

**QUALITY MANAGEMENT PARADIGM AND CUSTOMER
LOYALTY IN FIRMS LISTED At NAIROBI SECURITIES
EXCHANGE IN KENYA**

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FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
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DECLARATION

I declare that this is my original work and has not been presented by any other person to a university or college for the award of degree, diploma or certificate.

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DEDICATION

Dear Dad and Mum, one thing I am sure of is that I will always need you no matter how big or old I will be. In you I see a role model, you've always been there for me and supported me throughout my journey. You made me laugh, wiped my tears, hugged me tight, watched me succeed, seen me fall, kept me going strong! You are a fountain of inspiration. Thank you for believing in me.

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LIST OF TABLES

Table 2.1: Summary of Literature Review.....	16
Table 3.2: Mathematical Regression.....	20
Table 4.1: Response Rate.....	21
Table 4.2: Descriptive Statistics.....	23
Table 4.3: Summary of Descriptive Statistics.....	25
Table 4.4: Correlation Matrix.....	27
Table 4.5: Model Summary.....	28
Table 4.6: Regression Table.....	29
Table 4.7: Customer Value Perception.....	30
Table 4.8: Customer Satisfaction and Customer Loyalty.....	32
Table 4.9: Quality Management Paradigm and Customer Loyalty.....	34

LIST OF FIGURES

Figure 2.1: Conceptual Framework.....	18
Figure 4.1: Experience of Respondents.....	22
Figure 4.2: Binary Statistics.....	29

TABLE OF CONTENT

DECLARATION	ii
DEDICATION	iv
LIST OF TABLES	v
LIST OF FIGURES	vi
TABLE OF CONTENT	Error! Bookmark not defined.
ABSTRACT	x
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Quality Management.....	2
1.1.2 Customer Value Concept	2
1.1.3 Total Episode Value concept	3
1.1.4 Quality Management Paradigm And Total Episode Value.....	4
1.1.5 Kenya Competitive Position	4
1.2 Research Problem	6
1.3. Research Objectives.....	8
1.4. Value of the study	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction.....	9
2.2 Theory of Quality Management and Customer Loyalty	9
2.3 Quality Management Paradigm	10
2.4 Customer Value	12
2.5 Customer Loyalty.....	14
2.6 The summary of the literature review and the Conceptual Framework.....	16

CHAPTER THREE: RESEARCH METHODOLOGY	19
3.1 Introduction.....	19
3.2 Research Design.....	19
3.3 Target Population.....	19
3.4 Data Collection	19
3.4 Data Analysis	20
CHAPTER FOUR: DATA ANALYSIS, RESULTS, AND DISCUSSION.....	21
4.1 Introduction.....	21
4.2 Demographic Data	21
4.3 Descriptive Findings	23
4.3.1 Descriptive Statistics.....	23
4.3.2 Correlation Analysis	255
4.3.3 Regression Analysis.....	256
4.4 Findings of Objectives	26
4.4.1 Paradigm of Quality Management	28
4.4.2 Customer Value Perception	3729
4.4.3 Customer Satisfaction and Loyalty	38
4.4.4 Benefits of Implementation of Quality Management	28
4.5 Discussion of Findings.....	32
4.6 Test of Significance	348
4.7 Summary of the Chapter	39
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ...	40
5.1 Introduction.....	40
5.2 Summary.....	40

5.3 Conclusion	422
5.4 Recommendations for Policy	433
5.5 Suggestion for Further Research.....	444
REFERENCES	455
APPENDICES	48

ABSTRACT

The purpose of this study was to establish the relationship between quality management paradigm and customer loyalty in manufacturing and service companies listed in Nairobi Securities Exchange. The study adopted a statistical cross-sectional research design in which a census survey and stratified random sampling was used. Primary data was collected from 20 firms listed in NSE and the analysis done using SPSS to generate the descriptive statistics of the data. Correlation and regression analysis was performed and the study found that there is a positive correlation of 0.912 between customer loyalty and customer value and a positive correlation of 0.974 between customer loyalty and quality management paradigm. When regression analysis was performed, the study found that there is a good linear association between the dependent and independent variables used in the study. Further analysis found that the benefits of quality management paradigm include; reduced costs, customer satisfaction, increased efficiency, competitive advantage, elimination of defects, organization development, enhanced shareholder and stakeholder value, reduced complaints, increased job security, and increased financial performance. This study therefore, recommends that organization to fully adopt the quality management paradigm in order to improve and maintain customer loyalty, which will in turn result to the benefits.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Operations refer to the set of day-to-day activities that transform inputs including people, capital, energy, material, and technology into outputs of higher value namely goods and services (Schonberger & Knod, 1997). In manufacturing firms, the creation activities produce tangible products while in an organization that does not create tangible goods or products produce services (Heizer & Render, 2008). Operations management concerns managing these activities from design of the operation system, maintenance, improvement of the system and control of activities. In the transformation process of inputs into outputs, organizations create value for customers.

Although manufacturing companies in Kenya are small, they are among the best in East Africa. The industries in Kenya have been growing since the late 1990's and into the new century. The manufacturing companies in Kenya are relatively diverse. The transformation of agricultural raw materials, particularly of coffee and tea, remains the principal industrial activity. Meat and fruit canning, wheat flour and cornmeal milling, and sugar refining are also important. Electronics production, vehicle assembling, publishing, and soda ash processing are all significant part of the sector.

Organizations achieve their competitive objectives and goals by delivering goods and or services of superior value to their customers (Schonberger & Knod, 1997). Value is considered to be the perceived importance of something tangible or intangible. It may be

expressed either in monetary or non-monetary terms (Russell & Taylor 2011). Customer value is the difference between the prospective customer's evaluations of all the benefits and all the costs of an offering and the perceived alternatives (Naybor, 1996). Costs entail the sacrifices the customer pays or incurs for the product or the service.

1.1.1 Quality Management

Different scholars have offered several definitions of quality. One definition is by Deming, (1982) "as a predictable degree of uniformity and dependability at low cost and suited to the market" (p. 229). From his point of view, quality should be aimed at needs of the customer. Another definition is by Juran (1974) as 'fitness for use' (p.2); meaning quality is when a product or service satisfies the intended use. Operations management activities involved have been developed over several decades in an evolution that has gone through different phases (Slack, Chambers & Johnston, 2001).

These activities form what can be distinctively identified as component of quality management. Different components are emphasized at different phases in the evolution. Changes in terms of focus at each of these phases constitute a paradigm shift (Kuhn, 1974).

1.1.2 Customer Value Concept

Woodruff, (1997) defines customer value is a "customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations"(p. 142)

Different types of value have been identified (Kumar & Suresh, 2009). Economic value added is the value for the owners of the organization; the value for employees which is

the balance of the rewards and benefits that employees receive in return of their performance at the work place; the value for the community that determine the public support for the organization, and at last the customer value which is from the perspective of consumers and buyers. The basic assumption is that customers are the source of firms' wealth by the fact that they are the main source of revenue. The term total episode value is used to describe a long and strong customer-supplier relationship that concerns both present and future as the source of revenue (Russell & Taylor, 2011).

1.1.3 Total Episode Value concept

Total episode value relates to customer-supplier relationship that takes into account the customer value in terms of the actual value. One way to achieve a strong relationship and, thus, long relationship is to ensure that customers are satisfied. The proposition is that, dissatisfied customer will defect and the relationship will come to an end (Kaj, Tore & Grönroos, 1994). The bond between customer-supplier creates a relationship which is a long-term collaboration based on trust that trigger an emotional attachment between the customer and the organization known as loyalty. It entails building and sustaining a trusted relationship with a customer that leads to customer's repeated purchase of products or service over a period of time (Lau & Lee, 2004).

The term loyalty is used when the customer feels that the firm's product best meets his or her relevant needs such that competitors are excluded from the consideration set (Shoemaker & Lewis, 1999). Building this relationship requires the organization to shift to a new paradigm in which all activities are focused to the customer; it includes maintaining an effective customer communication and in which achieving customer satisfaction is the goal for all. This is the paradigm that has been described as quality

management paradigm (Juran, 1991).

1.1.4 Quality Management Paradigm and Total episode Value

The implementation of quality management changes the way of doing things by an organization. Quality management brings the customer in terms of what is important and questions asked (Heizer & Render, 2008). Another aspect is organizational system. It is made up of parts and each part can affect the way other parts work and the way all parts work together will determine how well the system works (Dilworth, 1992). Quality management being a customer centric approach, there are some measures that companies adopt in order to be more competitive and realize business objectives.

These measures involve a focus on customer wants and expectations with the aim of giving them satisfaction; provide personalized and quality customer experience; identify ‘at risk’ customers and implement effective measures to convince them to stay; deliver right service at the right time and focus on building a constructive relationship with customers (Weckenmann, Akkasoglu & Werner, 2015). These measures are reinforced by the change in organizational system that focuses on three constructs that distinguishes the organizational system of the modern approach from that of the classical approach. These constructs are leadership, strategic planning, and work performance drivers (Okwiri 2014).

The outcome is an organization system in which the top management leadership and employees empowerment are considered to be important; where quality is integrated into the strategic planning; where team working is encouraged and, where customer-value, day-to-day improvement and innovation are success factors

1.1.5 Kenya Competitive Position

The Kenyan trade report made by the Central Bank of Kenya on the current balance of trade, states that Kenya recorded a trade deficit of 89,961 Million KES in April of 2015. Balance of Trade in Kenya averaged (34,310.48) Million KES from 1998 until 2015, reaching an all time high of (2,175) Million KES in June of 1999 and a record low of - 119463 Million KES in September of 2014 (CBK report, 2014).

The balance of payment is the sum of the balance of trade (net earning on export minus payment made on export). The current balance of payment in Kenya is recording a deficit because of the huge gap that is seen in the international transaction (imports and exports). The country demand is higher than what it offers on the international market. In order to reach that demand the country has to borrow money and it recorded as a credit to be paid. The adjustment in balance of payment in Kenya appears to be complicated because the receipts and expenditures are mostly financial and seldom in real assets (world bank, 2015).

Productivity level is an indicator of a country's competitiveness and it's prosperity status. Agricultural products are central to Kenya's export industry with horticultural and tea being the most important. Other export items include textiles, coffee, tobacco, iron and steel products, cement. Kenya imports mostly machinery and transportation equipment, petroleum products, motor vehicles, iron and steel, resins and plastics.

In order to be competitive in the international trade, a country has to increase its level of exports because of its effect on the international trade and economic stability. Growth of an economy is directly related to export. A country should be able to produce goods and

services of higher quality that meet the requirement of buyers and end users at a competitive price in order to remain in the international market place and gain more market share. In Kenya, some companies operating in the manufacturing and or services industries are trying to meet these requirements and be more competitive in the region market.

From the Nairobi securities exchange report, the number of listed manufacturing and services companies is twenty, which are presented in the appendix. These are small, medium and large sized companies all mixed together and known as limited liability companies. These companies are of different types and operate in different industries. The manufacturing sector's contribution to the gross domestic product (GDP) is of about 10 per cent and the sector recorded a growth of 3.4 per cent in 2014 compared to a growth of 5.6 per cent in 2013. The formal employment in the manufacturing sector increased by 2.9 per cent from 279.4 thousand in 2013 to 287.5 thousand persons in 2014. (economic survey report, 2015).

1.2 Research Problem

It can be argued that quality management can influence customer loyalty through products and or services that meet unique requirements or needs of the customer and, therefore leading to customer satisfaction and superior customer value perception. It can also be through efficiency and effectiveness in the operations by setting a system that reduces defect in production and that bring a low delay operation system (Lakhal, 2005).

In the manufacturing industry, decision makers' objective is to gain competitive edge and ensure the effectiveness and sustainability of the production system that enable a lower

cost production, speed, quality and responsiveness which result in gain of market share. Same things are done in the service industry except that in the service industries the customer is part of the production process and that makes a high level contact with the customer (Kanchana, 2008).

Studies on loyalty have been done in isolation and focused primarily on pure product or pure service loyalty i.e. brand loyalty in different other contexts. A study by Lien-Ti Bei Yu-Ching Chiao, (2006) on determinant of customer loyalty found that customer satisfaction neither fully nor partially mediates the relationship between consumers' perceptions and their loyalty. Another study by Landroquez et al, (2013) on the development of an integrated vision of customer value found that it is the relationship between customer value from the customer point of view and customer value from the firm point of view that really create customer value. At last a study by Mândru et al, (2011) on paradigms of total quality management found that the way TQM is built may differ from a specialist to another but it has certain essential principles that can lead to improving competitiveness, reducing cost and increasing profits.

There lacks a study that directly addresses the link between quality management paradigm and customer loyalty in manufacturing and services organizations in Nairobi.

This study is to examine issue by finding answers to the following research questions:

How does quality management paradigm influence customer loyalty?

What are the keys drivers to customer loyalty?

1.3. Research Objectives

The objectives of this study are;

1. To determine the relationship between customer loyalty and paradigm of quality management in the NSE listed companies in Kenya,
2. To examine the relationship between customer loyalty and customer value perception in the NSE listed companies in Kenya;
3. To examine the benefits of implementing quality management paradigm in firms listed in NSE in Kenya.

1.4. Value of the Study

Trade is one of the economic pillars targeted to propel economic growth and job creation in Kenya's Vision 2030. According to Kenya national bureau of statistics economic survey (2013), it says that domestic trade only contributed 10% of the country's gross domestic product.

This study will inform operations managers, academics and practitioners on how quality management once embraced can improve the quality of goods and services as an output from the transformation process. The study will also be useful to consumers because they will be able to develop quality conscious and know which product or service will meet their expectations.

The study also intends to add to the existing body of knowledge, quality management and customer loyalty literature. Finally, provide more theoretical and empirical insights of the dimensions of quality management that the customers appreciate to remain loyal while offering suggestions to improve performance of the manufacturing and service industry in Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, literature is reviewed along three themes. First literature on quality management paradigm, secondly literature is reviewed on customer value and at last literature reviewed on customer loyalty. At the end the literature will be summarized and a conceptual framework proposed.

2.2 Theory of Quality Management and Customer Loyalty

Increasingly, organizations are recognizing the strategic importance of quality and quality management. Many organizations have arrived at the conclusion that effective quality management can enhance their competitive abilities and provide strategic advantages in the marketplace. This belief has led to “a flurry of activity” (*Business Week*, 1992) on the part of many organizations, both large and small, manufacturing and service, profit and nonprofit, to shape and evolve their approach (es) to quality management, often with the help of industrial and academic leaders in the field of quality management.

The Deming management method is currently embraced by many firms in the United States and around the world (Hodgson, 1987); its widespread popularity appears to stem from numerous case studies attributing organizational turnaround to the influence of the Deming management method (for instance Baker & Artinian; Hodgson, 1987; Scherkenbach, 1986b; Walton, 1986: 121–238).

Some scholars have positioned the Deming management method as a new management theory in and of itself. Gartner and Naughton (1988: 138), for instance, titled their review of several books on the Deming management method as “The Deming Theory of Management,” describing the 14 points as offering an “entirely new paradigm of profound challenges to present-day managerial thinking and behavior.” Others, in advancing the view of the 14 points as an expansion of statistical process control into an organization wide systematic change process, gave the label Theory D to the Deming management method (Gruska, 1981; Luthans & Thompson, 1987).

2.3 Quality Management Paradigm

Quality management has been studied at approaches level and tools level (Alvarez et al, 2012; Vrellas & Tsiotras, 2015). These papers will indicate applications in terms of approaches and quality management tools.

A study by Alvarez et al, (2012) sought to establish approaches to quality management in service industry. Using data collected from survey, the study finds that quality management system has impact on customer satisfaction and profitability through meeting of customers needs. The study also indicate that significant number of service companies implement a policy of continuous improvement to the system, as these companies believe in the effectiveness of quality management systems and think that such systems have resulted in an increase in customer and profit.

The study concluded by showing that the philosophy of quality is extensive in the service industry in the Basque country because almost 80 per cent of the hotel surveyed reported that quality management has been successfully implemented. However this study was

done in Spain, which is a different geographical environment from Africa and especially from Kenya. The focus of the study was in the service industry, therefore, our study will cover the gap by targeting both manufacturing and service industry here in Kenya.

Another study by Vrellas and Tsiotras, (2015) whose objective was to stimulate interest in the use of quality management methods and tools and to provide a basis and direction for further improvement in the global brewing industry. The study used a methodology based on a study of quality management tools and best practices in global brewing companies.

From all evidence, the study found that quality management tools could dramatically improve certain operations and reduce cost or increase profit as well. All of the global brewing companies examined by the paper have their quality policies and each of them uses what fits best for its business.

The study concluded that quality management in the brewing industry is improving the various operations performed within and outside the brewing factor. This study support the study done by Alvarez et al, (2012) showing that the implementation of quality management by any organization can improve the performance and result in the increase of profit. However this study refers only to some of the largest brewing companies in the world and did not include Kenyan brewing companies. Therefore, our study will cover this gap by trying to find out what happens in our local brewing companies.

2.4 Customer Value

Customer value has been studied at cultural capabilities level and at factors of influence level (Nasutio and Mavondo, 2008; Olaru et al, 2008). These papers will indicate application in terms of customer cultural capabilities and customer value affecting factors.

A study done by Nasutio and Mavondo, (2008) that investigated whether context specific variables, such as organizational type and contract length, change customer value evaluations and the value intention to repurchase recommend system. A survey of Australian customers of a research and development service organization was conducted. Structural equation modeling was used to develop a model investigating factors that affect customer value, intent to re-purchase, and word-of-mouth recommendation.

The study found that the relationship benefits, service benefits and sacrifice all had a significant influence on customer value. Efficient use of time is crucial for sacrifice evaluation. Relationship benefits were larger for government organizations than private organizations. Importance of value to recommend the organization to others was higher for longer contracts and government customers.

The study did also an investigation of different contexts, through the use of moderating variables, highlighted that determinants did vary slightly, although in general could be considered equally important. However this study was conducted in Australia, which is a different context from Kenya therefore the above findings cannot be generalized to the Kenyan context. Bringing the issue into our context will cover the gap.

Another study by Olaru et al, (2008) that investigated the cultural and implementation organizational capabilities that contribute to provision of superior customer values through operationalizing customer value from both the business and customer perspectives. Two samples were developed: one for hotel managers (n=231) and the other for the hotel guests (n=285). Two models were tested with respect to the relationship between cultural capabilities and implementation on customer value.

The results of the study indicated that, among the cultural variables, integrated market orientation and entrepreneurship are significantly and positively related to customer value. The implementation capabilities, human resource practices and innovations are significantly related to customer value as seen by managers, but more of these were regressed on customer value as experienced by customer.

The study concludes by highlighting potentials problems associated with the key informant method of data collection and indicates the need for marketing researchers to be sensitive to this problem which can make findings unreliable, but the findings also suggest that organizations must invest in customer research to identify the true drivers of customer value and consequently business performance. It also concludes by suggesting that instead of benchmarking competitors, perhaps a more productive route is to invest in research on customer needs and identifying the true drivers of customer value.

This study was also conducted in a different environment from Kenya that makes the findings non applicable to our context of study which is Kenya.

2.5 Customer Loyalty

Customer loyalty has been studied at service quality level and at affecting factors level (Jamal & Anastasiadu, 2009; Santouridis & Trivellas, 2010). These are the applications that will be reviewed in this sector.

A study by Jamal & Anastasiadu, (2009) sought to investigate the effects of individual dimensions of service quality in creating and enhancing customer loyalty via customer satisfaction. The study also aims to investigate the direct and indirect effects of customer expertise on customer loyalty. The paper uses an exploratory factor analyses, conformity factor analyses and structural equation modeling to analyze and confirm the conceptual model proposed in this research.

The paper found that reliability, tangibility and empathy have a direct and significant effect on customer satisfaction, which in turn is positively related to loyalty. It shows that tangibility appears as the strongest predictor of satisfaction, closely followed by reliability. Furthermore, while expertise is negatively related to loyalty, it positively moderates the link between satisfaction and loyalty.

The study concluded that both satisfaction and loyalty levels could be improved substantially by focusing on the reliability, tangibility and empathy dimensions of service quality within the retail-banking sector. However the research was done in a different context and that was in Greece therefore, our study intends to cover the gap by trying to bring it in the Kenyan context.

Another study by Santouridis & Trivellas, (2010) investigated the crucial factors that lead to customer loyalty in the mobile telephony sector in Greece, namely service quality and customer satisfaction. It also investigated the mediation effect of customer satisfaction on the service quality and customer loyalty relationship. Reliability test and statistical analysis were performed to both confirm scale validity and reliability and the research questions were answered.

The results out of the study show that customer service, pricing structure and billing system are the service quality dimensions that have more significant positive influence on customer satisfaction, which in turn has a significant positive impact on customer loyalty. The mediation role of customer satisfaction on the service quality and customer loyalty relationship has also been confirmed.

The research concludes that customer satisfaction has significant effects on behavioral and attitudinal aspects of loyalty. This study is seems to be supporting the study done by (Jamal & Anastasiadu, 2009) by showing how customer satisfaction has a significant influent on customer loyalty. However the study was done in a different context therefore the results cannot be applied here in Kenya. Our study intends to close the gap by using the Kenyan context.

2.6 The summary of the literature review and the Conceptual Framework

The literature reviewed the concept on quality management, customer value and customer loyalty. Out of this review the results show that quality management implementation improve the performance of organizations by increasing their profit by offering goods and services of superior value to customer that meet their needs and wants and create satisfaction which is significantly related to customer loyalty as presented in Table 2.1.

Table 2.1 Summary of the Literature Review

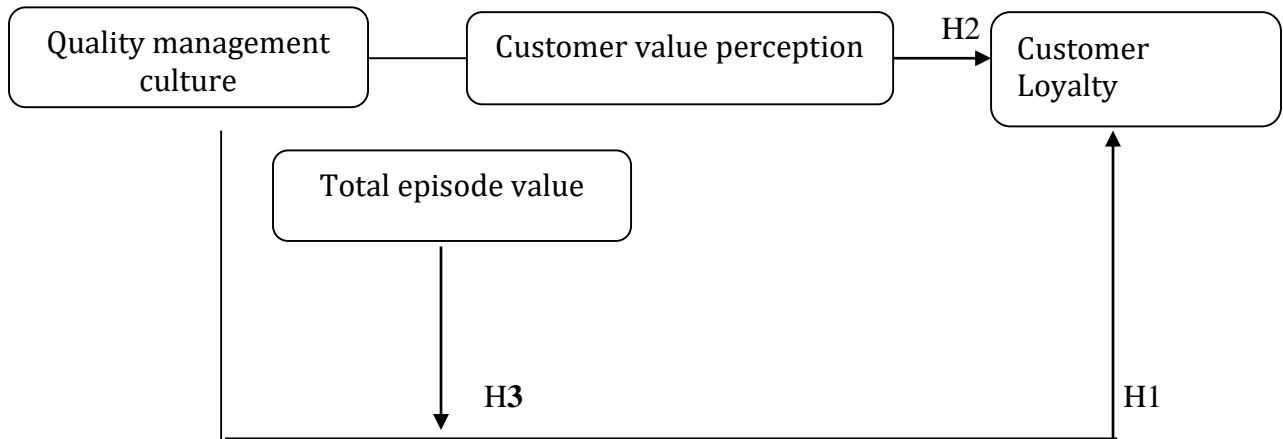
Studies	Issues examined and findings	Gaps	How the proposed study will fill the gap
Alvarez et al, (2012)	The implementation of quality management approach that involves a continuous improvement to the system and result in the increase of customers and profits.	The study was done in a different geographical context from Kenya that involves cultural and socio economical factors. The study also focused only on the service industry.	Our study will cover the gap by targeting both manufacturing and service industry here in Kenya
Vrellas &Tsiotras, (2015)	Quality management tools and methods and their impact on cost reduction and profit increase.	This study refers only to some of the largest brewing companies in the world and did not include Kenyan brewing companies.	Our study will try to cover this gape by trying to find out what happens in our local brewing companies.

Nasutio & Mavondo, (2008)	Cultural factors and implementation of organizational capabilities as contribution to customer value	This study was conducted in Australia, therefore cultural and socio economic factors differ from the Kenyan context	Bringing the issue into our context will cover the gap.
Olaru et al, (2008)	Customer value, organization type and length of the contract as a factors affecting customer value evaluation. Results are as relationship benefit, sacrifice and time affect the customer value.	The study was targeting only the service industry and was done in Australia. Therefore, cannot be generalized to the Kenyan context	Our study will fill the gap by mixing both manufacturing and services in our local context.
Jamal & Anastasiadu, (2009)	Service quality dimension on customer loyalty. It was found that reliability; tangibility and empathy are positively related to customer satisfaction, which is related to customer loyalty.	The paper used exploratory factor analysis, confirmatory analysis and, structural modeling	In our study we are going to use statistical cross sectional design and a descriptive statistic for analysis
Santouridis & Trivellas, (2010)	Factors that lead to customer loyalty and it was found that customer service, pricing structure and billing system were the service quality dimension that influenced customer loyalty.	The context of the study is totally different from the Kenyan context and was targeting only non-business mobile phone users.	Bringing the study in our environment but also including business mobile phone users will fill the gap.

Source: Researcher, 2015

Variables identified are: paradigm as a core of organization culture, customer value perception and customer loyalty as an outcome of customer value. These are presented in the figure below:

Figure 2.1 Conceptual framework



Source: Researcher, 2015

Hypothesis

H₁: There is a relationship between organization culture and customer loyalty

H₂: The relationship between organization culture and customer loyalty is mediated by customer value perception.

H₃: Relationship between quality management value perceptions moderated by relationship known as total episode value.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the procedures that were used by the researcher to collect and analyze the data that were collected from the field. This section covers the following areas: Research design, sampling and sampling techniques, data collection and data analysis techniques.

3.2 Research Design

The research design that was used in this study were statistical cross-sectional because the study focus at the relationship between quality management and customer loyalty for different manufacturing and services companies. A cross-sectional research was the most appropriate for this study because it enables us to look at different population groups at a single point in time.

3.3 Target Population

Unit of analysis were 20 organizations both manufacturing and services with offices in Nairobi and are listed in the NSE and provided in Appendix 1. It was easy and less costly to access the companies for data collection and information. A census survey were used in this study due to the few number of targeted companies.

3.4 Data Collection

The study utilized primary data and secondary data. The primary data were collected through the use of questionnaires while the secondary data were obtained from the

Internet, industry publications and companies' reports. From each organization, managers from sales and marketing departments were requested to give information related to the impact of quality management implementation on customer loyalty. The questionnaire was administered by use of face-to-face technique and drop and pick technique was used for collection.

3.4 Data Analysis

The study employed descriptive statistics to analyze the data that were obtained by calculating their mean and standard deviation. The aggregate values of the descriptive statistic for all the 20 respondents is presented in Table 4.4. A regression model was used for establishing the relationship between quality management and customer loyalty in manufacturing and services companies in Nairobi.

CHAPTER FOUR

DATA ANALYSIS, RESULTS, AND DISCUSSION

4.1 Introduction

The data analysis was based on the main objective of the study which was to examine the quality management paradigm and customer loyalty in the firms listed in Nairobi Securities Exchange. The specific objectives included; the influence of quality management paradigm on customer loyalty, to determine the customer value perception and its influence on customer loyalty, and to determine the relationship between quality management paradigm and customer loyalty. These were analyzed using SPSS software to identify the descriptive statistics, correlation between the variables and the regression analysis.

4.2 Demographic Data

The Study sought to establish the response rate of the respondents from 20 companies listed in NSE presented in Table 4.1. 24 questionnaires were distributed to the field out of which 20 filled questionnaires representing 83.3% were returned while 4 questionnaires representing 16.7% were not returned.

Table 4.1 Response rate

Response	Distribution	
	F	%
Responded	20	83.3
Did not respond	4	16.7
Total	24	24

Source, Research Data (2015)

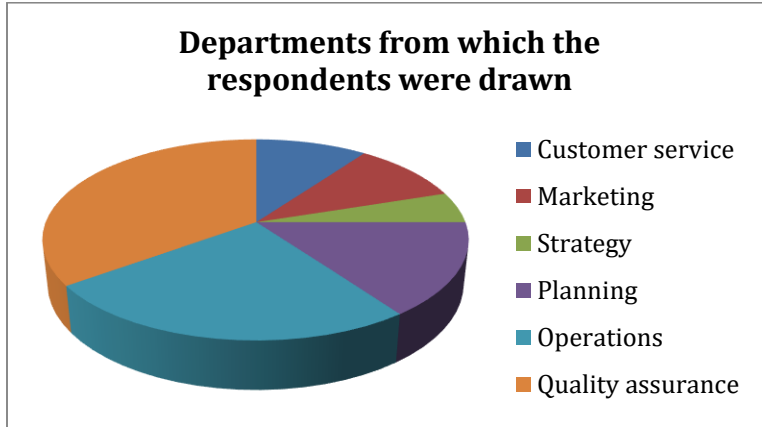
From the study it can be inferred that there was good response rate. According to Mugenda and Mugenda (2003) states that a response rate of 70% and over is excellent for analysis and reporting on the opinion of the entire population.

4.2.1 Age Distribution

The study further analyzed the ages of the respondents and found that that majority of the respondents (40%) were in the age range of 31-39 years. 30% aged between 40-49 years, 15% aged between 20-30 years, 10% aged between 50-59 years and 5% aged above 60. It was noted that 85% of the respondents were experienced and had worked in the same firms for over five years. This experience was reflected in the knowledge of the quality management they were using.

The researcher also managed to collect data from relevant departments whose duties directly concern quality management. Our respondents were distributed as follows: 7 were from the quality assurance, 5 from operations, 3 from planning, 2 each from marketing and customer service, and 1 from strategic departments. This is represented in Figure 4.1.

Figure 4.1: Experience of Respondents



Source: Research Data, 2015

4.3 Descriptive Findings

4.3.1 Descriptive Statistics

The study analyzed the relationship between customer loyalty and the paradigm of quality management, and the customer value perception. The means and standard deviation for all the 20 companies engaged in the study were calculated based on the three variables of the study to try understand whether customer loyalty is influenced by the quality paradigm and the customer value perception. This is presented in Table 4.2.

Table 4.2 Descriptive statistics Table

Company	Paradigm		Paradigm Operation	Organization type	Customer value		Customer Loyalty		Binary Statistics
	Mean	S.D			Mean	S.D	Mean	S.D	
Express Kenya	0.56	3.972	QM	Public	0.48	3.62	0.72	4.896	1
Hutchings Biemer Kenya	0.33	4.432	TQ	Private	0.39	4.523	0.46	4.682	0
Kenya	0.78	4.482	QM	Public	0.58	3.961	0.82	4.562	1

Airways									
Longhorn Kenya Ltd	0.67	4.113	QM	Public	0.73	4.236	0.73	4.321	1
Nation Media Grp	1	5.7	QM	Private	0.92	5.462	0.90	5.636	1
Scangroup	0.33	4.432	TQ	Private	0.31	4.456	0.39	4.538	0
Standard Group Ltd	0.78	4.482	QM	Private	0.76	4.391	0.79	4.498	1
TPS East Africa Ltd	0.78	4.482	QM	Private	0.72	4.219	0.79	4.498	1
Uchumi	0.56	3.972	QM	Public	0.48	3.701	0.57	4.015	1
Atlas devt and support services	0.89	5.028	QM	Private	0.82	4.731	0.92	5.109	1
Baumann & Co Ltd	1	5.7	QM	Private	0.93	5.187	0.95	5.426	1
B.O.C Kenya	0.22	4.957	TQ	Private	0.30	5.156	0.25	5.012	0
Britam Ltd	0.78	4.482	QM	Private	0.69	4.312	0.77	4.472	1
Carbacid Ltd	0.78	4.482	QM	Public	0.74	4.413	0.79	4.572	1
East African Breweries	0.56	3.972	QM	Public	0.49	3.867	0.62	4.236	1
Eveready East Africa	0.89	5.028	QM	Public	0.75	4.801	0.91	5.207	1
Kenya Orchards Ltd	0.44	4.091	TQ	Public	0.52	4.394	0.46	4.325	0
Mumias Sugar Co.	0.78	4.482	QM	Public	0.71	4.182	0.79	4.572	1
Unga Group	0.56	3.972	QM	Public	0.49	3.767	0.61	4.231	1
Flame tree group holdings. Ltd	0.78	4.482	QM	Private	0.74	4.286	0.83	4.689	1
Average Mean	0.673 5				0.627 5		0.703 5		

Source: Research Data, 2015

The summary of descriptive statistics is presented in Table 4.3

Table 4.3 Summary of Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Customer_Loyalty	20	.250	.950	.70350	.193289	-.880	.512
Quality_management _paradigm	20	.220	1.000	.67350	.221722	-.507	.512
Customer_Value	20	.300	.930	.62750	.186572	-.216	.512
Valid N (listwise)	20						

Source: Research Data

The data shows that the customer loyalty had a mean of 0.70350 with a minimum of 0.250 and maximum of 0.950, and a standard deviation of 0.193289. Quality management paradigm had a mean of 0.6735 with a minimum of 0.220 and a maximum of 1.0, and a standard deviation of 0.221722. Customer value was also found to have a mean of 0.6275 with a minimum of 0.30 and a maximum of 0.930, and a standard deviation of 0.186572.

4.3.2 Correlation Analysis

The correlation, presented below, was done to establish the linear association of the explanatory variables with the dependent variables; which is customer loyalty among the companies listed in NSE and the independent variables, which are the quality management paradigm and the customer perception value.

Table 4.4 Correlation Matrix

Correlations Coefficients

		Customer_Lo yalty	Quality_mana gement_paradi gm	Customer_Val ue
Customer_Loyalty	Pearson Correlation	1	.974**	.912**
	Sig. (2-tailed)		.000	.000
	N	20	20	20
Quality_management_pa radigm	Pearson Correlation	.974**	1	.953**
	Sig. (2-tailed)	.000		.000
	N	20	20	20
Customer_Value	Pearson Correlation	.912**	.953**	1
	Sig. (2-tailed)	.000	.000	
	N	20	20	20

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.4 shows that there is a positive correlation of 0.974 between customer loyalty and quality management paradigm. This means that when quality increases, the customer loyalty also increases. Similarly, there is a positive correlation of 0.912 between customer loyalty and customer value. This means that as customer value perception increases, customer loyalty also increases.

4.3.3 Regression Analysis

The study also sought to establish the effect of customer loyalty in relation to various factors. The factors investigated were: paradigm quality management and customer value perception. .

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where

Y = Customer Loyalty

β_0 = constant term

X₁ = Customer Perception of Value

X₂ = Quality Management Paradigm

While β_1 and β_2 , are coefficients

ε = the error term model's significance from f-significance results obtained from analysis of variance (ANOVA).

Hence the regression model was translated to:

$$CL = \beta_0 + \beta_1 CPV + \beta_2 QMP + \varepsilon$$

The regression analysis shown on table 4.6 below was done to determine whether independent variables predict dependent variable. The study regressed Customer Perception of Value (CPV) and Quality Management Paradigm (QMP) (independent variables) and Customer Loyalty (CL) (dependent variable) based on the following regression model:

Table 4.5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.976 ^a	.952	.946	.044753

a. Predictors: (Constant), Customer_Value, Quality_management_paradigm

b. Dependent Variable: Customer_Loyalty

Source: Research Data

Table 4.5 shows that there is a good linear association between the dependent and independent variables used in the study. This is shown by a correlation (R) coefficient of 0.976. The determination coefficient as measured by the R-square presents a strong

relationship between dependent customer loyalty and independent variables (quality management paradigm and customer value perception) given a value of 0.952. This means that both the independent variables account for 95.2% of the changes in customer loyalty.

Table 4.6 Regression Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.149	.036		4.082	.001
Quality_management_paradigm	1.006	.154	1.154	6.552	.000
Customer_Value	-.195	.182	-.189	-1.071	.299

Source: Research Data

Given the regression equation, the regression mode becomes;

$$CL = 0.149 + 1.006 \beta_1 - 0.195\beta_2 + 0.044753$$

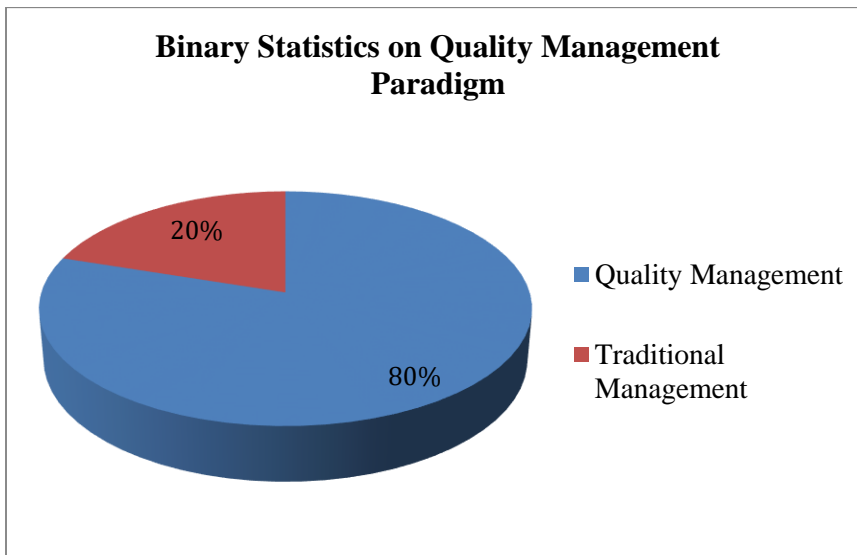
4.4 Findings for Objectives

4.4.1 Paradigm of Quality Management

The quality management paradigm in this study was done by the help of binary statistics. This was to determine whether a firm listed in the NSE adopts either a quality management paradigm or traditional quality management. Traditional quality management was assigned a binary value of zero (0) while the quality management paradigm was assigned a binary value of one (1). In response to the nine questions outlined in the questionnaire in section B of appendix II, firms that recorded more than

four approvals on the quality management determinant questions were considered to have adopted QM as opposed to TM. This is presented in in table 4.2. the analysis of the companies that supported QM found that 16 out of the 20 companies supported QM while only 4 supported traditional quality management. This is represented in figure 2 below.

Figure 4.2: Binary Statistics in QM Paradigm



Source: Research Data

4.4.2 Customer Value Perception

The study shown on table 4.7 below sought to establish whether the organization avails quality products or services to customers based on the rating scale of 1-5 where 1= Extremely Not True (ENT), 2= Not True (NT), 3=Neither True or Not True (NTNT), 4=True (T) and 5= Extremely True (ET).

Table 4.7: Customer Value Perception

Statements	ENT	NT	NTNT	T	ET	MEAN
The organization does a good job of assessing current customer needs and expectations	9.8	14.8	4.9	42.6	27.9	4.312
Customer's complaints studies are done to identify patterns and prevent the same problems from recurring.	13.1	18.0	3.3	36.1	29.5	4.109
The organization uses data from customers to improve services.	9.8	13.1	4.9	42.6	29.5	4.317
The organization uses data from customer expectations and/or satisfaction when designing new services and products.	6.6	9.8	3.3	54.1	26.2	4.328
The organization considers customer value as one of its service pillars	14.8	16.4	8.2	32.8	27.9	4.112
The organization uses its customers as brand advocates	9.8	13.1	4.9	44.3	32.8	4.207
The organization handles its customers based on their perceived social class	6.6	9.8	3.3	50.8	29.5	4.045
The organization data mines information about previous customers for more products and services	3.3	6.6	1.6	55.7	32.8	4.009
Some customers are difficult and nuisance to the organization	17.9	19.9	8.3	24.7	29.1	3.600

Source, Research Data (2015)

The study findings on table 4.7 above shows that majority of the respondents agreed that its true and extremely true respectively that: the organization does a good job of assessing

current customer needs and expectations (42.6%; Mean=43.12), customer's complaints studies are done to identify patterns and prevent the same problems from recurring(36.1%; Mean=4.109), the organization uses data from customers to improve services(42.6%; Mean=4.317), the organization uses data from customer expectations and/or satisfaction when designing new services and products(54.1%; Mean=4.328), the organization considers customer value as one of its service pillars(32.8%; Mean=4.112), the organization uses its customers as brand advocates(44.3%; Mean=4.207), the organization handles its customers based on their perceived social class(50.8%; Mean=4.045), the organization data mines information about previous customers for more products and services (55.7%; Mean=4.009) and some customers are difficult and nuisance to the organization(29.1%; Mean=3.600)

From the study it can be concluded that the organization does a good job of assessing current customer needs and expectations, customer's complaints studies are done to identify patterns and prevent the same problems from recurring, the organization uses data from customers to improve services, the organization uses data from customer expectations and/or satisfaction when designing new services and products, the organization considers customer value as one of its service pillars, the organization uses its customers as brand advocates, the organization handles its customers based on their perceived social class, the organization data mines information about previous customers for more products and services and some customers are difficult and nuisance to the organization. These findings are consistent with the study of done by Nasutio and Mavondo, (2008) that investigated whether context specific variables, such as

organizational type and contract length, change customer value evaluations and the value intention to repurchase recommend system.

4.4.3 Customer satisfaction/Loyalty

The study on table 4.8 below shows whether quality of product or service leads to customer satisfaction, which leads to customer loyalty.

Table 4.8: Customer satisfaction/Loyalty

Statements	ENT	NT	NTNT	T	ET	MEAN
The organization receives repeat business from same customers	9.8	13.1	8.2	37.7	31.1	3.928
Your customers are always enthusiastic to complete customer loyalty cards	4.9	8.2	3.3	45.9	37.7	4.103
Customer are signed for more than one product	8.2	14.8	6.6	42.6	27.9	4.059
Customers refer more of their friends to receive a service/product in the organization	9.8	11.5	4.9	39.3	34.4	3.919
Customers complete and return customer feedback forms to the organization	4.9	8.2	1.6	47.5	36.1	4.106
Customers always tell what they don't like about your firm that they would want changed	3.3	8.2	3.3	34.4	49.2	4.149
Customers appreciate the service	6.6	9.8	1.6	44.2	37.7	4.004

rendered to them immediately after the service						
Customers suggest some products and services they want introduced to them by the organization	3.3	6.6	4.9	52.5	32.8	4.267

Source, Research Data (2015)

The results of the study on table 4.8 above indicate that majority of the respondents agreed that its true and extremely true respectively that: the organization receives repeat business from same customers(37.7%; Mean=3.928), customers are always enthusiastic to complete customer loyalty cards(45.9%; Mean=4.103), customer are signed for more than one product(42.6%; Mean=4.009), customers refer more of their friends to receive a service/product in the organization(39.3%; Mean=3.919), customers complete and return customer feedback forms to offices(47.5%; Mean=4.106), customers always tell what they don't like about the firm that they would want changed(49.2%; Mean=4.149), customers appreciate the service rendered to them immediately after the service(44.2%; Mean=4.004) ` and customers suggest some products and services they want introduced to them by the organization(52.5%; Mean=4.267).

From the study findings it can be deduced that the organization receives repeat business from same customers , customers are always enthusiastic to complete customer loyalty cards , customer are signed for more than one product , customers refer more of their friends to receive a service/product in the organization , customers complete and return customer feedback forms to offices , customers always tell what they don't like about the

firm that they would want changed, customers appreciate the service rendered to them immediately after the service and customers suggest some products and services they want introduced to them by the organization. These findings concur with the study done by Jamal and Anastasiadu, (2009) by showing how customer satisfaction has a significant influence on customer loyalty.

The study shown on table 4.10 below indicate the level of customer satisfaction as evidence by a summary of the aggregate values of Means (M) and Standard Deviation of customer loyalty , perceived service value and paradigm of quality management , for each individual organization. From the study it can be concluded that there is a relationship between customer perception of value, quality management paradigm and customer loyalty. These findings enrich the findings of Vrellas and Tsiotras, (2015) found that quality management tools could dramatically improve certain operations and reduce cost or increase profit as well.

4.4.4 Benefits of Implementation of Quality Management

The study shown on table 4.9 below sought to determine the extent to which the organization has realized benefits as a result of quality management implementation based on rating scale of 1-5 where: 1= No Extent (NE), 2= Little Extent(LE), 3=Moderate Extent (ME), 4=Large Extent (LE) and 5= Very Large Extent (VLE).

Table 4.9: Quality Management Paradigm and Customer Loyalty

Statement	NE	LE	ME	LE	VLE	MEAN
Reduced Costs	11.5	18.0	4.9	41.0	24.6	4.031
Better Customer Satisfaction	14.8	21.3	8.2	32.8	23.0	3.941
Increased Efficiency	6.6	11.5	3.3	32.8	45.9	4.106
Better Reputation	3.3	8.2	6.6	42.6	39.3	3.971
Reduced employee turnover	4.9	4.9	8.2	34.4	47.5	3.815
Enhancement of the organization competitive advantage	3.3	6.6	3.3	37.7	49.2	3.900
Organization Development	14.8	19.7	9.8	29.5	26.2	3.803
Constant improved products, processes and systems	11.5	16.4	14.8	32.8	24.6	3.670
Elimination of defects and waste	18.0	21.3	11.5	26.2	23.0	3.829
Improved and innovative processes	9.8	14.8	8.2	34.2	32.8	3.936
Enhanced shareholder and stakeholder value	4.9	8.2	3.3	37.7	54.1	3.711
Increased job security	8.2	11.5	3.3	47.5	32.8	3.604
Timely production	4.9	11.5	6.6	42.6	34.2	3.909
Reduced Complaints	3.3	6.6	33	36.1	50.8	4.302
Improved employee participation	9.8	13.1	8.2	41.0	27.9	4.117
Greater consistency in the activities	13.1	18.0	11.5	26.2	31.1	4.135
Improved risk management	8.2	11.5	6.6	34.2	39.3	3.625
Increased Financial Performance	11.5	16.4	3.3	39.3	29.5	4.102
Improvement In Internal Communications	6.6	13.1	8.2	37.7	34.4	4.023

Source, Research Data (2015)

Results of the study shown on table 4.10 above indicate that majority of the respondents agreed that to larger and to very large extent that relationship between quality management paradigm and customer loyalty results into : reduced costs (41.0%; Mean=4.031), better customer satisfaction (32.8%; Mean=3.941), increased efficiency(45.9%; Mean=4.106); better reputation(42.6%; Mean=3.971); reduced employee turnover (47.5%; Mean=3.815); enhancement of the organization competitive advantage(37.7%; Mean=3.900), organization development(29.5%; Mean=3.803), constant improved products ,processes and systems (32.8%; Mean=3.670), elimination of defects and waste(26.2%; Mean=3.829), improved and innovative processes(34.2%; Mean=3.936), enhanced shareholder and stakeholder value(37.7%; Mean=3.711); increased job security(47.5%; Mean=3.604), timely production(42.6%; Mean=3.909), reduced complaints(50.8%; Mean=4.302), improved employee participation(41.0%; Mean=4.117), greater consistency in the activities(31.1%; Mean=4.135), increased financial performance (39.3%; Mean=4.102) and improvement in internal communications(37.7%; Mean=4.023)

From the results of the study it can be concluded that relationship between quality management paradigm and customer loyalty results into : reduced costs, better customer satisfaction, increased efficiency; better reputation ; reduced employee turnover; enhancement of the organization competitive advantage, organization development, constant improved products ,processes and systems, elimination of defects and waste, improved and innovative processes, enhanced shareholder and stakeholder value ; increased job security, timely production, reduced complaints, improved employee

participation, greater consistency in the activities, increased financial performance and improvement in internal communications. The findings are in line with the findings of Santouridis & Trivellas, (2010) that customer service, pricing structure and billing system are the service quality dimensions that have more significant positive influence on customer satisfaction, which in turn has a significant positive impact on customer loyalty. While Alvarez et al, (2012) who established that quality management system has impact on customer satisfaction and profitability through meeting of customer's needs.

4.5 Discussion of the Findings

In order to understand the relationship between customer loyalty and quality management paradigm and the customer value perception for firms listed at the Nairobi Securities Exchange, the study did a correlation between the independent and the dependent variables.

From the findings, the results showed that there is a positive correlation of 0.974 between customer loyalty and quality management paradigm. This means that when quality increases, the customer loyalty also increases. Similarly, there is a positive correlation of 0.912 between customer loyalty and customer value. This means that as customer value perception increases, customer loyalty also increases with a significance value ($p=0.05$, $N=20$). When regression analysis was performed the study found that there is a good linear association between the dependent and independent variables used in the study. This is shown by a correlation (R) coefficient of 0.976. The determination coefficient as measured by the R-square presents a strong relationship between dependent customer loyalty and independent variables (quality management paradigm and customer value

perception) given a value of 0.952. This means that both the independent variables account for 95.2% of the changes in customer loyalty.

4.6 Test of Significance

The test of significance tested at P value of 0.05 show that the customer value had a significance level of 0.299 as seen in table 4.6, which is greater than 0.05, while quality management paradigm realized a significance of 0, which is invalid. Analysis of Variance (ANOVA) shown on table 4.7 below was used to test the significance of the regression model: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \epsilon$, using customer perception of value and quality management paradigm (independent variables and customer loyalty (dependent variables).

Table 4.10a One-Way ANOVA with quality management paradigm
ANOVA
Customer_Loyalty

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.691	7	.099	64.089	.000
Within Groups	.018	12	.002		
Total	.710	19			

Table 4.10b One-Way ANOVA with Customer value Perception

ANOVA

Customer_Loyalty

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.698	16	.044	10.812	.037
Within Groups	.012	3	.004		
Total	.710	19			

In general, looking at the regression equation in relation to the two independent variables, customer loyalty is statistically significantly different to the variables.

4.7 Summary of the Chapter

Data analysis was done by editing and coding with the goal of highlighting useful information, suggesting conclusions, and supporting interpretations. It involved breaking down factors identified through the data collected into simpler coherent parts in line with the objectives of the study in order to derive meanings. The tabulated data was analyzed quantitatively by calculating various percentages, while descriptive data was analyzed qualitatively by organizing collected data into meaningful notes. The presentation of the results of quantitative analysis was in form of frequency tables, pie-charts so as to highlight the results and to make it more illustrative and easier to understand and interpret, while the results of qualitatively analysis was provided in form of explanatory notes. Data analysis was done using SPSS and undertook the descriptive statistics, correlation analysis, regression analysis and test of means. The data analysis established existence of a correlation between quality management paradigm and customer loyalty.

CHAPTER FIVE

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

5.1 Introduction

The purpose of this chapter was to present summary, draw conclusions and recommendations on the findings of the main objective of the study which was to examine the quality management paradigm and customer loyalty in the Nairobi Securities Exchange listed firms in Kenya based on specific objectives which included: influence quality management paradigm on customer loyalty and the keys drivers to customer loyalty customer in the Nairobi Securities Exchange listed firms in Kenya.

5.2 Summary

The study focused on the quality management paradigm and customer loyalty among firms listed in NSE. Primary data was collected from 20 companies listed in the NSE and analysis of the data done using SPSS software, by identifying the descriptive statistics, correlation analysis, regression analysis, and test of means. From the analysis, it was found that paradigm of quality management influence customer loyalty among companies listed on Nairobi Securities Exchange as these organizations receives repeat business from their customers who are enthusiastic, purchase more than one product or service and refer more of their friends to purchase the products/ services. The study also found that quality regarded as a component of customer value and that they achieve quality through managing the process of realizing the product or service, ensure that quality, cost and timeliness are synergized, The study further revealed that these organizations, measurement is important because it indicates the customer value created and this is

judged by identifiable links to customer value creation. In addition the study found out that these companies position themselves and their products to meet the needs they have identified for specific segments of their customers/consumers. That the most important stakeholders for these organizations are the intended customers or consumers of their products or services and they only produce goods and services they already know the customers want.

The study revealed that customer value perception influence customer loyalty among companies listed on Nairobi Securities Exchange as a result there is greater appreciation which has led to organizations' customers regularly giving them feedback on their products and service specifying what they don't like and would want changed, and make suggestions on some products and services they want introduced to them by the organization.

In addition the study established that these organizations assess current needs and expectations of their customer, study customer's complaints to identify patterns and prevent the same problems from recurring and use data from customers to improve the current services and to design new services and products. The study further revealed that these organizations considers customer value as one of its service pillars and use their customers as brand advocates. The study also found that these organizations handles their customers based on their perceived social class, mines information about previous customers for more products and services.

The study finally established that customer perception of value has led to reduced costs, better customer satisfaction, increased efficiency; better reputation; reduced employee

turnover; enhancement of the organization competitive advantage, organization development, constant improved products, processes and systems, elimination of defects and waste, improved and innovative processes, enhanced shareholder and stakeholder value; increased job security, timely production, reduced complaints, improved employee participation, greater consistency in the activities, increased financial performance and improvement in internal communications.

5.3 Conclusion

Customer value perception influence customer loyalty among companies listed on Nairobi Securities Exchange as a result there is greater appreciation which has led to organizations' customers regularly giving them feedback on their products and service specifying what they don't like and would want changed, and make suggestions on some products and services they want introduced to them by the organization.

These organizations assess current needs and expectations of their customer, study customer's complaints to identify patterns and prevent the same problems from recurring and use data from customers to improve the current services and to design new services and products. These organizations consider customer value as one of its service pillars and use their customers as brand advocates. The organizations handle their customers based on their perceived social class, mines information about previous customers for more products and services

Customer perception of value has led to reduced costs, better customer satisfaction, increased efficiency; better reputation; reduced employee turnover; enhancement of the organization competitive advantage, organization development, constant improved products, processes and systems, elimination of defects and waste, improved and

innovative processes, enhanced shareholder and stakeholder value; increased job security, timely production, reduced complaints, improved employee participation, greater consistency in the activities, increased financial performance and improvement in internal communications

From the findings, the results showed that there is a positive correlation of 0.974 between customer loyalty and quality management paradigm. This means that when quality increases, the customer loyalty also increases. Similarly, there is a positive correlation of 0.912 between customer loyalty and customer value. When regression analysis was performed, the study found that there is a good linear association between the dependent and independent variables used in the study. This is shown by a correlation (R) coefficient of 0.976. The determination coefficient as measured by the R-square presents a strong relationship between dependent customer loyalty and independent variables (quality management paradigm and customer value perception) given a value of 0.952. This means that both the independent variables account for 95.2% of the changes in customer loyalty.

5.4 Recommendations for Policy

Based on the findings of the study showing that quality management paradigm and customer value perception influence customer loyalty, it is recommended that organizations to enhance the service environment so as to ensure that service quality dimensions are delivered efficiently and promptly. Positive and enabling environment of service delivery will eventually significantly affect customer loyalty.

There is need for organizations to enhance the efficiency of customer contact during the design and delivery of customer service. This can be achieved by regular and consistent

employee training and enhanced motivation as well as adopting the conventional quality management approach as opposed to the traditional quality management approaches.

The study also recommends that organizations to offer innovative services that they are capable of delivering competitive quality value. This strategy should enable management to differentiate their brand from the other organizations in terms of service quality. There is also need develop strategies that enhance positive behavioral intentions which should include meeting and exceeding customers' desired service levels, dealing effectively dealing with dissatisfied customers, and confronting customer complaints positively.

5.5 Suggestion for Further Research

The study only focused on the influence of quality management paradigm and customer value perception on customer loyalty in the Nairobi Securities Exchange listed firms in Kenya. However, there could be other factors that influence customer loyalty but were not considered in the study. It is therefore important to undertake further comprehensive study on the other variables that this study was unable to establish. There is also need to establish the dominant factors that influence customer loyalty so as to enable these to prioritize the same in their operation.

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APPENDICES

Appendix 1: Companies listed in the NSE with their offices in Nairobi

Companies	
Services Companies	Manufacturing Companies
1. Express Kenya Ltd	11. A.Baumann & Co Ltd
2. Hutchings Biemer Ltd	12. B.O.C Kenya Ltd
3. Kenya Airways Ltd	13. British American Tobacco Kenya Ltd
4. Longhorn Kenya Ltd	14. Carbacid Investments Ltd
5. Nation Media Group Ltd	15. East African Breweries Ltd
6. Scangroup Ltd	16. Eveready East Africa Ltd
7. Standard Group Ltd	17. Kenya Orchards Ltd
8. TPS Eastern Africa Ltd	18. Mumias Sugar Co. Ltd
9. Uchumi Supermarket Ltd	19. Unga Group Ltd
10. Atlas development and support services	20. Flame tree group holdings. Ltd

Appendix II: Questionnaire

Section A: Details of Respondent

Name of the company -----

Your rank /Title -----

Age: 20-30yrs { }; 31-39yrs { }; 40-49yrs{ }; 50-59yrs { };over 60 { }.

Department {tick one} Customer Service{ }; Marketing { }; Strategy { };

Planning/engineering { }; Operations { }; Quality Assurance { }.

Years of experience with the Company (i) 0- 4 { }; (ii) 5- 9 { }; (iii) more than 10 { }.

Section B:

The following are views derived from organizational cultures that guide behavior of their people in relation to quality and customer. For every item in the table identify the view that best describes the prevailing culture in your organization. Tick either column A or B.

Items	A	B
1	Quality means meeting the specification set for a service or a product.	Quality is a component of customer value
2	We achieve quality of our products or services through rigorous inspection of output.	We achieve quality through managing the process of realizing the product or service.
3	Quality and cost always conflicting	Quality and cost are synergistic.
4	To deliver good quality, products /service requires time.	Quality and timeliness are synergistic
5	In our organization, measurement is important because it can tell us about our efficiency and productivity level	In our organization, measurement is important because it can tell us about customer value created.
6	Our most important	Our most important measures are

	measures relate to productivity, costs and profitability.		judged by identifiable links to customer value creation	
7	We position ourselves and our products according to the level and nature of competition in the market and money available		We position ourselves and our products to meet the needs we have identified for specific segments of our customers/consumers.	
8	The most important stakeholders are those who have invested or funded the organization.		The most important stakeholders are the intended customers or consumers of our products or services	
9	We put every effort to sell the goods and services we are able to produce		We only produce goods and services we already know the customers <input type="checkbox"/> want	

10. To what extent has the organization realized each of the following benefits as a result of quality management implementation. Indicate the extent using the scale: 1= No extent, 2= Little Extent, 3=Moderate extent, 4=Large Extent and 5= Very Large extent.

		1	2	3	4	5
10	Reduced Costs					
11	Better Customer Satisfaction					
12	Increased Efficiency					
13	Better Reputation					
14	Reduced employee turnover					
15	Enhancement of the organization competitive advantage					
16	Organization Development					
17	Constant improved products, processes and systems					
18	Elimination of defects and waste					
19	Improved and innovative processes					
20	Enhanced shareholder and stakeholder value					
21	Increased job security					
22	Timely production					
23	Reduced Complaints					
24	Improved employee participation					
25	Greater consistency in the activities					

26	Improved risk management					
27	Increased Financial Performance					
28	Improvement In Internal Communications					

Section C:

To what extent can your organization assert the following statement as a mean of giving products and or services of quality to your customers?

		Extremely not true	Somehow true	Neither true nor not true	Very true	Extremely true
29	The organization does a good job of assessing current customer needs and expectations					
30	Customer's complaints are studies to identify patterns and prevent the same problems from recurring.					
31	The organization uses data from customers to improve services.					
32	The organization uses data from customer expectations and/or satisfaction when designing new services and products.					
33	The organization considers customer value as one of its service pillars					
34	The organization uses its customers as brand advocates					
35	The organization handles its customers based on their perceived social class					
36	The organization data mines information about previous customers for more products and services					
37	Some customers are difficult and nuisance to the organization					

Section D:

Quality of product or service leads to customer satisfaction, which leads to customer loyalty. To what extent can your organization assert the following statement?

		Extremely not true	Somehow true	Neither true nor not true	Very true	Extremely true
38	The organization receives repeat business from same customers					
39	Your customers are always enthusiastic to complete customer loyalty cards					
40	Customer are signed for more than one product					
41	Customers refer more of their friends to receive a service/product in your organization					
42	Customers complete and return customer feedback forms to your offices					
43	Customers always tell what they don't like about your firm that they would want changed					
44	Customers appreciate the service rendered to them immediately after the service					
45	Customers suggest some products and services they want introduced to them by the organization					