

# Total Quality Management (TQM) Analysis of its Impact on Customer Utility and Retention in the Hospitality Industry. Evidence from Developing Economy (Ghana)

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## Abstract

In the hospitality industry, service delivery has received a lot of attention due to the fact that the industry is becoming increasingly competitive. This paper presents an empirical quantitative result on the effect of Total Quality Management on customer satisfaction and retention. The descriptive research design was employed to conduct the whole study. The sample size for the study was 81 which consist of the customers, management and non-management staff of selected hotels in Western Ghana. Quota sampling and purposive sampling were employed to select the respondents. Logistic regression, ordinary least square, and relative performance index were the tools used to analyze the data. The study reveals that total Quality Management positively affects customer satisfaction and retention. The results further indicate that lack of resources, lack of evaluating procedure, benchmark indices, and lack of commitment from top-level management are the moderate challenges of Total Quality Management in the hospitality industry in Western Ghana.

**Keywords:** Total quality management • Customer • Retention • Hospitality industry

## Introduction

The travel industry division is one of the blasting segments of the globe's economy today. All things considered, it is one of the businesses that have fundamentally been changed. For model, most hotels within the urban areas are presently utilizing bleeding-edge benefits as a system to take off quality administration to their customers. Organizations strive to gain comparative advantage over others in today's market, in achieving this, all goes down to how well they perceive Total Quality Management practice to customer satisfaction and retention. The tourism sector is at present among the blasting areas over the globe's monetary framework today. In that capacity, it is one of the businesses that have drastically been changed.

Total Quality Management practice reaches out all through an organization's general rule that consistently improves the nature of the administration as well as products by attending to the needs, and expectations of customers that result in customers' satisfaction and retention. There are numerous aggregate thoughts on the connection between Total Quality Management practice, consumer loyalty, and maintenance; this investigation, be that as it may, would test the impact of Total Quality Management practice with respect to consumer loyalty and maintenance. Worldwide quality honors

winning associations have demonstrated by and large to have eclipsed different associations when it comes to Total Quality Management practice in perspective on fulfilling and holding clients. Both service and product organizational operation enhancement have been improved as a result of TQM practice emergence.

Also, this is not a shock in the locale of Africa, where a touch of research nearly exist on the different classes of products and services organization; given in regards with the impact of TQM on consumer loyalty and maintenance, and this brought about poor assistance rendering on the landmass, which has continually hampered the advancement of the hospitality businesses.

In empowering the ideal work environment to propose the notion of total quality control in which value addition are included across the whole organization, where value enhancement is a collective responsibility of management and staff, and persons learn from each other's success. TQM does not improve the conformance level alone; it also has a positive effect on customer retention. Since 1957, during the economic strategy of Ghana, much attention has been given to the tourism center and as a result, it currently appears to be contributing largely to the economy of Ghana. When companies continuously progress, they communicate with their customers passing information and receiving feedback to ensure the success the industry must exhibit. Thus, being proactive with its customers,

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forecasting customers' expectations and deciding the level at which it has fulfilled its clients' needs. 85% of what turns out badly is with the framework and just 15% is with the distinctive individual or thing. These perspectives prompted the Government of Ghana a few years back to energize all the accommodation businesses to connect comfort (toilet) bars and restaurants, to their establishment to upgrade their frameworks and to improve consumer satisfaction and maintenance. Poor service has continually hampered the hospitality industries in Ghana with most management nagging on each other for unsatisfying service deliverance, though the latest investors exploring the sector are adopting TQM actively, empowering progress in the business, there still an extraordinary cluster of complaints by the clients utilizing the service. The nature of Service in the hospitality business is basically as good as it is a major determinant of competitiveness. The hospitality industry, when given a lot of attentions for administration quality, would increase a relative advantage.

Many urged that price decides one's choice of hotel service. However, quality drives more clients than the cost. Quality service presented by lodgings would improve competitiveness; encourage more creative thoughts, the presence of an adaptable structure that energies cooperation between different management levels in the industry would likewise invite inventive thoughts. The usage of TQM should contain the hotel service conveyance framework fuses into the idea considered for offering these services and apply to exceptional administration staff which should be champion with the guide of the organization of the endeavor. In this improvement, professionalism will guarantee a standard in the industry. Quality service conveyance has turned into major drawbacks confronting the hospitality industry and also, it has in the previous year's been given a lot of considerations by the industries to be competitive.

New entrants are another challenge because it provides competition by giving customers the chance to switch from one hotel to another for quality services if they are not satisfied with the services rendered to them by other hotels. In Ghana, the story cannot be different from a global perspective. The tourism sector in Ghana is beset with several challenges at both legislative and industrial levels. The hospitality industry in Ghana is severely challenged with numerous problems ranging from managerial to regulatory failure. These problems have culminated in customer dissatisfaction and disloyalty in the hotels in Ghana. Western Region is of no exception, especially in Tarkwa and Takoradi despite they are known with Gold and Oil respectively. Client dependability is straightforwardly affected by the general utility elite by the client through products or services worth connected to add up to quality, loyalty and consumer satisfaction. The possibility of the TQM idea in organizations explicitly the hospitality business is embraced to augment service quality expected to enhance consumer loyalty and retention. Ironically, TQM can be said to not exist in the accommodation business, it is dismissed by industry players because of the absence of intrigue, cost or ignorance.

### Problem Statement (Motivation)

The challenges faced by the hospitality industry in Ghana are seriously affecting all industry players in the tourism sector, especially hotels, restaurants, transport operators, drinking spots and other players in the value chain. The industry players lose a lot of

customers due to poor management and regulatory practices. These impediments deprive governments of needed revenues for development. Also, poor management and regulatory framework have led to the sector's underperformance and subsequently deprives the sector of the needed investment to grow the industry and boost employment in that sector of the economy. Currently, Ghana's domestic tourism is nothing to write home about due to the lack of Total Quality Management practices in the hospitality industry.

However, much has not been done on how Total Quality Management affects customer satisfaction and retention in the hospitality industry in Ghana specifically western region. This, therefore, necessitates a study into investigating the phenomenon among the hospitality industry within the Tarkwa and Takoradi catchment area to confirm the suspicion and otherwise. The study is therefore conducted to justify how Total Quality Management affects customer satisfaction and retention. This study will also highlight some challenges confronting the hospitality industry and also academia, assistance in knowledge advancement is also a key aid of the study. The next section provides the literature review which consists of previous work done and, the theoretical framework, followed by sections three which emphasizes the research methodology. The fourth section also presents data analysis and results. The last section also provides a summary of conclusions and recommendations.

## Literature Review

This segment of the investigation considers the different literary works which were utilized during our exploration. Works from the various scientists including the pioneers of the quality concept, each has its own meaning of "Quality" and approach of how organizations will accomplish Total Quality Management. They all clarified that quality depends on duty from the higher administration level, all-inclusive administration, and effective communication. The principles range from the act of creating a mechanism to ensure consistent standardized performance, through to determine the cause of a problem, to sectional teamwork. The principles have over the years been properly practiced in many organizations to achieve customer satisfaction and retention. All the 14 elements propounded are considered as the most patronage principle of Total Quality Management. Whatever happens in an economic setting the management should be held responsible? The principles are the act of management creating quality control measures, provision of human, financial, technological, and informational resource, and management scheduling all times of meetings and objectives achievement plan. A better production process does not benefit an organization in terms of only the market share, but also it aids in higher outputs. Customers consistently remain loyal to the company of their choice, and they purchase again and again from such companies. They even go on to advertise the company's goods and services. The primary reason for Total Quality Management failure has always been the fact that certain company implements Total Quality Management principles halfheartedly. They do not understand the Total Quality Management requirements. Knowing the various cultural changes and how best to deal with the cultural transformations is arguably the most essential approach to succeed with Total Quality Management. Therefore, the purpose of Total Quality Management is to determine the best ways to ensure product

quality, customer satisfaction, customer retention, and profit maximization.

## Theoretical Framework

Generally, it has been established that several studies have been conducted on the concept of Total Quality Management. After an intense look at the various important Total Quality Management literatures, it is therefore discovered that many researchers have defined Total Quality Management in ways that suit their own understanding, and objectives of their researches. However, it is seen that not many consensuses exist about what Total Quality Management is, and the entailing elements. Their work was based on a commitment from top-level management, continuous improvement from management, and customer satisfaction. The elements are Commitment from management, Total Quality Management values, and vision, the involvement of all staffs, customer demands, developing culture, fact management, improving working procedures and workers' capabilities, and abounding suppliers and customers with TQM elements. In the study of Total Quality Management, it is always very right to divide the elements into two different categories. The broader category should process control and improvement, while another side will be education and training. It is understood that the three most noticeable TQM constructs are customer priority, teamwork, and continuous improvement. Every element is operationalized through certain constructs such as collecting and analyzing customer information. The elements are in turn supported by a great number of procedures. It is established that though they all have diverse ideas about the concept, they also have certain similarities. They all emphasized that quality is strictly on commitment, all-inclusive and effective communication of quality objectives. They stipulated that quality is a process and not a program, so, therefore, must be controlled towards improvements. Many researchers have different ideas about the TQM concept, but many of them are with the idea that Total Quality Management is a concept that centers on customer expectation focus, step-by-step approach, and collective efforts. How these elements combine to affect customer satisfaction and retention requires some set of practices.

## Discussion

This section displays analysis of data gathered from the field on TQM, customer satisfaction, customer retention and the challenges of TQM faced by the selected hospitality industry in Ghana specifically Tarkwa and Takoradi catchment area. It also lays out the various analytical tools and approaches employed to interpret and analyze the data. It covers the effects of TQM on customer satisfaction, the effects of TQM on customer retention, and the challenges of TQM in the selected hospitality industry in the Tarkwa and Takoradi catchment area.

With regard to the challenges of TQM, the following conclusions were made. After analysis, lack of commitment from top-level management, lack of resources, and lack of evaluation procedure and benchmark indices are the moderate challenges of TQM in the

hospitality industry. These challenges are said to be moderate because they may be regarded by a different hotel/lodge as a severe challenge.

In view of the findings and conclusions, the following recommendations are available to the various stakeholders of hotels/lodges. Total Quality Management is a holistic philosophy and must be practiced and improved in every hotel/lodge to increase customer satisfaction and retention. The management of the hotels should practice the various TQM elements to ensure that their customers are always satisfied and retained. The study recommends that the management of the hotels, in order to minimize the challenges of TQM should stay committed to their tasks, provide evaluation procedures and benchmark, and also effectively manage their resources being it human, financial, informational, or technological.

## Conclusion

The study sought to determine the effect of Total Quality Management on customer satisfaction and retention in the hospitality industry in Ghana specifically the western region. The following conclusions were drawn from all the analysis and findings. The study concluded that TQM positively affects customer satisfaction in the hospitality industry.

Again taste also affects customer satisfaction in the hospitality industry. However, income affects customer satisfaction negatively as the coefficient indicates a negative value. In relation to objective 2, it was found that TQM positively affects customer retention in the hospitality industry. Also, the taste has an effect on customer retention in the hospitality industry. On this same objective, the study found that income has a negative influence on customer retention in the selected Hotels in the Western region of Ghana.

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