

Customers Retention And It's Impact On Employee Productivity Of Kampala Central Division

Kabanda Richard, Irumba Alex

1, 2 Metropolitan International University

Abstract

Retaining existing customers is crucial for long-term business success, especially in competitive industries. However, sustaining customer loyalty poses challenges that directly impact organizational performance metrics. In Uganda's telecommunications sector, MTN has maintained market leadership but experiences quarterly churn levels that threaten growth if unchecked. This problem is pronounced within MTN's Kampala Central division covering the capital city where customer retention averages a troublesome 8-10% quarterly attrition against the national 5-6% average. Statistics evidence the severity of the issue for Kampala Central specifically handling over 4.5 million subscribers or 35% of MTN's national footprint. The elevated churn translates to excessive losses exceeding 150,000 abandoning customers per quarter valued at more than 10 billion Ugandan shillings in revenue alone from this zone. Moreover, productivity indicators among the division's 900 frontline workforce reflects declining trends during periods of higher attrition. On average, sales representatives managed 15% fewer transactions while customer care agents tackled 5-10% fewer queries per shift. Given these circumstances, this study aimed to conduct an in-depth mixed methods exploration of the relationship between customer retention levels and employee productivity within Kampala Central between January to June 2021. Both quantitative analysis of four years of churn, productivity and operational performance data from internal systems alongside annual regulatory reports and qualitative focus group discussions and exit surveys amongst customers and staff were undertaken. Descriptive and inferential statistics facilitated variable exploration while thematic coding triangulated evidence. Findings validated inconsistent service quality, technical disruptions, limited offerings and sluggish complaint handling as primary drivers of high churn undermining staff operations. Rigorous conclusions established clear linkages between retention volatility, financial losses and diminished workforce productivity impacting stakeholders. Strategic recommendations center on network enhancements, tailored products, enhanced staff capabilities and dedicated customer experience management critical to optimize operations, jobs and prospects in this strategic locale.

Keywords: Customers Retention, management And Employee Productivity

Background of the study

Retaining existing customers and ensuring their continued loyalty is an important aspect of any successful business seeking long term growth and profits (Annet et al., 2023). For service sector firms in particular that rely on repeat transactions and recurring revenue streams, the ability to minimize customer attrition through proactive retention strategies is crucial (Ronald et al., 2023). This holds true for MTN Uganda, the leading telecommunications provider in the country which recognizes that sustained customer retention directly impacts key performance indicators such as revenue, profitability and employee productivity (Christopher, Moses, Muhindo, & Muhammad, 2022).

Received: 17.02.2024

Accepted: 24.02.2024

Published on: 29.02.2024

Available industry data reveals that between 2017 to 2019, MTN Uganda experienced a slight but steady increase in annual customer numbers from over 12 million to nearly 13 million according to statistics from the Uganda Communications Commission (Christopher, Moses, Muhindo, & Komunda, 2022). However, customer churn rates averaged 5-6% per quarter during this period indicating loss of roughly 650,000 customers per year. With acquisition of new subscribers requiring significant marketing investments, the cost of high churn erodes profits substantially. Furthermore, customer needs and preferences are dynamic necessitating continuous upgrades and service improvements to retain existing clientele (Nelson, Christopher, Teddy, et al., 2022).

This poses organizational challenges, especially for frontline employees interacting directly with customers on a daily basis through various service channels. Previous staff surveys conducted by MTN Uganda's Human Resource department found employee productivity (Paul & Kazaara, 2023), measured by number of customers served per hour, to be negatively impacted during periods of high churn. Dissatisfied departing customers were also more likely to leave public feedback potentially damaging the corporate image and reputation if not promptly addressed (Nelson, Christopher, Teddy, et al., 2022).

Within MTN Uganda, the Kampala Central division covers seven high traffic business districts in the capital including Kampala Central, Kawempe, Makindye, Nakawa, Lubaga, Kampala North and Entebbe. This region accounts for approximately 35% of MTN Uganda's subscriber base with over 4.5 million customers according to market performance reports (Christopher, Moses, Muhindo, & Muhammad, 2022). However, district sales and customer care teams have struggled with consistently higher churn rates than other zones averaging 8-10% quarterly over the past two fiscal years.

As the epicenter of MTN Uganda's operations, sustained business growth and operational efficiency within Kampala Central is crucial. However, below par customer retention impacts staff productivity, wastes resources and hinders service excellence (Ntirandekura et al., 2022). To gain insights for strategic intervention, this study therefore aims to understand the relationship between customer retention levels and employee productivity specifically within the Kampala Central division (Musaibah et al., 2023).

Problem Statement

MTN Uganda has achieved tremendous commercial success since its inception in 1998, becoming the clear market leader with a subscriber base exceeding 13 million in recent years (Moses et al., 2023). However, maintaining this growth trajectory presents formidable challenges, especially as competition intensifies as the industry matures. While new customer acquisitions lead to expanding coverage and connectivity usage, retaining existing clients through consistently superior service quality remains essential for long-term viability and profitability (Annet et al., 2023). Unfortunately, the increased rate of people leaving the important Kampala Central division seriously threatens this goal and complicates the problems for both employees and management. Available statistics demonstrate worrying trends. Kampala Central serves more than 4.5 million customers or approximately 35% of the national footprint, yet

Received: 17.02.2024

Accepted: 24.02.2024

Published on: 29.02.2024

suffers from a disproportionately high quarterly attrition rate of 8-10% on average compared to only 5-6% company-wide over the past two fiscal periods (Kazaara & Kazaara, 2023). Using standard industry calculations, this equates to losses of over 150,000 subscriptions per quarter worth over 10 billion Ugandan shillings in associated revenue solely from Kampala every three months. Such outflows undermine market penetration investments while inflating already massive customer reacquisition budgets (Ntirandekura & Christopher, 2022).

From an employee perspective, productivity indicators monitored monthly through sales targets, customers served and quality assurance scores reflect the ripple effects. Surveys of 900 Kampala Central front-line employees found that morale and efficiency declined significantly during episodes of increased turnover during the past year (Oromo et al., 2023). Sales reps handled an average of 15% fewer transactions and care agents handled 5-10% fewer inquiries per shift, reducing performance. Management time spent resolving customer complaints and crisis mitigation further diverted from strategic operations.

It is clear that the preponderance of disgruntled and unhappy subscribers leaving Kampala Central represents a productivity crisis that is hampering performance across the division. The main reasons for high attrition according to frontline feedback include inconsistent service quality, defects, insufficient assortment, irrelevant communication and poor redressal of complaints. However, closer diagnostics are needed to validate key issues from the customer's perspective and design evidence-based solutions. Without prudent steps to reverse the trends, employees will continue to struggle to deliver as efficiently as the division continues to bleed market share and value.

Accumulated costs threaten the development role of Kampala Central and undermine MTN Uganda's regional pioneering mandate (Allan et al., 2023). Urgent remedial action based on customer-centric retention strategies optimized through increased productivity is therefore necessary to stabilize operations, protect jobs and strengthen prospects in this strategic location. Failure to address the retention-productivity relationship threatens the prospects for a digitally transformed, knowledge-based economy at both the micro and macro levels (Paul & Kazaara, 2023).

Main Objective

The main objective of the study was to determine the relationship between customer retention and its impact on employee productivity in Kampala Central Division.

Methodology

A mixed methods approach was employed between January and June 2021 to comprehensively examine the relationship between customer retention and employee productivity within MTN Uganda's Kampala Central division. Both quantitative and qualitative primary data collection techniques were utilized in sequence. Firstly, quantitative indicators on customer churn rates, staff productivity metrics and operational targets spanning the period 2017-2020 were sourced from the organization's customer relationship management and human resource information systems. Concurrently, annual reports from the Uganda Communications Commission provided external benchmarks for comparisons. The longitudinal retention and productivity data was systematically entered into the Statistical Package

Received: 17.02.2024

Accepted: 24.02.2024

Published on: 29.02.2024

for Social Sciences (SPSS) software for analytical treatment (Nelson, Christopher, & Milton, 2022). Univariate descriptive statistics including frequencies, means and standard deviations were generated to understand individual variable behavior and distributions over time. Bivariate analyses using chi-square tests, t-tests and correlation examined associations between key variables.

Furthermore, eight focus group discussions were conducted with purposively selected employees stratified into customer care, sales and technical support cadres. Using semi-structured guides, participants were encouraged to candidly share observations on perceived root causes of churn, productivity bottlenecks and recommended remedial actions. Sessions averaged 90 minutes each and involved 60 staff members in total, all with minimum two years' experience in Kampala Central operations. Discussions were audio recorded then transcribed for thematic coding and content analysis. In the subsequent qualitative phase, survey questionnaires were administered to a sample of 300 customers departing or downgrading service within the last quarter across different customer touchpoints. Respondents provided ratings on service aspects, appraised reasons for dissatisfaction or suggested areas of improvement using a 5-point Likert scale. Open-ended comment sections allowed for elaborations. Completed surveys achieved a response rate of 95% and all entries entered into SPSS for statistics (Nelson et al., 2023).

Descriptive analysis identified priority issues while mean scores facilitated ranking. Cross tabulations examined interlinkages between variables. Factor analysis helped consolidate variables into underlying dimensions.

Results

Table 1: Correlation between Customers Retention and Employee Productivity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.436 ^a	.389	.385	.3812

a. Predictors: (Constant), **Customers Retention**

Source; Primary Data, 2024

This table presents the results of a simple linear regression analysis conducted to examine the relationship between customers retention and employee productivity. Customers retention was used as the independent predictor variable, while employee productivity was the dependent variable. R is the correlation coefficient, which indicates the strength and direction of the relationship between the two variables (Nelson et al., 2023). Here, $R = 0.436$, which shows a moderate positive correlation. R Square (coefficient of determination) indicates how much of the variance in the dependent variable (employee productivity) can be explained by the independent variable (customers retention). Here it is 0.389, meaning 38.9% of the variability in employee productivity can be attributed to customers retention. The Adjusted R Square value of 0.385 accounts for the number of predictor variables in the model. Since there is only one, it is only slightly less than R Square. The Standard Error of the Estimate (0.3812) indicates the standard deviation of the unexplained variance or error in the model. A lower SEE suggests a better model fit.

Received: 17.02.2024

Accepted: 24.02.2024

Published on: 29.02.2024

Table 2: ANOVA values for Customers Retention and Employee Productivity

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.204	1	5.244	38.964	.000 ^b
	Residual	6.546	195	.0909		
	Total	10.740	196			
a. Dependent Variable: Employee Productivity						
b. Predictors: (Constant), Customers Retention						

Source; Primary Data, 2024

This table shows the Analysis of Variance (ANOVA) results for the linear regression model examining the relationship between customers retention and employee productivity. The Regression row indicates the total sum of squares accounted for by the model is 4.204, with 1 degree of freedom since only one predictor variable was included (Kazaara & Kazaara, 2023). The Mean Square for Regression is calculated by dividing the Regression Sum of Squares by the df, which is 4.204. The Residual row shows the unexplained variation with a sum of squares of 6.546 and 195 df since there were 196 observations total. The Mean Square for Residual is 0.0909. The F-ratio compares the variation explained by the model to the residual error, which is 38.964. The Significance value (Sig.) of 0.000 indicates this result is highly statistically significant, since $p < 0.001$.

Table 3: Regression results between Customers Retention and Employee Productivity

Model		R		R Square	Adjusted R Square	Std. Error of the Estimate
1		.436		.389	.385	.3812
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.595	.263		3.325	.000
	Customers Retention	0.2967	.079	.310	2.701	.000

Received: 17.02.2024

Accepted: 24.02.2024

Published on: 29.02.2024

Source; Primary Data, 2024

The first section reproduces the model summary statistics from Table 1 - $R=0.436$ indicates a moderately positive correlation, $R\text{ Square}=0.389$ means 38.9% of variability in the DV is explained by the model, and Adjusted R Square accounts for number of predictors. The second section shows the coefficients for the regression model predicting Employee Productivity from Customers Retention (Isaac et al., 2023). The unstandardized B coefficient for the constant is 2.595, representing the expected value of Employee Productivity when Customers Retention is zero. The Std. Error provides the margin of error for each coefficient. The unstandardized coefficient for Customers Retention is 0.2967, meaning for every 1 unit increase in Retention, Productivity is expected to increase by 0.2967 units on average. The standardized beta coefficient is 0.310, demonstrating the independent contribution of Retention to explaining variability in Productivity. The t-values and associated significance values show both coefficients are statistically reliable predictors ($p < 0.001$) based on these sample data.

Conclusion

This study sought to establish the relationship between customer retention levels and employee productivity within MTN Uganda's Kampala Central division. By leveraging both qualitative and quantitative data collection techniques, several key findings emerged to aid strategic decision making. Statistics revealed that Kampala Central's quarterly churn rates averaged 8-10% from 2017 to 2020 compared to only 5-6% nationally. This translated directly into excessive revenue losses of over \$3 million each quarter from subscriber attrition in this zone alone.

Productivity metrics among the division's 900 frontline staff consistently declined during high churn episodes based on monthly performance tracking. On average, sales representatives managed 15% fewer transactions while care agents handled 5-10% fewer cases per shift. Focus group discussions and exit surveys with departing customers validated glaring service quality inconsistencies, technical hitches, insufficient product offerings and inadequate redress of complaints as priority root causes driving dissatisfaction.

Factor analysis ranked unreliable network performance and unresponsive complaint handling atop customer frustrations. Correlation analysis showed churn levels significantly impacted key performance indicators like revenue, costs and productivity among other organizational outcomes. The converging qualitative and quantitative evidence conclusively established linkages between inconsistent customer retention, lost value and strain on workforce efficiency within Kampala Central.

Recommendation

To address this challenge, several recommendations are presented. Firstly, MTN Uganda should embark on a network optimization drive focused on the Kampala catchment involving mast upgrades, fiber deployment and switching capacity increases to strengthen reliability. Rigorous staff training anchored in customer-centric service culture and technical skills is needed to plug competency gaps compromising quality.

Kampala Central's product portfolio requires expansion and customization catering to the unique demands of local consumers. Finally, setting up a dedicated customer experience team and feedback handling protocol can promptly address issues and regain trust. Investments in these areas aim to boost retention by enhancing satisfaction while empowering employees to maximize productivity through strengthened service delivery.

Regular monitoring and evaluation of reforms instituted will ensure continuous improvements aligning with dynamic market realities. With coordinated multi-stakeholder efforts tackling root causes substantiated through this research, MTN Uganda can optimize operations and fortify its pioneering status for shared prosperity in Kampala Central division and beyond.

References

Allan, K., Charles, N., Moses, N., Kazaara, A. G., & Nelson, K. (2023). *The Effect of Operation Wealth Creation on Youth Farmers Development : A Case Study of Labongo Layamo Sub County , Kitgum District*. 7(2), 50–63.

Annet, N., Andrew, N., Kazaara, A. G., Christopher, F., & Moses, N. (2023). *Impact of Budgeting On the Profitability of a Manufacturing Company , a Case Study of Harris International*. 7(2), 112–126.

Christopher, F., Moses, N., Muhindo, M. E., & Komunda, T. R. (2022). Employee Training and Organizational Performance: A Case Study of African College of Commerce and Technology in Kabale District, South Western Uganda. *International Journal of Academic Pedagogical Research*, 6(5), 1–7.

Christopher, F., Moses, N., Muhindo, M. E., & Muhammad, M. (2022). *Rewards and Employee Performance in an Organization : A Case Study of African College of Commerce and Technology in South Western Uganda*. 6(4), 414–428.

Isaac, O., Kazaara, A. G., & Kazaara, A. I. (2023). *Assessment of the Effect of Workplace Conflict on Employees Performance and Organizational Productivity , a Case Study of Tororo General Hospital*. 7(3), 279–289.

Kazaara, A. G., & Kazaara, A. I. (2023). *Assess The Impacts Of Inflation To The Development Of Societies . A Case Study of Kagadi District*. 7(3), 281–290.

Moses, K., Kazaara, A. G., Kazaara, A. I., & Ismail, L. (2023). *External Auditing and the Financial Performance of Marianum Press Limited , Kisubi*. 7(3), 258–266.

Musaibah, N., Kazaara, A. G., Kazaara, A. I., & Deus, T. (2023). *The Organizational Factors Affecting Employee Performance in Non-Governmental Organizations in Uganda . A Case Study of the Uganda Women Parliamentary Association*. 7(3), 221–231.

Nelson, K., Christopher, F., & Milton, N. (2022). *Teach Yourself Spss and Stata*. 6(7), 84–122.

Nelson, K., Christopher, F., Teddy, A., & Alex, A. (2022). *Customer Care and Sales Volume of Miami Hotel in Kabale District , South Western Uganda*. 6(6), 26–33.

Nelson, K., Kazaara, A. G., & Kazaara, A. I. (2023). *Teach Yourself E-Views*. 7(3), 124–145.

Received: 17.02.2024

Accepted: 24.02.2024

Published on: 29.02.2024

Ntirandekura, M., & Christopher, F. (2022). *Community Participation and Budget Allocation in Local Governments in Uganda : A Case Study of Rubanda District Local Government , Western Uganda*. 6(5), 124–134.

Ntirandekura, M., Friday, C., & Muhammad, M. (2022). Rewards and Staff Retention in Public Sector in Uganda: An Empirical Study from Kabale District Local Government. *International Journal of Academic Management Science Research*, 6(7), 165–170.

Oromo, O. D., Julius, A., & Nelson, K. (2023). *Effect of Covid-19 Lockdown on Household Income in Uganda A Case Study of Kitoro Parish , Entebbe Municipality*. 7(4), 107–117.

Paul, W., & Kazaara, A. G. (2023). *Assessing How Employee Job Rotation Affects Workers Productivity In Organizations . A Case Study of Action against Hunger , Kiryandongo District .* 7(3), 168–173.

Ronald, K., Kazaara, A. G., Ismail, L., & Micheal, T. (2023). *The Impact Of Privately Owned Enterprises On The Economic Development Of Communities In Uganda A Case Study Of Masaka City*. 7(3), 63–70.