



UTILIZATION OF CUSTOMER SATISFACTION PRINCIPLES OF TOTAL QUALITY MANAGEMENT BY SMALL AND MEDIUM SCALE ENTERPRISES FOR IMPROVED PERFORMANCE IN ANAMBRA STATE

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Abstract: The main purpose of this study was to determine the extent of utilization of customer satisfaction principles of total quality management by small and medium scale enterprises for improved performance in Anambra State. One research question guided the study and one hypothesis was tested at 0.05 level of significance. Descriptive survey design was adopted for the study. The study was carried out in Anambra State. The population of the study comprised 2,895 small and medium scale enterprises managers in Anambra State who are registered with the State Ministry of Commerce, Industry and Technology. The sample of the study comprised of 869 small and medium scale enterprises managers. The sample was drawn from 2895 registered SMEs across the three senatorial zones (Anambra Central, Anambra North and Anambra South) in Anambra State using proportionate stratified random sampling. The instrument for data collection was a structured questionnaire developed by the researcher. The instrument was structured on a 4-point rating scale. The instrument was validated by three experts. The instrument was subjected to a pilot test. The application of Statistical Package for Social Sciences (SPSS) version 21 using Cronbach Alpha reliability method on the obtained data yielded a score of 0.77 for internal consistency which was deemed reliable for the study. The researcher administered the copies of the questionnaire to the respondents with the help of six research assistants. Out of the 869 copies of questionnaire administered, 739 were returned in good condition. The 739 copies amounted to 85 percent return rate. The 739 copies of questionnaire were used for the analysis of data. The data collected from the respondents were analyzed using mean and standard deviation for the research questions and t-test was also used to test the null hypotheses at 0.05 level of significance. The study revealed that small and medium scale enterprises utilize the principle of customer satisfaction for improved business performance to a high extent. Furthermore, there is a significant difference in the mean ratings of managers of SMEs with 0-5 year and above 5 years' experience on the extent they utilize customer satisfaction principles for improved business performance in Anambra State. The researcher therefore recommended that managers of small and medium scale enterprises should continuously improve their knowledge on best ways for ensuring that their businesses are customer focused.

Keywords: Utilization, Customer Satisfaction, Small and Medium Scale Enterprises and Business Performance

Introduction

Small and medium scale enterprises are seen as critical agents of development in any nation. This is because SMEs are important contributors to the nation's employment generation and wealth creation. According to Udo (2020), the Ministry of Industry, Trade, and Investment indicated that 37.07% of Nigeria's Micro, Small, and Medium Scale Enterprises are responsible for

84% of all jobs in the country. SMEs provide around 48.5% of the nation's GDP and 7.27% of its exports of goods and services. Udo stated that there were 4,670 medium-sized businesses in Nigeria as of April 7, 2020, compared to 68,168 small businesses. This information is a reflection of Anambra State, where the people are renowned for their love of commerce and

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entrepreneurship. The abundance of small and medium-sized businesses in the State is proof of this.

The existence of these small and medium-sized businesses contributes to the expanded economic activities and a realistic Internally Generated Revenue (IGR) base for the government of Anambra State. Oroka (2013) defined small and medium scale enterprises or small and medium industries are some of the terms that are used interchangeably to describe small business organizations. Oroka stated that SMEs are heterogeneous groups because they embrace a wide variety and diverse forms ranging from village handcraft centers and weavers, small machine shops, restaurants and computer software firms using sophistication and skills. They could operate in very different markets and social environments. Some are dynamic, innovative, and growth oriented, others are traditional and prefer to remain small (Onwughalu, 2014). The Federal Ministry of Commerce and Industry in Ikon and Chukwu (2018) described SMEs as firms with a total investment (excluding cost of land but including capital) of up to 750,000 Naira, and paid employment of up to fifty persons. In the context of this study, small and medium scale enterprises can be defined as any enterprise with a maximum asset base of N200 million, excluding land and working capital, with the number of staff employed by the enterprise not less than 10 and not exceeding 300. To keep SMEs successful, maintaining quality product and service is a key strategic goal for every business to meet its short-and long-term plans. Guaranteeing the consistency of the products and services of the enterprises is a vital way to maintain improved business performance. Kumari and Kumar (2017) held that if SMEs enshrines the ideals and principles of Total Quality Management (TQM), the enterprises flourishes and becomes successful. Hence, Total Quality Management (TQM) is seen as a management principle that improves business performance and competitiveness.

Total Quality Management (TQM), according to Esin and Hilal (2014), is a management principle that encourages the consistent improvement on the quality of

the products, processes or services of the enterprise by ensuring that the customers' needs and expectations are met at all times so as to enhance customer satisfaction and ultimately improve the performance of the enterprise. Thus, TQM emphasizes primarily the quality of the goods or services being rendered to customers. Onwuka, Asogwu, Ezeigwe and Dibua (2014) defined TQM as a management principle which underlines the continuous improvement of the standard of products and services in order to satisfy consumers and increase business performance. TQM was developed from the concept of continuous improvement, with emphasis on quality as the main element for successful business operation. One of the main principles of TQM is customers' satisfaction.

Customers' satisfaction is at the core of every organization's goals, and the TQM framework's primary priority. Two of the simple TQM concepts are listening to the 'customers' and adapting quickly to their evolving desires, preferences and opinions (Esin & Hilal, 2014). It is a strategic tactic to draw potential clients and maintain brand satisfaction. The definition of "consumer" in TQM holds that business managers should endeavour to define customer needs. Therefore, for an organization to improve its performance it must have the right products and price. Customer satisfaction levels are dependent on the consumers' perception of the product or service and their experience with the product or service. Improved customers' satisfaction leads to improvement in revenue, cost savings, and increased product and service efficiency. Shiba, Graham and Walden (2007) defined a customer as the person or group of persons who receive the work that one carries out, and asserted that a business function without a customer should not be performed. Evans and Lindsay (2007) stressed the importance of customer focus, and held that every business has four goals:- (a) to satisfy its customers, (b) to achieve higher customer satisfaction than its competitors, (c) to retain customers in the long run and (d) to gain market shares. The focus on customer has become part of quality movement. Haar and Spell (2008) stated that successful implementation of TQM includes customer retention and



increase in market share. According to Esin and Hilal (2014), customer focus leads to customer loyalty which can be achieved by providing customers with reliable, durable products/services. So, customer focus in firms incorporates customer satisfaction, confidence, loyalty and reduction in complaints. Esin and Hilal further noted that a key motivation for the growing emphasis on customer satisfaction is that high customer satisfaction leads to a stronger competitive position resulting in higher market share and profit. However, the extent to which the application of these principles improves business performance is not clear.

Business performance, according to Zulkiffli and Perera (2011), is defined as the organizational capacity to meet the needs of the major stakeholders of a business which is determined in order to measure the achievement of an enterprise. Business performance in the context of this study is the capacity of a business enterprise to sustain or accomplish its predefined goals through the achievement of improved profitability and a strong return on investment. In another vein, factors like the years of experience has been said to have an influence on SMEs utilization of customers satisfaction principles for improved business performance. The likelihood of failure according to Norman and Mornay (2012) has been reported to be associated with the owner/manager's work experience prior to business launch. In this study, less experienced SME managers are classified as those who have less than 5 years of experience on the job while highly experienced SME managers are those with work experience of 5 years and above. This assertion, however, has not been empirically proven to be the case among SMEs in Anambra State.

Statement of the Problem

For every nation with a progressive mindset, small and medium-sized enterprises (SMEs) are the foundation of national development and growth. This is because small and medium-sized enterprises are essential to the economic development of every nation since they create jobs, generate money, and ensure that scarce capital is distributed equally. Sadly, SME in Anambra State seem to be struggling to contribute to the development of the

state in particular and Nigeria in general. Some SMEs tend to have refused to adopt the TQM principles in their enterprises operational processes and this appears to have influenced the lack of competitiveness and profitability of their businesses. Field observation by the researcher revealed that some SMEs do not prioritize customer satisfaction of customers. They seem to be only interested in ripping customers. This is evident in cases where some SMEs do not care about the quality of goods sold to customers. This seems to have led to customers' dissatisfaction in local products. The researcher is worried that if this situation is not checked, it may likely force most SMEs into untimely extinction thus reducing the growth and development of SMEs in Anambra State.

Purpose of the Study

The main purpose of this study was to determine the extent of utilization of customer satisfaction principles of total quality management by small and medium scale enterprises for improved performance in Anambra State.

Research Question

To what extent do SMEs utilize the principle of customer satisfaction for improved business performance in Anambra State?

Hypothesis

There is no significant difference in the mean ratings of managers of small and medium scale enterprises on the extent of utilization of customer satisfaction principles for improved business performance in Anambra State based on years of experience (0-5years and Above 5 years).

Method

The descriptive survey research design was adopted for the study. The study was carried out in Anambra State. The population of the study comprised 2,895 small and medium scale enterprises managers in Anambra State who are registered with the State Ministry of Commerce, Industry and Technology. The sample of the study comprised of 869 small and medium scale enterprises managers. The sample was drawn from 2895 registered SMEs across the three senatorial zones (Anambra Central, Anambra North and Anambra South) in Anambra State using proportionate stratified random



sampling. The researcher sampled 30 percent of SMEs in each senatorial zone of the state. The use of the proportionate stratified was to ensure that representative from each stratum were equally represented. The instrument for data collection was a structured questionnaire titled: “Questionnaire on Utilization of Customer Satisfaction Principles for Improved Business Performance (QUCSPIBP)”. The instrument has two main sections- A and B. Section A contains one item on respondents’ background information covering years of business experience. Section B contains eight items eliciting information on customer satisfaction principles. The instrument was structured on a 4- point rating scale of Very High Extent (VHE), High Extent (HE), Low Extent (LE) and Very Low Extent (VLE). The instrument was given to two experts in the Department of Business Education and one expert in the Department of Science Education, Ebonyi State University, Abakaliki for validation. To establish the instrument’s reliability, it was administered on a sample of 20 managers of small and medium scale enterprises in Asaba, Delta State who are not included in the population of the study. The application of Statistical Package for

Social Sciences (SPSS) version 21 using Cronbach Alpha reliability method on the obtained data yielded a score of 0.77 for internal consistency which was deemed reliable for the study.

The researcher administered the copies of the questionnaire to the respondents with the help of six research assistants. Direct delivery and retrieval method were employed in the administration of the instrument in order to minimize wastage and achieve a high return rate. The respondents were allowed some time to complete the questionnaire and were retrieved on the spot. However, in cases where this was not possible, an appointment was booked and the respondents concerned were revisited for retrieval of the instrument. Out of the 869 copies of questionnaire administered, 739 were returned in good condition. The 739 copies amounted to 85 percent return rate. The 739 copies of questionnaire were used for the analysis of data. The data collected from the respondents were analyzed using mean and standard deviation for the research questions. The item by item analysis was based on the real limits of numbers on a 4-point rating scale as shown below:

Response option	Values	Real Limit
Very High Extent (VHE)	4	3.50-4.00
High Extent (HE)	3	2.50-3.49
Low Extent (LE)	2	1.50-2.49
Very Low Extent (VLE)	1	0.50- 1.49

For the hypotheses, t-test was used to test the seven null hypotheses at 0.05 level of significance. Where the p value is greater than the significant level of 0.05, it meant that there is no significant difference in the mean rating of the respondents, therefore the hypothesis was accepted. Conversely, where the p value is less than the significant level of 0.05, it meant that there is a significant difference in the mean rating of the respondents, therefore the hypothesis was rejected.

Presentation of Results

Research Question 1

To what extent do SMEs utilize the principle of customer satisfaction for improved business performance in Anambra State?

Data collected to answer the research question is presented in Table 1.

Table 1: Mean Ratings on the Extent of SMEs Utilization of Customer Satisfaction Principles for Improved Business Performance (N=739)

S/No.	Customer satisfaction principles	Mean	SD	Remarks
1.	Being swift to deliver products/services to customers	3.26	.87	High Extent



2.	Ensuring that products are of standard quality	2.92	.82	High Extent
3.	Allowing trade discounts to customers	2.73	.97	High Extent
4.	Making sure that employees are courteous to customers	2.69	1.01	High Extent
5	Ensuring that customers complaints are promptly handled	2.82	1.00	High Extent
6.	Understanding customer's needs	2.57	1.04	High Extent
7.	Eliciting feedbacks from customers on product quality	2.65	1.07	High Extent
8.	Carrying out sales promotions	2.71	1.12	High Extent
Cluster Mean		2.79	High Extent	

From data in Table 1, the respondents' rating on the items show that customer satisfaction principles are utilized to a high extent. The mean rating ranges between 2.57 to 3.26. The standard deviation scores ranging between 0.82 to 1.12 reveals that the respondents' opinions were related. The cluster mean of 2.79 indicates that SMEs utilize to a high extent the principle of customer satisfaction for improved business performance in Anambra State.

Hypothesis 1

There is no significant difference in the mean ratings of managers of small and medium scale enterprises on the extent of utilization of customer satisfaction principles for improved business performance in Anambra State based on years of experience (0-5 years and Above 5 years).

Data collected to test the hypothesis is presented on Table 2.

Table 2: Summary of t-test Analysis of Mean Ratings of Experienced and Less Experienced Managers of SMES on the Extent they Utilize Principles of Customer Satisfaction Principles for Improved Business Performance

Variable	N	X	SD	df	α	p-value	Decision
0-5 years	220	2.31	.96	737	.05	0.00	Significant
Above 5 years	519	2.10	.73				

Data in Table 2 showed that the p-value of 0.00 is less than .05 alpha level of significance. This means that there is a statistical significant difference in the mean ratings of managers of SMEs with 0-5 year and above 5 years' experience on the extent they utilize customer satisfaction principles for improved business performance in Anambra State, therefore the hypothesis was rejected. This means that responses were influenced by experience of the respondents.

Discussion

The study revealed that small and medium scale enterprises utilize the principle of customer satisfaction for improved business performance to a high extent. This finding may have resulted because of the entrepreneurial

nature of the managers of SMEs in Anambra State. They see the customer as the key to business sustainability and performance hence they take extra measure in ensuring that the needs of their customers are met. The findings of the study are in agreement with the findings of Ekiz, Ozgurur and Sian (2015) who revealed that management of small and medium size enterprises in Northern Cyprus highly support and utilize TQM principles like customer satisfaction in their business operations. However, Alintah-Abel (2018) reported that SMEs to a low extent utilized the customer satisfaction principles in their business operation in Nigeria. Alintah-Abel, therefore suggested improvements in the utilization of customer satisfaction principles. Ekiz, et al (2015) stated that small



and medium scale business managers should be able to carry out their business activities with the goal of ensuring customer satisfaction with their products or services. Thus, improving their competitiveness in their business environment. Malik, Iqbal, Shaukat and Yong (2010) stated that customer satisfaction principle is a critical factor that ensures improved performance in business organizations.

Furthermore, there is a significant difference in the mean ratings of managers of SMEs with 0-5 year and above 5 years experience on the extent they utilize customer satisfaction principles for improved business performance in Anambra State. This indicate that managers of SMEs with 0-5 years and above 5 years experience differed in their opinion on the extent they utilize customer satisfaction principle. This is in line with Hague and Hague (2016) noted stated that experienced managers ensure that quality is the hallmark of the business, ensuring product quality means that customers are satisfied, they also use this means to reach out to other potential consumers.

Conclusion

Based on the findings of the study, the researcher concludes that small and medium scale enterprises utilize customer satisfaction principle for improved performance in Anambra State. It is important that SMEs remain customer focused because it entails that the customers' needs are prioritized. This would result in improvements in the quality of products and services offered by SMEs.

Recommendations

Based on the findings of this study, the researcher proffers the following recommendations:

1. Managers of small and medium scale enterprises should continuously improve their knowledge on best ways for ensuring that their businesses are customer focused. This can be done by developing themselves academically through attendance of workshops/seminars on customers' satisfaction techniques and enrolling in business schools where they can learn practical techniques and skills for improving customers' satisfaction.

2. Managers of small and medium scale enterprises should make available avenues for receiving customers feedbacks on their products or services. For instance, suggestion boxes can be made available in the business premises or a dedicated telephone line could be made available for customers complaints.

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