

## ASSESSING THE EFFECT OF LEAD TIME MANAGEMENT ON CUSTOMER SATISFACTION

Samuel Darko<sup>1</sup>, Vincent Doh Terkper<sup>2</sup>, Jewel Dela Novixoxo<sup>3</sup> and Lucy Anning<sup>4</sup>

<sup>1</sup>Associate Researcher, Department of Marketing, Procurement and Supply Chain Management, University College of Management Studies, Accra-Ghana. Email

<sup>2</sup>Lecturer, Department of Marketing, Procurement and Supply Chain Management, University College of Management Studies, Accra-Ghana. Email

<sup>3</sup>Lecturer, Department of Marketing, Procurement and Supply Chain Management, University College of Management Studies, Accra-Ghana.

<sup>4</sup>Doctoral Researcher, School of Business Administration, Zhongnan University of Economics and Law, Wuhan 430072, China. Email

---

**ABSTRACT:** *The Microfinance Industry (MFI) emerging from the banking industry, lead time management is very important since the sector is highly dependent on very recent technology and customer service efficiency ethics which is capable of drastically reducing lead times. Customers are also highly informed and their demands and expectations are high. Customers want instant solutions when it comes to their financial or banking services. It is therefore important for microfinance companies to effectively manage their lead times to achieve higher levels of customer satisfaction. This study adopts the methodology of a hybrid approach consisting of qualitative and quantitative approaches in examining the impact of lead time on customer satisfaction in the microfinance industry, a sub sector of SMEs in Ghana. Sample size of 150 staff and customers mostly petty traders was considered from five selected branches of Talent Microfinance Company limited. In selecting the sample size of the petty traders for the survey, the Slovin's sampling method was used. The study findings revealed that that minimizing waiting time in a bid to enhance customer satisfaction level can typically improve the competitiveness of microfinance services in Ghana as these are deemed the basic requirements for social development as well as for human civilization. Furthermore, establishing a scientific, workable and efficient banking system improves efficiency and enhances the competitiveness for banks to be an important society role. This is a requirement for banking industries own development, and a new inevitable challenge for modern Ghanaian financial institutions to increase the banking management development. The study recommends among several others that there is the need for improvement in academia or higher learning in Ghanaian microfinance institutions to link with other financial institutions in Ghana and identify gaps in the knowledge, values, skills and attitudes of their graduates most especially in TMCL.*

**KEYWORDS:** Lead Time, Customer Satisfaction, SMEs, MFIs, Ghana

---

### INTRODUCTION

With heightened demand for the need for small lead time coupled with low costs and high customer service levels, businesses are compelled to place optimal emphasis on customer service levels in order to be successful. Total lead-time is made up of time devoted to processing orders, to procuring and manufacturing items, and to transporting items between the various stages of the supply chain. However, lead times can often be reduced if items are

transported immediately after they are manufactured or arrive from suppliers (David Simchi et al., 2000)

Many companies, specifically in the service and make-to-order manufacturing sectors, are adopting the third strategy of advertising a uniform delivery time for all customers within which they guarantee to satisfy most. While this strategy may attract many customers, there is a risk that demand may exceed the firm's capacity to respond. This can lead to a penalty cost for the manufacturer or it might lead to a decrease in repeat business. With this strategy, it is important to have some internal mechanism in place to ensure that the promised delivery times are feasible and reliably met. Blackburn et al., (1992), opined that customers around the globe on the recent demand products as they want it, when they want it and at the most reasonably lowest price possible. In today's highly competitive global marketplace, greater value is placed on quality and delivery time. Providers of services similarly have begun to place more value on quality and delivery time and companies are trying to gain a competitive edge and improve profitability through cutting cost, increasing quality and improving delivery. However it is safe to say that the more competitive the industry, the more shortened lead times will help. In competitive industries, short lead time will differentiate a company from its competitors, leading to increase sales (Blackburn et al., 1992).

In the Microfinance Industry (MFI) emerging from the banking industry, lead time management is very important since the sector is highly dependent on very recent technology and customer service efficiency ethics which is capable of drastically reducing lead times. Customers are also highly informed and their demands and expectations are high. Customers want instant solutions when it comes to their financial or banking services. It is therefore important for microfinance companies to effectively manage their lead times to achieve higher levels of customer satisfaction.

This article presents the analysis of the impact of lead time on customer service in the microfinance industry in Ghana. Using the case of talent Microfinance Company limited, a sub sector of SMEs in Ghana, it seeks to explore the phenomenon to identify better ways to addressing lead time inefficiencies in the Microfinance industry. The study contributes to the understanding of how the internal development of lead time in the Microfinance industry can propel business growth and overall economic development of Ghana. The article distinguishes the following phases:

1. The introduction,
2. The Review of Literature comprising of relevant conceptual and empirical review of lead time and customer satisfaction studies
3. Research Methodology
- 4 Data Analysis: Presentation and Interpretation
5. Final conclusion and Recommendation.

## LITERATURE REVIEW

### Definition and concept of Lead Time Management and Customer Satisfaction

According to Nordas K. H. et al (2006), lead time is the amount of time between the placement of an order and the receipts of the goods ordered. It depends on the nature of the product e.g. whether it is made to order or if it is from the shelf product. Lead time also depends on planning and supply chain management, logistics services and of course distance to customers and suppliers. Customer satisfaction is a personal feeling of either pleasure or disappointment resulting from the evaluation of services provided by an organization to an individual in relation to expectations (Oliver, 1980; Leisen et al 2001). Service providers frequently place a higher priority on customer satisfaction, because it has been seen as a prerequisite to customer retention. As a positive outcome of marketing activities, high customer satisfaction leads to repeat visitation to stores, repeat product purchases, and word-of-mouth promotion to friends (A. Fornell et al 1994; Bloemer et al 1995), while low customer satisfaction has been associated with complaining behavior (Zeithaml et al 1996). A satisfied customer often stays loyal longer, and is likely to patronize the firm in future. Customer satisfaction can be conceptualized as either transaction-specific satisfaction or cumulative satisfaction (Boulding et al 1993). Transaction-specific satisfaction is a customer's evaluation of her or his experience and reactions to a specific company encounter (Cook et al 2000). Cumulative satisfaction refers to customers overall evaluation of patronage experience from inception to date (Tahir et al 2007). Some studies focusing on lead time and its impact on customer satisfaction include B. Villarreal and L. Salido (2018); Bosire et al (2011); Hetzel (1988); Henri & Janne, nd (2016); G.M. Ramachandran & S. Neelakrishnan (2017); J. Lena (2017); A. Senapati (2012); and A. L. Stolyar and Q. Wang (2018). These studies focusing on lead time in different economies and different cases examined critically the phenomenon and found to a large extent great impact of lead time on customer satisfaction.

### The Relationship between Lead Time Management and Customer satisfaction

In order to effectively compete, companies have to provide superior service and quality in order to capture a reasonable market share and increase customer satisfaction. Price is no longer the only deciding factor on purchases; smarter consumers like reasonable prices but high quality products and services as well as reasonable lead times are important determinants of customer satisfaction (Kimberly, n d.). It is worth noting also that agile supply chain requires minimum total lead-times defined as the time taken from a customer raising a request for a product or service until it is delivered (Christopher, 2000). Lead time reduction within the supplier-production-distribution chain is the mechanism for time based competition. Management of lead time can be competitive advantage that can enhance customer satisfaction. Managing time may be the mirror image of managing quality, cost, innovation, and productivity. For reducing lead time it is essential to adopt Just in time philosophy and need of continuous improvement focus on issues i.e. flexible manufacturing cells (FMC) or flexible manufacturing systems (FMS), automation tools and efficient information technology tools (Christopher,2000).

### Definition and Scope of Microfinance

The need to achieve equity may have prompted state intervention in financial markets even in the absence of market failures since competitive financial markets distributed capital in a socially unacceptable ways. Government action was therefore required to protect and assist the vulnerable (World Bank, 2000 cited in Adjei, 2010). In this regard, microfinance institutions

were developed with the aim of reaching the excluded population and to undermine the monopoly power of local moneylenders who charged ridiculously higher interest rates. Therefore two elements can justify government intervention to provide social insurance. Thus, government can invest in innovation, and also have the capacity to work at the national level so that it can cope with co-variant risks. Innovative arrangements can respond to equity requirements in particular by providing microfinance services in rural areas and for the poor population (Adjei, 2010). Microfinance has been defined by different scholars in different ways. Micro-finance is defined by Baten in 2009 as the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their micro enterprises. Robinson (2001), cited in Imran, Usman & Iftikhar, n.d) comprehensively defines microfinance as the; small-scale financial services – primarily credit and savings – provided to people who farm or fish or herd; who operate small enterprises or micro enterprises where goods are produced, recycled, repaired, or sold; who provide services; who work for wages or commissions; who gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and groups at the local levels of developing countries, both rural and urban (p 9). The definition by Robinson encompasses everything that microfinance is set to do by its establishment. Thus, it considers the operation of microfinance, the help it offers to people who needs it, the kinds of services provided by microfinance businesses, the category of people it serves and even the classes of people. Therefore the definition is one of the most comprehensive compared to all the other definitions cited above. Microfinance operates through institutions. Therefore, it is imperative that microfinance institution is also defined. In this regard, Microfinance institution (MFI) is defined by Aloorh (2011) to consist of agents and organizations that are engaged in relatively small financial transactions using specialized, character based methodologies to serve low-income households, micro enterprises, small farmers, and others who lack access to the banking system. He claims that many MFIs provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group in addition to the financial services provided.

### **Relationship between Microfinance and SMEs**

The institutional framework, within which firms, most especially SMEs, interact with MFIs, government, NGOs and other service providers, and each other, can have a profound influence on a SMEs economic and noneconomic performance. According to Mnenwa et al (2009), in their study, report that education, motivation, sources of initial capital and technology are some of the socio-economic factors that have a positive influence on profit margins and employment creation. The potential and ability of small businesses to contribute to poverty reduction objectives are largely vested in the capacity of the SME institutions to provide the needed education, incentives, employment and capital. Also Babajide (2007) explained that MFIs can offer their clients who are mostly the men and women who could be below or slightly above the poverty line a variety of products and services. The most prominent of their services is financial. This they often render to their clients without tangible assets as collateral security. These clients mostly live in the rural areas and a majority of whom are illiterate. Formal financial institutions do not often provide these services to small informal businesses run by the poor as profitable investments. They usually ask for small loans and the financial institutions find it difficult to get information from them either because they are illiterates and cannot express themselves or because of the difficulties to access their collateral (farms) due to distance. It is by this that the cost to lend a dollar will be very high and also there is no

tangible security for the loan. The high lending cost is explained by the transaction cost theory. The transaction cost can be conceptualized as a non-financial cost incurred in credit delivery by the borrower and the lender before, during and after the disbursement of loan. The cost incurred by the lender include; cost of searching for funds to loan, cost of designing credit contracts, cost of screening borrowers, assessing project feasibility, cost of scrutinizing loan application, cost of providing credit training to staff and borrowers, and the cost of monitoring and putting into effect loan contracts. Moreover, the break-even rate which is higher than the market rate is defined as the difference between the cost of supply and the cost of demand of the products and services. The loan interest rates are often subsidized (Robinson, 2003). He further notes that loans demanded by smaller enterprises are smaller than those requested by larger ones but the interest rates remain the same. This indicates that, per unit cost is high for MFIs targeting customers with very small loans and possessing small savings accounts. Even though the interest rate is high for applicants requesting very small loans, they are able to repay and even seek repeatedly for new loans. The social benefits that are gained by clients of MFIs supersede the high interest charged (Rosenberg, 1996). The high interest rate is also as a means to tackle the problem of adverse selection where a choice is made between risky and non-risky projects. This implies that the good clients suffer at the expense of the bad ones as noted by Babajide (2007).

In another exciting study, Buckley (1997) argues that, the indicators of success of microcredit programs namely high repayment rate, outreach and financial sustainability do not take into consideration what impact it has on micro enterprise operations and only focusing on “microfinance evangelism”. Carrying out research in three countries; Kenya, Malawi and Ghana, he came to the conclusion that there was little evidence to suggest that any significant and sustained impact of microfinance services on clients in terms of SME development, increased income flows or level of employment. The focus in this augment is that improvement to access to microfinance and market for the poor people was not sufficient unless the change or improvement is accompanied by changes in technology and or technique.

Again, Zeller et al (1998) argue that microfinance can aid in the improvement or establishment of family enterprise, potentially making the difference between alleviating poverty and economically secure life. On the other hand, Berger (1989) indicates that microfinance tends to stabilize rather than increase income and tends to preserve rather than to create jobs.

The findings by Coleman (1999) suggest that the village bank credit did not have any significant and physical asset accumulation. The women ended up in a vicious cycle of debt as they use the money from the village banks for consumption purposes and were forced to borrow from money lenders at high interest rate to repay the village bank loans so as to qualify for more loans. The main observation from this study was that credit was not an effective tool to help the poor out of poverty or enhance their economic condition. It also concluded that the poor are too poor because of some other hindering factors such as lack of access to markets, price stocks, unequal land distribution but not lack of access to credit.

## **RESEARCH METHODOLOGY**

This chapter shows the methodology adopted in gathering data within the context of study, which would also answer the various research questions indicated earlier in a bid to meet the study objectives. It is structured to outline and relay information regarding population and

sampling methods, the research design, the source of data, unit of analysis, the data collection instrument and data analysis.

### **Study Area**

The company under study is Talent Microfinance Services Limited. Its head office is located at Circle, adjacent Ernest Chemist Greater Accra Region. The elements of the study will consist of staff (workers) as well as sample from the clientele base of Talent Microfinance Service Limited.

### **Research Design**

As rightly indicated by Saunders et al (2009), research design identifies the data collection methods, instruments used in the collection of data and how data collected are analyzed.

The researcher used a research design which involved both the quantitative and qualitative approaches. With regards to the quantitative approach, a descriptive survey involving the use of questionnaires was adopted. Descriptive survey asks questions on what the characteristics of the population or situation being studied are (Shields and Rangarian, 2013). Again, quantitative approach helps reduce data collected into numbers which are processed using statistical computations in a form of frequencies, regression, correlation and charts to help analyses of the data gathered (Anderson and Taylor, 2009).

The researcher chose interviewing technique for collecting the needed detailed information appropriate to the development of the study, in terms of the qualitative aspect of the study.

Qualitative approach was used to seek empirical support for the research questions and therefore rely heavily upon extensive observation and in-depth interviews that result in non-numerical data (Denzin and Lincoln, 2011).

### **Population and Sample**

Sekaran (2003) describes sampling as the process of selecting number and the right type of elements for study from certain population. Babbie (1998) defines population as the complete set of individuals object or scores (elements) that an investigator is interested in studying. An element on the other hand, is a single member of the population (Jankowicz, 1991). According to fink (1995), a sample is defined as a portion or subset of the population, the size of which is determined by the type and objective of the study, as well as time and financial constraints.

Sampling therefore is the method of drawing the sample and it is a vital part of a research as it allows to the researcher to generalize findings, as it is impossible to examine the whole population (Frankfort-Nachmias and Nachminas, 1996).

Samples were not drawn from the entire population of study in this research due to time, financial and human resource constraints, thus it is believed that the sample will provide the researchers with more reliable results.

### **Sampling Procedure**

The sample size indicates the number of the sample frame used for calculating estimates of a given population (Saunders et al. 2009). In selecting the sample size of the petty traders for the survey, the Slovin's sampling method was used.

The formula is presented as;  $n = N / [1 + N (e)^2]$  (where  $n$  = sample size;  $N$  = sample frame; and  $e$  = margin of error/ confidence level).

As indicated above, a sample frame of 400 customers was estimated. And a margin of error of 5% was used because of the convenient method adopted which reduced the possibility of non-response to the minimal level. Using the Slovin's formula the sample size for the petty traders is computed by:

$$n = \frac{N}{1 + N (e)^2} = \frac{300}{1 + 300(0.05)^2} = \frac{300}{2} = 150$$

The sample size of 150 staff and customers mostly petty traders was considered from the five selected branches of Talent Microfinance Company limited. This decision was considered because of time and resources constrain on the part of the researcher.

### **Data Analysis: Presentation and Interpretation**

This section presents the results of data analysis, presentation and discussion of findings after the data was collected from the five branches of TMCL in Ghana. The results have been summarized and presented in form of tables and narratives. Descriptive statistics were used to analyze some of the close-ended questions in the questionnaire as well as interview questions granted.

This study is aimed at achieving the following objectives: to establish the lead time management practices in the microfinance industry (SMEs) specifically in Talent Microfinance Company Limited. Second, it sets to determine the relationship between lead time management practices and customer satisfaction. The chapter will discuss each category of the study first and later correlate the findings of all the categories.

In a bid to capture the potentially impacting factors of lead time management and customer satisfaction with a global perspective, an SPSS survey in the form of a questionnaire and face-to-face interviews were developed. The survey included 24 questions grouped into four main parts and some sub sections.

### **Demographic Information Of Respondents**

This section deals with mainly with a distribution of the respondents by ages, gender, marital status, departmental unit and education level. The results are presented using tables and graphs. This captured in table 4.1.1 to 4.1.5

#### **Ages of Respondents**

The table 4.1.1 below gives the ages categories of the people working in Talent microfinance Services Limited.

**Table 4.1.1: Ages of Respondents**

Age	Frequency	Percentage
18-23	19	10
24-29	69	35
30-34	66	34
35-39	42	21
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

Table 4.1.1 presented above show the data on age. This was divided into four (4) distinct groups: 18-23, 24-29, 30-34 and 35-39. (10%) of the respondents indicated the ages between '18-23', (35%) which represented the majority of the respondents between the ages of '24-29', (34%) were between the ages of '30-34' whereas (21%) were between the ages of '35-39' respectively. These statistics are in consonance with the 2000 Population and Housing Census (PHC) which indicates that the economically active in Ghana are between the age bracket of 15- 49. It is therefore not surprising to find that the first three major proportions of clients are within the age brackets 24-39 years of age.

### Gender of Respondents

The table 4.1.2 below gives the Gender statistics categories of the people working in Talent microfinance Services Limited.

**Table 4.1.2: Gender of Respondents**

Gender	Respondents	Percentage of respondents (%)
Male	104	53
Female	92	47
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

The gender specification is analyzed in Table 4.1.2. Here, the gender specification was categorized into two (2) groups: male and female. (47%) of the respondents were shown to be 'Male' while (53%) were Female. These figures do not reflect however the gender distribution in Ghana. According to the 2010 Population and Housing Census, it is indicated that males make up 48.7% of the population while females constitute 51.3%. This could be attributed to the fact that in most Ghanaian homes, the males are economically active and therefore are able to save more as compared to their female counterparts who are mostly occupied by household chores which are not financially rewarding.

### Marital Status of Respondents

The table 4.1.3 below gives the marital status categories of the people working in Talent microfinance Services Limited.

**Table 4.1.3: Marital Status of Respondents**

<b>Marital status</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Single	114	58
Married	82	42
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

According to the findings on marital status characteristic, out of the 196 respondents, 58% is dominated by the “single” status which accounts for only 42%. This could be as a result of a couple of factors spanning from economic reasons to personal decisions.

### **Departmental Unit**

The table 4.1.4 below gives the departmental unit categories of the people working in Talent microfinance Services Limited.

**Table 4.1.4: Departmental Unit**

<b>Marital status</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Manager/Operation	10	5
Customers	64	33
Credit	44	23
Marketing	36	19
Customer Service	42	20
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

Out of the 196 survey respondents, staff who are managers and staff who are under the ‘Operations department’ accounts for 5%, followed by ‘Credit officers’ who account for 23%, ‘Marketing officers’ account for 19%, ‘Customer service officers’ account for 20% while ‘Customers accounts’ for the majority being 33% (this consist of the clientele base comprising mainly of petty traders who do business with Talent Microfinance company). The statistics above depicts the As accorded by Adjei and Arun, 2009 and who are usually shunned by the formal banks Asiana and Osei, 2007 the high representation of traders depicts the fact that the MFIs services are mostly designed to serve the relatively poor in society. For the high percentage of businessmen/women, this could be attributed to fact that quite a number of their Small and Medium-Scale Enterprises (SME) could easily access either start-up loans or loans to expand their businesses.

### **Educational Level**

The table 4.1.5 below gives the educational level categories of the people working in Talent microfinance Services Limited.

**Table 4.1.5: Educational Level**

<b>Educational level</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
High School	38	19
College	50	26
Bachelor	82	42
Masters	26	13
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

Last on the demographic profile is the analysis on the educational level of survey respondents. Dominated by 'bachelor' certified staff, they account for 42%, 'college' also accounts for 26%, 'high school' staff account for 19% while 'master's degree' staff being the least accounts for only 13%. These educational levels could probably account for the high numbers in the trading profession as compared to those in business as indicated in Table 4.1.5 above.

### **Microfinance Loan Has Increased My Stock of Goods**

The table 4.2.1 below gives how Talent microfinance Services Limited loans have help customers to increase their stock of goods.

**Table 4.2.1: Microfinance Loan Has Increased My Stock of Goods**

<b>Attribute</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Agree	106	54
Disagree	33	16
Neutral	57	30
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

In line with the results presented above on the impact of MFIs, majority of the respondents showed positive reaction on the question of microfinance loan has increased my stock, the choice of answer agree account for 54% while 29.% and 17% account for not certain and strongly agree respectively. The reason why majority of the respondents affirmed to Agree can be attributed to the fact that Talent microfinance granted them loan to enable them stock their shops with enough goods for business. Since banks simply won't extend loans to those with little or no assets, and generally don't engage in the small size of loans typically associated with micro financing. Micro financing is based on the philosophy that even small amounts of credit can help end sky high poverty. According to UNO International Year of Micro Credit (2005) report, Microfinance institutions had received more attention in the 21st century as a major poverty-fighting tool that assists individuals and small businesses growth due to the effects of its services to Small Business. Microfinance institutions are meant to provide adequate funds to small businesses as a poverty-fighting tool to assist national growth of the economy. Otero (1999) explains that the aim of MFIs is not only about providing capital to the poor to fight poverty but have additional roles of delivering other financial services to assist borrowers businesses to grow. This function being exhibited by TMCL does surely correlates with the majority of respondents affirming to the fact that Microfinance loan has increased their stock of goods.

### Microfinance Loan Has Helped Me Meet the Demand of My Customers

The table 4.2.2 below gives how Talent microfinance Services Limited loans have helped customers meet their demand.

**Table 4.2.2: Microfinance Loan Has Helped Me Meet the Demand of My Customers**

Attribute	Respondents	Percentage of Respondents (%)
Agree	134	68
Disagree	41	21
Neutral	21	11
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

Table 4.2.2 represent data on whether microfinance loan has helped one meet the demand of customers, (11%) of the respondents indicated 'Neutral', (68%) of the respondents indicated 'Agree' and (21%) of the respondents indicated 'Disagree'. The reason why most of the respondents affirming to agree were that Talent microfinance granted them loan to stock their shop thereby enabling them meet the demand of my customers.

### Microfinance Loans Has Helped Me Grow My Business Capital

The table 4.2.3 below gives how Talent microfinance Services Limited loans Helped customers grow their business Capital.

**Table 4.2.3: Microfinance Loans Has Helped Me Grow My Business Capital**

Attribute	Respondents	Percentage of Respondents (%)
Agree	144	74
Disagree	16	8
Neutral	36	18
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

With the question of whether microfinance loan has helped one to grow their business capital had majority of the respondents accounting, for 74% responding "Agree", 18% responded to "Neutral" and 8% responded to "not certain" and "Disagree". The reason why most of the customers affirming to 'Agree' of 74% is that Talent microfinance has help them by granting them loan to grow their business capital. It is indicative to note that even a small working capital loan of any amount can be enough to launch a small business in a developing country that could help the benefactor pull themselves and their family out of poverty. Here again majority of the respondents indicated that the loans they acquired in no doubt helped them to grow and expand their business capital.

### Microfinance Loans Has Increased My Profit Margin

The table 4.2.4 below gives how Talent microfinance Services Limited loans have increased their profit margin.

**Table 4.2.4: Microfinance Loans Has Increased My Profit Margin**

<b>Attribute</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Agree	121	61
Disagree	5	3
Neutral	70	36
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

The Table 4.2.4 and Figure 4.2.4 respectively show the response rate from respondents on the question of whether microfinance loan has increased ones profit margin. This is included in the part b2 of section b which addressed questions relating the impact of MFIs credit on customers (petty traders) business profit. Here 61% of the respondents responded to “Neutral”, 36% responded “Agree” while only 3% responded to “Disagree” the reason why most of the customers affirming to ‘Agree’ of 61% is that Talent microfinance granted them loan to expand their business and increased their profit margin.

**Table 4.2.5: Microfinance Loans Has Increased the Volume of My Sales**

The table 4.2.5 below gives how Talent microfinance Services Limited loans have increased the volume of customer’s sales

<b>Attribute</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Agree	96	50
Disagree	85	43
Neutral	15	7
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

Also, in accordance with the table 4.2.5 and figure 4.2.5 above corresponding to the question of whether microfinance loan has increased the volume of my sales had 50% of the respondents affirm to “Agree”, 43% were “Disagree” while 7% “Neutral”. The reason why the highest respondents affirm to Agree of 50% is that Talent microfinance loan has helped them to increase the volume of their sales.

**Table 4.2.6: Microfinance Loans Has Increased the Amount of My Savings**

The table 4.2.6 below gives how Talent microfinance Services Limited loans have increased the number of customers’ savings

<b>Attribute</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Agree	146	74
Disagree	13	7
Neutral	37	19
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

From the table and figure 4.2.6 above, the question of whether microfinance loan has helped one to grow their business capital had majority of the respondents accounting for 74% responding “Agree”, 19% responded to “Neutral”, and 7% responded to “Disagree”. This

finding confirmed that most of the respondent's main motive for working with TMCL was to save funds in order to secure credit to run their businesses or save to accumulate funds to increase and expand business activities. The results also indicated that, many TMCL clients are satisfied with the services provided them. As a result, many of the respondents were in business with TMCL to increase their benefits. However, there were still some clients who were not satisfied in doing business with TMCL due to reasons unidentified.

**Table 4.2.7: Microfinance Loans Have Helped Me Acquired A Property (Car, Land, Etc.)**

The table 4.2.7 below gives how Talent microfinance Services Limited loans have helped the customers to acquire properties (car, land, etc.)

Attribute	Respondents	Percentage of Respondents (%)
Agree	87	45
Disagree	7	3
Neutral	102	52
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

From the data result above, on whether microfinance loan has helped one acquire a property such as a car or land, had 45% of the respondents affirm to "Agree", 52% responded 'Neutral' and 3% responded "Disagree" respectively. The reason why the highest record of 52% respondents affirm to agree was that microfinance loans has helped them acquired a property such as car, land, etc.

**Lead time management practices**

This section, section (C) further addressed questions relating lead time management practice in relation to customer satisfaction with Talent Microfinance Company limited as a case study. The variables of interest in this regard are elaborated in the tables and figures below.

**Table 4.3.1: The Company Has Multiple Cashiers and Mobile Bankers to Speed up Activities with the Various Products and Services**

The table 4.3.1 below gives how Talent microfinance Services Limited has multiple cashiers and mobile bankers to speed up activities with the various products and services

Attribute	Respondents	Percentage of Respondents (%)
Agree	168	85
Disagree	6	4
Neutral	22	11
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

Table 4.3.1 displays response from the question of whether the company has multiple cashiers and mobile bankers to speed up activities with the various products and services had 85% of the respondents affirming to "Agree", 11% were "Neutral", while 4% represented "Disagree". Majority of the customers affirming to Agree indicated that, Talent microfinance has multiple cashiers and mobile bankers which helped to speed up banking activities with all the products and services to the customers.

**Table 4.3.2: There is proper queue control to avoid delays**

The table 4.3.2 below gives how Talent microfinance Services Limited has proper queue control to avoid delays

Attribute	Respondents	Percentage of Respondents (%)
Agree	81	41
Disagree	60	31
Neutral	55	28
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

The above table and figure 4.3.2 shows data response on the question of whether there is proper queue control to avoid delays. Here, majority of the respondents accounting for 41% responding "Agree", 31% responded to "Disagree" and 28% responded to 'Neutral'. The reason why most of our respondents affirmed to Agree of 41% were that we control proper queuing in order to avoid delays.

**Table 4.3.3 Some Processes Are Expedited To Avoid Delays**

The table 4.3.3 below gives how Talent microfinance Services Limited processes are expedited to avoid delays for customers who transact business with Talent.

Attribute	Respondents	Percentage of Respondents (%)
Agree	100	51
Disagree	69	35
Neutral	27	14
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

From the above description, Table 4.3.3, 51% on the question of whether some processes are expedited to avoid delays responded "Agree", 35% responded "Disagree", and 14% responded to "Neutral". The reason why most of our respondents affirmed to Agree of 51% was that processes are expedited to avoid delays for customers who are transacting business with Talent.

**Table 4.3.4: Frequent Visits of Credit and Marketing Officers to Clients' Place of Business Serves as a Success Factor in Regards to Customer Satisfaction**

The table 4.3.4 below gives how Talent microfinance Services Limited Frequent visits of credit and marketing officers to clients' place of business serves as a success factor in regards to customer satisfaction

Attribute	Respondents	Percentage of Respondents (%)
Agree	136	70
Disagree	45	7
Neutral	15	23
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

According to the response from the sampled group of 196 respondents, on whether there is frequent visit of credit and marketing officers to clients' place of business serves as a success factor in regards to customer satisfaction, 70% of the respondents affirm to "Agree", 23% responded "Neutral", 7% responded 'Disagree'. The reason why most of our respondents affirmed to Agree 70% was frequent visits of credit and marketing officers to clients' place of business served as a success factor in regards to customer satisfaction

**Table 4.3.5: Has Highly Qualified Research Team to Help Improve Customer Satisfaction**

The table 4.3.5 below gives how Talent microfinance Services Limited has highly qualified research team to help improve customer satisfaction.

Attribute	Respondents	Percentage of Respondents (%)
Agree	110	56
Disagree	81	41
Neutral	5	3
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

This section being section four (4) comprises of the characteristics of customer satisfaction. Of the 196 individuals surveyed respondents on the question of customer feedback on how they are served, 56% of the respondents responded to "Agree", 41% responded to 'Disagree', 3% responded to 'Neutral', on the quality of Lead time management in the company under study. Further descriptive analyses are shown in the corresponding table.

**Table 4.4.1: Customer Feedback on How They Are Served**

The table 4.4.1 below gives how good Talent microfinance Services Limited served their customers.

Attribute	Respondents	Percentage of Respondents (%)
Agree	120	61
Disagree	26	14
Neutral	50	25
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

On the question of customer feedback on how they are served, 61% of the respondents representing the majority responded to "Agree", 25% of the remaining respondents responded to "Neutral" while 14% responded to "Disagree". The reason why most of our respondents affirmed to Agree of 61% to be the highest is how good customer service talent offer to the customers.

**Table 4.4.2: Five (5) Customer Complain Every Month**

The table 4.4.2 below gives how Talent microfinance Services Limited customers complain on how dissatisfaction they are.

<b>Attribute</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Agree	129	66
Disagree	46	23
Neutral	21	11
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

From the above it is evident that the questions of Five (5) customers complain every month had 66% of the respondents affirm to “Agree”, 11% were “Neutral”, 23% of the respondents “Disagree”. The reason why most of our respondents affirmed to Agree was that very month five(5) customers complain every month of not satisfy with how they were served of all customers talent is having.

**Table 4.4.3: Ten Minute (10) Banking Hall Waiting Time**

The table 4.4.3 below gives how Talent microfinance Services Limited serve customers in the banking hall turn-around time.

<b>Attribute</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Agree	113	58
Disagree	13	7
Neutral	70	35
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

On the question of Ten minute (10) Banking hall waiting time in terms of how long customers spend in the banking hall, 58% responded “Agree”, 35% were “Neutral”, 7% responded to “Disagree” The reason why most of our respondents affirmed to Agree of 58% of highest percentage was how transaction goes on in the banking hall, customers are Serve within ten minute, turn-around time.

**The table 4.4.4: Fifty (50) Customers Are Granted Loans Every Month**

The table 4.4.4 below gives weather Talent microfinance Services Limited grants loans to fifty (50) of their customers and the responses that came out.

<b>Attribute</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Agree	75	38
Disagree	96	49
Neutral	25	13
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

The question on Fifty (50) customers are granted loans every month had 38% of the respondents affirm to “Agree”, 49% were “Disagree” while 13% “Neutral”. The reason why most of our respondents affirmed to disagree of 49% is that loans are granted to customers every week, and it will depend on how are many customers who have come at that moment to apply for the loan that will be granting the facility to.

#### **Table 4.4.5: Good Interpersonal Relationship with Customers**

The table 4.4.5 below gives how good interpersonal relationship TMFL employees have with their cherish customers.

<b>Attribute</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
Agree	148	76
Disagree	32	16
Neutral	16	8
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

Also, in terms of Good Interpersonal relationship with customers 76% of the respondents affirmed to “Agree”, 16% responded to “Strongly Agree” while 8% responded to “Not certain”. The reason why most of our respondents affirmed to Agree of 76% is how good interpersonal relationship the employees have with their customers.

#### **Table 4.4.6: How Can You Rate The Level Of Customer Satisfaction In Your Organization?**

The table 4.4.6 below gives how good interpersonal relationship TMFL employees have with their customers.

<b>Attribute</b>	<b>Respondents</b>	<b>Percentage of Respondents (%)</b>
High	82	41
Moderate	99	51
Low	15	8
<b>Total</b>	<b>196</b>	<b>100</b>

**Source: Field Data July 2018**

From the above it is evident that the question, how you can rate the level of customer satisfaction had 41% of the respondents affirm to ‘high’, 51% were ‘Moderate’, 8% of the respondents affirm to ‘Low’. The reason why most of our respondents affirmed to moderate can be attributed to the fact that most customers are satisfied with the organization about how TMFL employees serve them.

#### **Interview response from Respondents**

In terms of the models and processes used by MFIs in accessing and granting loan to Clients (who are mainly petty traders), response by various branch managers in all branches indicated positively to granting the following;

Credit model(s) and or product(s) for customers

- 1) Sole Trade loan
- 2) Business loan
- 3) Salaried loan
- 4) Staff loan

### **Credit Model(S) or Product**

Explanation of the credit model(s) or product(s) features mentioned in question1 above

- 1) **First is Sole Trade loan.** Here sole traders who apply for loans are, asked to provide personal guarantee against a loan. This provides the lender with assurance that they'll be able to recover the money, the person need to get one third of the amount of loan requested in his/ her account before the loan will be granted.
- 2) **Business loan** ranking second involves more risk for a lender, resulting in strict terms for eligibility as long as taking longer time for applications process to go through. The applicant will basically need to gather a number of important documents and financial details to complete the loan application the person need to get one third of the amount of loan requested in his/ her account before the loan will be granted
- 3) **Third is salaried loan.** This is the Advance loan given to customers who have their salary paid straight into Talent microfinance service account and are salary workers.\
- 4) **Staff loan** this type of loan is given to staff and workers in talent microfinance service only

### **Requirements for the Granting of Loans**

There are some requirements for granting loans to customers. These are the processes or requirements used for granting loan for above mentioned credit model(s) or product(s). The table below shows further elaboration in this regard

**Table 4.5.2: Details of Requirements for Granting Of Loan**

<b>Product</b>	<b>Requirements</b>
Sole Trade loan Business loan Salaried loan	Valid national ID card, Passport sized picture Certificate of registration, complete loan application forms, 2 Guarantors. Certificate of incorporation, certificate of commencement, certificate of registration(Enterprise)

### **Duration of time for loan to be granted**

The various types of loans granted takes some time for these loans to be granted. The details are shown below

**Table 4.5.3: Duration of Time for Loan to Be Granted**

<b>Product</b>	<b>Time Taken for Loan to be Granted</b>
Sole Trade loan	7 days (1 week)
Business loan	7 days (1 week)
Salaried loan	7 days (1 week)

## **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **Summary of finding**

The purpose of this study was to examine the impact of lead time management and customer satisfaction in the microfinance industry using Talent Microfinance Company Limited as a case of choice under study. The findings of the study were presented in accordance with the research questions. Research objectives formulated were: to establish the lead time management practices in the microfinance industry specifically, Talent Microfinance Company Limited. Second, it set to determine the relationship between lead time management practices and customer satisfaction.

The methodology used for this study was a cross sectional descriptive survey research design. Over all, twenty six managers (comprising of branch, operations and credit managers) in all branches participated in the study and hence were part of the respondents. A questionnaire was used to collect data and the response rate was 100%. The study found that 34% of the respondents were between the ages of 24 and 29 years and 53% were shown to be women among other demographic characteristics. The study findings revealed that lead time has an impact on customer satisfaction in the microfinance industry. It is shown that all the branches of Talent Microfinance Company limited, our company of choice under study tried as much as possible to reduce inconsistency, the various branches also affirmed that they ardently followed their customer queues and made sure that there was proper queue control to avoid delays that could lead to customer dissatisfaction. Most of the branches in TMCL also expedited some processes to avoid delays and made sure their customers were satisfied. To this effect, there is a direct impact of lead time and customer satisfaction.

As Christopher, (2000) posits, working with multiple suppliers creates a link and relationship between the providers and clients enabling the organization to provide products and services at a faster rate to its clients in a bid to effectively and efficiently manage lead time. In this regard, TMCL ensures enough measure of cashiering staff amidst the inclusion of E-banking system where customers have the option to deposit and withdraw from the Automated Teller Machines (ATM). Using of high-tech innovations such as automation equipment to accelerate the service speed. Optimizing service process time has great practical significance for banks to improve service quality, reduce costs, improve customer satisfaction level and increase market share rate. To ease the queues and long waiting banking hall time as well as for easier transaction.

Furthermore, it was found that the assumed waiting banking hall time is assigned to some services. During this time, customer service staff helps customers to complete some ancillary work (such as filling the necessary blanks of the deposit form). Also, they can collect information for customers (for instance, filling out loan application forms) and introduce the

business office products and services (offering related brochures to customers), in order to shorten the time of core services.

## **Conclusion**

This study concludes that minimizing waiting time in a bid to enhance customer satisfaction level can typically improve the competitiveness of microfinance services in Ghana. These are deemed the basic requirements for social development as well as for human civilization. Establishing a scientific, workable and efficient banking system improves efficiency and enhances the competitiveness for banks to be an important society role. This is a requirement for banking industries own development, and a new inevitable challenge for modern Ghanaian financial institutions to increase the banking management development.

## **Recommendations**

- 1) The findings of the study shows that there is the need for improvement in academia or higher learning in Ghanaian microfinance institutions to link with other financial institutions in Ghana and identify gaps in the knowledge, values, skills and attitudes of their graduates most especially in TMCL.
- 2) Also dress code by mobile or field bankers should be checked. It was realized that the color of T-shirt for field bankers were white, this with regards to the dusty nature of the environs where they work make their attire dirty within then early hours of the day soon after they have started working. It will be in the interest of TMCL to change the color of dress for field banking staff to a more suitable color.
- 3) Finally, The CEO and other company managers should strive to ensure good lead time management and good customer satisfaction. This will ensure that the organization environment is conducive for economic growth resulting to higher productivity in investment. In an environment that is well managed, TMCL will be more comfortable employing people from colleges as a way of safeguarding their investments.

## **REFERENCES**

- Ablorh, W. (2011). Microfinance and socio-economic empowerment of women: A case of Opportunity International Savings and Loans clients. Kwame Nkrumah University of Science and Technology (Unpublished Master's Dissertation), 16-19.
- Adjei, J. & Arun, T. (2009). Microfinance Programmes and the Poor: Whom are they reaching? Evidence from Ghana. In Brooks World Poverty Institute. Working Paper 72, ISBN: 978-1-906518-71-4 [Online]. Manchester: University of Manchester.
- Adjei, J.K. (2010). Microfinance and Poverty Reduction: The experience of Ghana. Accra: Bold Communications Limited.
- Ajit Senapati (2012); An Extensive Literature Review On Lead Time Reduction In Inventory Control
- Alexander L. Stolyar and Qiong Wang (2018); Exploiting random lead times for significant inventory cost savings
- Anderson E.W., Fornell C., Lehmann D.R., (1994). Customer satisfaction, market share, and profitability: findings from Sweden, *Journal of Marketing*, 58, July.53-66.

- Babajide Abiola. R. (2007), "Funding of Small and Medium Enterprises". Business Day, 12(15).
- Baten, M. W. (2009, Oct). Vision of micro financing in Bangladesh: Success and challenges. Copenhagen Business School (Unpublished Master's thesis).
- Berger, N. (1989) "Giving Women Credit: The Strengths and Limitations of Credit as a tool for Alleviating Poverty" World Development Vol. 17 No7, pp1017-1032.
- Berger, N. (1989) "Giving Women Credit: The Strengths and Limitations of Credit as a tool for Alleviating Poverty" World Development Vol. 17 No7, pp1017-1032.
- Bernado Villarreal and Lucy Salido (2018); Improving Order Lead Time: A Case Study
- Blackburn, J.D., Elrod, T., Lindsley, W.B., Zahorik, A.J., 1992. The Strategic Value of Response Time and Product Variety. In: Voss, C.A. (Ed.), Manufacturing Strategy—Process and Content. Chapman and Hall, London (Chapter 13).
- Bloemer J. M., and Kasper H., (1995). The complex relationship between consumer satisfaction and brand loyalty, *Journal of Economic Psychology*, 16: 311-29.
- Boeing. Boeing, citi start export-import bank supplier financing program. Boeing Mediaroom, February 2012.
- Boulding W., Ajay K., Richard S., Valarie A. Z., (1993). A Dynamic Model of Service Quality: From Expectations to Behavioral Intentions, *Journal of Marketing Research*. 30 (2): 7– 27.
- Buckley G (1997), "Microfinance in Africa: Is it either a Problem or the Solution?" World Development Report Vol. 25 No 7, pp 1081-1093.
- Christopher, M. (2000) —The agile supply chain competing in volatile markets, *Industrial Marketing Management*, Vol. 29 (1) pp. 37-44.
- Coleman, B.C. (1999), "The Impact of Group Lending in North East Thailand" *Journal of Development Economics*, Vol 60, pp105-141.
- Cook C., Thompson B (2000). Reliability and validity of SERVQUAL scores used to evaluate perceptions of library service quality. *Journal of Academic Librarianship*. 26(4), 248 -258.
- Denzin Gupta and Lincoln Wang. A stochastic inventory model with trade credit. *Manufacturing & Service Operations Management*, 11(1):4–18, 2009.
- G.M. Ramachandran & S. Neelakrishnan (2017); An Approach To Improving Customer On-Time Delivery Against The Original Promise Date
- Henri, J. Janne, H. (nd) Reducing Service Process Lead Time Through Inter-organizational Process Coordination. <http://www.cck.go.ke/industry/information>
- Imran, M., Ghani, U., & Iftikhar-ul-Amin (n.d). Microfinance institutions of the subcontinent: A comparative analysis. *The Dialogue*, IV (4), 507-524.
- Jezuita, Lena (2017). Improving the overall customer service level; A Case Study at Philips
- Kimberly, S. (n d) How Six Sigma Increases Customer Satisfaction. University of Indianapolis.
- Leisen B. and Vance C (2001). Cross-national Assessment of Service Quality in Telecommunication. *Journal of Marketing*. 11(5):.307-317.
- Mnenwa Raymond and Maliti Emmanuel (2009), "Assessing the Institutional Framework for Promoting the growth of Medium Small Enterprises in Tanzania: The case of Dar-es-Salaam". *Research on Poverty Alleviation (REPOA)*.
- Oliver R. L. A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*. 1980 17, 460-469.
- Otero M and Rhyne Elisabeth eds (1999), "The New World of Microenterprise Finance". IT Publications; London.

- Robinson, M. (2003), "The Microfinance Revolution: Sustainable finance for the poor"; Washington D.C. World Bank.
- Tahir I. M., Abu-Bakar N. M. (2007). Service Quality Gap and Customers' Satisfaction of Commercial Banks in Malaysia. *International Review of Business Research Papers*.. 3(4) October: 327-336
- World Bank (2001), Port Regulation Model, World Bank Port Reform Tool Kit, World Bank, Washington D.C.
- Zeithaml V. A., Berry L.L. and Parasuraman A. (1996). The Behavioral Consequences of Service Quality, *Journal of Marketing*, 60, April: 31-46.