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TOTAL QUALITY MANAGEMENT AS A SUFFICIENT STRATEGY FOR CUSTOMER RETENTION IN THE SERVICE INDUSTRY:

EMPERICAL EVIDENCE FROM CAMEROON

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1. INTRODUCTION

One of the contemporary challenges of management in service industries is providing and maintaining customer satisfaction and eventually retention, given the high rate of competition in this sector. According to Armstrong and Kotler (2008), it is important for firms to implement the right strategy in order to succeed. This strategy should be able to meet the requirements of the customer, who is considered the "king" or "queen" of a business. Traditionally, firms have focused their marketing strategies around attracting new customers and increasing their market share. However, due to globalization, most industries and markets are becoming more and more competitive forcing significant changes in the way firms do business in order to meet each individual customer's needs and expectations. Gumesson argues that it is the value of the customers' experiences with the service that is important, therefore, customers' needs are important to consider when developing services. The subject of quality and Total quality Management (TQM) in particular has been the subject of several marketing and management research in so far as it is considered as a means to understand and meet expectations of customers[4].

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[4]Cited by Lewis, W.G.; Pun, K.F.; Lall, T.R.M. (2006) in "Exploring soft versus hard factors for TQM implementation in small and medium-sized enterprises". *International Journal of Productivity and Performance Management*, 539–554.

"TQM is a management philosophy whose goal is not only to meet, but exceed the needs and requirements of customers by creating an organizational culture in which every individual at every stage of creating a product or service and every level of management is committed to quality and clearly understands its strategic importance."(Youssef *et al.*, 1996, Koc, 2006).Blattberg*et al.*, 2001 state that customer retention occurs when a customer keeps on buying the same market offering over a long period of time. A service industry is an industry made up of companies that primarily earn revenue through providing intangible products (businessdictionary.com). It covers a wide range of organizations which include; consultancy firms, banking, insurance, hospitals, airlines, construction firms, tourism, transport, communication companies as well as education.

Originally developed for manufacturers, quality management has received much attention as a way for business to improve its products and profit (Doby and Crawford-Mason, 1991). The roots of TQM can be traced back to the early 1920s when statistical theory was first applied to product quality control. This concept was further developed in Japan in the 40s led by Americans such as W. Edwards Deming, Joseph M. Juran and Armand V. Feigenbaum. The focus widened from quality of all products to quality of all issues within the organization- the start of TQM. It evolved from **inspection** to **quality control** and **statistical theory**, to **total quality** in Japan and finally **TQM**. Inspection involves measuring, examining, and testing products processes and services against specified requirements to determine conformity. Quality control tool was used to detect and fix problems along the production line to prevent the production of faulty products. As far as quality in Japan is concerned, in the 1940s Japanese products were perceived as cheap, shoddy imitations. Japanese industrial leaders recognized this problem and aimed to produce innovative high quality products. They invited a few quality gurus such as Deming, Juran and Feigenbaum so as to achieve this aim. The term total quality was used for the first time in a paper by Feibengaum at the first international conference on quality control in Tokyo in 1969 and involved all employees.

Organizations are continually looking for innovative ways to acquire, increase and retain customers because the cost of losing customers is rising. Service is viewed as an important factor in customer retention. The role of service seems to be more critical than ever, a trend which will most probably continue well into the future (Choi and Chu, 2001). Choi and Chu opine that those organizations which can attract, satisfy, and retain customers are more likely to survive than organizations which do not do this. Successful organizations define what customer retention means for business and create the necessary measures to quantify their retention rate (Aspinall et al., 2001).As mentioned above, TQM is an inclusive approach whose aim is to pursue customer satisfaction. This purpose has generated a growing interest in various sectors of economy such as services, manufacturing, government and education in different countries around the world as well as Cameroon where the present study will be undertaken.

Despite the efforts of service organizations to attract customers, and to manage supply, demand, and productivity in order to provide high quality service, their customers do not always remain loyal. Service organizations must go beyond simply satisfying customers: they should focus on building relationships which will lead to customer retention (Kurtz and Clow, 1998). Building these relationships is not an easy task because there is need to understand customer behaviours and to focus on those customers who deliver long term profit to the firm. However, no firm can hold on to all its customers and aim at full customer retention (Egan, 2004). This is due to several factors; for example the fact that in highly competitive markets, customers may switch temporarily or permanently to another product or service, since new service firms keep on emerging. He further argues that it is unprofitable to attempt to achieve total retention of customers as the cost of doing so is likely to be prohibitive.

The service industry is characterized by a high rate of competition, necessitating more efficient customer retention strategies. It is difficult to retain customers because it is difficult to meet each individual's needs and expectations (Gummesson,1999). Services are intangible, characterized by performances and actions that cannot be seen, felt, or touched in the same way as with goods. This entails several marketing implications as it makes it difficult to apply TQM. For instance, services cannot be inventoried; it becomes difficult to manage fluctuations in demand and as services cannot be patented legally, meaning that new service concepts can be copied by competitors. Equally, as services cannot be readily displayed and communicated to customers, quality may be difficult to be assessed by customers. Services are heterogeneous meaning as they are performances; they vary on a day-to-day basis. No two services will be exactly the same difficult to ensure consistency in service quality across time, organizations, and people. On some days, employees may be committed and offer quality services and may not provide the same quality on other days. Due to such complications it becomes hard for the service manager to know for sure if the service is being delivered in a way that no two services are consistent with what originally was planned (Gordon et al., 1993, Zeithalm and Bitner, 1996). As such, retaining customers is a difficult task. Despite the difficulties involved in retaining customers, the main question therefore is **can TQM be used as a sufficient strategy for customer retention?** Sub questions include:

- Will customer focus retain customers?
- Can employee involvement and commitment effectively retain customers?
- What are the problems associated with customer retention?

Hence, **the main objective of this research is to assess the impact of TQM on customer retention in the service industry.**

The specific objectives include:

- To analyze the effect of customer focus on customer retention.
- To examine the effect of employee involvement and commitment on customer retention.
- To find out the problems associated with retaining customers.

HYPOTHESIS

H1: Customer focus has a positive effect on customer retention in the service industry.

H2: Employee involvement and commitment has a positive effect on customer retention in the service industry.

2. LITERATURE REVIEW

The service industry also called the tertiary sector, is an industry made up of companies that primarily earn revenue through providing intangible products and services.5 Service covers a wide range of organizations which include; consultancy firms, banking, insurance, hospitals, airlines, construction firms, tourism, transport, communication companies as well as education (Hasan and Kerr, 2003). Services are characterized by intangibility, inseparability, heterogeneity, and perishability. Intangibility refers to services being characterized by performances and actions that cannot be seen, felt, tasted, inspected or touched as in the same way with goods. This means services cannot be inventoried, making it difficult to manage fluctuations in demand. Inseparability is referred to as production and consumption occurring simultaneously. This makes it difficult to apply a mass production strategy. Heterogeneity means that services are performances, they may vary on a day-to-day basis. Therefore no two services will exactly be the same and thus it is difficult to ensure consistency in service quality across time, organizations and people. Perishability is referred to the fact that services cannot be served, stored, resold or returned. One primary issue faced by marketers concerning perishability of services is the fact that they cannot be inventoried implying there is a need for strong recovery strategies when things go wrong (Gordon *et al*., 1993, Zeithalm and Bitner, 1996)

The days when "service with a smile" used to be all it took to satisfy a customer are long gone. Today, customers have become increasingly discerning and are demanding high quality in products, services, and in life (Sureshchandar*et al*.). Quality in small businesses attracts as much attention as is the

5**www.investorguide.com/definition/service**industry case in large organizations. Complaints about poor quality and customer service seem to be universal. Paton refers to this as “aggressively bad customer service” (Paton, 2002). Poor quality is very expensive for firms. This cost can be even more onerous for service firms given the proclivity of people to sue and/or recount their good or bad service experiences to friends, family and colleagues (Fitzsimmons, 2000). This penalizes the “offending” service firm on multiple fronts – loss of repeat business, unfavorable word of mouth, and a costly legal battle on its hands. The stakes are especially high where the service act is directed at people’s bodies and minds for instance health care, food services, and beauty salons. Medical mal-practice suits, litigation against restaurants, and liability suits for negligence in settings such as banks, beauty salons are commonplace and quite often do lead to bankruptcies. Hence quality and its deployment in services directed at people is even more crucial than in other types of services.

TOTAL QUALITY MANAGEMENT

The materialization of TQM is considered as one of the most important developments in management practice in the last 20 years. TQM was first brought up into the USA around 1980 in order to focus on the severe competitive challenge from companies from Japan. Consequently, TQM had been recognized as a source of competitive advantage in the world, particularly in the Western countries, specifically in the manufacturing sector. Different authors have given various definitions of TQM. Quality gurus have many descriptions of the concept of TQM. Kanji (1990) defines TQM as: “The way of life of an organization committed to customer satisfaction through continuous improvement. This way of life varies from organization to organization and from one country to another but has certain principles which can be implemented to secure market share, increase profits and reduce costs”.

Deming (1982) defines it as: “Total quality management refers to management methods used to enhance quality and productivity in organizations, particularly businesses”. TQM is a comprehensive system approach that works horizontally across an organization, involving all departments and employees and extending backward and forward to include both suppliers and customers. Total Quality Management can be defined as a management philosophy whose goal is not only to meet, but exceed the needs and requirements of internal and external customers by creating an organizational culture in which every individual at every stage of creating a product or service and every level of management is committed to quality and clearly understands its strategic importance (Youssef et al., 1996; Koc 2006). Wilkinson &Withcher (1993) and Nwabueze (2001) summarise TQM as having three major requirements, as outlined below:

- Total: Participation of everyone, an institution-wide process: “TQM requires continuing improvement and getting things right first time. Since most quality solutions are outside the control of any one individual or function, this needs team work and the maintenance of good relationships."

- Quality: Meeting Customer Requirements Exactly: "TQM requires customer agreed specifications which allow the supplier to measure performance and customer satisfaction. Individuals and teams need to use quality tools and systems to facilitate measurements and problem solving."
- Management: Enabling Conditions for total quality: "TQM requires leadership and total commitment from senior management to quality goals. They must ensure that an appropriate infrastructure exists to support a holistic and not a compartmentalized approach to institutional management."

Employee involvement

TQM succeeds only with employees' involvement in the TQM process and their commitment to its goals (Thiagarajan&Zairi 1997).Crosby (1989) talks about the need for every individual in the organization to understand his or her role in making quality happen. Without employee participation, the TQM process cannot be successful and organizational objectives cannot be reached. It is important that every employee understands his or her own role in making total quality management work. There is a need for transforming an organization's culture and to utilize the creative energies of all employees for problem solving and making improvements (Arasli 2002).

Formal communication from the top-level keeps employees abreast of their company's quality initiatives. However, top-down communication represents only one direction for information flow. Organizations encourage bottom-up communication to ensure that employees' voices are heard by management. These companies facilitate upward communication through focus groups, employee committees, open-door policies and suggestion systems (Partlow 1996).

The critical importance of employees' involvement in the quality process of an organization is based on the belief that the best process innovation ideas come from the people actually doing the job (Bank 1992; Thiagarajan&Zairi 1997). Greater employee involvement in quality efforts can only come about when the employees know that the organization cares for them (Thiagarajan&Zairi 1997). Employee involvement improves quality and increases productivity, because

- Employees make better decisions using their expert knowledge of the process.
- Employees are more likely to implement and support decisions they had a part in making.
- Employees are better able to spot and pinpoint areas for improvement.
- Employees are better able to take immediate corrective action.

- Employee involvement reduces labor/management friction by encouraging more effective communication and cooperation.
- Employee involvement increases morale by creating a feeling of belonging to the organization.
- Employees are better able to accept change because they control the work environment.
- Employees have an increased commitment to unit goals because they are involved.

3. RESEARCH METHODOLOGY

BACKGROUND ON THE SERVICE INDUSTRY IN CAMEROON

The service industry is also called the tertiary sector, it is an industry made up of companies that primarily earn revenue through providing intangible products and services. Service covers a wide range of organizations which include; consultancy firms, banking, insurance, hospitals, airlines, construction firms, tourism, transport, communication companies as well as education. The importance of services in the economy of Cameroon is measured in terms of the value added of the services as a percentage of Gross Domestic Product (GDP). According to the World Bank, the service sector includes; wholesale and retail trade, transport, financial services, education, health and real estate. The World Bank provides data for Cameroon pertaining to the value added by the service as a percent of GDP from 1965 to 2007. The average value for Cameroon during that period was 46.65%, with a minimum of 38.76% in 1984 and a maximum of 53.43% in 1976. Statistics was not provided for 2008 till date but with the increasing number of service organizations nowadays, the percentage is bound to increase.

The days when “service with a smile” used to be all it took to satisfy a customer are long gone. Though the smile is necessary when delivering a service, more is required to get a customer satisfied and much more to retain a customer. Today, customers have become increasingly discerning and are demanding high quality in products, services, and in life. Quality in small businesses attracts as much attention as is the case in large organizations. Complaints about poor quality and customer service seem to be universal.

The aspect of quality is even more crucial in the domain of hospitality and the financial sector where new organizations keep on sprouting almost on a daily basis, thereby increasing the level of competition. In this regard, organizations have to implement strategies to retain their customers in order to keep abreast with the high level of competition. Going down to specifics, the history of micro finance, banks, telecommunications, as well as the hotel industry is as follows:

History of microfinance in Cameroon

Though the growth of micro finance truly began to escalate in the early 1990s, it has been existing Cameroon for almost fifty years. The first appearance of micro finance institutions occurred in 1963 in the North West Province where Anthony Jasen, a Priest from Holland created the first savings and credit cooperative in the country. The relative success experienced by those institutions in 1968 led to the creation of the Cameroon cooperative Credit Union league (known as (CamCCUL) which is currently is the longest standby micro finance network in Cameroon. Towards the end of the 1970s Cameroon began experiencing an economic down turn, during which certain banks in the country began to suffer financially from a lack of available liquid funds and customers started looking for a bank with more liquid funds. During the early 1980s, banking in Cameroon became more difficult.

In 1998 the law 98/99 was passed and began to recognize micro finance institutions as unique entities in the financial sector. Under this law, micro finance institutions were placed under the control of the ministry of finance rather than the ministry of Agriculture, by whom they had previously been overseen. Furthermore COBAC (la commission Bancaire De l'Afrique Central) was officially recognized as an authority figure of micro finance institution that was capable of dissolving them if they did not adhere to its regulations finally in 2002, the regalement N$^{\underline{0}}$ 0 1/02/CEMAC/UMAC/CODEC which clearly defines and controls the activities of micro finance institutions in central Africa, came into effect.

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History of hotels

The hotel business is classified under the hospitality industry. The World Tourism Organization defines hotels as typified as being arranged in rooms, in number exceeding a specified minimum, as coming under a common management , as providing services including room services, daily bed making and cleaning of sanitary facilities as grouped in classes and categories according to the facilities and services provided. Hospitality is the quality or disposition of receiving and treating guests in a warm friendly and generous way. (Harper D. ,2001).

On 28 June 1975, Late President Ahidjo reconstituted the General Commissariat of Tourism as the General Delegation for Tourism, whose purpose was to encourage private investment by airlines, travel agencies and hotels which is the point of discussion. Tourism infrastructure in Cameroon has steadily improved. The country offered 37 hotels with 599 rooms in 1960. This had risen to 203 hotels with 3,229 rooms in 1976. In 1980, the country offered 7,500 hotel rooms and the number keeps increasing till date. (DeLancey et al 2000). Nevertheless, the vast majority of these hotels are in two major cities, Douala and Yaoundé. The industry has made significant strides since the 1990s.The hotelier component represents an important side of the touristic activity success. In countries that have to become an emergent economy like Cameroon by 2035, the hotel business has served as a lever to the whole economy, since the second half of the 20th century. (Mani and Puscasu, 2009).

Telecommunications

Before 1990, as in most African countries, telecommunication services were managed by a national publicly-owned monopoly. The administration in charge of telecommunications set the rules, ensured they were applied and was itself an operator. The results did not always live up to expectations. In June 1990, the President of the Republic signed the order on the programme to privatize public and semi-public enterprises. The telecommunication sector was added to the programme in June 1995. In July 1998, law 98/014 governing telecommunications in Cameroon (the Telecommunications Act) was promulgated. It established the Telecommunication Regulatory Agency and attributed sector responsibilities to a variety of players: the operation of telecommunication networks to operators, regulatory matters, i.e. application of the rules and supervision of operators, to a regulatory body, the definition of sector policy and the enactment of market regulations to the telecommunication administration. In September of the same year, two public enterprises, CAMTEL for the fixed telephone service and CAMTEL MOBILE for the mobile telephone service, were set up to take over the telecommunication activities of the Ministry of Post and Telecommunications and of the public enterprise INTELCAM, which was in charge of operating and developing international telecommunication installations.

The telecommunication industry contributes almost 7% towards the GDP of the country as at 2011 (African Economic Outlook, 2012). In early 2012, Cameroon was profiled as being one of a handful of countries in Africa left with only two competing mobile networks, MTN and Orange. Collectively, the two service providers boast of having more than 9 million subscribers to mobile phone penetration and national coverage estimated at 50.1% and coverage of almost 65% of the inhabited territory. Indeed, the costs of communication still remain high, with an average of 300 FCFA francs ($0.57 USD) per minute of communication for both private operators. This price can be considered as prohibitive for thousands of subscribers, in a country where the minimum wage amounts 28,500 FCFA ($54.16 USD). The combined turnover of the two mobile operators is estimated at close to 1,926 billion FCFA ($3.6 billion USD). About 1,300 direct jobs and nearly 300,000 indirect jobs have been created. A further 250,000 job opportunities are expected to be created in the next five-to-ten years. Internet users (per 100 people) in Cameroon were last reported at 4 out of 100 users in 2010, according to a World Bank report released in 2011. Using the latest estimates of the population shows that there are only approximately 784,000 permanent online users as of 2010. The mobile cellular subscription in the country stands at 9,010,785 as of 2012. Moreover, the telephone lines in Cameroon were last reported to stand at 496,482 in 2012, representing an increase of 25% as compared to previous web statistics. Late last year, the government of Cameroon awarded its third mobile operator's license to Vietnam's Viettel. This move is expected to break its restrictive mobile market structure as it heralds the arrival of third generation (3G) mobile technology. The new operator will cover 81% of the country when it begins operations and invest 200 billion FCFA ($ 394 million) in Cameroon (Africa Review, April 24, 2013). The new operators will considerably widen the size of the telecom market. It goes without saying that the arrival of new operator will bring an appropriate answer to the situation of the current duopoly. In early 2012 it is one of only a few countries in Africa left with only two competing mobile networks, MTN and Orange. The re-entry into the mobile market by fixed-line incumbent Camtel as the third player has been delayed by controversy regarding its licence. The licensing of a third mobile network finally made progress in early 2012 with several international players in the bidding. The estimated market penetration rates in Cameroon's telecoms sector – end 2013 is illustrated below.

Table 2: Market Penetration Rate in the Telecommunication Sector

Market	**Penetration rate**
Mobile	69%
Fixed/fixed-wireless	3.6%
Internet	6.6%

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Source: BuddeComm

The Banking Sector

The Domestic credit provided by banking sector (% of GDP) in Cameroon was last reported at 13.90 in 2011, according to a World Bank report published in 2012. Domestic credit provided by the banking sector includes all credit to various sectors on a gross basis, with the exception of credit to the central government, which is net. The banking sector includes monetary authorities and deposit money banks, as well as other banking institutions where data are available (including institutions that do not accept transferable deposits but do incur such liabilities as time and savings deposits). Examples of other banking institutions are savings and mortgage loan institutions and building and loan associations. Below is a historical data chart, for domestic credit provided by the banking sector (% of GDP) in Cameroon.

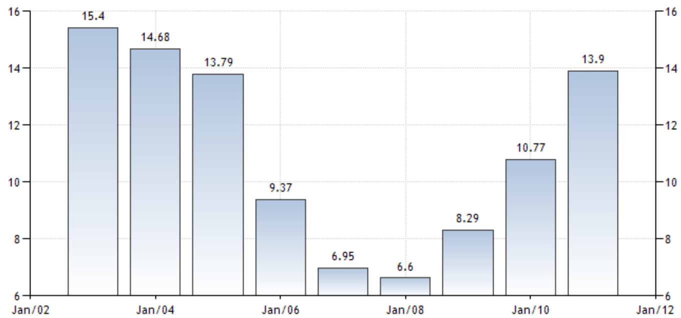

Figure 1: Historical data for domestic credit provided by the banking sector

Source: www.trading **economy.com/ca**

3.2 RESEARCH APPROACH

The research consists of both qualitative and quantitative approaches. The qualitative approach was based on descriptions rather than numerical data. It was used to identify opinions, beliefs, and attitudes of the employees of the various service organizations, in relation to TQM and customer retention. The researcher observed and carried an in-depth interview with the personnel and customers of the various service organizations.

The data which was obtained by the use of questionnaires was coded using numbers in order to be able to carry out data analysis using STATA. Tables, as well as pie charts were used to present the results for a clear understanding. In addition, some of the data which was obtained pertaining to the service industry was expressed in numerical form.

3.2 Method of data collection

Data for this study was collected from primary sources as well as secondary. Primary data is first hand information which was obtained by the researcher from the field. With regards to the primary source, an interview was conducted with the management of the various service organizations under survey. Questionnaires which comprised of both closed and open ended questions were equally administered to employees. The former aimed at obtaining specific answers while the latter allowing them to give their viewpoints on TQM and customer retention.

Population, sample and sampling technic

The population under study are organizations which offer services. These service organizations range from banks, money transfer agencies, credit unions, hotels, to telecommunications. The research covered 30 service organizations in Bamenda in the North West regions respectively. The random sampling method was used. Questionnaires will be randomly administered to the employees and customers in the service organizations in Bamenda.

Data obtained using questionnaires will be analysed using STATA, in order to give vivid explanation of the data collected. The hypothesis will be tested using the chi square test to show whether or not a positive relationship exists between the variables in question. The chi square test will be used because it shows the degree of dependence between variables and the hypothesis will be tested to know whether or not there is a degree of dependence between the qualitative variables under study.

4. PRESENTATION AND DISCUSSION OF RESULTS

In this study, we set out to assess the impact of total quality management (TQM) on customer retention in the service industry in Cameroon. One hundred questionnaires were sent to a randomly selected sample of firms in the service sector of Cameroon. The selected firms are based in the cities of Douala, Yaounde and Bamenda. Out of these, we received 90 answered questionnaires, registering a response rate of 90%. The participating firms can be grouped into four nominal categories: Micro finance, Banks, Telecommunication, and Hotels. The pie chart below is a partition of the participating firms in to the four mentioned categories.

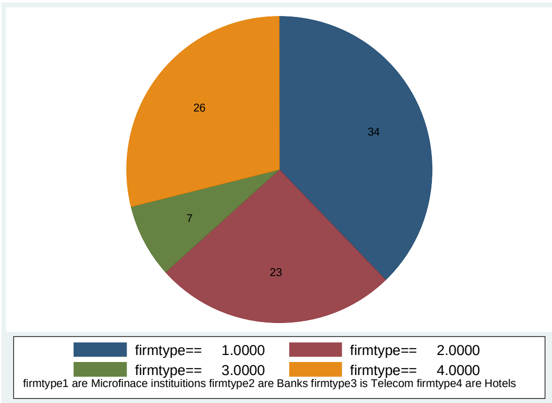

Fig 2: Partition of participating firms.

Source: Generated by researcher

In the diagram above, firm1, firm2, firm3, and firm4 represent Micro finance, Banking, Telecommunication firms, and Hotels respectively. The figure reveals that 34 (37.78%) of the participating firms are micro finance organizations, while 23 (25.56%), 7 (7.78%), and 26 (28.89%) represent Banks, Telecommunication firms and Hotels respectively. These responses will enable us to fulfill the purpose of this study by determining the effect of consumer focus on customer retention, examining the effect of employee commitment and involvement on customer retention, as well as to identify the problems associated with retaining customers in Cameroon's service sector.

4.1 EFFECTS OF CUSTOMER FOCUS ON CUSTOMER RETENTION

We want to find out if customer retention depends on customer focus as a strategy for total quality management. To accomplish this, we asked our respondents if they adopted one or more of the following activities that are considered to be consistent with a customer oriented firm: Solving customer complaints; making waiting space available with sits; providing air conditioning and entertainment; Providing a feedback charnel for the reception of customer complaints; Providing moderate services; Offering special benefits; and/or doing none of the above. Based on their choice or combination of these activities, respondents were then grouped in to an ordinal scale with three levels, with 1, 2, and 3, standing for low, moderate, and high customer focus respectively. We then used this information to describe a variable call LCF (Level of customer focus).

We also asked the firms if these strategies helped retain many, few, or no customers. As before, the responses were described in three levels, captured by the variable LCR (Level of customer retention), assuming values 1 through 3 respectively

Table 3 is a cross tabulation of these variables and the calculated chi-square value for the distribution of the observed joint frequencies.

Table 3: Joint frequencies for level of customer focus and customer retention.

	LCR		
LCF	***1***	***2***	***Total***
1	***4***	***3***	***7***
2	***34***	***8***	***42***
3	***39***	***2***	***41***
Total	***77***	***13***	***90***
Pearson chi2(2) = 8.391 Pr = 0.016			

Source: Computed by researcher.

- The contingency table above is a 2*3 (excluding the marginal frequencies), rather than a 3*3 table as would be expected. This is because none of the firms returned a response for no customer retention. Including a third level in the LCR category would therefore retain a column that sums up to zero, and all the marginal frequencies will stay the same.

-A close look at the six cell frequencies in table 3 would suggest expected frequencies far above the neighborhood of five. This is why the Pearson chi-square, rather than fisher's exact solution is used.

Looking at Table 3, we will realize that seven of the sampled firms have low customer focus in their total quality management strategy. However, four of these firms manage to return many customers and three manage to return few. Also, of the 42 that reported a moderate level of customer focus, 34 retained many customers and only 8 returned few. Finally, out of the 41 firms that reported a high level of customer focus, 39 reported that they retained many customers while 2 reported retaining few customers. Therefore, the ratio of many to few customer retention for low, moderate and high customer focus firms are 4/3, 34/8, and 39/2 respectively.

Because this ratio increases as level of customer focus increases, one may be tempted to conclude that customer retention positively depends on the level of customer focus. Not until we have performed a hypothesis test on table 3 can we decide whether or not effects are present.

The STATA output generated a Pearson chi square of 8.391 at a probability value of 0.016. Therefore using a level of significance of 0.05, 0.016< 0.05. Therefore the test is significant and we retain the alternative hypothesis that the level of customer retention is dependent of the level of customer focus within the firm. These results are consistent with what other research results reveal for example that of Mehra, 2008 reveal that organizations need to be customer focus in order to ensure customer retention. Equally, according to Deming an organization needs a clear mission and statement of purpose which should include customers' needs so as to satisfy them and eventually retain them. In effect, customer focus is a prerequisite to customer retention.

4.2 EFFECTS OF EMPLOYEE COMMITMENT AND INVOLVEMENT ON CUSTOMER RETENTION.

Our interest here is to verify if employee commitment and involvement has any significant effect on the level of customer retention in the service sector. To accomplish this, we described a variable LEE (Level of employee involvement) using the same procedure as the variable for level of customer focus described in section 4.1. The difference in this case was that the activities used as proxies to capture the level of employee involvement included: competence and reliability; Punctuality; smartness and receptiveness; Team work; as well as possibilities for all or none of the above. The values 1 through 3 captured the levels of employee involvement from low through moderate to high. The variable for level of customer retention remains as described in section 4.1.

Table 4 is a cross tabulation of these variables and the calculated chi-square value for the distribution of the observed joint frequencies.

Table 4: Joint frequencies for level of employee involvement and customer retention.

	LCR		
LEI	***1***	***2***	***Total***
1	***13***	***5***	***18***
2	***45***	***8***	***53***
3	***19***	***0***	***19***
Total	***77***	***13***	***90***
Pearson chi2(2) = 5.8153 Pr = 0.055			

Source: computed by researcher.

The observed values in this table bare strong resemblance to those of Table 3 in the ratio of many customers retained to few for each level of employee involvement. In this case, 13 firms indicated that the level of employee involvement was low, yet 8 of these retained many customers against 5 who retained few. For the 53 firms who reported a moderate level of employee involvement, 45 retained many customers and 8 retained few. Finally, all the nineteen firms that reported a high level of employee involvement retained many customers.

Again, this interpretation however does not endorse any hypothesis. To do this, we must once again employ the chi-square test for independence before deciding whether or not to reject our null hypothesis that customer retention is independent of the level of employee involvement.

Our chi-square value of 5.8153 at 2 degrees of freedom has a probability value of 0.055, which is just above the 0.05 level of significance. The test is therefore insignificant and we do reject the alternative hypothesis that customer retention is dependent on the level of employee involvement. Hence the trends observed in the table may just be occurring by chance. The independence between employee involvement and commitment can be explained by the fact that firms may satisfy their customers by their employees being involved and committed but they end up not retaining them because of the mobile nature of some customers. Thus, customers may be satisfied by the behavior of employees but still leave. The satisfaction and mobility scales have a great deal of independence, meaning that a person who is "highly satisfied" can be either "highly mobile" (i.e., willing to switch to a competitor) or "static" (i.e., unlikely to change brands).

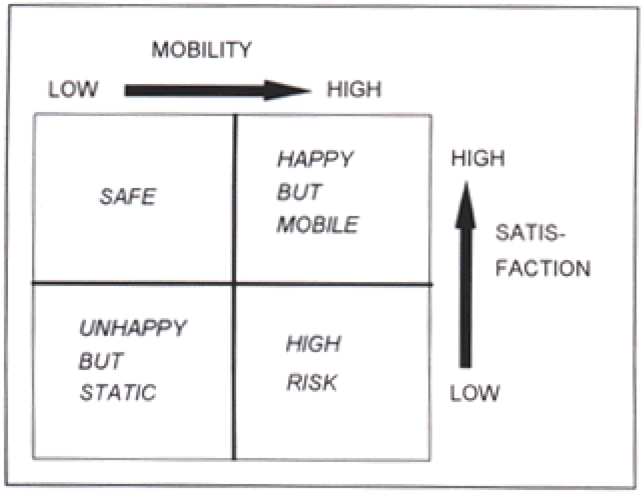

Figure 3: Mobility scales and satisfaction of customers

Source:www.rockresearch.com/a-new-paradigm-for-understanding-customer-retention

Customers can be classified by where they fall on each of the two characteristics:

- "Safe" customers are considered as such because they are not only satisfied, but tend not to change services even when their satisfaction drops.
- "High risk" customers are both unhappy and more likely than other customers to move on; management might consider writing off this segment, since even if they could be satisfied, they would still be prone to leaving.
- Attention needs to be focused on the "unhappy but static" customers. Every company has customers like these. Whether it is due to laziness or fear of inertia, they are likely to remain customers despite their lower satisfaction. Companies should still seek to correct these customers' problems. Even though their odds of leaving are less, they may still change brands, and a satisfied relationship will move them into the "safe zone."
- "Happy but mobile" customers are satisfied, but are in danger of switching brands, perhaps because they like to look for new deals or are receptive to marketing pressure. They need to be monitored more closely for switching cues. Companies should also structure pricing and programs to make sticking around economically rewarding.

From the figure above some customers might therefore not be retained even if employees are involved and committed because they are satisfied but still leave for other services may be due to market pressure. They are called the happy but mobile customers.

4.3 PROBLEMS ASSOCIATED WITH THE RETENTION OF CUSTOMERS IN THE CAMEROON SERVICE SECTOR.

One of the specific objectives of this study was to identify the problems associated with the retention of customers in the service sector of Cameroon. Our data suggests that the main problem is the number of customers the firm can attract. We asked our respondents to tell us the present number of customers they had. These were divided in to three categories: those with less than 200 customers, those with present number of customers ranging from 200 to 500, and those with customers above 500 in number. They were grouped in to a variable NCP (Number of customers present) assuming increasing levels from 1 to 3.

We also asked the firms how many of these customers were regular. They were grouped in three levels (few, average, and many) on a scale from 1 to 3 in a variable named NCR (Number of customers retained).

Now, what we found out was that out of the 11 firms that had less than 200 customers presently, only one retained few customers. Six retained an average number of customers and the remaining four retained many customers. Also, out of the 13 firms that had present numbers of customers ranging from 200 to 500, two reported retaining few customers, two retained an average and 9 retained many customers. Finally, a vast majority of the firms (66 firms) had more than 500 customers. Out of these, three reported retaining few customers, five retained an average number of customers and 58 retained many customers. Figure 4.3 compares the level of customer retention to the number of present customers. The variables and categories are as described above.

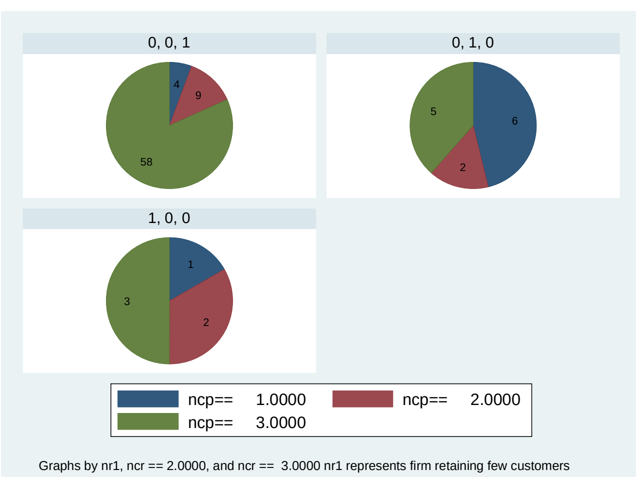

Figure 4: A comparison of present customers to level of customer retention.

Source: Generated by researcher.

The figure above shows that in order to retain customers in Cameroon's service sector, one need to first hold numerous customers. Although no hypothesis on the dependence between present customers and customer retention levels was stated, we find it necessary to report the Pearson chi-square formulation for this tabulation at 4 degrees of freedom which stands at 19.7858 with a probability value of 0.001. This test is significant even at 1% level suggesting that the distribution of customer retention levels and number of customers discussed above and described on figure 4.3 does not occur by chance.

The fact that small firms in the tertiary sector find it more difficult to retain customers than their larger counterparts may be explained by the presence of positive club externalities, particularly dominant in network industries like Finance and telecommunication. A "network effect" or "positive externality," is a situation whereby the addition of one more customer to the network increases the aggregate social value of the network beyond the private value gained by the additional customer. In Telecommunication for example, the addition of new customers means that existing customers have one more person they can cheaply communicate with. The same is true for finance where the larger the pull of customers, the lower are transaction costs.

In order to gauge other problems associated with the retention of customers in the service sector, we asked our respondents if they faced any problems in retaining their customers. 40 respondents, representing 44% of our sample reported that they had such difficulties. Then when we asked them to identify these problems, eighteen of them (representing 45% of the group) identified competition as the main difficulty in retaining their customers. The high rate of competition in the service sector is due to the fact that new organizations keep on emerging. As such, there is a tendency for customers to move to organizations to find out if they are offering a better service quality as opposed to their present choice.

Five of the firms (representing 12.5% of the group) reported that the main difficulty was the irregularity of their customers due to mobility. Some customers may decide to leave some organizations because of their mobile nature for work, school or other purposes. As such for service organizations which do not have branches at their various destinations are bound to leave.

Also, a similar proportion (12.5%) acknowledged that customers complained about the quality of their services. Most customers seek for quality and so if they discover that the present organization is not meeting up with their expectations, they are bound to leave for places where better quality is offered.

Other difficulties observed resulted from cost (10% of the group); Difficulties in understanding customers' needs (7.5% of the group); as well as factors like over demands from customers, and limited time to respond to customers' complains. Human behavior is a complex phenomenon and is therefore difficult to understand. Again, given the fact that man has diverse needs, it is difficult to meet all customers' needs. At times customers may want a prompt response to their problems which is not possible in all cases and at all times.

5. CONCLUSION

This work was centered on **Assessing the effect of Total Quality Management on Customer Retention in the Service sector of Cameroon.** From the responses gathered, the results were mixed. For the first hypothesis which was "Customer focus has a positive effect on customer retention" ,the STATA output generated a Pearson chi square of 8.391 at a probability value of 0.016. Therefore using a level of significance of 0.05, 0.016 is less than 0.05. Hence, the test is significant and we retain the alternative hypothesis that the level of customer retention is dependent on the level of customer focus within the firm. Customer focus and customer retention therefore have a positive relationship. The more an organization employs strategies to satisfy its customers, the more they are retained. From the responses obtained, the customer focus strategies which were employed and were successful in retaining customers included; providing high quality services organizations satisfy their customers by solving their complains, providing waiting space with seats, air conditioning, entertainment, in some cases, providing a feedback channel for the reception of customers' complaints, some organizations provide moderate services, offering special benefits, and above all being empathetic, which is a rare value practiced among firms.

As far as the second hypothesis is concerned, "Employee involvement and commitment has a positive effect on customer retention in the service industry". From the chi square value computed using STATA, the value obtained was 5.8153 at 2 degrees of freedom with a probability value of 0.055, which is just above the 0.05 level of significance. The test is therefore insignificant and we reject the alternative hypothesis that customer retention is dependent on the level of employee involvement and commitment. This implies that retaining customers in an organization does not depend on how involved and committed the employees are. Some customers even though satisfied will still go for the services of other organizations. Such customers are highly satisfied but highly mobile. They are called happy but mobile customers. Such customers will switch or try new alternatives even when they are completely satisfied.

It can therefore be concluded that being customer focus is a prerequisite to retaining customers and therefore the management of every organization should not relent its efforts in this domain. Equally, though customer retention is independent of employee involvement and commitment it does not imply that they should not be involved and committed at their workplaces because they are one of the main contributors towards an organization's journey to quality.

Combining the two results, if an organization's employees are involved and committed without being customer focus, they will not retain their customers. This is because the clients may be satisfied with their behaviour but their needs are not being met. Every organization should therefore consider the customer as the king and employ customer focus strategies as those already listed above, in order to retain their customers.

From the above findings, the following recommendations have been suggested for service organizations:

- A feedback channel should be instituted where customers' complains are received and necessary measures taken to solve the problems.

- Relationship surveys should be conducted. The current customers should be surveyed in order to establish their perceptions on the perceived value, quality, satisfaction with services and satisfaction with the service providers as opposed to competitors.

- Customers' data base should be established. This should include information such as the firm's current customers, their names, their addresses and phone numbers. Customers purchasing behaviour, their revenue rate, their related costs and preferences should also be gotten. Even when the customers leave the firm, information on the termination of the relationship should be included in the data base.

- Trust should be built between the customers and the organization to instill a sense of confidence in the customers towards the organization. This can encourage them to increase their duration of stay in the organization.

- Bench making by comparing with other service organization and learning from them not copying. Values which aim at increasing the level of customer retention should be adopted. This implies an eclectic approach was only appropriate principles are gathered, adjusted to meet the needs of a particular organization and applied accordingly.

- More focus should be placed on customer focus and employee commitment for employees to perceive total equality in order to repeatedly demand the organizations services. This requires challenging and engaging task as well as good relationship with the staff and managers of the organization.

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SUGGESTIONS FOR FURTHER RESEARCH

- Further research should be carried out on the other critical success factors of total quality management which were not covered in the present study.

- Equally this study was carried out in the service industry. Research can be carried out in companies which deal with tangible goods (product) to know what obtains there.

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