



ISSN: 0975-833X

RESEARCH ARTICLE

QUALITY OF SERVICE STRATEGIES FOR BUSINESS PROCUREMENT OPPORTUNITIES IN  
PUBLIC UNIVERSITIES IN KENYA

<sup>\*</sup>1Simon Chege Muchendu, <sup>2</sup>Dr Anita Wanjugu Wachira and <sup>3</sup>Dr. Lilian Karimi Mugambi Mwenda

<sup>1</sup>Master of Business Administration – Candidate, Dedan Kimathi University of Technology, Kenya

<sup>2</sup>Lecturer-Dedan Kimathi University of Technology, Nyeri and 10100, Kenya

<sup>3</sup>Lecturer-Dedan Kimathi University of Technology, Kenya

ARTICLE INFO

Article History:

Received 19<sup>th</sup> November, 2014

Received in revised form

19<sup>th</sup> December, 2014

Accepted 15<sup>th</sup> January, 2015

Published online 26<sup>th</sup> February, 2015

Key words:

Business,  
Public procurement,  
Public Sector,  
Chartered Public Universities,  
Quality of service.

ABSTRACT

This study sought to identify competitive strategies used by privately owned business while competing for public tendering opportunities in Public Universities in Kenya. The study identified quality of service as a strategy for creating a competitive gain while competing for tendering opportunities in Chartered Public Universities in Kenya. To achieve its objectives the study adopted a descriptive design with quantitative approach where semi-structured questionnaires were administered. The target population was 149 prequalified suppliers of goods and services in Chartered Public Universities in the Rift Valley, Central, Nairobi and the Eastern Regions. Data collected was analysed using Statistical Package for Social Sciences to generate descriptive and inferential data. A regression model was developed to establish the strength and direction of the relationship between the variables and it was determined that the quality of goods and services had a value of 0.182. The study established that the quality of service had an impact on the competitiveness of the business in public tendering opportunities. The study recommends that firms that seek to participate in tendering opportunities in Public Universities should capitalize on the quality of the services provided to their customers

Copyright © 2015 Simon Chege Muchendu et al. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

INTRODUCTION

Governments all over the world are the central basic providers of the fundamental services to their citizens. To be able to meet this requirement for these public services, governments acquisition goods and services from the open market which is mostly dominated by suppliers in the private sector circles. Importantly, due to the changes in the manner that business trends and the need for economical channels of doing business, governments have in the recent past opted for outsourcing for procurement services from the private sector. This has not only proved to be cheaper but also, time saving as each party can concentrate on doing what it does best (Burke et al., 2004) cements the essence of private-public partnership which has been identified as a key approach to national development and financial strength generation of a country. As a result, in any modern economy, public procurement accounts for a gigantic proportion of any government expenditure thus providing the largest diverse market in any country. Notably for any government to undertake the mandate of providing the fundamental services, it has to outsource for supplies mainly from the private sector.

This activity of outsourcing products from the market is commonly referred to as public procurement which is competitive process that involves identification of qualified merchants, competitive bidding practice and appraisal of bids with an aim of acquiring goods, works and services from the most qualified bidder and in the most efficient manner (Morschett et al., 2006). The process involves purchasing, hiring or obtaining by any other contractual means of goods, construction works and services by the public sector, mainly the government, parastatals, ministerial departments and other government affiliated bodies, (Telgen, 1997). The objects that are involved in public procurement activities range from simple non-operational goods works and services such as paper clips or cleaning services to large operational commercial projects such as infrastructural developments with huge budgets, as well as other essential operational utilities such as raw materials.

Due to the intensive competition for opportunities to provide goods and services to the public sector, outpacing strategies that offer several competitive advantages are increasingly necessary in order to satisfy the public sector consumers (Kotha et al., 2004). A search of the trade and academic literatures, identified knowledge of customer needs as one of the key activities investors use to implement or support competitive strategy.

\*Corresponding author: Simon Chege Muchendu,  
Master of Business Administration – Candidate, Dedan Kimathi  
University of Technology, Kenya.

The changing industry trends in the business environment such as amplified competition, increasing size of bidders, shift in power structures and high proportion of cost of goods sold have made paramount the businesses concentrate on the competitive strategy if they are to survive and thrive in the competitive market (Baier, 2008). To create relationship with customers, companies need to conduct research to answer questions on how the customers make their purchasing decision and whether they are pleased with what the organization provides to them as offer in terms of product quality, service quality and price. As a result the growth of the suppliers in the private sector transacting business with the government is highly dependent on the revenues derived from transactions with the government (Ogbonna and Harris, 2001). Therefore, any underlying activities in the government procurement function have a direct impact on the growth of the suppliers. Pertinently public procurement is paramount since its economic results must be measured against more complex and long-term parameters (Odhiambo and Kamau, 2003) and is often governed by dynamic considerations including accountability, national interest, effectiveness, environmental sustainability, non-discrimination among potential suppliers and respect for international obligations (Lardenoije, 2005). Mistakes or malfeasance in public procurement can have vast political repercussions, owing to the focus that the media, civil societies and the general public place on the subject. For any of the suppliers of products to the public sector to be successful to be successful, the businessperson should ensure they have given public sector customer keen attention and they understand their needs. Consequently the suppliers have to very keen in ensuring that the needs of the public customer are met in terms of quantity, value and the quality of service.

Quality of service is one of the measures used as a key factor in differentiating one service product from another and it should be approached from the customer's point of view. Winning in today's marketplace entails the need to build customer relationship and not just building the products; building customer relationship means delivering superior value over competitors to the target customers (Kotha et al., 2004).

### Problem Statement

In the Kenyan economy public procurement accounts for 65% of government expenditure thus providing the largest single market in the economy. Suppliers of goods and services to the Public Universities have highly concentrated on pricing as the only strategy to survive competition. Thus the study was aimed at assessing and evaluating how the suppliers of goods and services can be relevant in quality of service as a strategy for creating a competitive gain while competing for business opportunities in Public Universities in Kenya.

### Objectives of the study

The specific objectives of this study was to analyze the effect of quality of service on competition in Public University tendering opportunities

### Literature review

Competitive gain for a corporation goes beyond harmonizing or surpassing what equal and rival firms are doing, but the identification of what the clientele would like and then advantageously fulfilling, and even going above and beyond what the customers expected returns (Institute of Management Accountants, 1996). This is achieved by firms that combine their internal core competencies and capabilities with those of their suppliers, customers and other external resources appropriately. The competitive strategy of a firm is generally characterized by choices and the resolution made by the business manager towards the continued existence of the firm. This multifaceted choice is of immense importance at a strategic level, especially in the context of specific competitive strategies of the firm.

Firms all over the globe need to clearly understand that with current trends in the world and with globalization, customers can easily locate and obtain the best of what they want, at a satisfactory price, anywhere it is in the world (Thomas et al., 2011). International business has grown significantly in the past few years and this has grown to be an irreversible phenomenon. As competitive conditions grow ever tumultuous, the importance of developing and sustaining competitive advantage appears to be increasing exponentially.

According to Porter (2011), competitive strategy can be understood as the activities a company undertakes to gain a sustainable competitive advantage in a particular industry. Porter assumes that there are essentially three generic types of competitive strategy based on two basic types of competitive advantage namely: cost leadership, differentiation and focus on certain target segments which itself is either anchored through low-cost or differentiation. Similarly (Fischer, 1997) suggest cost leadership, differentiation and focus as the three basic strategies for achieving competitive advantage.

### Empirical orientation

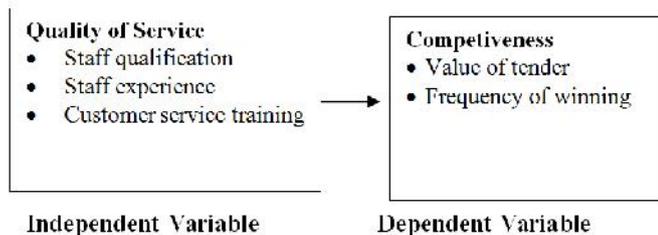
According to Whalley (2013) the only source of competitive advantage is the history of a successful relationship with a customer. A trader with no customers doesn't have a business. He may have assets, a business plan, employees but they do not make the business, customers do. Mey et al. (2007) highlighted that the concept of service should be approached from the customer's point of view, since it was his/her perception of the outcome that constituted the service. Customers may have different values and different grounds for assessment and, most of the time; they may perceive the same service in different ways. According to Atkinson (2011) in any organization people are the key resources. He asserts that their ability to understand where your customers are coming from is fundamental. He observed that in order to improve employees' understanding of basic customer skills business managers should ensure that their staffs that interact directly with their customers are able to communicate fluently; they have relevant training to handle complaints and address them in a satisfactory manner. This is mainly because they are the first point that the customer interacts with the organization. In their approach to meeting the needs for human resources, different firm have

different approaches to human resource activities such as recruiting, hiring, motivation, training and other human resource requirements.

Similarly **Thomas, and Simmons, (2010)** examined that for a team to be fully effective and productive it needs a balance mix of certain characteristics among the team members and each will contribute towards the success of the firm individually and as team player. The team should have a coordinator who promotes decision making and delegate duties and another one who gives shapes and form to activities. Further a resource investigator to attract resources and a creative individual who is the prime source of ideas. The team further needs an analyst, a member who is a team worker who promotes grouping spirit, a diligent individual who keeps deadlines and follows through to ensure that tasks are completed and a specialist who offers technical knowledge to the team.

### Operational Framework

The study adopted an operational framework which involved the identification of the value activities that directly affected competitive strategies employed by firms competing for public tenders and consequently establish how they can be leveraged to gain competitive advantage inform of increased productivity and increased profit margins



### MATERIALS AND METHODS

The study adopted a descriptive survey research design to generalize the findings to a larger population. This research targeted business firms in the private sector that compete and supply goods and services to Kenyan Public Universities in Rift Valley, Central, Nairobi, and Eastern Regions. The target population consisted of two hundred and thirty eight (238) suppliers of goods, works and services prequalified by Kenyan Chartered Public Universities. Cluster sampling methods were applied mainly because the Universities and geographically distributed. Eight clusters were identified comprising of the eight regions in Kenya. Upon identification of the clusters, the researcher concentrated on clusters with a concentration of more than three (3) Chartered Public Universities, that is, Rift Valley region with 7, Central Region with 3, Nairobi Region with 4 and Eastern Region with 3. This represented 77% of the total population of Chartered Public Universities in Kenya. The researcher obtained lists of prequalified suppliers from the identified universities with the highest bidded categories. Each category had at least 5 bidders and the researcher concentrated on the categories with more than 6 prequalified suppliers. To determine the sample size a formula that was first developed by

Cochran (1963) and later simplified by **Yohane (1967)** was used. The formula was

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

Where n is the sample size, N is the population size and e is the level of precision at 95% confidence level. Using this formula the researcher was able to establish a sample size of 149 firms. The researcher used closed-ended questionnaires and face to face interviews for the purposes of gathering information from businesses that supply general office stationary to public Universities in Kenya. A pretest was done to evaluate the clarity, objectiveness and relevance of the questionnaire used.

### RESULTS AND DISCUSSION

The research sought to establish whether the level of education of the employees has any relationship with customer service delivery. The employees examined were the general manager, accountant, operations officer, supervisor and clerks. The research observed that 49% which is the majority of the respondents had a general manager whose education level is a university degree. This is contributed by the fact that, the level of education has direct effect on customer service delivery. The research observed that majority of the respondents accountants had a professional certificate with 42% while the least had attended some secondary school this makes 2% of the total respondents. The researcher concluded that, accountants with professional certificates had excellent customer service.

The study established that 42% of the managers had experience level of over 10 years, 14%, have between 7-10 years, 23% are between 5-7 years, 16% are between 3-5 years and 5% have experience of below 3 years. From this, general managers with highest experience level improve the firm's competitiveness. The accountants with experience level of between 5-7 years formed the highest percentage of 29% while those with experience level of below 3 years are 5%. Very high experience is not required of the accountants since they do not interact directly with the customers. The operations managers with experience level of between 5-7 years formed the highest percentage of 37%, while those with below 3 years 10% forming the lowest percentage. This indicated that moderate level of experience is required of the operations managers.

The study observed that the supervisors with the experience level of between 3-5 years formed the highest percentage of 32%, while those with experience level of over 10 years formed 25%, 7-10 and 5-7 years formed 14% each and below 3 years formed 15%. This shows that the experience level of the supervisor has no effect on the firms' competitiveness. The research established that 68% of the respondents have participated training on customer service delivery, while 32% have not. This illustrates that most of the respondents have attended trainings thus training on customer service delivery is essential for firms' competitiveness. Considering quality as the predictor of business competitive in getting government tender, a regression equation was generated as shown in the table below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.959 <sup>a</sup>	.920	.919	.700

a. Predictors: (Constant), Quality of service

As shown in the table above  $R^2$  is 0.920 implying the variance accounted for by the size of the business 92%

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.760	.205		3.711	.000
	Quality of services	.368	.010	.959	35.939	.000

a. Dependent Variable: Competitiveness of the business

The equation of quality of services is  $Y = 0.760 + 0.368 X_2$

The results show an intercept of 0.760 and a slope of 0.368 which implies that a change in 0.368 quality of services will result to a unit change in competitiveness. The study was guided by the understanding of how quality of service affects competition of a firm while competing for public tendering opportunities.

## Conclusion

On education level of the employees, the study examined the general managers, accountants, operations officers, supervisor and the clerks. Majority of the firms employ employees who are learned as they will enhance the firms' competitiveness by providing excellent customer service delivery. Those who are concerned with decision making of the firm like the general managers and the accountants are degree holders. While the operations officers are diploma holders from technical colleges. The employees experience level is very important for the general manager as most of them had over 10 years experience, for the other employees only moderate experience level is required.

Training on customer service delivery is very critical for the firms' competitiveness of the firm this is evident by the fact that 67.57% of the total respondents have attended the training only 32.43% of the total respondents have not attended the training. The firms that take their employees for customer service delivery seminars/ workshops frequently are 45.33% of the total population. In a year the employees have attended more than 7 seminars. These seminars are critical for firms' competitiveness as it will add value to the firms' sales volume due to improved customers' service delivery.

On the quality of service, the data found out that majority of the respondents observed that quality service delivery to the customers or clients plays a crucial role in enhancing competitiveness for Public University tendering opportunities. This study is in agreement with Niyonteze (2009) who suggested that differentiation can be based on quality products, freshness, variety and assortment, customer service, store ambience and overall buying experience. The firms aim to create a superior fulfillment of customer needs in one or several product attributes in order to deliver customer satisfaction and loyalty, which can often in turn be used to charge a premium price for products or services. Customer service delivery therefore is seen as a strategy with the objective of adapting certain firm's attributes more closely to

the specific needs of chosen customer segments (Morschett et al, 2006).

The researcher observed that the quality of customer service is fundamental while firms are competing for tendering opportunities in the public sector. This is in agreement with the past researchers' findings. Therefore firms must provide good customer service in order to be competitive in the market.

## Recommendations

Based on the findings, the researcher recommends that the firms competing for tendering opportunities in the public sector should critically consider:

1. The ability to create a satisfactory experience for the customers rests to a considerable degree, within the hands of management of the business.
2. Business managers competing for Public University tender opportunities should pay keen attention to the customer needs and should continually train and motivate their staff with a goal of improving their customer service if they are to remain competitive in an extremely competitive environment.
3. Giving quality customer services to their customers and improve the quality of their products.

## REFERENCES

- Atkinson F. 2011. Customer care. Retrieved from <https://www.bookboon.com>
- Baier, C. 2008. The Alignment Performance Link in Purchasing and Supply Management. In Performance Implications of Fit between business strategy, Purchasing Strategy, and Purchasing Practices.
- Burke, G. J., Carrillo, J. E. and A. J. Vakharia, 2004. Single versus multiple supplier sourcing strategies, *European Journal of Operational Research*.
- Cochran, W. G. 1963. *Sampling techniques*, 2<sup>nd</sup> Ed., New York: John Wiley and Sons, Inc.
- Fisher, M. 1997. What is the right supply chain for your product? Harvard Business reviews, March/April
- Institute of Management Accountants, 1996. Value chain analysis for assessing Competitive Advantage. Paragon Drive. Montvale
- Kotha, S., Rajgopal, S. and Venkatachalam, M. 2004. The role of online buying experience as a competitive advantage: evidence from third-party ratings from e-commerce firms. *Journal of Business*, Vol. 77, No. S2, pp. 109-133.
- Lardenoije, V. R. 2005, June 23. Procurement Measure-Belgium Case, *International Journal of Business and Management*.
- Mey, L. P., Akbar A K. and Fie, D. Y. G. 2007. Measuring Service Quality and Customer Satisfaction of the Hotels in Malaysia: Malaysian, Asian and Non-Asian Hotel Guests. *Journal of Hospitality and Tourism Management*
- Morschett D., Swoboda B. and Schramm-Klein, H. 2006. Competitive strategies in retailing – an investigation of the applicability of Porter's framework for good retailers. *Journal of Retailing and Consumer Services*, Vol. 13, pp. 275-287.

- Niyonteze, W. 2009. Measuring Procurement Performance in Rwanda. Kigali Press
- Odhiambo W. and Kamau P. 2003. Public Procurement: Lessons from Kenya, Tanzania and Uganda. OECD Development Centre
- Ogbona E. and Harris, L. 2001. Competitive advantage in the UK food retailing sector: past, present and future. *Journal of Retailing and Consumer Services*, Vol. 8, pp. 157-173.
- Porter, M. E. 2011. The Competitive Advantage of Nations. Creating and sustaining superior performance. New York: Free Press.
- Telgen Z. A. 1997. June 2. Procurement in the wake of a new century. *Business and Trend*, pp. 100-120.
- Thomas B., Miller C. and Murphy, L. 2011. *Innovation and small Business* Vol 1. Retrieved from <https://www.bookboon.com>
- Thomas, B. and Simmons, G. 2010. E-commerce adoption and small business in the Global marketplace: tool for optimization, Business Science reference, Hershey: IGI Global
- Whalley, A. 2013. Obtaining and retaining customers – Part II, 1<sup>st</sup> Ed. [bookboon.com](https://www.bookboon.com)

\*\*\*\*\*