Investigating the level of customer oriented in an excellence business organization through EFQM method

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C H R O N I C L E	A B S T R A C T
	Today, many business organizations have replaced product oriented strategies with customer oriented strategies and try to improve the level of their products and services to reach customer satisfaction. Excellent organizations pay especial attention to their customers and always try to do their best to have loyal customers. The purpose of this paper is to investigate the level of customer oriented in an excellence business organization through European Foundation of Quality Management (EFQM) method for one of the biggest Iranian banks in city of Tehran, Iran. The study designs a questionnaire in Likert scale and distributes it among 384 randomly selected customers who do banking business. Cronbach alpha has been calculated as 0.948, which is well above the desirable level. In addition, using t-student test, the study has confirmed that bank enjoyed a satisfactory level of customer oriented.

1. Introduction

One of the primary concerns in any organization is to learn more on the level of success and there are various techniques to determine firms' achievement in terms of customer satisfaction, quality of services, etc. (Nabitz et al., 2000). The European Foundation for Quality Management (EFQM) excellence model is a non-prescriptive framework for organizational management systems and it is designed for helping firms in their drive towards being more competitive (Shaw, 2000' Bou-Llusar et al., 2009; Zárraga-Rodríguez & Álvarez, 2014). The EFQM Model provides a model helping firms determine their current "level of excellence". They also learn on where to concentrate their improvement efforts. In addition, the framework helps to ensure that business decisions include the requirements of all stakeholders and are aligned with the organization's objectives. EFQM provides its users with a set of performance improvement tools to achieve and sustain results and excellence and it is reviewed to incorporate new ideas, concepts and learning. The method has been under tremendous investigation for the past few decades.

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Cabrerizo and Pérez (2013), for instance, provided a consensus support model based on linguistic information for the initial-self assessment of the EFQM in health care organizations. Yousefie et al. (2011) proposed a method for selection of effective management tools on setting EFQM model by a quality function deployment (QFD) approach (Mahmud & Hilmi, 2014; Calvo-Mora et al., 2014). Wongrassamee et al. (2003) compared two models including Kaplan and Norton's Balanced Scorecard and the EFQM Excellence Model. Each consists of a non-prescriptive template offering managers a relatively small number of groups of key performance metrics to concentrate on. Here, they were examined from a critical perspective in terms of five central issues represented by five questions associated with objectives, strategies and plans, target setting, reward structures and information feedback loops. The analysis reported that despite having some significant differences both methods appear to be developed from similar concepts. They concluded that it was difficult to determine a perfect match between a firm and a performance measurement framework.

2. The proposed study

The purpose of this paper is to investigate the level of customer oriented in an excellence business organization through European Foundation of Quality Management (EFQM) method. The study has accomplished for Bank Pasargad, which is one of the biggest Iranian banks in city of Tehran, Iran named. Bank Pasargad is a major Iranian banking establishment offering retail, commercial and investment banking services. The firm was established in 2005 as a part of the government's privatization of the banking system. The bank has a headquarter in city of Tehran and the bank operates throughout the nation with 3251 employees and 297 branches. BPI is listed under the Tehran Stock Exchange and the bank had an initial capital assessment of $250 million in 2006. In 2012, The Banker magazine rated BPI as among the top "1000 banks in the world", ranking 266th overall. The Bank is also on The Banker's list of the top 500 Islamic financial institutions. The sample size is calculated as follows,

$$N = Z_{\alpha/2}^2 \frac{p \times q}{e^2},$$

(1)

where N is the sample size, $p = 1 - q$ represents the probability, $z_{\alpha/2}$ is CDF of normal distribution and finally ε is the error term. For our study we assume $p = 0.5$, $z_{\alpha/2} = 1.96$ and e=0.05, the number of sample size is calculated as N=384. The study designs a questionnaire in Likert scale and distributes it among 384 randomly selected customers who do banking business. Cronbach alpha has been calculated as 0.948, which is well above the desirable level. In our survey, 67% of the participants were female and 33% of them were male. Fig. 1 demonstrates other personal characteristics of the participants.
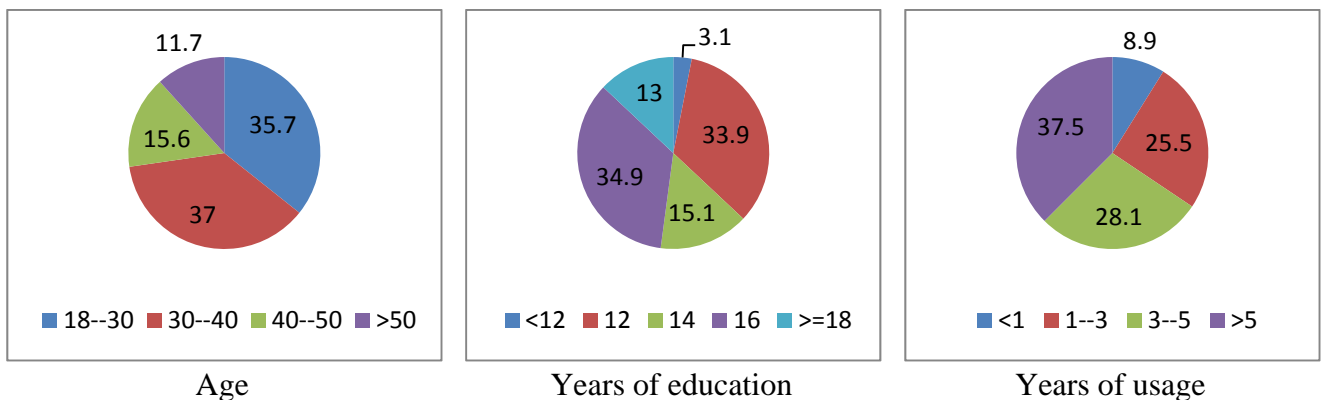

Fig. 1. Personal characteristics of the participants

As we can observe from the results of Fig. 1, most participants were in middle age people with some university education. The main hypothesis of this survey is as follows,

Main hypothesis: Bank Pasargad maintains desirable level of customer oriented.

To examine this hypothesis, we need to consider the following sub-hypotheses,

1. Customers have good image about Bank Pasargad.
2. Bank Pasargad provides quality services.
3. Bank Pasargad provides good information services.
4. Physical characteristics of Bank Pasargad are in good condition.
5. Bank Pasargad has good customer relationship management.
6. Bank Pasargad has desirable level of customer loyalty.

The implementation of the Kolmogorov–Smirnov test has confirmed that all data were normally distributed and we may use t-student test to verify the hypotheses of the survey.

3. Results, discussion and conclusion

In this section, we present details of our findings on testing the hypothesis of the survey. Table 1 demonstrates the results.

Table 1
The summary of testing various hypotheses

Hypothesis	t-value	df	Sig. (2-tailed)	Mean difference	95% confidence interval	
					Lower	Upper
Being customer oriented	9.642	383	0.000	5.24303	0.9133	1.1257
Customer image	10.038	383	0.000	1.06865	0.8593	1.2780
Quality of services	11.725	383	0.000	1.61669	1.3456	1.8878
Information services	2.275	383	0.023	0.35042	0.0476	0.6432
Physical characteristics	8.198	383	0.000	0.69031	0.5247	0.8559
Customer loyalty	13.788	383	0.000	0.91635	0.7857	1.0470

As we can observe from the results of Table 1, Bank Pasargad maintains desirable level of customer oriented and the results of our survey have confirmed all sub-hypotheses when the level of significant is one percent. In addition, customer image, quality of services and physical characteristics are meaningful when the level of significant is one percent. However, the availability of good services is statistically meaningful when the level of significance is five percent. In addition, Table 2 demonstrates the summary of scores given to all components computed by t-student values.

Table 2
The summary of scores given to all factors

Hypothesis	Scores
Being customer oriented	$(95.13 \times 100)/112.5 = 84.56$
Customer image	$(16.92 \times 100)/19.83 = 85.32$
Quality of services	$(22.76 \times 100)/26.44 = 86.08$
Information services	$(21.5 \times 100)/26.44 = 81.31$
Physical characteristics	$(11.26 \times 100)/13.22 = 85.17$
Customer loyalty	$(13.82 \times 100)/16.525 = 83.63$

As we can observe from the results of Table 2, quality of services maintains the highest scores followed by customer image and physical characteristics. Overall, the survey indicates that the bank operates in good condition.

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