

**UNIVERSITY OF CAPE COAST**

**TOTAL QUALITY MANAGEMENT PRACTICES AND CUSTOMER  
RETENTION AT UNITY RURAL BANK, GHANA**

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RETENTION AT UNITY RURAL BANK, GHANA

BY

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## DECLARATION

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's Signature ..... Date .....

Name: Judith Makafui Kugbonu

### Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature..... Date.....

Name: Dr. Nana Yaw Oppong

## ABSTRACT

The competitiveness of financial institutions, in recent times, have called for Ghanaian rural banks to implement relevant total quality management practices in order to improve customer retention. However, total quality management practices and customer retention has not been largely investigated in Ghana's rural banking sector. The study, therefore, purposely examined the effect of total quality management practices on customer retention at Unity Rural Bank. It also examined the customers perceived total quality management practices and determinants of customer retention at the bank. The study adopted the quantitative research approach, descriptive research design and structured questionnaires to address the objectives under study. The study gathered relevant data from 233 customers of the bank which was then processed using Statistical Package for Social Sciences version 24. Both descriptive specifically mean and standard deviation scores and linear regression were employed in the study's data analysis. The study found continuous improvement as the highest and major total quality management practice perceived by customers to be adopted at the bank. The study also found service quality as the key determinant of customer retention. The study concluded that total quality management practices play tremendous role in improving customer retention at the bank. It was, therefore, recommended that, management of Unity Rural Bank should continuously emphasis on continuous improvement in their processes, systems, strategies and policies by encouraging creativity and innovation among its staff.

## **KEYWORDS**

Total quality management

Total quality management practices

Customer retention

Unity Rural Bank

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## DEDICATION

To my loving husband, Kwame Worlanyo King-Kwame Amedior.

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## LIST OF ACRONYMS

URB	Unity Rural Bank
TQM	Total Quality Management
TQMP	Total Quality Management Practices
CR	Customer Retention

## CHAPTER ONE

### INTRODUCTION

The competitiveness of financial institutions, in recent times, have called for Ghanaian rural banks to ensure total quality management. This is because, globally, organisations which are able to withstand unhealthy competitions while enhancing their performance levels have been found to adopt various total quality management practices. Total quality management deals with organisations ability to manage their products or services to meet various customer expectations notably endurance, performance, conformance, quality, among others; achieving such expectations could lead to customer retention. However, previous studies have failed to assess the various total quality management practices adopted in Ghanaian rural banks and the extent to which such practices affect their customer retention. Based on Deming's theory and Juran's theory, the study examined total quality management practices and customer retention of rural banks in Ghana with focus on Unity Rural Bank within the Ho municipality.

#### **Background to the Study**

The concept of total quality management (TQM) can never be overemphasised (To, Yu & Lee, 2018; Mahmud, Hilmi, Mustapha & Karim, 2019; Bouranta, Psomas, Suárez-Barraza & Jaca, 2019). Total quality management deals with organisations ability to manage their products or services to meet customer expectation attributes such as performance, conformance, endurance, quality, among others (Pham, 2020). As such, TQM ensures that organisations are able to produce products or provide services that

totally meet their customers' expectations. Rogo, Shariff and Hafeez (2017) posited that, TQM is a management approach to both short and long-term successes of organisations through customer satisfaction. It is based on participation of all organisational members in ensuring improved systems, products, services and culture (Sinha, Garg & Dhall, 2016).

According to Ezenyilimba, Ezejiolor and Afodigbueokwu (2019), the concept of TQM is primarily defined and determined by customers; thus, acknowledges a customer-driven economy. As such, focusing on continuous process improvement to achieving high quality products or services is a key step to satisfying and retaining customers of any organisation. The TQM concept, therefore, suggests that any improvement made in any given area in an organisational setting will help enhance "total quality" and invariably lead to customer retention (Min, Homaid, Minai & Zain, 2016; Pham, 2020). The goal of TQM can be achieved when organisations adopt various practices including effective communication, management commitment, teamwork, documented quality management system and customer focus and satisfaction (Ateke, 2016; Pham, 2020).

Previous studies have revealed other practice to include process management, waste minimisation, employee development and organisational culture (Iruka & Ateke, 2014; David, 2018). According to Deming's theory of total quality management (Swiss, 1992). The theory suggests that organisations should focus on system appreciation, knowledge variation, knowledge theory and psychology knowledge (Swiss, 1992) in order to ensure TQM while improving customer satisfaction. Similarly, Juran's theory positioned that, organisations can ensure TQM by emphasising on quality trilogy comprising

quality planning, quality improvement and quality control respectively (Juran, 2003). The theory further suggested that, organisations that strive to achieve the quality trilogy are able to continuously improve customer satisfaction and invariably customer retention.

Corredor and Goñi (2011) also added that, the main objective of TQM is to achieve and even exceed customer expectation by doing everything right for the first time, for customer satisfaction. Panuwatwanich and Nguyen (2017) similarly suggested that having a clear understanding and ensuring proper translation of customers' needs through quality lead to customer retention. Customer retention has largely been defined as the set of activities and strategies adopted by various organisations to minimise the number of customer defections (Kim, 2019). This concept has, over the years, become a key focus of organisations across the globe. As such, organisations which are able to retain their customers have been found to enjoy competitive advantage, high profit levels, high market share while improving upon their overall performance levels (Ezenyilimba et al., 2019; Kim, 2019).

According to Mehta, Steinman and Murphy (2016), customer retention focuses on giving customers more than what they expect and in turn survive unhealthy competitions. Fleming and Asplund (2007) found that customers who are engaged with their organisations generate 1.7 times more revenue as compared to normal customers, whereas, engaged customers and employees together generate 3.4 times more revenue than the norm. Arguably, customer retention can never be achieved in isolation; it depends on various strategies notably total quality management.



Total quality management ensures that organisations including financial institutions always meet or exceed their customers' expectations by strongly emphasising on process measurement and controls, reduction in waste and reworks, production costs while increasing production efficiency (Karani & Bichanga, 2012; Sadikoglu & Olcay, 2014). As financial institutions including rural banks strive to survive while remaining competitive, the concept of customer retention can never to underemphasised (Pambreni, Khatibi, Azam & Tham, 2019). In recent times, economic fluctuations coupled with unhealthy business environments have exposed rural banks to the need to adopt total quality management practices in order to remain competitive while retaining their customer base (Boadi, Li & Lartey, 2016; Madugu, Ibrahim & Amoah, 2019).

Rural banks play important roles in economic development of any country and as such are key to any economy's financial system (Afriyie & Akotey, 2013; Adusei, 2015; Isik, 2017). Rural banks channel scarce resources from surplus economic units to deficit units. They also exert a lot of influence on the pattern and trend of economic development through their lending and deposit mobilisation activities. In most rural settings, they are the principal depositories of monetary savings by the public; the nerve centre of the lending system and the vessel endowed with the ability to create and allocate financial resources (Boadi, Li & Lartey, 2016). As such, the ability of these banks to retain their customers is key to their survival and competitiveness while also helping to bridge the financial gaps between urban and rural dwellers.

However, in Ghana likewise numerous developing economies, various policy makers including government, Finance ministry, among others, have

largely focused on commercial banks with minimal focus on rural banks (Afriyie & Akotey, 2013; Otoo, 2019) despite their positive impacts in the financial sector. As such, whether these fragile rural banks ensure total quality management in order to retain their customers remain unknown. In Ghana, for instance, there are over 127 rural banks across the country with over 3 million depositors and borrowers (Boadi & Lartey, 2016). Unity Rural Bank (URB), among the rural banks in Ghana, is located in Ho, Volta Region with six branches across the region. The bank provides various services including receiving deposits, provide borrowing and investment platforms to indigenes in the region.

Doing so, Unity Rural Bank (URB) has continuously contributed to bridging the financial gap while ensuring economic development in the region (Unity Rural Bank report, 2018). Despite the significance of TQM practices, it largely remains unknown the extent to which these practices affect customer retention at URB. The study, therefore, focused on rural banks notably URB in a bid to investigate the various total quality management practices it adopts and the extent to which these practices are affecting customer retention. The study's findings would, therefore, influence existing policies while creating awareness of whether or not TQM practices influence customer retention of Ghanaian rural banks notably URB.

### **Statement of the Problem**

The rapid growth in the number of rural banks in developing economies including Ghana has been accompanied by a number of problems some of which were as the result of the business environment in which these banks operated while others could be traced to managerial and operational lapses (Adusei,

2015; Isik, 2017; Shawtari, 2019). The external business environmental problems included the neglected nature of rural areas, which constrained the ability of rural banks to recruit and retain competent personnel which also contributed to an increased transactional cost (Afful, Hejkrík & Doucha, 2015; Boateng, 2015).

Also, the general uncertainty and stagnation in small scale businesses as well as the few but inaccessible markets adversely affected production, distribution, marketing and income generation in most rural areas in Ghana. These in turn affected the ability of borrowers to meet their repayment obligations, thus contributing to poor asset quality. According to Boateng (2015), misapplication or misallocation of mobilised funds, very low deposits and high default rates have plunged many Ghanaian rural banks into serious liquidity problems culminating into the erosion of the public confidence in these banks.

Additionally, a combination of poor lending practices and ineffective monitoring of credit facilities extended to customers has contributed to high loan delinquency in some rural banks in Ghana (Afful et al., 2015). In certain cases, directors of rural banks are themselves defaulters and therefore lack the moral justification to pursue defaulters. Clearly, the profit levels of some of Ghanaian rural banks has not been very encouraging due to high operational cost, inadequate capital and mismanagement of rural bank resources by some staff management (Adjeitsey, 2016). These poor profit performance levels have led to inability of the rural banks to pay shareholders satisfactory rates of return on their investment as well as grant salaries and benefits that correspond to a rapidly rising cost of living to the bank employees (Ofori, 2017).

It has been revealed that over 50 rural banks are financially distressed institutions in Ghana (Afriyie & Akotey, 2012; Adjeitsey, 2016). The problems of poor services have consistently characterised the rural banks industry including Unity Rural Bank and this has invariably affected their performance levels. Arguably, the rural banks industry in Ghana needs TQM practices in their operations if they are to succeed in their current pursuit of making profit alongside rendering quality services to their customers. This is because, influx of diverse forms of financial institutions promising to give all kinds of financial support, which has given rise to intense competition have called for the need for rural banks to look internally into their operational procedures and change strategically to meet up with the challenges.

The problems of poor services coupled with lack of customer satisfaction due to poor management have consistently characterised the rural banking industry as against influx of diverse and better managed forms of financial institutions which are moving to the rural areas, promising to give all kinds of financial support (Adjeitsey, 2016; Ofori, 2017). As a result, rural banks lose their customers to other financial institutions making it difficult for them to achieve their aims of making profit leading to the collapse of many rural banks in Ghana. Unity Rural Bank (URB), for instance, is struggling in recent times, to achieve customer satisfaction due to their recent challenges in the Ho West district of the Volta Region.

According to The Independent Ghana report (2019), Unity Rural Bank (URB) nearly collapsed in 2018 due to its inability to meet the financial needs of its clients, more particularly, the WATSON Committee of Abutia Amegame. The bank failed to refund the savings of the WATSON committee with a meagre

amount of GHC1,297.75 to further the construction of a borehole. In 2017, some key customers of URB pleaded with the Central Bank to rescue it from total liquidation (Ghana News Agency, 2017). Ghana News Agency (2017) added that the bank was struggling to pay pensions and salaries of its employees since 2015. Some of its clients also spent long hours at the banking hall retrieving their locked-up savings, salaries and investments. These are clear indications of a struggling bank which is invariably impeding customer retention.

Total quality management which is a management philosophy that focuses on work process and people with the major concern for satisfying customer and improving the organisational performance by ensuring proper coordination of work processes, reducing waste and rework to reduce cost and increase efficiency in production and service delivery (Parvadavardini, Vivek & Devadasan, 2016; Al-Damen, 2017) has never been core management strategy of most rural banks notably URB. Clearly, URB is exposed to loss of customers and revenue than other financial institutions due to lack of total quality management (Ghana News Agency, 2018). It is as the result of finding out the existence and importance of total quality management practices in Rural Banks that have necessitated this research.

Although studies abound on total quality management (TQM), they have largely focused on how TQM influences organisational performance (Gharakhani, Rahmati, Farrokhi & Farahmandian, 2013; Al-Qahtani, Alshehri & Aziz, 2015; Parvadavardini et al., 2016; Al-Damen, 2017; Rahman, Ahmad & Hamdan, 2017) and employee satisfaction and retention (Chang, Chiu & Chen, 2010; Arsić, Nikolić, Živković, Urošević & Mihajlović, 2012; Alsughayir, 2014; Mosadeghrad & Afshari, 2016; Aletaiby, Kulatunga &

Pathirage, 2017). However, few studies focusing on TQM and customer retention (Faed, 2011; Kwasira, Wambugu & Wanyoike, 2016; Kamau, 2019; Apudo, 2016; Chen, Hsu & Wu, 2014) have failed to focus on rural banks with none related to URB in Ghana. It was, therefore, appropriate to bridge this gap by examining the effect of TQM on customer retention focusing on rural banks in Ghana, specifically Unity Rural Bank (URB).

### **Purpose of the Study**

The purpose of this study was to examine the effect of total quality management practices on customer retention at Unity Rural Bank within the Ho municipality of Ghana.

### **Objectives of the Study**

In line with the above-mentioned purpose, the following specific objectives of the study were developed to:

1. assess customers perceived total quality management practices adopted at Unity Rural Bank;
2. assess the determinants of customer retention at Unity Rural Bank;
3. examine the effect of total quality management practices on customer retention at Unity Rural Bank.

### **Research Questions**

The following research questions guided the study:

1. What are the customers perceived total quality management practices adopted at Unity Rural Bank?
2. What are the factors affecting customer retention at Unity Rural Bank?

3. What is the effect of total quality management practices on customer retention at Unity Rural Bank?

### **Significance of the Study**

Lots of works have been done in many organisations, i.e. from manufacturing to service-providing industries, but much work has not been done in assessing the effect of total quality management practices on customer retention in Ghana's rural banking sector focusing on Unity Rural Bank (URB). As such, findings of the study would help Ghana's rural banking sector, especially management of URB, to focus more on total quality management processes, standards and practices in order to come up with established and competitive customer relationship leading to the achievement of their goals vis-a-vis customer retention strategies.

Also, the study's findings would expose customers to the various total quality management practices adopted by management of URB. This would, therefore, help customers to contribute in improving the current total quality management practices at the bank. Customers would be abreast with the various factors affecting their retention and such be guided by management of URB in overcoming such factors. Finally, the study's finding is essential since it would further contribute to the body of literature on the effect of total quality management practices on customer retention especially in the rural banking sector of Ghana. It would, therefore, serve as a stimulus to other academics for curriculum developments and research work.

### **Delimitations**

The study was conducted within the scope of examining total quality management practices and customer retention. As such, the study was delimited to the operations of Unity Rural bank in the Volta Region of Ghana. It, therefore, did not cover the entire rural banks in Ghana. The study also focused on only customers of the bank and as such, other parties including management and staff of the bank were excluded.

### **Limitations**

In every research, the approach employed comes with some weaknesses which affect the study's findings. The study employed the quantitative research approach and as such improper representation of the target population could affect the study's findings. This is because, the responses of the sample size chosen may not represent the views of the entire Rural Banks in Ghana. Again, the study's results focusing solely on Unity Rural Bank (URB) within the Volta Region of Ghana would not be enough to generalise findings aimed at establishing a relationship between TQM practices and customer retention. Further, the inability to control the environment (respondents) because of the use of structured questionnaires affected the study's findings. This is because, structured questionnaires limit the respondents' ability to express their opinions and suggestions with respect to the study.

### **Definition of Terms**

**Total Quality Management:** It is a management philosophy which focuses on the work process and people, with the major concern for satisfying customers and improving the organisational performance



**Customer Retention:** It refers to the process of expanding customer service quality through the development of social, financial and structural bond in order to retain an organisation's customers.

### **Organisation of the Study**

Chapter one dealt with the study's introduction consisting of background to the study, statement of the problem, purpose of the study, research objectives, research questions, significance of the study, delimitations, limitations, definition of terms and organisation of the study. Chapter two dealt with literature review in terms of the theoretical review, empirical review and conceptual framework. Chapter three basically dealt with the study's research methods adopted; Chapter four focused on results and discussion of the study. Lastly, chapter five dealt with the summary of the study, conclusions made and recommendations of the study. The chapter concluded with suggestions for further research.

## CHAPTER TWO

### LITERATURE REVIEW

The purpose of the study was to investigate the effect of effect of total quality management practices on customer retention at Unity Rural Bank, Ghana. In view of this, this chapter discussed reviews of literature related to the study. It focused on theoretical review, discussion of concepts, empirical review and concluded with a conceptual framework of the study.

#### **Theoretical Review**

The section discussed the theories underpinning the study which comprised Deming's theory and Juran's theory. These theories were adopted due to their direct relatedness with the study's research objectives.

#### **Deming's Theory**

One of the widely known total quality management theories is known as Deming's theory and it was propounded by Edward Deming (Gartner & Naughton, 1988). The theory suggests that if organisations should focus on costs, quality could deteriorate and thus difficult to manage (Anderson, Rungtusanatham & Schroeder, 1994). The theory was based on the system of profound knowledge, 14 points of management to ensure quality and Shewart's Cycle (Plan-Do-Check-Act). With respect to Deming's system of profound knowledge, four elements were suggested: system appreciation where organisations are tasked to understand laid down systems and processes; variation knowledge where organisations need to understand the meaning for and causes of variation; knowledge theory where organisations need to

understand what can be known and finally, psychology knowledge where organisations need to understand the nature of humans.

The theory stressed that organisations which are mindful of the aforementioned knowledge dimensions are able to achieve quality in their respective operational activities (Bowman, 1994). Also, the 14 points of management to achieve quality in Deming's theory comprised: creation of constancy of purpose, adoption of new philosophy, avoidance of dependencies on mass inspections, avoid awarding contracts based on price, ensure continuous production and service improvement, introduce cutting-edge on job training, implement cutting-edge methods to ensure leadership, eliminate fear, avoid communication barriers, eliminate quantity-based goals, avoid quotas and standards, support craftsmanship, emphasis on training and education and finally ensure top management support and commitment.

With respect to Shewart's Cycle aimed at creating a cycle for continuous improvement, the 'plan' phase focuses on preparing objectives and actions (Tamimi & Gershon, 1995). The 'do' phase focuses on action and implementation of process improvement; the 'check' phase focuses on ensuring quality against original plan and finally, the 'act' phase emphasises on determining where changes are needed for continued improvement. It could be deduced that; all the assumptions of Deming's theory emphasise on quality management across organisations (Sila & Ebrahimpour, 2002). In the banking sector, for instance, the theory ensures that continued improvement is achieved by providing quality of services to customers. Thus, the theory is relevant to explaining total quality management in the banking sector.

## **Juran's Theory**

Juran's theory was propounded by Joseph Juran to explain quality management (Gitlow, 1994; Juran, 2003). The theory is widely referred to as the "Quality Trilogy" which comprises quality planning, quality control and quality improvement. The theory emphasised on ten steps to quality improvement which consisted of creating awareness of opportunities and the need for improvement, improvement should be goal oriented, organisation is necessary for achieving expected goals, training, initiation of projects, monitoring progress, performance recognition, reporting results, tracking achievement of improvement and repetition of entire process (Gitlow, Oppenheim, Oppenheim & Levine, 2004; Chiarini, 2011).

The theory further emphasised on a broad, organisational-level strategy to quality which explains that total quality management starts from the highest management position to the bottom (employees and even customers) (Juran, 2003). Juran (2003) stressed that organisations should primarily focus on quality of the end product by training and educating top management, supervisors and employees. According to Juran and Godfrey (1999), the main causes of quality issues was human relations challenges and resistance to change. The theory was developed on three key legislative processes comprising quality planning, quality control and quality improvement (Gitlow, 1994; Bisgaard, 2008).

Quality planning, for instance, focuses on creating awareness of the need to improve, setting goals while planning to achieve set goals (Gitlow, 1994). Also, quality control focuses on developing the methods for quality testing and finally, quality improvement focuses on consistent drive to perfection by

diagnosing problems to establish and implement solutions (Bisgaard, 2008). The theory is, therefore, related to the study because it emphasises achieving quality of services in the banking sector through continuous improvement with commitment and a sense of urgency. The banking sector also needs to build an extensive training program while cultivating leadership and commitment at top management level.

### **Overview of Total Quality Management**

Total quality management (TQM) is a management philosophy which focuses on the work process and people, with the major concern for satisfying customers and improving the organisational performance (Talib, Rahman & Qureshi, 2012). They added that TQM involves the proper coordination of work processes which allows for continuous improvement in all business units with the aim of meeting or exceeding customer's expectations. It emphasises on totality of quality in all facets of an organisation with the aim of reducing waste and rework to reduce cost and increase efficiency in production and service delivery. TQM is applicable to any organisation irrespective of size, and or motives, even the public sector organisations have started adopting the ideology in order to make them effective in meeting public demands (Rorio, 2015; Syed & Upadhyay, 2017).

The International Standard ISO 8402, Quality Management and Quality Assurance Terminology defined TQM as the management approach of an organisation, centred on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction, and benefits to all members of the organisation and to society. Rorio (2015) also posited that TQM is continuous improvement in the quality of all processes, people,

products, and services of an organisation. The tenets of TQM are continuous improvement, top management leadership commitment to the goal of customer satisfaction, employee empowerment, and customer focus (Rorio, 2015; Al-Areqi, Al-Hadheq & Mutahar, 2018).

The concept of TQM has been well accepted by managers and quality practitioners as a change management quality approach (Talib, Rahman & Qureshi, 2013). It plays a vital role in the development of management practices (Auniel & Mokaya, 2018). Some researchers asserted, it as an approach to improve effectiveness, flexibility, and competitiveness of a business to meet customers 'requirements (Madziwa, 2016; Daniel, 2016). It is also seen as a source of attaining excellence, creating a right first-time attitude, acquiring efficient business solutions, delighting customers and suppliers etc. it could be deduced from the various definitions that the implementation of TQM across organisations is aimed at achieving customer satisfaction and retention and invariably enhance organisational performance levels.

### **Concept of Customer Retention**

The concept of customer retention has gained much attention in both academic and organisational settings in recent times (Ogongo, 2014; Msoka & Msoka, 2014). It is primarily seen a business activity aimed at minimising customer defections. Customer retention is also seen as an activity that an organisation undertakes to avoid customer dissatisfaction (Ogongo, 2014). As such, an organisation's capacity to attract and retain customers, is largely associated with how existing and potential customers are satisfied with its products and/or services on offer. According to Apudo (2016), customer retention places less emphasise on the products and/or services provided by an

organisation. It is, therefore, a driving force behind loyalty marketing, relationship marketing and customer relationship management.

Customer retention is central to the development of business relationships, and these relationships depend on satisfaction (Msoka & Msoka, 2014). It is, therefore, largely associated with service orientation, reliability of services, convenience, security of transactions, physical awareness and responsiveness (Moghadam, 2013). Previous studies including Soria-Garcia and Martinez-Lorente (2014) and Yala (2018) across several industries and sectors have found that the costs associated with customer retention is about 10% of the costs related with acquiring prospective customers. As such, customer attrition rate should be minimised in order to retain and attract customers for a longer time to enjoy economic growth.

Arguably, financial institutions including rural banks are largely considered among key service providers where customers commit their hard-earned money into various activities: savings and investment. This means that, the entire relationship dwells upon trust resulting naturally from high and unpredictable customers' expectations (Magasi, 2016). Customer retention has, therefore, become more valuable among these service providing firms (Daniel, 2016; Changole, 2018). It is now considered important because the banking industry is increasingly becoming competitive.

According to Chuani (2017), the services and products of most bank seem identical and easy to duplicate and are mostly distinguishable on the basis of quality and price. Thus, banking institutions in various economies have realised the contributions of customer retention in improving banking performance, as such, are continuously establishing, maintaining and even

strengthening relationships with their customers (Changole, 2018). As a result of this, customer retention is key in financial institutions if these yearn to remain competitive.

Customer retention in the services sectors has largely been measured using dimensions including value for money, customer acknowledgment, customer satisfaction and customer trust (Ogongo, 2014; Odunlami, 2015). Other studies have also adopted measures including customer involvement, customer relationship and receipt of excellent customer services (Tauni, Khan, Durrani, & Aslam, 2014; Zangmo, Liampreecha & Chemsripong, 2015). Zangmo et al. (2015) added that service quality is key to customer retention and thus are significantly and positively correlated. Tauni et al. (2014) argued that about 68% of customer retention is contributed by customer retention thus a good measure. Madziwa (2016) also suggested that building strong customer relationship is significant to retaining them. It is to note that, these measures were adopted in the study.

### **Empirical Review**

This section presented the reviews of existing studies in relation to the study's research objectives. The section focused on reviews with respect to total quality management practices, determinants of customer retention and effect of total quality management practices on customer retention.

### **Total Quality Management Practices**

The concept behind the identification of TQM practices is to successfully implement TQM approach in the organisation so as to achieve productive results with high level of customer satisfaction by delivering



enhanced quality products and services (Hoang, Igel & Laosirihongthong ,2010; Talib et al., 2011). Alternatively, it can be said that the TQM practices are the building blocks of organisation's performance and must be addressed critically so as to implement TQM effectively. The section presented extensive reviews of related literature on total quality management practices adopted in various sectors notably the banking sector across the globe.

For instance, Saravanan and Rao (2007) identified top management commitment and leadership, benchmarking, customer focus and satisfaction, service marketing, social responsibility, human resource management, employee satisfaction, service culture and continuous improvement as major TQM dimensions. Sadikoglu and Zehir (2010) similarly revealed customer focus and continuous improvement as TQM practices. He explained that customer focus, for instance, reveals what customers want in order to design products and services to exceed such wants.

An empirical review by Lenka and Suar (2008) found six TQM practices to include customer orientation, continuous improvement, quality measurement, organisational culture, human resource management and leadership. Duggirala, Rajendran and Anantharaman (2008) concluded that process management as a TQM practice is critical as it ensures error-free services in the most unique, innovative and efficient manner. Similarly, Selvaraj (2009) studied about TQM practices in the Indian banking industry and found such practices to include customer focus, social responsibility, human resource management, employee satisfaction and top management commitment. Fotopoulos and Psomas' (2009) study found TQM practices to include

employee management and involvement, customer focus, leadership and continuous improvement, among other factors.

Other studies by Talib and Rahman (2010) and Jha and Kumar (2010) found TQM practices to comprise continuous improvement, meeting customers' requirements, reducing rework, long-work thinking, increased employee involvement and teamwork, process redesign, competitive benchmarking and team-based problem solving. Farmer, Luthans and Sommer (2011) found reward and recognition, staff empowerment and staff training among the key TQM dimensions. Talib, Rahman and Azam (2011) conducted a study in the health sector to identify the best practices of total quality management for implementation. The study identified eight TQM practices to include top management commitment, continuous improvement, training and education, organisational culture, customer focus and satisfaction, teamwork and participation, resource management and process management.

Talib, Rahman and Qureshi (2012) conducted a study to examine the effect of TQM on service quality in the banking sector. Among its research objectives, the study investigated the TQM practices in the banking sector. The study found TQM practices to consist of employee motivation and training, monitoring customers' requirement and management and ensuring top management commitment and support towards TQM. Karani and Bichanga (2012) found customer focus as a dimension of TQM. They observed that, customer focus the extent to which organisations are able to meet and go beyond customer expectations. Customer focus enables organisations to give priorities to customers thus involving them in every aspect of product and or service design and development in a bid to reduce quality defects.

A quantitative study by Herzallah, Gutiérrez-Gutiérrez and Munoz Rosas (2014) found TQM practices adopted at SMEs in Palestine to include process management, customer focus, top management leadership and strategic planning. Shun-Hsing, Fei-Yun and I-Ping (2014) did a study to identify TQM practices and how they affect customer satisfaction and loyalty. The study focused on 402 customers in the securities industry located at cities of Hsin-Chu and Miao-Li of Taiwan. The study found TQM practices to include top management commitment, empowerment, product design, employee training, continuous improvement, process management and customer relationship management.

Bon and Mustafa (2013) utilised the 17 TQM practices identified by Talib et al. (2012) for service industries. These included top-management commitment, customer focus, training and education, continuous improvement and innovation, supplier management, employee involvement, information and analysis, process management, quality systems, benchmarking, quality culture, human resource management, strategic planning, employee encouragement, teamwork, product and service design and communication. Moreover, it can be clearly observed from Talib *et al.* (2011) and Bon and Mustafa (2013) studies that these 17 TQM practices are widely implemented and have significant effect in improving the performance of the service industry leading to customer satisfaction and retention.

Delic', Radlovacki, Kamberovic', Maksimovic' and Pecujlija (2014) also found TQM practices suggested in ISO 9001 certified Serbian service organizations to consist of quality planning, leadership, employee management, process management, customer focus and continuous improvement. A study by

Calvo-Mora, Pico'n, Ruiz and Cauzo (2014) to identify components of TQM among Spanish companies found strategic planning, data-based management, continuous improvement, top management commitment, human resources management, customer focus, control and supplier management and processes management.

Soria-Garcia and Martinez-Lorente (2014) also identified some key quality management practices adopted in the Spanish educational sector to include commitment and involvement of top management, quality culture, customer involvement, quality information and quality information and communication. Other TQM practices were found to include total quality control tools, documentation of quality management system and quality vision and mission policies. Manhas, Gupta and Gupta (2015) added that focusing on external and internal customers' needs are key driving force behind TQM practice.

According to Fareen (2016), effective communication between customers and management play key roles in maintaining high morale and commitment among these parties. Communication as a TQM practice is associated with timeliness, method and strategies to exchanging information among parties to ensure customers' expectations are met. A study by David (2018) found continuous improvement as a TQM practice. Continuous improvement can be achieved in areas of improving infrastructure, encouraging internal promotions and integrating information, communication and technology into an organisation's operational activities. He found other TQM practices to include quality vision and mission policies, policy development associated with TQM and recognition and award of loyal customers.

Apudo (2016) carried out a study to examine TQM practices and customer retention in Micro and Small Enterprises in Nairobi City County, Kenya. The study adopted the descriptive and cross-sectional designs to specifically assess TQM practices adopted in the MSEs. Using structured questionnaires, both descriptive and inferential statistical tools were employed in analysing the study's research objectives. The study found TQM practices to include top management commitment, continuous improvement, employee participation, education and training, recognition and awards, customer focus and process control. These practices were found to adequately explain TQM.

Yala (2018) conducted a study to examine the impact of TQM policy on customer satisfaction at Kenya Power and Lighting Company in Uasin Gishu County, Kenya. Among its research objectives, the study assessed the various TQM practices at the company. The study wrongly adopted the exploratory design but gathered data from 395 respondents comprising both customers and employees. Data was gathered using both structured questionnaires and interviews, however, the choice of SPSS in data analysis was inappropriate. Regardless, the study found TQM practices to include communication, continual improvement, organisational culture, employee participation, leadership role, training and employee participation and empowerment.

From the above literature on TQM practices, it could be deduced that there exist some differences in the set of TQM practices from one organisation to another. Different researchers have used different set of TQM practices; thus, there is no common set of practices for implementing TQM across organisations and sectors. It was also observed that many research studies adopted different set of TQM practices developed by different authors and experts of quality for

successful implementation of TQM. The study, therefore, assessed the specific set of TQMs the customers perceive are adopted at Unity Rural bank based on the above reviewed practices.

### **Determinants of Customer Retention**

This section presented extensive reviews of related literature in area of determinants of customer retention. The review was done to obtain relevant information to support or disprove the study's findings. It was also done to identify gaps in existing studies to support the study's argument. For instance, Ouma et al. (2013) did a study to analyse customers' retention strategies and customer satisfaction in Kenya's banking sector focusing on Equity bank Thika branch. Among the objectives, the study assessed the factors contributing to customer retention in Kenya's banking sector and how these factors contributed to customer retention. Using the descriptive analytical tool, the study found corporate image, reliability, bank stability and customer involvement among the key contributors of customer retention. The study concluded that, the adoption of these factors improved customer retention within the banks studied.

Boohene, Agyapong and Gonu (2013) examined the factors influencing customer retention in the banking sector of Ghana. The study focused on Ghana Commercial Bank within the Agona Swedru Municipality. The study adopted the descriptive research design and used the simple random sampling to select respondents. Self-administered questionnaires were also used to gather data from the 480 sampled customers, although the study's population size remained unknown. Using the regression analytical technique, the study found switching barrier, customer commitment and customer trust as major factors influencing customer retention at the bank studied.

A quantitative research by Njane (2013) relied on descriptive statistics and found customer satisfaction, customers' perceived value, perceived corporate image, perceived competitive advantage, switching costs, complaints handling, service quality and customer loyalty as some factors affecting customer retention in Barclays Bank of Kenya. The study concluded that, service quality, corporate image and competitive advantage were the major factors influencing customer retention in the selected bank.

An explanatory study was also conducted by Msoka and Msoka (2014) to analyse the determinants of customer retention among Tanzania's commercial banks. Among the various determinants, the study found key determinants to include product quality provided by the banks, customer satisfaction, customer service as well as price of banks' products and services. The study concluded that banks should place much emphasis on determinants such as product quality, product price and product augmentation in order to ensure customer retention.

Benjamin, Israel and Ranga (2014) carried out a quantitative study to analyse the determinants of customer satisfaction among banks in the Haryana State, India. Using the random sampling technique, data was obtained from some selected respondents. questionnaires were then administered to them and the data obtained was analysed using the mean and standard deviation scores. The study found factors contributing to customer satisfaction to include clearly defined policies, creativity, approachability and friendliness, communication. Other factors found included competence, responsiveness, competence and access.

Rorio (2015) purposely investigated the factors affecting customer loyalty in Kenya's banking sector with focus on commercial banks in Mombasa. The study adopted the descriptive research design and focused on bank managers and costumers of the bank. The study used the stratified sampling technique to select the respondents while both questionnaires and interviews were employed to gather primary data from them. Perceived quality, commitment, trust, switching cost and customer satisfaction constituted the factors affecting customer loyalty. The study found perceived quality of service as the major factor influencing customer loyalty at the bank.

Zangmo et al.'s (2015) study focused on analysing how service quality impacts on customer retention in the airline industry of Bhutan. The study found service quality to play a key role in customer retention. Similarly, Haruna (2015) also found service quality dimensions to strongly affect customer retention in Ghana's banking industry. Also, Daniel (2016) found service quality dimensions comprising customer trust, price changes, customer satisfaction, level of customer involvement and effective communication to affect customer retention.

Syed and Upadhyay (2017) conducted a study to investigate the determinants of customer retention in the banking sector using the survey research design. Both customers and employees in banks located at Indore City participated in the study of which questionnaires were used to obtain data from them. The study focused on determinants comprising responsiveness, price, reliability, security, service orientation and customer satisfaction. Other determinants consisted of physical appearance, customer engagement, loyalty program, corporate image and customer retention strategies. Using the



descriptive statistical tools comprising mean and standard deviation, the study found major determinants to include responsiveness, price, security, service orientation and customer satisfaction. It was concluded that these determinants enable management and staff to easily identify customers' expectations in order to serve them better and invariably ensure customer retention.

In Yemen banking industry, Al-Areqi et al. (2018) investigated the determinants of customer loyalty. This quantitative study obtained data from 200 customers in Yemen using structured questionnaires. However, the sampling tool employed for obtaining these customers remain unknown. The study also wrongly analysed its data using the Statistical Package for the Social Sciences software. Nonetheless, the study found banks' brand image, customer satisfaction, customer value, customer trust, service quality (reliability, tangibility, assurance, empathy and responsiveness) and corporate social responsibility as five key determinants of customer loyalty in Yemen banking sector. These findings were in line with previous studies by Al-Areqi et al. (2015) and Irshad, Rahim, Khan and Khan (2017).

Auniel and Mokaya (2018) also conducted a study to analyse the factors affecting customer retention in Tanzania's Commercial banks. The study focused on customers of Azania bank, Arusha. Using the case study research design, the study obtained data from 132 customers using primary data collection instrument (structured questionnaire) whereas selected employees were interviewed. Using both descriptive and inferential statistical tools, data obtained were analysed. The study found that, factors affecting customer retention at the bank included customer satisfaction, service quality, customer trust, switching barrier factors and customer commitment. The study concluded

that service delivery, customer satisfaction, service quality and customer relationship affect customer retention.

It could be deduced that several factors have been found to determine customer retention in the banking sector across the globe. However, it largely remains unclear the various determinants of customer retention in Ghana's banking sector as literature still remain scanty (Boohene et al., 2013). More precisely, none of the studies reviewed focused on the rural banking sector in Ghana and even developing economies; creating a gap in literature. Also, some of the studies failed to indicate the population size even though they had sample sizes (Boohene et al., 2013; Msoka & Msoka, 2014; Benjamin, 2014; Al-Areqi et al., 2018; Auniel & Mokaya, 2018). Also, most of the studies reviewed failed to adopt relevant theories to underpin their respective researches (Msoka & Msoka, 2014; Benjamin, 2014; Al-Areqi et al., 2018; Auniel & Mokaya, 2018); creating doubts with respect to the philosophical underpinnings of such studies.

### **Total Quality Management Practices and Customer Retention**

This section presented reviews of related literature with respect to total quality management practices and customer retention. The review was carried out to support or disprove the study's findings. Oluwatoyin and Oluseun (2008) examined the benefit of TQM implementation in the Nigerian Airline industry and gathered data using interview and questionnaire administered to 30 sampled workers in six airline companies. The study found that TQM is a strategic tool for organisations which quest to remain competitive as the principle brings about value addition in terms of operational efficiency, employee satisfaction, customer satisfaction, and even profitability. They also found that relentless

pursuit of improvement in service delivery bring about added value to customers by making the organisation focused on satisfying customers' needs.

Nataraj (2010) in his work on customer retention management application concluded that customer relationship management strategies that promote business retention can provide significant advantages for an organisation. The study indicated it can contribute to the financial wellbeing of an organisation. This helps identify how and why customers are satisfied with an organisation. CRM-retention also has significant advantages for consumers by providing information which helps them become more informed. CRM-retention programs must include a customer-centric management approach which identifies and segments profitable customers, while fostering satisfaction and loyalty.

In the Netherlands, Zehir and Sadikoglu (2010) almost reached similar conclusions where they found that quality implementations have a positive impact on product quality and the brainwave has much better effects on the overall business performance than ISO 9000. Raja, Bodla and Malik (2011) evaluated the effects of total quality management practices on business performance of manufacturing firms in Pakistan. Data through a structured questionnaire was obtained from randomly sampled 65 managers in the quality assurance department. Descriptive statistics were wrongly used to demonstrate the effect of different levels of TQM practices on business performance in terms of financial performance, product quality performance, customer satisfaction. The results showed that the implementation of TQM significantly affect business performance in these manufacturing firms.

Pattanayak and Maddulety (2011) did a study in India's banking sector to examine the effect of TQM on customer satisfaction. Among the various objectives, the study established the effect of multidimensionality of TQM on customer satisfaction in the banking industry. Based on extensive empirical reviews, the study concluded that, TQM implementation significantly improve customer satisfaction across sectors including India's banking sector. Adza-Awude (2012) sought to assess the practices of the concept and its effect on organizational performance at Intravenous Infusions Limited Koforidua, Ghana. Out of 120 population size, 22 of them were sampled of which data was obtained through questionnaires. The study found out that some of the model practices exist at the Intravenous Infusion Limited (Intravenous) concluded that if TQM practices are employed effectively, it could improve upon organisational performance.

Nsobiari (2014) studied the relationship between customer satisfaction and loyalty in some selected eateries in Calabar, Nigeria. He found out that often, the quality of service provided to a large extent determines the quality of the relationship that will subsist between the service provider and customers. Some last for a long time, while others may be brief and disappointing. Building mutually beneficial relationship with customers requires that everyone in an organization work together to provide customers value before and after each purchase or experience, is important for the development of long-term relationship with our customers. Therefore, the adoption and effective implementation of TQM is a prerequisite for the achievement of customer value and satisfaction needed to cultivate, nurture, mature and manage customer relationship in services marketing.

Attakora-Amanianpong, Salakpi and Bonye (2014) looked at the relationship between the existence of TQM policy and frequency of customer complaints and participation of employees in designing quality management schemes. The study used both inferential and descriptive survey of 50 respondents, based on literature review and investigative approach, using questionnaires. A multi-sampling technique (namely stratified random and convenience sampling techniques) was employed. SPSS statistical tool was utilised for data analysis. The study found that there is no impact of TQM on customer focus and employee focus among these companies.

Shu-Hsing et al. (2014) carried out an empirical study to analyse TQM practices on how they affect customer satisfaction and loyalty with focus on the security industry. The study focused on 402 customers of the securities industry in cities of Hsin-Chu and Miao-Li of Taiwan. Using the structural equation approach, TQM practices were found to be significantly influenced by customer satisfaction and customer loyalty. Also, Iruka and Ateke (2014) purposely investigated the effect of customer involvement management practices on customer retention in the hospitality industry in Nigeria. The study focused on 145 top level managers and 79 luxury brand hotels located in the Rivers and Bayelsa States. The study found customer relationship management practices to significantly affect customer retention in Nigeria's hospitality industry.

Ogbari and Borishade (2015) examined how strategic imperatives of TQM affect customer satisfaction and organisational sustainability in today's business environment. More specifically, the study examined the relationship between total quality management and customer satisfaction in service industries. The study also aimed at evaluating the relationship between top

management commitments and customer retentions as well as to examine the influence of organisational reputation on customer's continuous patronage. Relying solely on secondary data collected from various archival sources, their findings showed that strong relationships exists between total quality management and customer satisfaction in the achievement of organisational goals especially in the current dispensation of globalisation and rigid competitions.

Also, Apudo (2016) carried out a study on Micro and Small Enterprises (MSEs) to examine the effect of quality management practices on customer retention. The study was carried out in Nairobi City County of Kenya. The study adopted the descriptive and cross-sectional research designs and obtained data from 340 randomly sampled respondents from a population of 34,242 MSEs. Using semi-structured questionnaires, data was obtained from the respondents and analysed through multiple regression. The study found customer retention to be significantly explained by TQM practices including top management commitment, customer focus, process control, recognition and rewards, continuous improvement among others. It was, therefore, concluded that TQM practices play significant roles in explaining customer retention.

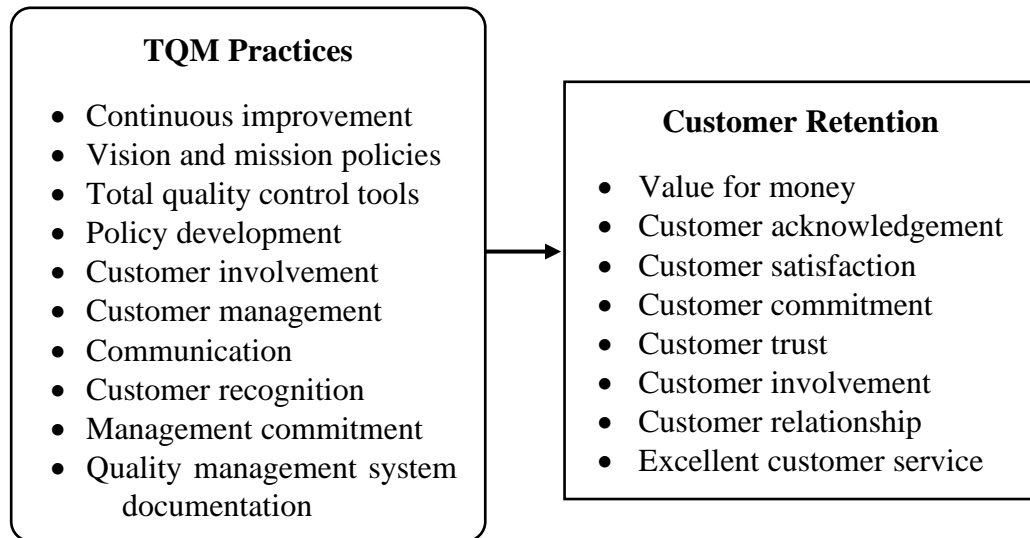
Jaca and Psomas (2015) examined the effect of TQM practices on performance outcomes of service companies in Spain. The study obtained data from 72 service companies in Spain and adopted the exploratory factor analysis. The study found TQM practices such as customer focus, top management commitment, process management and employee knowledge and education to significantly explain operational performance and service/product quality performance. Also, a study by Fazeen (2016) on how TQM impacts on customer

satisfaction in India's automobile industry found significant impact of TQM on customer satisfaction. TQM dimensions used in the study included focus on customer, quality improvement, speed of access and continuous improvement.

A study was also conducted by Yala (2018) to investigate how TQM policies impact on customer satisfaction at Kenya Power and Lighting Company (KPLC) in the Uasin Gishu County, Kenya. The study inappropriately adopted the exploratory study design and obtained data from 395 randomly sampled employees and customers of KPLC using open-ended question and interviews. It was found that TQM policies significantly impact on customer satisfaction. The study concluded that, TQM policies including communication, customer focus, continuous improvement among others play key role in improving customer satisfaction and overall business performance in areas of profitability, market share and productivity.

### **Conceptual Framework**

This section presented a framework for the study to further explain the research objectives. The framework was in line with the relevant literature reviewed. The independent variable was represented by TQM practices whereas the customer retention represented the dependent variable of the study. Figure 1 presented the study's conceptual framework. The study measured TQM practice using continuous improvement, quality vision and mission policies, total quality control tools, policy development, customer involvement, customer focus and management, communication, customer recognition, top management commitment and quality management system documentation (Talib et al., 2011; Karani & Bichanga, 2012; Soria-Garcia & Martinez-Lorente, 2014).



**Figure 1: Conceptual Framework of the Study**

Source: Author's Construct (2020)

With reference to the reviewed literature, customer retention was also measured using value for money, customer acknowledgement, customer satisfaction, customer commitment, customer trust, customer involvement, customer relationship and excellent customer service (Syed & Upadhyay, 2017; Al-Areqi et al., 2018). From Figure 1, TQM practices directly affected customer retention either positively or negatively. The framework was, therefore, designed to assist readers understand TQM practices and customer retention pictorially.

### **Chapter Summary**

The chapter reviewed extensive literature related to the study. The study was also underpinned by the Deming's theory and Juran's theory based on their relatedness to the research objectives. The chapter concluded with a conceptual framework which graphically presented the key variables of the study. The next chapter dealt with the research methods of the study.



## CHAPTER THREE

### RESEARCH METHODS

#### Introduction

This study aimed at studying the effect of total quality management practices on customer retention at Unity Rural Bank in Ghana. This chapter precisely described the research methods used by clarifying how the research problem has been solved. The chapter described the research design, study area, population, sampling procedure, data collection instrument, data collection procedure, ethical consideration and data processing and analysis.

#### Research Design

The research design used in the study was the descriptive design. The descriptive design aims at describing the major characteristics of some problem situation and can be used to determine a cause of action (Creswell, 2014). Descriptive design gives systematic analysis to questionnaire items. Considering the purpose of the study, it was clear that this design was the appropriate one that could lead to drawing meaningful conclusions from the study. In brief, the design was employed to find out the effect of total quality management practices on customer retention Unity Rural Bank (URB).

In descriptive research, quantitative data could be used in order to find solution to whatever is being studied (Creswell & Creswell, 2017). This in turn can help to describe and give an answer to certain life experiences. According to Hair, Black, Babin, Anderson and Tatham (2010), the design has an advantage of producing good amount of responses from a wide range of people and it can also be used with greater confidence with regards to particular

questions of special interest or values to a study. However, the design can be time consuming when ensuring representative sample to aid generalisation of findings.

### **Study Area**

Unity Rural Bank Limited is located at Ziope in the Agotime-Ziope District in the Volta Region of the Republic of Ghana. The bank was set-up in 28<sup>th</sup> October, 1983 with the name “Adaklu Rural Bank”. It is regarded as the 79<sup>th</sup> rural bank to be set-up by the Central Bank of Ghana. Ziope is about 42km from Ho, when using the Ho-Aflao trunk road. Late 1984, the bank’s branch was opened at “Ho” and the original name was changed to “Unity Rural Bank” in 1985. In line with the agenda of the bank, branches were opened at Agotime Kpetoe, Ave Dakpa, Ho, Aflao in 2007. The latest branch is located at Dzodze opened in June 2014. In all, the bank has 6 branches and 1 Mobilisation Centre which are all fully computerised and networked with a customer base of 13,501 as at the year 2018 (Unity Rural Bank Report, 2018).

### **Population**

The study population is the collection of elements from which the sample is actually selected. It is the combination or the totality of all members or units from which information could be obtained (Creswell, 2014). The study’s population size was made up of 5,510 key customers of the bank from its 6 branches. More precisely, the study classified and focused on customers who have consistently transacted various businesses with the bank over the past three (3) years. This is because, such customers would have adequate information

with respect to the bank's total quality management practices and as such, would provide relevant and adequate information to achieve the study's purpose.

### **Sampling Procedures**

With respect to the relatively large population size, the study used the Krejcie and Morgan (1970) sampling determination table to sample some members to represent the entire population. This sampling table provides a scientific justification for choosing the sample size of study. Using this table, the study sampled 381 members from the population. The respondents were specifically selected using the simple random sampling technique. This technique gives every member an equal chance of being selected (Newman, 2014) and thus selection is not based on subjectivities. It is also considered as a fair way of choosing members and easy to use.

### **Data Collection Instrument**

The data for the study was from a primary source and collected by the use of structured questionnaire. According to Newman (2010), a questionnaire is regarded as an efficient way of collecting statistically 'quantifiable data' which could also be used to obtain responses from a large number within a short space of time. The questionnaire was drafted by the researcher for the purpose of the study; it included close-ended questions which were put on a five-point Likert-like scale, which were developed into four (4) parts. Part 'A' dealt with the description of the study's demographic characteristics, while Part 'B' dealt with the customers' perceived total quality management practices; Part 'C' dealt with determinants of customer retention and finally, Part 'D' focused on

measurement of customer retention. All the question items were put on a five-point Likert-like-scale due to its relevance to the study's research objectives.

### **Data Collection Procedure**

Before data administration, an introductory letter was obtained from the Department of Human Resource Management of the University of Cape Coast, Ghana. The introductory letter was submitted to the Unity Rural Bank. A consent letter of notification was obtained from the bank's head office, informing the various branches of the mission of the researcher. The consent letter contained short explanation which comprised the objectives of the study, briefly what the participation entailed, the rights of the participants, discussion on confidentiality and phone numbers and email addresses of the researcher to allow participants to clarify any queries. The major problem encountered in the data collection was a confidential issue.

Despite the letter of consent from management to the branches, some of the employees were reluctant to give information thinking they may expose the secret of the bank to the outside world. The questionnaires were administered personally over a period of sixty (60) days in all the six branches. This enabled the researcher to establish personal contacts with the respondents, and also allowed for clarifications to be made where necessary. The questionnaires were given to the respondents on first day of contact and were allowed one month to read through them and answer them. The questionnaires were then received on the second visit – after one month and any difficulties encountered during the answering were clarified.

### **Ethical Considerations**

Ethical considerations are the ethical standards every researcher is expected to ensure (Patten & Newhart, 2017). Ethical considerations have been found to include: right to privacy, voluntary participation, confidentiality of information and anonymity. All efforts were geared towards ensuring that all these ethical issues were attended to. With voluntary participation, every respondent was allowed to participate in the data collection exercise on his/her own free will. The possible issues of right to privacy was realised by allowing respondents to answer the questionnaires on their own and unclear questions were appropriately attended to through their own convenient medium.

The issue of anonymity was ensured by restricting respondents from providing detailed information about themselves on the questionnaire in relation to names, contact numbers and personal addresses. Respondents were also assured that none of their identities would be leaked to the public domain nor used for purposes other than this study. The study ensured confidentiality of information by assuring respondents that all information provided would be kept confidential. They were also assured that, none of the information provided would be used against them nor found in the public domain.

### **Data Processing and Analysis**

The data collected was edited, coded and analysed by the researcher. With editing, the researcher went through the questionnaire from the field to check for consistency of responses. After editing, the next stage was the tabulation; here the main information was classified and tabulated. The IBM SPSS Statistics version 24 was employed in the data processing. Data analysis was done using both descriptive and inferential techniques. In terms of research

objectives 1 and 2, descriptive tools comprising mean and standard deviation scores were used in data analysis. Research objective 3 was analysed using inferential tool specifically linear regression to establish the effect of total quality management practices on customer retention. The results were presented using tables and interpreted thereof.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### **Introduction**

The chapter presented the results and discussion section of the study in relation to its research objectives. More precisely, the chapter presented the study's results in relation to customers' perceived total quality management practices, factors affecting customer retention and finally, the effect of total quality management practices on customer retention at Unity Rural Bank (URB). The chapter began the analysis with description of the respondents' (customers) socio-demographic characteristics.

#### **Socio-demographic Characteristics of Respondents**

The section presented the customers' socio-demographic characteristics with regards to sex, age, level of education and number of years the customers' have worked with Unity Rural Bank (URB). After retrieving 381 questionnaires administered to the respondents of which 233 of them were appropriate for data analysis. The study obtained a response rate of 61.15 percent thus acceptable for analysis. Therefore, the socio-demographic characteristics of respondents were based on the 233 reliable responses obtained and the results was presented in Table 1.

In relation to the sex of the respondents, Table 1 revealed that majority (132) of them representing 56.7 percent were males while (101) (43.3%) of them were females. This means that, most of the customers accessed at the bank were males. With respect to age of the respondents, Table 1 revealed that, majority (75) of them representing 32.2 percent were over 50 years of age. This

was followed by respondents between the ages of 31-40 years who represented (65) (27.9%); (61) (26.2%) of the respondents were within the age bracket of 18-30 years and finally, (32) (13.7%) of them were between the ages of 41-50 years. This means that, majority of the customers at URB were above 50 years and as such, nearing retirement.

**Table 1: Socio-demographic Characteristics of Respondents**

<b>Items</b>	<b>Frequency</b>	<b>Percent (%)</b>
<b>Sex</b>		
Male	132	56.7
Female	101	43.3
<b>Age</b>		
18-30	59	35.3
31-40	65	27.9
41-50	62	26.6
51-60	47	20.2
<b>Level of Education</b>		
Basic/High School Certificate	36	38.8
Diploma	70	39.4
Degree	64	20.6
Master's degree	22	9.4
No formal education	41	17.8
<b>Years in Service</b>		
Below 5 years	96	41.2
5– 10 years	59	25.3
11 – 15 years	39	16.7
16 – 20 years	20	8.6
Over 20 years	19	8.2
Total	233	100.0

Source: Field survey (2020)

In terms of the respondents' level of education, Table 1 revealed that, majority (70) of them representing 30.0 percent had diploma/HND certificates.



This was followed by (64) (27.5%) of the respondents with first degrees, (41) (17.6%) had no formal education, while (36) (15.5%) of them had basic/high school certificates. Finally, (22) (9.4%) of the respondents had postgraduate degrees. This means that, majority of the customers accessed had diploma/HND certificates.

Finally, Table 1 presented the respondents' number of years operated with the bank. The table showed that, majority (96) (41.2%) of the respondents have operated with the bank for 3 to 5 years; (59) (25.3%) have operated with the bank for between 5 to 10 years; (39) (16.7%) of them had operated with the bank for between 11 to 15 years; (20) (8.6%) have operated with URB for between 16 to 20 years. Finally, (19) (8.2%) of the respondents have operated with the bank for over 20 years. This means that, majority of the customers at the bank have operated with the bank for less than 10 years.

### **Customers' perceived Total Quality Management Practices**

This section presented the results on the first research objective in relation to the customers' perceived total quality management practices adopted at Unity Rural Bank (URB). Descriptive tools such as mean and standard deviation were used for analysis as they are appropriate for ranking purposes. According to Rosenthal, Cooper and Hedges (1994) and Creswell (2014), the higher the mean score, the higher it explains a particular phenomenon thus suitable for ranking. The results of the first research objective were presented in Table 2 and discussed thereof.

From Table 2, the bank's customers perceived various total quality management practices adopted at Unity Rural Bank within the Ho municipality. Among these practices, continuous involvement had the highest and major

mean with standard deviation score (M=4.36; SD=0.809). The result means that the highest total quality management the customers perceive its highly practiced at URB was continuous involvement. This implies that, customers of the bank perceive that URB ensures continuous improvement in its operations in order to constantly meet customers' requirements. Continuous improvement requires continuous development of staff by using several quality improvements tools, techniques and approaches.

According to Shun-Hsing et al. (2014), an organisation' desire to ensure continuous improvement enable them to achieve customer expectations and in turn make them feel appreciated and satisfied. Yala (2018) added that, continuous improvement pushes organisations to be both creative and analytical in exploring ways to become more effective and competitive at achieving customers' expectations. Other studies by Talib et al. (2013), Delic' et al. (2014) and David (2018) also found continuous improvement among the key TQM practices.

**Table 2: Customers' perceived Total Quality Management Practices**

<b>Item</b>	<b>N</b>	<b>Mean</b>	<b>S.D.</b>
Continuous improvement	233	4.36	0.809
Quality vision and mission policies	233	4.25	0.846
Availability of total quality control tools	233	4.20	0.797
Policy development associated with TQM	233	3.87	1.247
Customer involvement	233	3.87	1.085
Customer focus and management	233	3.82	1.338
Effective communication	233	3.80	1.353
Recognition and award of loyal customers	233	3.76	1.234
Top management support and commitment	233	3.68	1.153
Documentation of quality management system	233	3.44	1.357
Valid N (listwise)	233		

Source: Field survey (2020)

Table 2 also revealed that, quality vision and mission policies of URB is the next major perceived total quality management practice adopted at the bank. This is because, this indicator had a higher mean of 4.25 with standard deviation of 0.846. This means that, the customers of the bank perceive that URB has quality vision and mission policies which are geared towards ensuring total quality management. The vision of an organisation describes its position in future. It shows where an organisation intends to be in the foreseeable future. Mission, on the other hand, explains an organisation's business, objectives and expected approach to achieving those objectives. Thus, organisations with quality vision and mission policies is a major step to achieving success while remaining competitive. This finding is in line with a study by Soria-Garcia and Martinez-Lorente (2014) who found existence of quality vision and mission policies as an element of TQM adopted in the Spanish educational sector.

This result was followed by availability of total quality control tools at the bank ( $M=4.30$ ;  $SD=0.797$ ). The presence of quality control tools ensures that URB practices total quality management in order to enhance customer satisfaction. Total quality control tools comprise the various activities management undertake to ensure that actual results meet planned results. These tools help management to pinpoint the strengths and weaknesses of an organization and in turn lay to bare areas of strategic focus. The study's finding is in line with previous study by Soria-Garcia and Martinez-Lorente (2014) who found availability of total quality control tools as a TQM practice adopted in the Spanish educational sector.

Additionally, the customers' of the bank perceived total quality management practices to include policy development associated with total

quality management (M=3.87; SD=1.247), customer involvement in its activities (M=3.87; SD=1.085), customer focus and management (M=3.82; SD=1.338) and effective communication between customers and management (M=3.80; SD=1.353). With respect to customer focus and management, Karani and Bichanga (2012) positioned that it is the extent to which organisations are able to meet and go beyond customer expectations.

Customer focus, for instance, ensures that customers are given priorities in every organisational decision made. Apudo (2016) also found customer focus and management as a dimension of TQM. Soria-Garcia and Martinez-Lorente (2014) found customer involvement as a TQM practice adopted in the educational sector of Spain. On the other hand, Yala (2018) found customer involvement and effective communication between customers and management as TQM practices adopted at Kenya Power and Lighting Company in Uasin Gishu County, Kenya.

Table 2 further revealed that customers perceive recognition and award of loyal customers among the minor total quality management practices adopted at the bank. This is because, the indicator had a lower mean with standard deviation scores (M=3.76; SD=1.234). This means that, among the various TQM practices, the customers of the bank perceive that recognition and award of dedicated and loyal customers is not largely practiced at the bank. Arguably, this TQM practice is not largely practiced in the banking sector of Ghana; thus, this finding is unsurprising. According to Farmer et al. (2011), reward and recognition is a TQM practice and as such should be embraced by organisations in order to improve customer retention.

Another total quality management dimension that customers perceive is practiced at the bank was top management support and commitment ( $M=3.68$ ;  $SD=1.153$ ). Selvaraj (2009) found top management commitment as a TQM practice adopted at Indian Commercial banks. Organisations which have their management supporting their activities are able to achieve organisational targets as compared to those with minimal top management commitment and support. As such, Shun-Hsing et al. (2014) found top management commitment as a TQM practice adopted at securities industry in the cities of Hsin-Chu and Miaoli of Taiwan. Talib et al. (2012) and Talib et al. (2013) suggested that top management commitment and support toward TQM aid in better implementation. A study by Calvo-Mora et al. (2014) also found top management commitment as a TQM practice adopted by Spanish companies.

Finally, the documentation of quality management system was the least total quality management practice adopted at the bank ( $M=3.44$ ;  $SD=1.357$ ). This means that, customers perceive that quality management systems of the bank are mostly undocumented. This could affect the bank's ability to implement quality management systems as they would mostly be exposed to unnecessary changes and inconsistencies. It is to note that, although this practice had the least mean score, customers perceive it is practiced at the bank. Soria-Garcia and Martinez-Lorente (2014) found documentation of quality management system as a TQM practice adopted in the Spanish educational sector.

It could be deduced from the discussion above that, there are various TQM practices customers perceive are adopted at URB. Among these TQM practices, continuous improvement, quality vision and mission policies and

availability of total quality control tools were perceived as the most adopted whereas recognition and award of loyal customers, top management support and commitment and documentation of quality management system were among the least adopted TQM practices as perceived by customers of the bank. This finding would, therefore, influence policies of URB with respect to total quality management implementation.

### **Determinants of Customer Retention**

The section discussed the results of the study’s research objective two in relation to assessing the determinants of customer retention at Unity Rural Bank. The study obtained data from customers in order to obtain their perception with respect to the factors that would make them remain with the bank. Analysing the data obtained using the mean and standard deviation scores, the result was presented in Table 3 and discussed appropriately.

**Table 3: Determinants of Customer Retention**

<b>Items</b>	<b>N</b>	<b>Mean</b>	<b>S.D.</b>
Perceived service quality	233	4.14	.742
Perceived customer loyalty	233	4.12	.981
Perceived customer involvement and commitment	233	4.09	1.101
Ability to handle customer complaints	233	4.01	1.063
Perceived customer satisfaction	233	3.97	1.050
Perceived customer trust	233	3.97	1.170
Perceived corporate image	233	3.73	1.102
Customers’ perceived value	233	3.73	1.274
Perceived product quality and price	233	3.64	1.296
Perceived switching barrier and associated costs	233	3.55	1.319
Valid N (listwise)	233		

Source: Field survey (2020)

Various determinants of customer retention were obtained from related literature and it could be deduced from Table 3 that, perceived service quality had the major and highest mean with standard deviation scores of 4.14 and 0.742 respectively. This result means that the customers of the bank perceive that service quality primarily induces them to retain in the bank. Thus, the presence of better service quality dimension such as reliability, responsiveness, empathy, assurance and tangibility influence them to remain with the bank. Service quality basically focuses on delivering services in line with customer expectation; achieving this leads to customer retention. This finding is in line with previous studies by Boohene et al. (2013), Njane (2013), Haruna (2015), Rorio (2015) and Al-Areqi et al. (2018).

For instance, a descriptive research design by Rorio (2015) which purposely investigated the factors affecting customer loyalty in Kenya's banking sector found perceived service quality as a major determinant of customer loyalty. Haruna (2015) also found service quality dimensions to strongly affect customer retention in Ghana's banking industry. Al-Areqi et al. (2018) found service quality dimensions comprising reliability, tangibility, assurance, empathy and responsiveness as major determinants of customer loyalty in Yemen banking sector.

The result was followed by perceived customer loyalty which had the second highest mean with standard deviation ( $M=4.12$ ;  $SD=0.981$ ). The result means that customers perceive that remaining loyal with the bank is a key step to ensuring customer retention. Customer loyalty deals with customer's likeliness to repeat business with a given firm or brand. Thus, customers who constantly repeat business with an organisation remain loyal and invariably

remain with it. The study's finding is in line with a study by Njane (2013) who found customer loyalty as a determinant of customer retention at Barclays Bank of Kenya.

Perceived customer involvement and commitment with the bank's business activities was the next major and higher determinant of customer retention ( $M=4.09$ ;  $SD=1.101$ ). This means that, customers are induced to retain when they perceive that management and staff at the bank involves them during decision making processes. This in turn makes them feel appreciated and thus commit themselves to achieving the bank's objectives. According to Ouma et al. (2013), customer involvement is among the key contributors of customer retention at Equity bank Thika branch, Kenya. With customer involvement, for instance, customers feel engaged with the bank and thus are motivated to remain with it in the face of better offers elsewhere. This finding was also supported by Boohene et al. (2013) whose study focused on customers Ghana Commercial Bank within the Agona Swedru Municipality.

From Table 3, other major determinants of customer retention have been found to include the bank's ability to handle customer complaints ( $M=4.01$ ;  $SD=1.063$ ), perceived customer satisfaction ( $M=3.97$ ;  $SD=1.050$ ), perceived customer trust ( $M=3.97$ ;  $SD=1.170$ ) and perceived corporate image ( $M=3.73$ ;  $SD=1.102$ ). The result implies that, customers of the bank would remain at the bank if these conditions are right. When the bank's staff is able to handle complaints from customers, for instance, the latter would feel a part of the bank and this would induce them to retain. Also, banks with strong corporate image have been found to be highly competitive and also attract large customer base.



Highly satisfied customers arguably feel happy with the bank's capabilities, products and services.

The results obtained from the study were in line with previous studies. For instance, bank's ability to handle customer complaints was supported by Njane (2013); perceived customer satisfaction (Daniel, 2016; Syed & Upadhyay, 2017; Auniel & Mokaya, 2018) perceived customer trust (Daniel, 2016; Al-Areqi et al., 2018; Auniel & Mokaya, 2018) and perceived strong corporate image (Brown, 2012; Syed & Upadhyay, 2017).

From Table 3, customers' perceived value ( $M=3.73$ ;  $SD=1.274$ ), perceived product quality and price ( $M=3.64$ ;  $SD=1.296$ ) and perceived switching barrier and associated costs ( $M=3.55$ ;  $SD=1.319$ ) were the other determinants of customer retention at Unity Rural Bank. These determinants ranked among the least based on the mean and standard deviation scores. This means that, customers perceive that the quality and products and services provided coupled with the barriers and costs associated with switching to other banks are minimal determinants of customer retention. Thus, these factors do not induce them to remain with the bank to a large extent. Previous studies by Boohene et al. (2013), Msoka and Msoka (2014), Rorio (2015) and Al-Areqi et al. (2018) found these factors to determine customer retention in their respective sectors of focus.

It could be concluded that, customers perceive various factors which induce them to remain with Unity Rural Bank, Ghana. Among the determinants, the three major and highest determinants included service quality, customer loyalty and customer involvement and commitment. On the other hand, minor determinants included customers' perceived value, product quality and price

and switching barrier and associated costs. These findings would, therefore, contribute to policies of the bank in relation to customer retention.

### **Effect of Total Quality Management Practices on Customer Retention**

This section presented the results of research objective three in relation to analysing the effect of total quality management practices on customer retention at Unity Rural Bank within the Ho municipality of Ghana. Linear regression analytical tool was employed to establish the cause and effect relationships between the variables under study. The independent variable was represented by total quality management practices (TQMP) whereas customer retention (CR) represented the dependent variable. The regression analysis was discussed based on its three key elements: model summary, ANOVA and coefficient. The results were presented in Tables 4, 5 and 6 and discussed below.

Table 4 presented the model summary and it comprised: R, R Square, Adjusted R Square and standard error of the estimate. The study evaluated the model based on the results of the coefficient of determination denoted by R-square ( $R^2$ ). The coefficient of determination represented the percentage of variance in the dependent variable which is linearly explained by the independent variable (Cohen, 1992). Simply put, the  $R^2$  value in Table 4 showed the percentage of variance in customer retention linearly explained by total quality management practices of the bank.

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.381 <sup>a</sup>	.145	.136	3.87439

a. Predictors: (Constant), customer retention, TQM practices

Source: Field survey (2020)

From Table 4, it could be seen that about 14.5 percent of difference in customer retention was explained by total quality management practices. The result implies that, the adoption of total quality management practices would contribute about 14.5 percent to retaining customers at the bank. Thus, total quality management practices play a role in inducing customers to remain committed with the bank and invariably ensure customer retention in the face of numerous banks in the Ho municipality.

Also, the Adjusted  $R^2$  of 13.6 percent similarly explained the difference in customer retention that is being described by an adjustment in total quality management practices in the regression model. The result means that any adjustment made in total quality management practices leads to about 13.6 percent change in customer retention at the bank. Thus, management of the bank is encouraged to continuously improve upon the current total quality management practices in order to improve upon customer retention.

Table 5 presented the ANOVA results to explain the test significance for  $R$  and  $R^2$  using the F-statistic. The F-statistic represents the regression mean square (MSR) divided by the residual mean square (MSE). Table 5 explained whether differences in the dependent variable (customer retention) can be clarified by the regression model. The rule of thumb is that, if the significance value of the F-statistic is small ( $<0.01$ ) then the independent variable (TQMP) does a good job in explaining the difference in the dependent variable (CR).

**Table 5: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	245.007	1	245.007	16.322	.000 <sup>b</sup>
	Residual	1441.044	96	15.011		
	Total	1686.051	97			

a. Dependent Variable: CR

b. Predictors: (Constant), TWMP

Source: Field survey (2020)

From Table 5, it could be seen that the sig ( $\rho$ ) value of the F-stat of 16.322 was  $0.000 < 0.011$  implying that the R and  $R^2$  between total quality management practices (TQMP) and customer retention (CR) was statistically significant. This means that, CR can significantly be influenced the adoption of TQMP. Simply put, the disparity in the customer retention can be statistically be described by the linear regression model. This finding was supported by Pattanayak and Maddulety (2011) who found TQM to significantly explain customer satisfaction in in India’s banking sector. Also, Apudo (2016) found quality management practices to significantly and positively affect customer retention among MSEs in Kenya.

Table 6 presented the coefficients of the model to provide information that is valuable for explaining the regression equation. The functional regression equation of the study was estimated using the column marked unstandardized coefficient for prediction and forecast purposes. From the table, the constant term was 7.287 and the unstandardized coefficient of TQMP was 0.192. On the other hand, the standardised coefficient of the study was 0.047. With respect to these statistical results, the study reported and discussed the following

regression equation predicting customer retention (CR) based on total quality management practices.

$$CR = 7.287 + 0.192TQMP$$

**Table 6: Coefficients<sup>a</sup>**

Model	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	7.287	1.749		4.166	.000
Total Quality management practices	0.192	0.047	0.381	4.040	.000

a. Dependent Variable: customer retention

Source: Field survey (2020)

The decision rule is that when the sig values are less than .05, then the coefficient of TQMP is significant and vice versa. From Table 6, the sig value was  $0.00 < 0.05$  thus the coefficient of TQMP was significant. Also considering the values for the slope and the intercept in the resulting regression equation, the following statements were made: with respect to the intercept, often labelled as the constant, the projected mean value of customer retention when total quality management practice was absent was 7.287. According to the slope (using standardised coefficient), for any enhancement made in the independent variable (TQMP), the dependent variable (CR) will increase by 4.7 percent.

The result in Table 6 means that, total quality management practices contribute to customer retention at the bank This implies that, total quality management practices had a positive but weak significant effect on customer retention. Thus, total quality management practices play significant role in

enhancing customer retention at Unity Rural Bank thus it should be of prime interest to management and staff.

It is to note that, this finding was in line with a study by Yala (2018) who investigated how TQM policies impact on customer satisfaction at Kenya Power and Lighting Company (KPLC) in the Uasin Gishu County. The study found TQM practices to significantly explain customer satisfaction in KPLC. Jaca and Psomas (2015) and Fazeen (2016) also found TQM practices to significantly improve performance outcomes and customer satisfaction among Spanish service companies and India's automobile industry respectively. Apudo's (2016) study on TQM practices and customer retention similarly found significant effect of the former on the latter in MSEs in Kenya.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Introduction

This chapter presented the summary of the main findings, conclusions drawn from the findings and recommendations for policy consideration and suggestions for further research.

#### Summary of Key Findings

The purpose of this study was to examine the effect of total quality management practices on customer retention at Unity Rural Bank within the Ho municipality of Ghana. In light of this, the study developed the following specific objectives to:

1. assess customers perceived total quality management practices adopted at Unity Rural Bank;
2. assess the determinants of customer retention at Unity Rural Bank;
3. examine the effect of total quality management practices on customer retention at Unity Rural Bank.

The study relied on the quantitative research approach and the descriptive research design to address issues under study. The structured questionnaire which is a primary data collection instrument was adopted to gather data from 381 randomly sampled members in the target population comprising 5510 customers. Out of the 381 questionnaires administered, 233 (61.15%) of them were reliable and appropriate for analysis. The data obtained was then edited, coded and processed using Statistical Package for Social Sciences (SPSS) version 24. Both descriptive (mean, standard deviation scores)

and an inferential tool (linear regression) were employed in the data analysis. The study's results were presented in tables and discussed in Chapter four. The next section presented the summary of the study's key findings.

With respect to research objective one on customers perceived total quality management practices adopted at URB, the study found continuous involvement as the major and highest TQM practice. This implies that, the customers perceive that URB adopts both creative and analytical in discovering ways to become more effective and competitive in order to achieve customers' expectations. Arguably, organisations which focus on continuous improvement are largely able to consistently identify and address customers' woes in order to satisfy and invariably retain them.

In reference to the study's research objective two on determinants of customer retention at URB, the study found perceived service quality as the major and highest determinant. The result implies that, customers of the bank perceive that service quality mainly persuades them to retain and continue to operate with the bank. This means that, the bank's adherence to better service quality elements including responsiveness, assurance, reliability, tangibility and empathy inspire them to remain with the bank. Arguably, service quality enables firms to channel their limited resources to delivering services that meet customer expectation.

Finally, research objective three of the study focused on examining the effect of total quality management practices on customer retention at Unity Rural Bank. The study found total quality management practices to have a significant positive effect on customer retention. The implication was that, any unit increase in implementation of total quality management practices would



directly lead to an increase in customer retention. Thus, an improvement made in any of the total quality management dimensions adopted at the bank would invariably lead to an improvement in customer retention.

### **Conclusions**

The study provided an overview and relevant discussion on total quality management practices and customer retention within academic literature. It has brought to bear pertinent information that could inform policies with respect to customer retention at the bank. Based on the study's valuable findings, the following conclusions were hereby drawn:

With respect to the first research objective, the study emerged that continuous improvement was perceived by customers as the most important total quality management practice adopted at the bank. This result has largely been supported by previous empirical studies by indicating that organisations which primarily focus on continuous improvement are able to overcome quality issues and in turn deliver quality goods and services consistently. Providing total quality services to customers in any banking institution is largely influenced by the banks' ability to operate and deliver value to customers on a consistent basis. The study concluded that continuous improvement is a key dimension of total quality management in the banking industry including URB.

With respect to the second research objective, the study emerged that, service quality was the major and highest determinant of customer retention at the bank. This result has been supported by previous empirical studies that indicate that, service quality is associated with customers' comparisons of expected services with respect to an organisation's performance levels. Thus, an organisation including the financial institutions with high service quality

levels are likely able to meet the needs of customers while also maintaining their competitiveness in their respective industry. It could, therefore, be concluded that service quality is a key dimension of customer retention in the banking sector including Unity Rural Bank (URB).

Finally, with respect to the third research objective, the study emerged that, total quality management practices significantly affect customer retention at the bank. This result has been supported by previous empirical studies that indicate that, total quality management ensures that every staff of an organisation is primarily committed to maintaining highest possible work standards in every operational aspect in order to ensure customer satisfaction and commitment. This objective was achieved and the study concludes that, total quality management practices play vital roles in improving customer retention in Ghana's banking sector with focus on URB.

### **Recommendations**

On the strengths of the study's research findings, the following recommendations were hereby made:

The study recommended that management of Unity Rural Bank should continuously emphasis on continuous improvement in their processes, systems, strategies and policies. This is because, continuous improvement was the major TQM practice perceived by its customers. This could be achieved through encouragement of innovativeness and creativity in the bank's service delivering model among its employees in order to resolve unforeseen limitations which poses threats to meeting customers' expectations.

The study also recommended that management of Unity Rural Bank should continuously improve on its quality services so as to satisfy its customer

needs. This is because, the customers perceive that service quality serves as the key element for retaining them. Service quality could be constantly achieved when the bank pays much attention to customers complaints in order to satisfy their expectation in an efficient and speedy manner. The bank could also offer unique and alternative services to its customers in order to meet their needs. Also, service quality can be achieved when management and employees at URB consistently work to achieve the five key dimensions comprising empathy, assurance, responsiveness, reliability and tangibility.

Finally, the study recommended that, total quality management practices adopted at URB should be properly applied in order to create awareness among customers who had no idea of the existence of effective TQM practices at the bank. Also, management should consider TQM practices as key to improving customer retention so as to build confidence in the customer to continue banking with them. The bank should also emphasise on organisational culture change in order to improve the implementation of TQM practices thereby expanding its strategies in areas of continuous improvement, top management support, cooperation among employees and open communication.

### **Suggestions for Further Research**

Although the study provided valuable insight into total quality management practices and customer retention in the rural banking sector, the results cannot be generalised to the entire financial sector in Ghana. This is because, the study relied on the opinions and suggestions of customers at the Unity Rural Bank (URB) with the Ho municipality of Ghana. It was suggested that, further research could focus on a broader based research by including other rural banks within the municipality or country as a whole. Also, a comparative

analysis could be carried out to ascertain total quality management practices between rural and commercial banks in Ghana. Other respondents especially employees could also be investigated in order to provide a wider view of the issues studied. Findings from these studies could aid in generalisation of findings and policy formulation in Ghana's banking sector.

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**APPENDICES**

**QUESTIONNAIRE**

Dear Sir/Madam, I am a Master student from the Department of Human Resource Management. I am carrying out my dissertation work on the topic **“Total quality management practices and customer retention at Unity Rural Bank, Ghana”**. Your views are very much important to the study. Every information you provide would remain highly confidential. Thanks for accepting to participate in the study.

**PART A: SOCIO-DEMOGRAPHIC INFORMATION**

1. Sex: Male [ ] Female [ ]
2. Age:
  - 18- 30 years [ ]                      31-40 years [ ]
  - 41-50 years [ ]                      51- 60 years [ ]
3. Level of education
  - Basic/High school Certificate [ ]                      Diploma/HND [ ]
  - First Degree [ ]                      Postgraduate Degree [ ]
  - No formal education [ ]
4. Number of years operated with the bank .....

**PART B: TOTAL QUALITY MANAGEMENT PRACTICES**

5. On a scale of 1 – 5, please rate the perceived total quality management practices adopted at URB. **With 1 – Weak agreement and 5 – Strong Agreement**

No.	Factors	1	2	3	4	5
1	There is top management support and commitment to TQM at the bank					
2	I feel involved in the bank’s operations					
3	The bank has developed policies related with TQM					
4	There is effective communication between customers, management and staff at the bank					
5	I perceive that the bank recognises and awards loyal customers					
6	There is strong customer focus and management at the bank					
7	The bank has total quality control tools					
9	The bank has quality mission and vision policies					

9	The bank documents quality management systems					
10	There is continuous development at the bank					

**PART C: DETERMINANTS OF CUSTOMER RETENTION**

6. On a scale of 1 – 5, please rate your level of agreement with the following determinants of customer retention at the bank. **With 1- Weak agreement and 5 – Strong agreement**

No.	Factors	1	2	3	4	5
1	Perceived customer involvement and commitment					
2	Perceived corporate image					
3	Perceived customer trust					
4	Perceived switching barrier and associated costs					
5	Perceived service quality					
6	Ability to handle customer complaints					
7	Perceived customer loyalty					
8	Customers’ perceived value					
9	Perceived customer satisfaction					
10	Perceived product quality and price					

**PART D: MEASUREMENT OF CUSTOMER RETENTION**

7. On a scale of 1 – 5, please rate the factors used to measure customer retention at the bank. **With 1- Weak agreement and 5 – Strong agreement**

No.	Factors	1	2	3	4	5
1	I achieve value for money ever since I worked with the bank (Value for money)					
2	I acknowledge good customer service (customer acknowledgement)					
3	I am satisfied with bank’s activities (customer satisfaction)					
4	I feel committed with the bank’s operations (customer commitment)					
5	I have outmost trust in the bank (customer trust)					

6	I am involved in the bank's activities (customer involvement)					
7	I have strong relationship with the bank's management and staff (customer relationship)					
8	I receive excellent customer service from the bank					

*THANK YOU FOR PARTICIPATING*