ripley, M.J., "Empowerment, The Cornerstone of Quality : Empowering Management In Innovative Organizations in the 1990s" Management Division, Vol. 30, No. 4, 1992, page 20-43
3. Imai, M., "Kaizen –Key to Japan's Competitive Success", McGraw Hill Inc, International Edition 1991.
4. Newflash : "Banking on Mergers?", Economic Review, Hong Leong Bank, 27th September 2000.