

Factors Influencing Operations Management Practices for Islamic Banks in Bangladesh

Rezbin Nahar¹ and Rafikul Islam²

Abstract

Successful Operations Management Practices (OMP) has a lasting impact on a company's overall performance. This paper explores the factors influencing OMP in the context of Islamic banks in Bangladesh. A focus group method was used to collect data to clarify the themes of OMP. A survey questionnaire was then distributed to determine the influential OMP factors through an Exploratory Factor Analysis. Operations Strategy, Quality and Satisfaction as well as Productivity and Relationship with Suppliers were found to be the most influential factors of OMP for Islamic banks in Bangladesh. Subsequently, a model has been created through multiple regression analysis that portrays the relationship among dependent and independent variables. The results show that Quality and Satisfaction, Productivity and Relationship with Suppliers are significantly related with OMP for Bangladeshi Islamic banks. The research findings are expected to provide guidelines for designing effective OMP specifically for Islamic banks in Bangladesh, but have a wider relevance to the Islamic banking industry as a whole. The findings of this study will also assist managers of banks and financial institutions to invest their resources more efficiently.

Keywords: *Operations Management Practices, Islamic banks, Operations Strategy, Quality & Satisfaction, Productivity, Supplier Relationship.*

1. INTRODUCTION

The major indicators of financial system development include the financial process expansion, competitiveness, system efficiency and banking industry profitability. As a financial intermediary, banking sector plays a pivotal role that maintains the flow of funds to the deficit unit from the surplus unit at the same time promoting savings, trade and investment. The banking sector instantaneously functions as a depository of money (Islam and Kassim, 2015).

Banks play a pivotal role within the service sector. The evolution of the private bank

¹ & ². Department of Business Administration Kulliyah of Economics and Management Sciences International Islamic University Malaysia Jalan Gombak, 53100 Kuala Lumpur, Malaysia
E-mail: rezbinfihotmail.com; ris1amfiiium.edu.my

sector with its customised services to overcome business competition has created a strong competitive environment in this sector. Being a part of the banks' competitive environment, Islamic banking offers its products while maintaining its religious focus. Islamic banking has demonstrated major progress in the past two decades with the latest trend indicating that Islamic banking offers a viable and resilient mode of finance (Kamarudin et al., 2014; Ullah, 2014; Echchabi and Aziz, 2014). There are various pillars that enable the Islamic banks to achieve competitive performance and to promote ethically and socially responsible business practices.

The Islamic banking system has established itself as an emerging alternative form of banking to that of interest-based banking and has rapidly grown in the past two decades both in Muslim and non-Muslim nations (Sufian et al., 2014). It has recorded high growth rates in both size and number, and now operates in more than 60 countries globally. Bankers estimate that Islamic banking could control more than 50% of the savings in Islamic countries in the coming decade (Ahmad, 2004). Islamic banking is measured as a different type of banking stream as it forbids interest and substitutes with (a) profit share and (b) the degree of the risk involvement of the parties (Rahman and Hossain, 2013).

Islamic finance has already been widely accepted in Muslim as well as non-Muslim countries even though it runs on very different operational modes. The principles and policies of Islamic banks are continuously gaining popularity. The financial banking system is responsible for contributing to socio-economic development by eliminating economic ills. The principal goals and functions of the Islamic banking system include economic well-being with full employment, a maximum rate of economic growth, equal distribution of income and wealth, socio-economic justice, and productive mobilisation and stability of monetary value (Chapra, 2000; Ali, 2014; Saeedi and Saeedi, 2015).

The Islami Bank Bangladesh Ltd. was the first Islamic bank established in Bangladesh on 13th March, 1983. The Islamic banking sector of Bangladesh has recently achieved substantial progress in tandem with the global trend. The first operation of the Islamic bank was approved by the central bank of Bangladesh. At present, there are eight Islamic Shariah-based banks among 56 scheduled banks operating in Bangladesh. All eight Islamic banks are either under foreign or private ownership with none under state ownership. The market share of Islamic banks (IBs) has reached 18.3 percent and 20.3 percent, respectively in terms of deposits and credits, as at the end of December 2011 compared to the overall banking sector of Bangladesh (Bank, 2012).

A number of researches and books on Islamic banking have been published to support the development of the operational mechanisms for Islamic financial institutions based on profit and loss sharing. The areas include partnerships, which are normally of a

limited duration formed to carry out a specific project (Musharakah); mortgages when buying property (Murabaha); leasing (Ijarah); investment partnerships between a bank and a business that shares the risk and losses/profits (Mudarabah); Islamic insurance (Takaful); and forward sales contracts (Salam).

The present study is fundamentally based on the operations management practices of Islamic banks in Bangladesh. Operations management is among the significant factors that assist in the continuation of an organisation's activities towards achieving its objectives. This is imperative for creating a competitive advantage for an organisation (Krajewski et al, 2007).

In the global era, businesses are recognising the importance of strategic decisions in meeting the challenges of competition. In this regard, OMP plays an important function in meeting global competition (Stevenson, 2007). Thus, the major objective of the present paper is to ascertain the factors influencing OMP for Islamic banks in Bangladesh. The findings of this research will not just be beneficial for Islamic banks but also for the conventional banks of Bangladesh. It will also benefit the Islamic banking sector in other countries. The following section outlines a brief literature review in the area of OMP.

2. LITERATURE REVIEW

Operations management is regarded as a transformational process whereby inputs (resources) are transformed into outputs (products or services) (Banjoko, 2002; Horvathova and Davidova, 2011). It involves a draft of operations systems, planning and control, and enhancement activities that are compulsory for the production and provision of products and services to customers. This transformation process demonstrates that the operations management practices are necessary for organisational survival or to achieve organisational goals. For this reason Stevenson (2007) suggested that OMP are required to maximise market value, maintain competitiveness, assist in increasing profitability, or possibly as a simple survival mechanism for organisations.

A good operations strategy is an important aspect for the success of any type of organisation. Skinner (1995) proposed that operations could become a remarkable competitive edge in the organisation if it is allowed to play a strategic role. Operations strategies represent an organisation's long-term plans for the production of its products and services. It is the road map that specifies how the organisation will utilise its production capabilities in order to accomplish its objectives (Stevenson, 2007).

The theoretical underpinnings of the OM field are somewhat different from other academic management fields such as marketing, strategy, or finance. These areas of study are more-or-less directly linked to basic theoretical disciplines such as economics, psychology, sociology, and mathematics, while the underpinnings of OMP are

found to be more fragmented. It could be argued that the specific genealogy of modern OM is a strange amalgamation of various academic disciplinary inputs (e.g., systems theory), and practical fields of applications (e.g., production and engineering). However, in spite of the apparent overwhelming practical concentration of academic OMP, it also seems to possess a history that reveals its anxieties about the real benefits of OMP (Slack et al., 2010).

Operations management connects the operational decisions, policies, and corporate mission besides prescribing the decisions and policies that could be adapted to optimise organisational competitiveness (Joachim, 2010). According to Krajewski et al. (2007), an organisation's vision should be embedded in its mission statement. In addition, Wicks and Roethlein (2009) reiterated that the mission statement declares the nature of the products or services provided, the market to be served, and the manner of services affect the operations and production management's choice of structure, objective, and production strategies.

Based on the perspective of operations management, customers have an important role in the organisational process (Krajewski et al., 2007). Prior to the implementation of strategies and organisational structures, customers are the first component.

Customers always aim for maximum satisfaction from the purchased products or services. When customers have a good perception about a brand, they normally prefer to continue purchasing from that brand, as consumers formulate their preferences relative to the attitudes and perceptions of brands competing in their minds.

In order to succeed in today's business environment, organisations are required to build customer relationships and not just build products. Building customer relationships means delivering superior value to the targeted customers compared to the competitors (Kotler et al., 2002). "An organisation that consistently satisfies its customers, enjoys higher retention levels and greater profitability due to increased customer loyalty" (Wicks and Roethlein, 2009, p. 83). Organisations must develop relationships with the customers in order to retain these loyal customers. If the perceived performance equals or even surpasses customers' services expectations, they are gratified (Isa, 2008).

Quality must be another major objective of not only the operating department of the organisation but also of every other business unit. It is important for the organisation to ensure a high quality service from the first contact with the customers right up to the stage of product or service delivery, and during subsequent contacts between the two parties (Horvithov:1 and Davidov:i, 2011). Whether an organisation provides quality services or not will depend on the customers' feedback on the satisfaction that they have from consuming the products, since higher levels of quality lead to higher levels

of customer satisfaction (Kotler and Keller, 2009). At present, quality improvement is a critical component in dealing with competition and the whole organisation must absolutely focus on it if it is to remain successful in the future (Horvathova and Davidov:i, 2011).

Quality is a perceptual, qualified and somewhat idiosyncratic element. If a product achieves the customer's expectations, the customer will be delighted and contemplate that the product is of standard or even high quality. Companies in their daily activities, provide much importance to the quality factors nowadays (Aziz, 2009).

Researches in the area of employee attributes and performances have normally been under the domain of organisational psychology, and not Operations Management. Nevertheless, as operations managers are becoming increasingly involved in service management (Oliva and Sterman, 2001; Ukko and Tenhunena, 2007), it is found that employee attributes are potentially a critical determinant in creating operational efficiency. Mathieu and Zajac (1990) discovered in their meta-analysis that in most cases employee satisfaction had only a small direct effect on business performance. Even though numerous researches have been conducted to demonstrate the correlation between employee satisfaction and their individual work behaviours such as absenteeism, turnover, tardiness, drug usage, and sabotage (Fisher, Locke and Henne, 1992), the relations between employee performance and operations management practices have not been rigorously studied with empirical findings.

The effect of the relationship strategies between the buyer and the supplier on performance is dependent on the advantages perceived by both parties. According to Parasuraman et al. (1991), in the service industry, the relationship between the buyer and the supplier requires trust, since the customer has to normally purchase a product or service before experiencing it. Following the initial experience with the product or service, trust and loyalty can be developed through the relationship between the two parties (Paiva et al., 2008). This brought about the argument that close relationships enhance the financial performance of the buyer companies through lowered costs and increased profits (Noordewier et al., 1990; Cannon and Homburg, 2001).

Surveys have been carried out in a number of countries to gauge the OMP. The application of OM principles is a common occurrence in the US (Meredith and Roth, 1998) and with the fast movement of globalisation, this country's manufacturing as well as service oriented organisations are quite aware of the practices of operations management.

Another survey found that OM practices in Spain are similar to those practiced in other European countries (Ribera, 1998). Large companies have special OM or Production Management departments in their organisational structure, while many small compa

nies do not explicitly identify it, although the main OM functionalities are obviously included.

The present study seeks to identify the factors influencing OMP and to define the relationship among those factors in the course of designing effective OMP for Islamic banks in Bangladesh. In other words, this research will address the issues that play a significant role in the future outlook of the OMP of Islamic banks in Bangladesh and determine the factors requiring further focus. To the best of the authors' knowledge, very few attempts have been made thus far to survey OMP in the Islamic banking sector in any country. Most of the researches conducted on Islamic banks have dealt with Shariah issues (Ellias et al., 2014; Ullah, 2014).

3. METHODOLOGY

3.1 Sample Design

Five Islamic banks from Bangladesh were chosen in this study of which three were used for the pilot study. The objective of the pilot study was to ascertain the respondents' comprehension of the items provided in the questionnaire. The results of the pilot study were used to modify the questionnaire, albeit minor corrections were made prior to distributing it to the actual respondents. The revised questionnaire was communicated to 50 managers drawn from the five Islamic banks. Thirty five properly completed questionnaires were collected in total. After collecting the questionnaires, four questionnaires were found incomplete resulting in a total of 31 questionnaires for data analysis. The distribution of the questionnaires among branches of the five Islamic banks is summarised in Table 1.

Table 1: Distribution of Questionnaires

Name of the Bank	No. of Questionnaire Distributed	No. of Responses Obtained
Islami Bank Bangladesh Ltd.	22	12
Al-Arafah Islami Bank Ltd.	10	6
EXIM Bank Ltd.	7	5
Social Investment Bank Ltd.	5	4
Shahjalal Islami Bank Ltd.	6	4
Total	50	31

Table 1 also shows the actual responses collected from the survey respondents. Due to the nature of the survey, the target population for this survey was the branch managers. All respondents were male. Even though there are female branch managers, all the responses gathered in this survey turned out to be from the male branch managers.

3.2 Data Collection Technique and Validation

The current study used both questionnaire and data from Islam and Hossain (2012) study. The questionnaires were distributed to the respondents within a pre-set time-frame. The questionnaire included two sections: Sections A and B. Section A asked for the demographic information of the respondents such as the bank's name, the bank branch's name, number of employees in the branch, and the respondent's position and gender. Section B included questions associated with both the independent and dependent variables (defined later). A number of statements in this section were related to the OMP, and the participants were asked to record their answers using a 5-point Likert scale. The scale ranged from 1 (strongly disagree) to 5 (strongly agree). The Likert scale was utilised to generate the statistical measurements for the OMP. This particular scale was chosen due to its suitability in measuring attitudes as designed by Rensis Likert in 1932.

The reliability test was performed to affirm the stability and consistency of the data using the Cronbach's Alpha. The alpha value for measuring the items' reliability in the questionnaires was 0.801, which is above the acceptable level of 0.6 as proposed by Nunnally (1967).

3.3 Data Processing and Analysis Technique

Data entry and analysis was carried out using SPSS version 17.0. The Exploratory Factor Analysis (EFA) was performed utilising the Maximum Likelihood estimation process with Varimax rotation to determine if the observed variables that were loaded together remained sufficiently correlated and if they met the reliability criterion. Linear Regression Analysis was then applied to investigate any possible relationship between the dependent and independent variables.

4. ANALYSIS

Factor Analysis identifies the variables that can be clumped together to create a cluster of variables. Each cluster of the correlated variables is a factor and the relative link of each of the original variables to a factor is known as the variable's factor loading. According to Hair et al. (2010), variables with loadings higher than 0.30 are considered significant, loadings that are higher than 0.40 are viewed as being more significant, and loadings of 0.50 or higher are regarded as very significant. This study utilised the factor loading cut-off point of 0.50 for retaining the items in the factor. Factors that demonstrated an eigenvalue equivalent to 1 or higher were retained. Further, a result that demonstrated at least 50% of the total variance was considered as being satisfactory. The Bartlett's test revealed a significant value of less than 0.001, and the KMO result was 0.550, which is more than 0.50 and thus considered as being satisfactory. The communality values are also within the appropriate range. After the data was

analysed utilising the Principal Component Analysis with a Varimax rotation, the 17 variables were decreased to four factors, and explained 69.77% of the total variance.

The communalities demonstrate how much variance the extracted factors account for in each variable. The initial communality values in the principal components analysis are all unity. The extracted values reveal the portion of each variable's variance which the factor model can explain. Variables with values that are higher than 0.5 are regarded as being well-represented while variables with values that are lower than 0.5 fall short in representation. This study found that the highest variance of 79% accounted for "The branch has clear vision and mission statements (b1)". However, the lowest variance at only 50.17% accounted for "Our branch is conveniently located (b6)".

Operations Strategy is the first factor that accounts for the most variance (25.23%) consisting of seven variables. This factor's eigenvalue is 4.819, which demonstrates that this factor is one of the main factors in explaining the OMP among Islamic banks in Bangladesh. It involves the aspects of 'having a clear mission and vision; well-defined operations strategy by the organisations; good operations strategy is vital for success of the bank; availability of formal complaint/suggestion system; formal customer complaint/suggestion system has been very effective for our branch; good operations strategy is to attain excellence in service delivery; concerned about productivity improvement in our bank and all sorts of actions taken to improve productivity'. The mean values identified for these seven variables are 4.77, 4.87, 4.90, 4.71, 4.84, 4.74, and 4.68, respectively. In the range of the 5-point scale, these mean values reveal responses that are closer to "strongly agree". Thus, policy makers of Islamic banks in Bangladesh should concentrate on these variables to improve OMP among the banks.

The second most important factor is Quality and Satisfaction which accounts for 17.61% of the total variance and it broadly relates to the aspects of OMP involving 'suppliers who are very efficient; branch is conveniently located; concerned about quality improvement in our bank, and all sorts of actions taken to improve quality in services'. The eigenvalue is 2.011. The mean values of the three variables are 4.65, 4.61, and 4.65, respectively.

Table 2: Factor Analysis Output of OMP of Islamic Banks in Bangladesh

Factor (Eigenvalue)	Variables	Loadings	Variances % (Cumulative)	Communalities
Operations Strategy (4.82)	b1	.846	25.235	.798
	b2	.819		.658
	b3	.693		.667
	b9	.651		.598
	b10	.608		.562
	b13	.601		.574
	b17	.543		.548
Quality and Satisfaction (2.01)	b5	.863	42.846	.757
	b6	.708		.501
	b14	.553		.509
Productivity and Relationship with SupplierS (1.66)	b7	.854	59.728	.751
	b8	.813		.672
	b15	.702		.737
Global Movement (1.27)	b4	.897	69.773	.780

(b1=The branch has clear vision and mission statements, b2=The branch has well—defined operations strategy, b3=A good operations strategy is vital for success of the bank, b9=We have a formal customer complaint/suggestion system, b17 = Good operations management is to attain service excellence in our company, b10 =Customer complaint/suggestion system has been very effective for our branch, and b13=We are concerned about productivity improvement in our bank and all sorts of actions taken to improve productivity, b5=Our suppliers are very efficient, b6=Our branch is conveniently located, b14=We are concerned about quality improvement in our bank and all sorts of actions taken to improve quality in services, b7=We set highest priority on customer satisfaction, b8=At the end of the year branch's productivity is measured, b15=We have developed strong relationship with suppliers, and b4=I think that my bank should go for global market like Bank Islam in Malaysia).

Productivity and Relationship with Suppliers is the third most important factor and accounts for 18.889c of the total variance. It relates to the aspects of OMP involving ‘organisation sets highest priority on customer satisfaction; at the end of the year, branch’s productivity is measured; banks have developed strong relationship with suppliers’ with an eigenvalue of 1.664. These three variables’ mean values are 4.42, 4.84, and 4.03, respectively and it ranges close to ‘agree’ to ‘strongly agree’. The details pertaining to the three above-mentioned factors are provided in Table 2.

Global Movement is the final factor that has only one item with an eigenvalue of 1.273. Since the factor does not contain any other items, it was not considered in this study even though the other values are within the acceptable range.

The derived three factors offer the most insights into the OMP of Islamic Banks in Bangladesh. In the future, policy makers in Bangladesh from the Islamic banking sector can concentrate on the factors of Operations Strategy, Satisfaction and Quality, and Productivity and Relationship with Suppliers.

Table 3: Results of Reliability Coefficients, Mean and SD for derived factors

Code	Mean	SD.	Factor name	Cronbach’s alpha
b1	4.77	.425		
b2	4.87	.341		
b3	4.90	.301		
b9	4.71	.461	Operations Strategy	0.832
b10	4.84	.374		
b13	4.74	.445		
b17	4.68	.475		
b5	4.65	.486		
b6	4.61	.558	Quality and Satisfaction	0.673
b14	4.65	.486		
b7	4.42	.564		
b8	4.84	.374	Productivity and Relationship with suppliers	0.738
b15	4.03	.795		

The Cronbach’s alpha value (reliability coefficients) for three factors namely, Operations Strategy, Quality and Satisfaction as well as Productivity and Relationship with suppliers are found 0.832, 0.673 and 0.738 (Table 3), respectively. Table 3 also provides descriptive statistics (mean and standard deviation) for the 13 variables.

Multiple regression analysis was conducted with these three factors as the independent variables (IVs) and the overall OMP as the dependent variable (DV).

Therefore, the basic model for this study is:

$$OMP = o + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e$$

where OMP = Operations Management Practices

x1 = Operations Strategy

x2 = Quality and Satisfaction

x3 = Productivity and Relationship with Suppliers

o is constant, $\beta_1, \beta_2, \beta_3$ are regression coefficients, and e is the error term.

A correlation analysis was carried out to measure if any correlations exist between the selected variables. A high value indicates the presence of a strong correlation among the predictors. We observed that there are no strong correlations among the selected variables, as all the correlation coefficients among the IVs are less than 0.50. Further, variance inflation factor (VIF) is also less than 10, signaling non-existence of multicollinearity among the IVs.

Table 4: Model Summary^a

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	.852 ^a	.725	.695	.312	2.499

a. Predictors: (Constant), Productivity and Relationship with Suppliers, Operations Strategy, Quality and Satisfaction
 b. Dependent Variable: Operation Management Practices

Table 4 shows the model summary results including R² and Adjusted R² values. Here, the adjusted R² is 0.695 which means about 69.5% variation in dependent variable is explained by the independent variables included in the model.

Table 5: ANOVA Output Table^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.925	3	2.308	23.756	.000 ^a
Residual	2.623	27	.097		
Total	9.548	30			

a. Predictors: (Constant), Productivity and Relationship with Suppliers, Operations Strategy, Quality and Satisfaction
 b. Dependent Variable: Operation Management Practices

ANOVA tests significance of relationships between the DV and IVs, particularly whether the DV actually depends on any of the IVs. The test revealed a statistically significant relationship between the dependent and independent variables (Table 5). Thus, it demonstrates that, in general, the OMP of Islamic banks in Bangladesh are dependent on Quality & Satisfaction and Productivity and Relationship with the

Suppliers. However, separate independent test for coefficients, as explained below, confirms that Operations Strategy is not significantly related with OMP.

Table 6: Output of Regression Analysis^a

Model	Unstandardized Coefficients	Standardized Coefficients		95.0% Confidence Interval for B			
		Beta	Std. Error	Lower Bound		Upper Bound	
(Constant)	-1.019	1.005		1.014	-.320	-3.081	1.043
Quality and Satisfaction	.368	.164	.260	2.245	.033	.032	.705
Operations Strategy	.002	.223	.001	.010	.992	-.456	.461
Productivity and Relationship with Suppliers	.840	.126	.727	6.669	.000	.581	1.098

a. Dependent Variable: Operation Management Practices

A stepwise regression was carried out to identify the combination of predictors of Operations Management Practices (OMP) among the three independent variables. Quality and Satisfaction (t=2.245, p=0.033) accompanied by Productivity and Relationship with Suppliers (t = 6.669, p < 0.001) has been concluded as having a significant relationship with OMP. The Operations Strategy (t = 0.010, p = 0.992) does not seem to be of significance in deciding the OMP in Islamic banks in Bangladesh. In addition, one unit of increase in Quality and Satisfaction will increase OMP by 0.368 and one unit of increase in Productivity and Relationship with Suppliers will increase OMP by 0.840. All numerical details are provided in Table 6.

Therefore, the regression model is:

$$OMP = -1.019 + 0.368 * \text{Quality \& Satisfaction} + 0.840 * \text{Productivity and Relationship with Suppliers}$$

5. DISCUSSION AND CONCLUSION

Operations Strategy, Quality and Satisfaction, as well as Productivity and Relationship with Suppliers are three factors identified from the factor analysis. Among these three factors, two appear to have a positive relationship with OMP among Islamic banks in Bangladesh. The findings are in line with the research conducted by Heim and Sinha (2001) and Nagar and Rajan (2005), though their works were related to conventional banking.

Around the world, in the services industry, the matter of service quality remains important as business attempts to maintain a comparative advantage in the market (Hossain and Leo, 2009). Services quality is a primary competitive weapon for banks, since in the marketplace, they generally compete with undifferentiated products (Staf

ford, 1996). For Quality and Satisfaction, issues such as efficient suppliers, convenient location of bank's branches, and quality improvement were found to play prominent roles in OMP. Giving a better quality of service demonstrates efficient and effective OMP. In order to provide a high quality services to the customers, it is imperative that the banks have efficient suppliers and the ability to grasp the needs of the customers. This has been echoed by Ndubisi et al. (2007) and Mulligan and Gordon (2002).

Productivity and Relationship with Suppliers demonstrates the significance of issues such as priority of customers, measuring productivity of branches annually, and maintaining a strong relationship with the suppliers. Satisfied customers can always be identified by their smiling faces and their long-term relationship with the banks. It is one of the reasons why organisations normally give priority to their customers. Another important factor for organisations to consider is to measure their productivity annually so that corrective measures can be taken to increase or maintain their productivity. Yet another issue is to maintain a strong relationship with the suppliers as it is also an important matter for the banks.

Most managers of the Islamic banks in Bangladesh are concerned with customer satisfaction. A majority of them agree that banks should place customer satisfaction as their highest priority. Providing products or services of high quality at a reasonable cost ensures customer satisfaction. Nevertheless, it could be rather hard for managers to determine if their customers are satisfied. In this respect, managers could provide a suggestion and complaint system at their branches. Managers should always attempt to acknowledge and address the complaints and suggestions made by the customers. In this manner, the managers of the banks can build a strong relationship with the customers. In addition, each branch should have a dedicated customer care department that can help it attaining competitive edge by providing personalised as well as customised services to their customers.

In addition to the above, the Islamic bank branches are to be situated at convenient locations. Managers should decide on the location of a new branch based on the cost of the land, convenience, the customer base, quality of life, proximity to suppliers, and the location of the competitors. Further, managers should always attempt to enhance the bank's quality by taking all the necessary steps. Come year-end, the branch's productivity employee's performance is to be measured by the bank.

Generalising the findings of the current study is limited given the small sample size adopted in the study. Future researches should extend the study by surveying all the Islamic banks in Bangladesh by adopting a larger sample size. For the purpose of comparison, similar researches on OMP can also be conducted on Islamic banks in other countries. A survey can also be carried out to compare the current findings on Islamic banks with findings obtainable for conventional banks.

Acknowledgments:

The authors are grateful to Tareq Hossain for his contribution, especially for collecting the necessary data used in this paper.

References:

- Ahmad, A. "Economic Development in Islamic Perspective Revisited", *Journal of KAU: Islamic Economies*, Volume 17, Issue 1 (2004): 53-83.
- Ali, Nazim, S., "Islamic Finance at Harvard", *Economic Cooperation and Development Review*, Volume 7, Issue I (2014): 23-41.
- Bank, Bangladesh, "Annual Report 2011-2012", Bangladesh Bank, Dhaka, 2012.
- Banjoko, S.A., *Production and Operations Management*, Pumar Nig Limited, 2002.
- Cannon, J.P. and Homburg, C., "Buyers-supplier Relationships and Customer Firm Costs", *Journal of Marketing*, Volume 65, Issue 1 (2001): 29-43.
- Chapra, M., "Development Economics: Lessons that Remain to be Learned", *Journal of Islamic Studies*, Volume 42, Issue 4 (2000): 1-12.
- Echchabi, A. and Aziz, H. A., "Shari'ah Issues in Islamic Banking: A Qualitative Survey in Malaysia", *Qualitative Research in Financial Markets*, Volume 6, Issue 2 (2014): 198-210.
- Ellias, M., Haron, M. and Mohammed, M., "The Issue of Principal-Agent in Sale-based Transactions from the Sharblah Perspective", *ISRA International Journal of Islamic Finance*, Volume 6, Issue 2 (2014): 117-131.
- Fisher, C.D., Locke, E.A. and Henne, D.L., "The New Look in Job Satisfaction Theory and Research", in Cranny, C.J., Smith, P.C. and Stone, E.F. (Ed.), *Job Satisfaction: Advances in Research and Applications*, The Free Press, New York, 1992, 165-194 Pages.
- Hair, J.F., Black, W.C., Babin, B.J. and Anderson, R.E., "Multivariate Data Analysis; A Global Perspective", Pearson Education, 2010.
- Aziz, H.A., "Total Quality Model for Islamic Banking," *International Journal of Excellence in Islamic Banking and Finance*, Volume 2, Issue 1 (2009): 1-28.
- Heim, G.R. and Sinha, K.K., "Operational Drivers of Customer Loyalty in Electronics Retailing: An Empirical Analysis of Electronic Food Retailers", *Manufacturing and Service Operations Management*, Volume 3, Issue (2001): 264-271.
- Horvithov:i, P. and Davidov:i, M, "Operations Management as Practice of Organisations' Strategic Management in Relation to the Environment", *International Conference on Financial Management and Economics*, IACSIT Press, Singapore. pp. 8-12, 2011
- Islam, R. and Hossain, T., "A Survey of Operations Management Practices in Islamic Banks in Bangladesh", *Malaysian Management Review*, Volume 47, Issue 1&2 (2012):1-20.

Islam, S. and Kassim, S. "Efficiency of Islamic and Conventional Banks in Bangladesh: Comparative Study Using DEA Approach," *Journal of Islamic Economics, Banking and Finance*, Volume 11, Issue 3 (2015): 83-110.

Joachim, A., "Interface Between Corporate Vision, Mission and Production and Operations Management", *Global Journal of Management and Business Research*, Volume 10, Issue 2 (2010): 18-22.

Kamarudin, F., Annuar, N. M., Yahya, M. H., Ridzwana, M.S. and Barry, A.A. N., "Islamic Banking Sectors in Gulf Cooperative Council Countries: Analysis on Revenue, Cost and Profit Efficiency Concepts", *Journal of Economic Cooperation and Development*, , Volume 35, Issue 2 (2014): 1-42.

Khair, M., "Actual Costs in Fees and Charges in Islamic Banking", *ISRA International Journal of Islamic Finance*, Volume 6, Issue 2: (2014): 149-155.

Kotler, P., Armstrong, G., Saunders J. and Wong, V., *Principle of Marketing*, 3rd edition, Prentice Hall, 2002.

Kotler, P. and Keller, K.L., "Marketing Management", 13th edition, Pearson Education Inc., 2009.

Krajewski, L. J., Ritzman, L.P. and Malhotra, M. K., *Operations Management: Processes and Value chains*, 8th edition, Person Education, 2007.

Mathieu, J.E. and Zajac, D.M., "A Review and Meta-analysis of the Antecedents, Correlates, and Consequences of Organisational Commitment", *Psychological Bulletin*, Volume 108, Issue 2 (1990): 171-194.

Meredith, J. and Roth, A., "Operations Management in the USA", *International Journal of Operations & Production Management*, Volume 18, Issue 7 (1998): 668-674.

Hossain, M. and Leo, S., "Customer Perception on Service Quality in Retail Banking in Middle East: The case of Qatar", *International Journal of Islamic and Middle Eastern Finance and Management*, Volume 2, Issue 4 (2009): 338 — 350.

Mulligan, P. and Gordon, S.R., "The Impact of Information Technology on Customer and Supplier Relationships in the Financial Services", *International Journal of Service Industry Management*, Volume 13, Issue 1 (2002): 29-46.

Nagar, V. and Rajan, M.V., "Measuring Customer Relationships: The Case of the Retail Banking Industry", *Management Science*, Volume 51, Issue 6 (2005): 904-920.

Ndubisi, N.O., Wah, C.K. and Ndubisi, G.C., "Supplier-Customer Relationship Management and Customer Loyalty", *Journal of Enterprise Information Management*, Volume 20, Issue 2 (2007): 222-236.

Noordewier, T.G., John, G., and Nevin, J.R., "Performance Outcomes of Purchasing Arrange

ments in Industrial Buyer-Vendor Relationships”, *Journal of Marketing*, Volume 54, Issue 4 (1990): 80-94.

Nunnally, J.C., *Psychometric Theory*, 1st edition, McGraw-Hill, 1967.

Oliva, R. and Serman, J.D., “Cutting Corners and Working Overtime: Quality Erosion in the Service Industry”, *Management Science*, Volume 47, Issue 7 (2001): 894-914.

Paiva, E.L., Phonlor, P. and D’Avila, L.C., “Buyers-supplier Relationship and Service Performance: An Operations Perspective Analysis”, *Journal of Operations and Supply Chain Management*, Volume 1, Issue 2 (2008): 77 – 88.

Parasuraman, A., Berry, L.B. and Zeithaml, V.A., “Understanding Customer Expectations of Service”, *Sloan Management Review*, Volume 32, Issue 3 (1991): 39-48.

Rahman, T. and Hossain, M. M., “Analysis of Investment Cost: The Case of Islamic Banks in Bangladesh,” *Journal of Islamic Economics, Banking and Finance*, Volume 9, Issue 1, (2013): 63-76.

Ribera, J., “Regional Report on Operations Management in Spain”, *International Journal of Operations & Production Management*, Volume 18, Issue 7 (1998): 180-184.

Saeedi, A. and Saeedi, H., “Islamic Finance Stability”, *International Journal of Excellence in Islamic Banking and Finance*, Volume 5, Issue 1(2015): 1-10.

Slack, N., Chambers, S. and Johnston, R., *Operations Management*, 6th edition, Pearson, Harlow, 2010.

Skinner, W., *Manufacturing: The Formidable Competitive Weapon*, John Wiley, 1985.

Stafford, M.R. “Demographic discriminators of service quality in the banking industry”, *The Journal of Services Marketing*, Volume. 10, Issue 4 (1996): 6-22.

Stevenson, W.J., *Operations Management*, 9th edition, McGraw Hill, 2007.

Sultan, F., Kamarudin, F., and Noor, H. H. M. N., “Revenue Efficiency and Returns to Scale in Islamic Banks: Empirical Evidence from Malaysia”, *Journal of Economic Cooperation and Development*, Volume 35, Issue 1 (2014): 47-80.

Ukko, J. and Tenhunen, H.R., “Performance Measurement Impacts on Management and Leadership: Perspectives of Management and Employees”, *International Journal of Production Economics*, Volume 110, Issue 1-2 (2007): 39-51.

Ullah, H., “Shari’ah Compliance in Islamic Banking”, *International Journal of Islamic and Middle Eastern Finance and Management*, Volume 7, Issue 2 (2014): 182-199.

Wicks, A.M. and Roethlein, C.J., “A Satisfaction-based Definition of Quality”, *Journal of Business & Economic Studies*, Volume 15, Issue 1 (2009): 82-97.