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## **FACULTY OF COMMERCE**

**DEPARTMENT OF MARKETING MANAGEMENT**

### **TOPIC**

**TO ASSESS THE EFFECTIVENESS OF SUPPLIER RELATIONSHIP MANAGEMENT STRATEGIES ON SERVICE QUALITY. A CASE OF SHOMET CONSTRUCTION PRIVATE LIMITED.**

**BY**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE BACHELOR OF COMMERCE HONOURS DEGREE IN MARKETING MANAGEMENT**

**GWERU, ZIMBAWE**

**NOVEMBER 2014**

## DECLARATION FORM

I, Vongai Mutingarife do hereby declare that this dissertation is a result of my own research, except to the extent indicated in the acknowledgements, references and by comments included in the body of the report and that it has not been submitted in part or in full for any other degree to any other university.

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## **DEDICATION**

I wish to dedicate this piece of work to the Almighty God who sailed with me throughout the course of the research.

## **ACKNOWLEDGEMENTS**

I would like to firstly express my deep gratitude and honor to the Almighty God for guiding and seeing me through and strengthening me throughout the study. I would like to express my sincere appreciation to my supervisor Mrs Mupemhi for the guidance, support and feedback given to me throughout the research for without the firm support and encouragement it would have been impossible to complete this project. Thanks again to the Shomet Construction Management team especially Mr. J. Mazenge, Mr. T. Hapanyengwi and Mr. T. Nhodo for their continuous efforts in supporting this research. Furthermore I would like to thank all the respondents that is Shomet Construction Management and customers for spending their valuable time accepting my interviews and questionnaires to share information with me so as to make this study a success.

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## ABSTRACT

The aim of the research was to assess the effectiveness of supplier relationship management strategies on service quality. The objectives of the research were to assess the effectiveness of value creation strategy on service quality, to assess the effectiveness of supplier account management strategy on service quality and to assess the effectiveness of joint venture strategy on service quality. Relevant literature on the effectiveness of value creation strategy, supplier account management strategy and joint venture strategy on service quality was reviewed from different authors. The study emanated from Shomet Construction's lack of financial resources and delays in payment to its suppliers due to the liquidity crunch the country is facing ; and complaints from customers about high costs in terms of prices and delayed delivery of services due to high costs incurred by the company in the process of service delivery which include complaint investigations and inspections. The researcher used the explorative and descriptive research designs to gather data where interviews and questionnaires were done using simple random sampling and purposive sampling techniques. A sample size of thirteen (13) respondents consisting of two (2) service operations management and eleven (11) organizational customers was used for the research. The analysis of the research findings with the help of hypothesis testing showed that there is a strong relationship between value creation strategy and service quality as show by the correlation of 0.8740 and regression with  $p$  value 0.002 and  $t$  value 4.76, the researcher concluded that there is a strong positive relationship between the variables and that the company should reject  $H_0$  and accept  $H_1$  and recommended that it should continue using the strategy. The hypothesis testing showed that there is a strong positive relationship between supplier account management strategy and service quality as show by the correlation of 0.8974 and regression with  $p$  value 0.001 and  $t$  value 5.38, the researcher concluded that there is a relationship between the variables and that the company should reject  $H_0$  and accept  $H_2$  and recommended that it should continue using the strategy. The hypothesis testing showed that there is a moderate relationship between joint venture strategy and service quality as show by the correlation of 0.8357 and regression  $p$  value 0.005 and  $t$  value 4.03, the researcher concluded that there is a relationship between the variables and that the company should reject the  $H_0$  and accept the  $H_3$  and recommended that it should continue using the strategy.

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# CHAPTER ONE

## GENERAL INTRODUCTION

### 1.0 Introduction

This research aims to assess the effectiveness of supplier relationship management strategies on service quality. In this chapter background information and statement of problem to the study shall be presented. The research objectives, hypothesis, significance of the study, the key assumptions, delimitations and limitations of the study will be highlighted.

### 1.1 Background to the study

Uwakwe (2012) defines **supplier relationship management** as the systematic, enterprise wide assessment of suppliers' assets and capabilities with respect to overall business strategy, determination of what activities to engage in with different suppliers, and planning and execution of all interactions with suppliers in a coordinated fashion across the relationship lifecycle, in order to maximize the value realized through those interactions.

**Service quality** as defined by Lovelock and Wirtz (2011) is customer's long-term, cognitive evaluation of a firm's service delivery in terms of responsiveness, assurance, tangibility, empathy and reliability.

The research is focusing on Shomet Construction (private) limited which is a subsidiary of Shomet Industry Development. It is registered with the ministry of Public Works and Urban Development and CIFOZ as a building and civil engineering contractor. It has been in business for ten years and is located in Harare.

Among its permanent employees are builders, plumbers and electricians from the internal organization. External service suppliers include Onel electrical, KW Blasting, Northern Testing Laboratories and Hibit Contractors, among others, who supply their services as per their competency.

Due to the liquidity crunch currently experienced by the country there has been lack of financial resources needed for the construction processes and there have also been delays in payments to external service suppliers which reduced value for customers as the company failed to respond to customer needs on time and exploit opportunities. Delays in payments also affected the relations with the suppliers such that when approached with another contract some suppliers would reject them. This made the organization to switch suppliers from time to time in pursuit of low prices. This practice resulted in engaging in wholly new relationships where the costs of switching are even higher. Then the final price of the service was high and customers complained of high prices offered for the services.

The customers were complaining about the delays in delivery of construction services offered by the company. There have been delays due to the time taken by the company in pursuit of new and low-priced suppliers and the company's debtors who have not been paying them in time which made the company to be financially crippled and fail to call for services on time. These delays were also a result of inspections done throughout the construction process because the service suppliers were new most of the time and the company lacked the insight of the level of services being contracted from various suppliers.

In a number of its contracts it has been making use of the internal workers who however are less skilled and used traditional machinery for building services. As a result of lack of skills and limited access to technology, the company has received complaints of poor service quality in terms of the time taken to deliver the service and the quality of the finished product from the customers. This has led to complaint investigations and several reworks, thus increasing the costs.

The company once adopted the low cost based strategy in trying to reduce the high costs in relation to complaint investigations, reworks, supplier switching and inspections; lack of financial resources; delays in payment to suppliers; and complaints about delays in service delivery and high prices. However the problems persisted after the adoption of the strategy. The management eventually employed supplier relationship management strategies whose effectiveness on service quality the researcher would want to assess.

## **1.2 Statement of the problem**

Shomet Construction has been lacking financial resources and delaying in payment to suppliers due to the liquidity crunch the country has been facing; and receiving complaints from customers about high costs in terms of prices and delayed delivery of services due to high costs incurred by the company in the process of service delivery which include complaint investigations, reworks, inspections and supplier switching costs. Initially it employed the low cost based strategy to try and solve the problems but they persisted. Eventually the company employed supplier relationship management strategies and the researcher would want to assess their effectiveness on service quality in terms of responsiveness, assurance, tangibility, empathy and reliability as these are dimensions used to evaluate service quality.

## **1.3 Main Objective**

To assess the effectiveness of supplier relationship management strategies on service quality.

## **1.4 Research Objectives**

- 1) To assess the effectiveness of value creation strategy on service quality.
- 2) To assess the effectiveness of supplier account management strategy on service quality.
- 3) To assess the effectiveness of joint venture strategy on service quality.

## **1.5 Hypothesis**

(H1) If value creation strategy has effects on service quality, or

(H0) If value creation strategy has no effects on service quality.

(H2) If supplier account management strategy has effects on service quality, or

(H0) If supplier account management strategy has no effects on service quality.

(H3) If joint venture strategy has effects on service quality, or

(H0) If joint venture strategy has no effects on service quality.

## **1.6 Significance of the study**

### **1.6.1 To the company**

If the research findings are accepted by the company they will help provide information to management and aid them to understand the effectiveness of supplier relationship management strategies on service quality. Findings from value creation strategy will help the company know how to create value for all the stakeholders in order to perform well as far as service quality is concerned. The company will also know how to evaluate the services supplied by different service suppliers with the aid of supplier account management strategy. It will also know that by engaging in joint venture it will partly benefit though sharing assets, risks, profits, funds, technology, know how or plant and equipment.

### **1.6.2 To the university**

The research will be used as academic reference by other researchers to facilitate further research along supplier relationship management strategies such as value creation strategy, supplier account management strategy and joint venture strategy, and service quality in terms of responsiveness, assurance, tangibility, empathy and reliability.

### **1.6.3 To the researcher**

The research enhanced personal knowledge and experience on the effectiveness of value creation strategy, supplier account management strategy and joint venture strategy as supplier relationship management strategies on service quality. It also helped gain research skills and interpersonal communication skills. The research was also carried out in partial fulfillment of the requirements of Bachelor of Commerce Honors Degree in Marketing Management at MSU.

## **1.7 Assumptions**

The research was based on the following assumptions:

- The resources required for the research will available for the project to be a success.
- The customers will cooperate and provide unbiased responses since they are the service receivers and are the ones who understand challenges they are facing better.

- The information to be obtained from the research will be true, for the management know the importance of the research and the they are correlated with the customers.
- The research results format shall be in the format understandable by the beneficiaries of the study for example the company management.
- The recommendations derived shall be of importance to the company under study.

### **1.8 Delimitations**

- The research considered respondents from Shomet Construction and Harare only.
- Research respondents included the service operations management and organizational customers only.
- The research focused on value creation strategy, supplier account management strategy and joint venture strategy as supplier relationship management strategies and their effectiveness on service quality.
- The research took place during the period beginning July 2014 up to November 2014.
- The research data period was from January 2014 up to November 2014.

### **1.9 Limitations**

- The research was confined to Shomet Construction in Harare and did not reflect what is happening to respondents from other companies in other towns, so the results might not apply to other organizations.
- The research was geographically limited since the focus was in Harare only so the results cannot be internationally applicable.
- The research only focused on three strategies only which are value creation strategy, supplier account management strategy and joint venture strategy because of time, when if the time was not limited the research might have had more strategies and bring different results.

- Individual customers were left out because of finance and time where if there was enough resources more and different results might have been drawn from the research.

### **1.10 Definition of Terms and Abbreviations**

- **CIFOZ** - Construction Industry Federation Of Zimbabwe
- **SID** - Shomet Industry Development
- **Supplier** – service contractor

### **1.11 Chapter Summary**

This chapter comprised of the background information and the statement of the problem that prompted a research to be undertaken on assessing the effectiveness of supplier relationship management strategies on service quality. It also highlighted the objectives of the research, hypothesis of the research, significance of the study, assumptions on which the research will be made, delimitations and limitations to the research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter reviews literature on what other authors and researchers have discovered and written about service quality and supplier relationship management strategies in general and the effectiveness of managing the strategies, which are value creation strategy, supplier account management strategy and joint venture strategy on service quality.

#### **2.1 Service Quality**

Lovelock and Wirtz (2011) define a service as an economic activity offered by one party to another, most commonly employing time-based performances to bring about desired results in recipients or in objects or other assets for which purchases have responsibility. Kotler and Armstrong (2009) define service quality as the totality of characteristics and features of a service that bear on its capability to satisfy affirmed or implied needs. Lovelock and Wirtz (2011) add that it is customer's long-term, cognitive evaluation of a firm's service delivery. Grewal and Levy (2010) confirm and support that service quality is customers' perceptions of how well a service meets or exceeds their expectations. Hoffman et al (2009) concur on the above authors and adds that it is an attitude formed by a long term overall evaluation of a firm's performance. From the above views it can be concluded that service quality is the opinion customers have after a long term evaluation of their expectations for a service and service delivered. However one author says that it is not an evaluation of expectations and service delivered only, it is also an evaluation of company performance which is too broad including other variables that have nothing to do with the service provision.

Jolibert et al (2012) postulate that service quality has three major elements which are conceptualization, service environment and service delivery. They add that they are further broken down into the service itself, service encounter, physical support, the customers and the management. Hoffman et al (2009) explain that service quality compares perceptions to what a consumer should expect from a firm that delivers high quality service, therefore for a company to

excel in the service quality there should be avoidance of potential quality gaps in their delivery systems which include knowledge, standards, delivery and communication and understand the needs of the customers, focus on providing quality service and service delivery systems that are desired to support the firm's overall quality mission. Grewal and Levy (2010) give a further explanation on the potential gaps and how they can be avoided. They go on to say management can avoid knowledge gaps through a systematic voice of customer program which collects customer inputs and integrates them into managerial decisions; standard gaps through setting an example of high service standards which will permeate throughout the organization and training employees; delivery gaps through empowering service providers' efforts since providers in this case are the employees and the suppliers who know better the customers' best interests; and communications gaps through managing customer expectations that is promising what can be delivered or promising less and delivering more.

For management to deliver quality service Grewal and Levy (2010) give an explanation on the five distinct service dimensions which assist management in knowing the areas to focus on. They further enlighten the dimensions as; 'Responsiveness' which is how quick the service provider is in delivering services and in attending to customers' requests, 'Assurance' which is the employees' knowledge and ability to inspire confidence, 'Tangibles' which are the physical and material parts of the service, 'Empathy' which is the individualized attention given to customers and 'Reliability' which is the ability of the service provider to offer a service dependably and accurately. Lovelock and Wirtz (2011) suggest that, as service quality is evaluated by customers making use of the service dimensions abbreviated as RATER, an organization has to ensure that performance meets standards by ensuring that customer service teams are motivated and able to meet service standards, management technology is installed, there is effective equipment support process and capacity and there is expected service delivery.

The above authors agree that for organizations to ensure consumers get what they expect in terms of service quality which comprise of conceptualization, service environment and service delivery as the elements, they should avoid potential quality gaps which are knowledge, standards, delivery and communication. Since consumers evaluate the service quality using

responsiveness, assurance, tangibility, empathy and reliability organizations have to see to it that they manage these dimensions to ensure they meet standards.

## **2.2 Supplier Relationship Management**

Supplier relationship management as defined by Atkinson (2014) is the deliberate pursuit and systematic management of post contract value, attainable from an organization's suppliers. Bempah et al (2013) concur that it is a discipline of working collaboratively with those suppliers that are vital to the success of your organization, to maximize the potential value of those relationships. In support of the above definitions, Uwakwe (2012) adds that it is the systematic, enterprise wide assessment of suppliers' assets and capabilities with respect to overall business strategy, determination of what activities to engage in with different suppliers, and planning and execution of all interactions with suppliers in a coordinated fashion across the relationship lifecycle, in order to maximize the value realized through those interactions. Then as suggested by Hojbjerg (2013), supplier relationship management strategy entails broadening views of key suppliers so as to see them as not simply vendors that you buy things from but as actual or potential partners who can help drive competitive advantage. Price Waterhouse Coopers (2013) and Zycus Procure Performance (2013) agree that the strategies are developed with the objective of supporting and impacting the business strategy, planning for emergencies and uncertainties and ensuring supplier support at times of adversities. Buttle (2012) adds that supplier relationship management strategies create recognition of both companies, that is the supplier and the receiver, customization of services, risk reduction performance, physical and financial affiliation through meeting customers' social needs.

Supplier relationship management as suggested by the above authors can be said to be a short term and long term deliberate pursuit, assessment of business strategies, determination of business to engage in, planning and executions of interactions and collaborative management of the supplier. To effectively manage the supplier relationship management there is need for implementing the supplier relationship management strategies which aim at maximizing the post contract, realized and potential value of the relationships, ensuring supplier support at all times, supporting business strategies, planning customization of services and risk reduction performance.

## **2.2.1 Types of Supplier Relationship Management Strategies**

The supplier relationship management strategies that are defined and described below are value creation strategy, supplier account management strategy and joint venture strategy.

### **2.2.1.1 Value Creation Strategy**

Grewal and Levy (2010) define value creation as a method of providing additional value to customer. Buttle (2012) agrees that it is the creation of customers' perceptions of the balance between benefits perceived from a service and the sacrifices made to experience those benefits. Brock (2012) adds that it is the value organizations create in the process and this is done through working with customers. In addition Cohen (2011) suggests that it is a core business strategy focused on addressing fundamental societal issues by identifying new scalable sources of competitive advantage that generate measurable profit and community benefit. As suggested by the above authors value creation is then said to be creating perceptions about the value, addressing the issues about the value, providing of additional value and identifying new sources of competitive advantage of a service to customers, which are obtained through working with customers.

Value according to Technical Collaboration Group (2013) is created through an organization's business model which takes inputs from the capitals and transforms them through business activities and interactions to produce outputs and outcomes that over the short, medium and long term create value for the organization, its stakeholders, society and the environment. In addition Jolibert et al (2012) concur that a company may be regarded as the core of a socio-technical value creation system in which the skills and resources of various stakeholders are related to each other so as to develop and maintain capabilities needed to create value for those stakeholders, hence value for exchange partners is created by processes and the outcome of those processes. Kotler and Armstrong (2009) agree that identifying new customer benefits from the customers' view, utilizing core competencies from its business domain, selecting and managing business partners from its collaborative work is what value creation is about. Buttle (2012) identifies the sources of value creation as: *i*) the product through product innovation, additional benefits, product-service bundling and branding by offering products as per customer's needs and preferences since products that offer better solutions to problems create more value to

customers; *ii*) the service through service guarantees, service level agreements and service recovery programs; *iii*) the people for they are regarded as major sources of customer value by ensuring they have a profile including advanced, analytical and rare skills, problem solving skills, customer and market knowledge, and attitude; *iv*) the processes which are service recovery process, order-to-cash cycle, database development process, innovation process and complaints management process; *v*) the physical evidence through ensuring that there are tangible facilities, equipment and materials the company may use to communicate value to its customers; *vi*) the customers through facilitating multilateral communication. Therefore as postulated by the above authors, value is created through identifying, developing, maintaining and managing organization's business model and new stake holders' benefits and capabilities by making use of the stakeholders' views, collaborative work and business domain. The sources of the value creation are the product, service, people, processes, physical evidence and customers.

### **Value Creation Strategy and Service Quality**

Cohen (2011) suggests that value creation is about redirecting business efforts so as to empower the community by ensuring satisfaction of customers through service quality. Hochman (2010) supports that, value is created through focusing on under promising and over delivering the services to customers where the operation is geared towards transparency, honesty, accountability and openness. In support Mollahosseinni and Barkhodar (2010) propose that it is expanded by seeking and leveraging customer knowledge through direct interaction with customers, thus ensuring reliability. Furthermore Grewal and Levy (2011) suggest that it is creating the product, capturing price, place of delivery and promotion through communication of the value of the service that ensures delivery of expected service quality. In addition Brock (2012) concurs that it is created by being customer centric and engaging in entire implementation process, that is from supplier to consumer, as it is easy to copy and improve on quality of the service other than copying what the organization is already doing. Johnston and Marshall (2012) further elaborate that the unique properties of services which are intangibility, inseparability, variability and perishability creates opportunities for firms to use them to add value to the firm's overall service quality. Hence by redirecting business efforts, under promising and over delivering services to customers, ensuring reliability and engaging in entire implementation process through direct interaction, transparency, honesty, accountability and openness with

customers, then reliability, responsiveness, assurance, empathy and tangibility of the service delivered will be ensured.

### **2.2.1.2 Supplier Account Management Strategy**

Crusher (2009) defines supplier account as an account owned by, provided by or that is associated with a supplier, where an account as defined by McLoney and Atrill (2008) is a record of one or more transactions relating to a particular item, in this case the item is the supplier. Savage (2014) defines account management as the discipline of managing a team's actions around a set of predefined strategies built in the context of a client's need and supportive of our teams objectives. To define supplier account management, Crusher (2009) articulates that it is the professional discipline that involves working with, in or on any aspect of planning, delivering, operating or supporting for one or more supplier account items and solutions put in place to deal with such items. As agreed by the above authors supplier account management strategy can then be defined as the development, maintenance and supervision of client's needs objectives, solutions put in place to deal with the items and profitability of relationships.

Kyriazoglou (2013) suggests that supplier account management involves having a list of previous suppliers and new ones' full details including company name, contacts and previous business details among others. In agreement to Kyriazoglou (2013), Buttle (2012) and Oracle (2009) add that it offers managers a complete view of current and prospective supplier relations including contacts, contact history, completed transactions, current orders, business classification, payment information, service history opportunities and enquiries so as to keep track of all their obligations in respect of every account for which they are responsible and ensures that the company understands what the supplier can do and the supplier understands the requirements of the company. Edgeverve System Limited (2014) concurs that it helps organizations understand supplier capabilities; drives the identification, prevention and mitigation of supplier risks; drives realization of suppliers based on performance information; and could lead to identification of new sources of supply. Moreover Savage (2014) also suggests that it is a consultative role that helps practitioners archive alignment, enhance and widen relationships, accelerate value transfer, and execute collaborative planning. Therefore as suggested by the authors supplier account management involves understanding and creating of

the relationship between the company and the supplier so as to widen relationships, accelerate value transfer and exercise collaborative planning by making use of the lists of the suppliers' contact details, transaction details, service history and relationship history.

### **Supplier Account Management Strategy and Service Quality**

According to Zycus (2013) supplier account management ensures easy keeping of track of information submitted by the suppliers about services they can offer and their capabilities which give assurance of the service provider. Savage (2014) suggests that when organizing around the relationships it is better to invest in less managed accounts and focus more on raising the quality of how they are managed as will definitely improve the quality if well managed. Brock (2012) adds that this process of bringing everything together and managing the accounts in the entire process will produce quality results as all parties will cooperate in the production process and requirements. Butler (2011) affirms that it increases supply chain efficiency, positively impacts spend control initiatives and reduces the risk of supplier exceptions and thus ensuring delivery of quality service. Edgeverve System Limited (2014) argue that supplier account management is service performance maintenance and because of keeping the accounts up to date, right information at the right time helps drive long lasting relationships and enables informed decisions. Supplier account management strategy therefore ensures easy keeping of information and makes tracking easier as to which suppliers are capable of doing the service judging from their well managed accounts. It will also produce quality results as the suppliers given the contract will be experts and competent in the area which will also reduce reworks.

#### **2.2.1.3 Joint Venture Strategy**

Merger of Peat Marwick International and Klynveld Main Goerdeler, KPMG (2009) define joint venture as any type of inter firm partnership. Terjesen (2014) concurs that it as a formal arrangement between two or more firms to create a new business for the purpose of carrying out some kind of mutually beneficial activity, often related to business expansion, especially new product and market development. Moreover Bothma and Burgess (2011) add that it is a business relationship that is developed between two organizations to work together and share the risks in achieving a joint objective. Czinkota et al (2011) support and adds that joint ventures are collaborations of two or more organizations for more than a transitory period in which partners

share assets, risks and profits. Hence joint ventures can be defined as the partnership of two or more companies over a transitory time to share benefits and risks. From the above authors' views joint ventures are partnerships, relationships or collaborations of two or more companies for mutual benefits, joint objectives and also sharing of risks over a transitory time.

Jolibert et al (2012) suggest that joint ventures are made as a result of pressure to match global standards of efficiency and financial resources available to market and product development. Furthermore Grewal and Levy (2010) concur and add that they are formed when a firm entering a new market pools its resources with those of a local firm to form a new company in which ownership, control and profits are shared. In agreement Czinkota et al (2011) and Merger of Peat Marwick International and Klynveld Main Goerdeler, KPMG (2009) support that joint ventures allow co-ventures to share assets, risks and profits, share the costs of developing their services or goods as they combine knowledge, distribution channels and methods of producing a product or providing a service. They add that they require robust and structured governance and a clear process for solving conflicts that may arise, though equality of partners is not necessary and the contributions to the joint venture can vary widely and can consist of funds, technology, know how or plant and equipment. For a joint venture to succeed Terjesen (2014) suggests that the partners must mitigate several potential sources of risk: poor communication, different objectives, imbalanced resources and cultural clashes as this will enable easy flow of techniques in the joint venture, hence they ensure high levels of coordination and increases trust which motivates data sharing, reduces desire for secrecy and facilitates communication. From the above views joint ventures can be said to be formed as a result of a situation where one company cannot stand the challenges such as global standards, costs and risks. Therefore the co-joints will share the costs, risks, assets and contributions after they join and ensure high levels of coordination and increase trust to motivate sharing so that the joint venture will succeed.

### **Joint Venture Strategy and Service Quality**

As suggested by Merger of Peat Marwick International and Klynveld Main Goerdeler, KPMG (2009) it is crucial for a joint venture to get off on the 'right foot and trust plays an integral role here' which is vital for it gives evidence of good service quality. Rashed et al (2010) then suggest that joint ventures allow reciprocal, selective and justified information sharing which

creates trust based relationships that makes service suppliers to search for ways to satisfy customer expectations and seek to create value for the buying company through delivering quality service. In addition Mollahosseini and Barkhordar (2010) concur that firms share more information to effectively coordinate their operations and plans which are delivering quality service thus increasing trust. In agreement to the above authors and adding on Czinkota et al (2011) brief it as pooling resources and leading to a better outcome, which is responsiveness, assurance, tangibility, empathy and reliability for each partner, than if they worked individually, particularly when each partner has a specialized advantage in areas that benefit the joint venture. Therefore joint ventures allow information sharing and pooling of resources which gives positive results of service quality in terms of responsiveness, assurance, tangibility, empathy and reliability.

### **2.2.2 Supplier Relationship Management Strategies and Service Quality**

Zycus (2013) suggests that supplier relationship management strategies must be well managed for suppliers have a direct impact on an organization's service quality, competitiveness and product innovation as the relationship helps the organization improve supplier performance, service quality, reduce costs and attain higher value addition from suppliers. Buttle (2012) agrees that suppliers need to be managed so they provide the right inputs, at the right time and at the right price to enable the focal company to serve its customers well. This in turn according to Mollahosseini and Barkhordar (2010), enables an organization to respond to dynamic and unpredictable changes in tastes of customers. Rashed et al (2014) concur and suggests that supplier relationship management strategies affect the supplier performance, that is if the relationship is good it assures good supplier performance and high service quality and if the relationship is bad the service quality will be poor. Hence supplier relationship management strategies ensures service quality by promoting good operational performance of the supplier, responding to customer needs rapidly and confirming on delivery time.

### **2.3 Chapter Summary**

This chapter defined and explained the dependant variable, service quality and the independent variable, supplier relationship management strategies which are value creation strategy, supplier account management strategy and joint venture strategy and reviewed the relations between the independent variables and the dependent variable.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter gives a description of how the research was carried out in order to meet the objectives of the study. It encompasses the research design, the target population, the sampling methods and sampling techniques, data sources, research instruments and data collection procedures and data analysis and presentation tools.

#### **3.1 Research design**

There are three common types of research designs which are the exploratory research design, the descriptive research design and the causal research design. The researcher has considered the exploratory research design and descriptive research design to be appropriate for the research.

##### **3.1.1 Exploratory research design**

Exploratory research design has enabled the researcher to clarify the service quality problems which are delays in delivery of service, finished products of poor quality and high prices offered for the services; and find potential causes to the signs conveyed by the management so as to determine the how and why things are happening. The flexibility of data sources for example use of the secondary sources such as supplier accounts books and company journals guided the research since the better knowledge of the topic from company documents helped work on subsequent research questions and raised the usefulness of the study findings. The research design was used since the insights pertaining to the general nature of the service quality problem such as high service prices and delays in service delivery, the possible decision alternatives made such as switching suppliers in pursuit of low prices and relevant variables which are supplier relationship management strategies and service quality that need to be considered were being sought. The researcher used this design for it is highly flexible due to past and qualitative knowledge.

### **3.1.2 Descriptive research design**

Descriptive research designs are concerned with the determination of frequency with which supplier relationship management strategies affect service quality occurs. The research design enabled the researcher to get conclusive information about how supplier relationship management strategies, which in this study are supplier account management strategy, joint venture strategy and value creation strategy, are contributing to service quality which is evaluated using the responsiveness, empathy, tangibility, reliability and assurance of the service provider. The researcher used the questionnaires and interviews as they gave an insight to assess the perceptions and views of supplier relationship management strategies on service quality from the management and customers. It also enabled the researcher to answer the ‘who’ is reliable for delivering service of expected quality and ‘how’ the service has to be delivered part. It helped collect a large amount of data and accurate data that provided a clear picture of the phenomenon under study which is assessing the effectiveness of supplier relationship management strategies on service quality. It also allowed the use of predetermined samples to represent the population since it is close to impossible to gather information from the whole population.

### **3.2 Target population**

The respondents targeted were twenty-five (25) managers and ninety-five (95) Shomet Construction customers. Therefore the researcher targeted a population of one hundred and twenty (120) respondents.

### **3.3 Sampling methods and sampling techniques**

Sampling is a method of selecting statistically reliable units from a total population. There are two methods of sampling which are probability and non-probability sampling. The probability sampling techniques are simple random sampling, systematic sampling, stratified sampling and cluster sampling. The non-probability sampling techniques are convenience sampling, purposive sampling, snowball sampling and quota sampling. The researcher used simple random sampling and purposive sampling.

### 3.3.1 Sample frame

The researcher focused on the organizations as customers, and service operations management.

**Table 3.3.1 Target Population and Sample Frame**

<b>Respondent groups</b>	<b>Target population</b>	<b>Respondent groups</b>	<b>Sample frame</b>
Management	25	Service operations management	8
Customers	95	Organizational customers	37

### 3.3.2 Sample size

Naresh (1999) suggests that in order to get trustworthy results, samples of 30% of a sample frame that would have been given by a credible sampling procedure should be used. Therefore the researcher used 30% in calculating the sample size of management and customers.

**Table 3.3.2 Target Population, Sample Frame and Sample Size**

<b>Respondents groups</b>	<b>Sample frame</b>	<b>Sample size</b>
Management	8	2
Customers	37	11
Total	45	13

### 3.3.3 Sample procedure

The researcher used both sampling techniques, simple random sampling as the probability sampling technique and purposive sampling as the non-probability sampling technique.

### **3.3.3.1 Simple Random sampling**

The organizational customers that were selected using the simple random sampling since the population was small, homogenous and readily available. The researcher gave all the customers an equal probability of selection and this was done by assigning a number to each customer in the sample frame and the numbers were selected randomly till the researcher got the nine (9) customers. This technique was used for it is simple and avoids bias as the customers were given an equal probability of selection.

### **3.3.3.2 Purposive sampling**

The researcher used purposive sampling for selecting the service operations management. This sampling technique involved selection of the sample based on the researcher's personal judgment, perceptions and expectations of the characteristics of the respondents. These characteristics included the knowledge the researcher thought the management had on the subject of the study. The management that was selected was the Processes Manager and the Contracts Manager for the researcher understood that these managers had relevant information of the study.

## **3.4 Data sources**

There are mainly two sources of data which are secondary data and primary data and the researcher used both.

### **3.4.1 Secondary data**

Secondary data is data collected for some other functions and the relevant data to the current research was be applied by the researcher. The researcher used this data source for it saved time and the data was readily available. Supplier account books, company journals and customer database were used.

### **3.4.2 Primary data**

Primary data is data collected directly from the respondents to solve the specific use at hand. The researcher used this source for it provided current and relevant data. The primary data sources that were used are questionnaires and in-depth interviews.

### **3.5 Research instruments**

Mostly used research instruments for collecting primary data include interviews, questionnaires, observations, mail surveys and focus group discussions. The researcher only used questionnaires and interviews.

#### **3.5.1 Questionnaires**

The researcher used questionnaires for they are easy and quick to create and interpret. The researcher used self-administered questionnaires to get information from customers. Since the absence of the researcher did not intimidate the responses by the customers it actually gave them time to think about their answers and give honest answers. The questions were easy to standardize since the respondents were of the same group thus making the results reliable for they asked the same way to every customer given the questionnaire and this ensured that every customer responded in an identical manner and this facilitated easy results presentation, analysis and discussion of findings. The researcher used closed questions for they helped in saving the customer's time and open ended questions for they ensured that the customer's feelings were not limited.

#### **3.5.2 Interviews**

The interviews were used for the management since they are done when both parties have time and in this case the respondent got appointments to meet the management. Personal contact allowed the researcher to set up personal relationship with the respondents therefore helping the researcher build future career prospects. This allowed complete attention thus resulting in facilitating good bonds, deep insights, and opportunities to share perspectives and gave room to detailed questions. There were also few distractions for the respondent had booked an appointment and this allowed complete attention as well. They also were easy on judging adequacy and honesty of replies for there was a facilitated dialogue between the interviewer and the respondents.

### **3.6 Data collection procedure and administration**

The researcher relied on the hospitality of customers on distributing the questionnaires. Explanation to the respondents of the purpose of the study was done, the issue of anonymity was discussed with the respondents, explanations of any items of the questionnaire that might have

required clarification was done and respondents were requested to be as honest and frank as possible with the responses. To all the willing respondents the researcher discussed the deadline for submission of the completed questionnaire and visited the respondents on the agreed dates for collection of the questionnaires. Interviews were also conducted to remove ambiguity. The researcher secured appointments with the management at a time that was convenient for the interviews. In the interview the researcher informed the participant of the purpose of the research and took down notes during the course of the interview.

### **3.7 Validity and reliability of findings**

The researcher discussed with the supervisor of the questions. The relevance of the questions was also discussed, that is whether they would measure and describe expected results and recommended amendments were made. The researcher then carried out a pilot test of the questionnaires and interview questions before the actual implementation in the field. This was done with other colleagues and selected individuals from the residential area, but not those who eventually took part in the main study, to see if they could understand the questions. This helped reveal weaknesses in certain items that seemed ambiguous and enhanced interviewing skills.

### **3.8 Data Analysis and Presentation Tools**

After collecting the data the researcher presented the data using frequency tables, tables and percentage distribution graphs for major findings. The responses were categorized according to the answers. The researcher analyzed the data with the help of soft-wares such as SPSS, STATA and Microsoft Excel.

### **3.9 Chapter Summary**

This chapter highlighted the research methodology of the study. It indicated the research design, target population and the sampling methods and sampling techniques used. It went on to explain the data sources and the research instruments used. Data collection procedure and administration, validity and reliability of findings and data analysis and presentation tools were also highlighted.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

#### 4.0 Introduction

This chapter presents, interprets, analyzes and discusses the research findings. It presents data obtained from the use of questionnaires to customers and interviewing the management. The data collected is presented descriptively and graphically through tables and bar graphs. The chapter attempts to disclose the answers to the objectives of the research.

#### 4.1 Response Rate

The researcher distributed questionnaires to the customers and carried out interviews with the management. The breakdown of responses is presented in the table below.

**Table 4.1 Questionnaire and Interview Response Rate**

<b>Instrument</b>	<b>Respondents</b>	<b>Questionnaires Issued/ Interviews Appointments</b>	<b>Questionnaires Returned/ Interviews Done</b>	<b>Percentage of Response</b>
Questionnaire	Organizational customers	11	9	82%
Interview	Management	2	2	100%

As shown in Table 4.1, of eleven (11) organizational customers who were requested to contribute in the research to complete the questionnaires, nine (9) responded and the other two did not return the questionnaires giving an 82% response rate. All the two (2) interviews that were intended to be done were done giving a 100% response rate. The results from the responses are analyzed and discussed below.

## 4.2 Effectiveness of Supplier Relationship Management Strategies on Service Quality

This section will present the data collected then descriptive data analysis followed by the hypothesis testing, to find out if the implementation of supplier relationship management strategies, that is value creation strategy, supplier account management strategy and joint venture strategy is effective to delivery of service quality.

### 4.2.1 Effectiveness of Value Creation Strategy on Service Quality

It was the researcher's objective to assess the effectiveness of value creation strategy on service quality. Questions asked to customers about value creation strategy requested data on its effectiveness on service quality. Descriptive data analysis of value creation strategy from analysis of data came up with aggregated scores and mean which is presented below in **Table4.2**, where value creation strategy is the independent variable and service quality is the dependent variable.

**Table4.2 Aggregated Score and Mean Table**

respondent number	value creation strategy		service quality	
	aggregated score	mean	aggregated score	mean
1	21	4.2	9	4.5
2	23	4.6	8	4
3	24	4.8	8	4
4	13	2.6	4	2
5	11	2.2	5	2.5
6	22	4.4	9	4.5
7	23	4.6	8	4
8	19	3.8	6	3
9	19	3.8	7	3.5

Mean of aggregated scores are used for further test below. The independent variable is related to the dependent variable in the hypothesis testing. The tests that shall be carried out are regression and correlation. **Table4.3** shows the regression analysis results and **Table4.4** shows the correlation analysis results. Firstly regression analysis is used to see if there is a relationship between value creation strategy and service quality and the results are shown in **Table4.3**.

**Table4.3 Regression Analysis of Value creation Strategy and Service Quality**

Regress		value creation	strategy	service	quality
Source	ss	df	MS	Number of observations	9
Model	5.1405	1	5.1404961	F(1,7)	22.65
Residual	1.58839	7	0.2269133	Prob>F	0.0021
Total	6.72889	8	0.8411111	R-squared	0.7639
				Adj R-squared	0.7302
				Root MSE	0.47635

valuecreat~y	Coef	std. Err	t	P> t	(95% Conf. Interval)	
servicequa~y	0.908929	0.1909665	4.76	0.002	0.4573646	1.360493
cons	0.657143	6973111	0.94	0.377	0.9917359	2.306021

The *t* value is 4.76 which is greater than 2 where if the *t* value is greater than 2.00 it shows that there is a relationship between the variables. The *p* value is 0.002 which is smaller than 0.005 where if the value of *p* is smaller than 0.005 it shows that there is a relationship between the variables. Therefore this means that there is a relationship that exists between value creation strategy and service quality. To see the strength of the relationship will proceed to relate using the correlation analysis. **Table4.4** shows the correlation analysis results.

**Table4.4 Correlation Analysis between Value creation Strategy and Service Quality**

correl	value creation strategy	service quality
	valuec~y	service~y
valuecreat~y	1.0000	
servicequa~y	0.8740	1.0000

Correlation values vary between negative one (-1) and positive one (+1), where -1 shows there is no relationship and +1 shows a positive relationship. Therefore there is a positive relationship between value creation strategy and service quality and the relationship is strong as shown in **Table4.4** by the value of correlation which is 0.8740. This shows that value creation strategy is effective on service quality and therefore it implies that, should reject Null Hypothesis (H0)

which says value creation strategy has no effects on service quality and accept Alternative Hypothesis (H1) which says that value creation strategy has effects on service quality.

#### 4.2.2 Effectiveness of Supplier Account Management Strategy on Service Quality

It was the researcher's objective to assess the effectiveness of supplier account management strategy on service quality. Questions asked to customers about supplier account management strategy requested data on its effectiveness on service quality. Descriptive data analysis of supplier account management strategy from analysis of data came up with aggregated scores and mean which is presented below in **Table4.5**, where supplier account management strategy is the independent variable and service quality is the dependent variable.

**Table4.5 Aggregated Score and Mean Table**

respondent number	supplier account management strategy		service quality	
	aggregated score	mean	aggregated score	mean
1	18	3.6	8	4
2	19	3.8	9	4.5
3	19	3.8	7	3.5
4	11	2.2	3	1.5
5	12	2.4	4	2
6	16	3.2	6	3
7	17	3.4	9	4.5
8	16	3.2	6	3
9	16	3.2	7	3.5

Mean of aggregated scores are used for further test below. The independent variable is related to the dependent variable in the hypothesis testing. The tests that shall be carried out are regression and correlation. **Table4.6** shows the regression analysis results and **Table4.7** shows the correlation analysis results. Firstly regression analysis is used to see if there is a relationship between supplier account management strategy and service quality and the results are shown in **Table4.6**.

**Table4.6 Regression Analysis of Supplier Account Management Strategy and Service Quality**

Regress				supplier account management strategy		service quality	
Source	ss	df	MS	Number of observations			
Model	2.062	1	2.06181794	F(1.7)	28.97		
Residual	0.498	7	0.71168808	Prob>F	0.001		
Total	2.56	8	0.31999995	R-squared	0.8054		
				Adj R-squared	0.7776		
				Root MSE	0.26677		

supplierac~y	Coef	std. Err	t	P> t	(95% Conf.Interval)	
servicequa~y	0.4909091	0.0912054	5.38	0.001	0.275243	0.706576
cons	1.590909	0.3118965	5.10	0.001	0.853391	2.328427

The  $t$  value is 5.38 which is greater than 2 where if the  $t$  value is greater than 2.00 it shows that there is a relationship between the variables. The  $p$  value is 0.001 which is smaller than 0.005 where if the value of  $p$  is smaller than 0.005 it shows that there is a relationship between the variables. Therefore this means that there is a relationship that exists between supplier account management strategy and service quality. To see the strength of the relationship will proceed to relate using the correlation analysis. **Table4.7** shows the correlation analysis results.

**Table4.7 Correlation Analysis between Supplier Account Management Strategy and Service Quality**

correl	supplier account management strategy		service quality
	suppli~y	service~y	
supplierac~y	1.0000		
servicequa~y	0.8974	1.0000	

Correlation values vary between negative one (-1) and positive one (+1), where -1 shows there is no relationship and +1 shows a positive relationship. Therefore there is a positive relationship between supplier account management strategy and service quality and the relationship is strong as shown in **Table4.7** by the value of correlation which is 0.8974. This shows that supplier account management strategy is effective on service quality and therefore it implies that, should reject the Null Hypothesis (H0) which says supplier account management strategy has no effects on service quality and accept the Alternative Hypothesis (H2) which says that supplier account management strategy has effects on service quality.

### 4.2.3 Effectiveness of Joint Venture Strategy on Service Quality

It was the researcher's objective to assess the effectiveness of joint venture strategy on service quality. Questions asked to customers about joint venture strategy requested data on its effectiveness on service quality. Descriptive data analysis of joint venture strategy from analysis of data came up with aggregated scores and mean which is presented below in **Table4.8**, where joint venture strategy is the independent variable and service quality is the dependent variable.

**Table4.8 Aggregated Score and Mean Table**

respondent number	joint venture strategy		service quality	
	aggregated score	mean	aggregated score	mean
1	25	5	10	5
2	23	4.6	9	4.5
3	21	4.2	9	4.5
4	13	2.6	5	2.5
5	9	1.8	6	3
6	18	3.6	7	3.5
7	21	4.2	10	5
8	16	3.2	5	2.5
9	17	3.4	8	4

Mean of aggregated scores are used for further test below. The independent variable is related to the dependent variable in the hypothesis testing. The tests that shall be carried out are regression and correlation. **Table4.9** shows the regression analysis and **Table4.10** will show the correlation

analysis. Firstly regression analysis is used to see if there is a relationship between joint venture strategy and service quality and the results are shown in **Table4.9** below.

**Table4.9 Regression Analysis of Joint Venture Strategy and Service Quality**

regress	joint venture	strategy	service quality		
Source	ss	df	MS	Number of observations	9
Model	5.667222	1	5.667222	F(1.7)	16.2
Residual	2.448333	7	0.349762	Prob>F	0.005
Total	8.115556	8	1.014444	R-squared	0.6983
				Adj R-squared	0.6552
				Root MSE	0.5914

jointventu~y	Coef	std. Err	t	P>  t	(95% Conf. Interval)	
servicequa~y	0.841667	0.209094	4.03	0.005	0.3472	1.3361
cons	0.395833	8254133	0.48	0.646	-1.556	2.3476

The  $t$  value is 4.03 which is greater than 2 where if the  $t$  value is greater than 2.00 it shows that there is a relationship between the variables. The  $p$  value is 0.005 which is the average value of  $p$  where if the value of  $p$  is smaller than 0.005 it shows that there is a relationship and if greater than 0.005 it shows that there is no relationship between the variables. Therefore this means that there is a relationship that exists between joint venture strategy and service quality. To see the strength of the relationship will proceed to relate using the correlation analysis. **Table4.10** shows the correlation analysis results.

**Table4.10 Correlation Analysis between Joint Venture Strategy and Service Quality**

correl	joint venture strategy	service quality
	jointv~y	service~y
jointventu~y	1.0000	
servicequa~y	0.8357	1.0000

Correlation values vary between negative one (-1) and positive one (+1), where -1 shows there is no relationship and +1 shows a positive relationship. Therefore there is a positive relationship between joint venture strategy and service quality and the relationship is strong as shown in **Table4.10** by the value of correlation which is 0.8357. This shows that joint venture strategy is effective on service quality and therefore it implies that, should reject the Null Hypothesis (H0) which says joint venture strategy has no effects on service quality and accept the Alternative Hypothesis (H3) which says that joint venture strategy has effects on service quality.

### 4.3 Chapter Summary

This chapter presented, interpreted, analyzed and discussed the research findings. It presented data obtained from the use of questionnaires to customers and interviewing the management. The data collected was presented descriptively through tables. It attempted to disclose the answers to the objectives of the research.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Summary**

This research's major area of focus was to assess the effectiveness of supplier relationship management strategies applied by Shomet Construction on the improvement of service quality. It was carried out as a way to figure out if the strategies employed are solving the problems that the company was facing. These problems include lack of financial resources and delays in payment to suppliers due to the liquidity crunch; and complaints from customers about high costs in terms of prices and delayed delivery of services due to high costs incurred by the company in the process of service delivery which include complaint investigations, reworks, inspections and supplier switching costs.

Main opinions and concepts of different authors were reviewed making use of books, electronic journals and articles. These opinions and concepts were of much help in carrying out and completing the research as the researcher managed to observe knowledge gaps on supplier relationship management strategies and service quality and their relationship by authors and close them using other authors' opinions. The opinions and concepts gave the researcher a better understanding of supplier relationship management strategies and service quality and their relationship.

Knowing more about the condition required gathering information from respondents that were being affected by the issues, hence the researcher used the descriptive and exploratory research designs to gather information from the company management and customers. The data was gathered on a sample size of thirteen (13) respondents.

Data was gathered through interviewing the management and distributing questionnaires to customers. Two (2) managers were targeted for interviews and they were both interviewed and eleven (11) questionnaires were distributed and nine (9) responded. These respondents were

selected through simple random sampling and purposive sampling. The evaluation and analysis are brought out of the major findings and they are discussed below.

## **5.1 Conclusions**

The results from the data that was gathered was analysed and the researcher came up with the following conclusions.

### **5.1.1 Effect of Value Creation Strategy on Service Quality**

From the findings of value creation strategy it can be safely concluded that Shomet Construction has been using the strategy to ensure delivery of service quality. This is depicted in the findings in the hypothesis testing in **Table3** on regression analysis which gave 0.002 as  $p$  value and 4.76 as  $t$  value showing that there is a relationship between value creation strategy and service quality and **Table4** which gave a correlation of 0.8740 which implies that there is a strong positive relationship between value creation strategy and service quality. This shows that value creation strategy is directly related to service quality and as value creation increases service quality also increases as there is a strong relationship between the two variables.

### **5.1.2 Effect of Supplier Account Management Strategy on Service Quality**

In conclusion it can be noted that supplier account management strategy is contributing to service quality as shown by the hypothesis test results. The regression analysis in **Table4.6** showed 0.001 as  $p$  value and 5.38 as  $t$  value showing that there is a relationship between supplier account management strategy and service quality and **Table4.7** showed a correlation of 0.8974 which implies that there is a strong positive relationship between supplier account management strategy and service quality. This shows that supplier account management strategy is directly related to service quality and as it is well managed, service quality also increases as there is a strong relationship between the two variables.

### **5.1.3 Effect of Joint Venture Strategy on Service Quality**

It can also be concluded that joint venture strategy is effective on service quality as shown by the hypothesis test results. The regression analysis in **Table4.9** showed 0.005 as  $p$  value and 4.03 as  $t$  value showing that there is a relationship between joint venture strategy and service quality and **Table4.10** showed a correlation of 0.8357 which implies that there is a strong positive relationship between joint venture strategy and service quality.

## **5.2 Recommendations**

### **5.2.1 Effect of Value Creation Strategy on Service Quality**

Shomet Construction may continue to use value creation strategy as viewed in the hypothesis tests that the company should reject the Null Hypothesis (H0) and accept the Alternative Hypothesis (H1). Most of customers agreed that value creation strategy has positive effects on service quality, see **APPENDIX 3**. Some of the customers recommended that Shomet Construction should make sure the employees are well trained or they recruit qualified employees to reduce reworks. As supported by Grewal and Levy (2011) that it is creating the product, capturing price, place of delivery and promotion through communication of the value of the service that ensures delivery of expected service quality, Shomet Construction Should therefore continue using value creation strategy and improve on how to implement it.

### **5.2.2 Effect of Supplier Account Management Strategy on Service Quality**

As shown in the hypothesis results, Shomet Construction should reject the Null Hypothesis (H0) and accept the Alternative Hypothesis (H2) and continue to use supplier account management strategy and **APPENDIX 4** shows that a large number of customers agreed. Customers recommended that Shomet Construction should give customers time to air their views before making final decisions and see to it that they are always up to date by making use of supplier scorecards. In support Savage (2014) suggests that when organizing around the relationships it is better to invest in less managed accounts and focus more on raising the quality of how they are managed as will definitely improve the quality if well managed.

### **5.2.3 Effect of Joint Venture Strategy on Service Quality**

Shomet Construction may continue to use joint venture strategy as viewed in the hypothesis tests that the company should reject the Null Hypothesis (H0) and accept the Alternative Hypothesis (H3) and **APPENDIX 5** also shows that most of the customers agreed that joint venture strategy has positive effects on service quality. The customers recommended that Shomet Construction has to refer to customers for the right inputs and structural designs desired to ensure higher degree of service quality. Czinkota et al (2011) supported this briefly saying it is pooling resources that leads to a better outcome, which is responsiveness, assurance, tangibility, empathy and reliability for each partner, than if they worked individually, particularly when each partner has a specialized advantage in areas that benefit the joint venture.

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## APPENDIX 1: CUSTOMER QUESTIONNAIRE

I Vongai Mutingarife a final year student at Midlands State University, am carrying out an academic research on **the effectiveness of supplier relationship management strategies on service quality** at Shomet Construction in partial fulfillment of the requirements of a Bachelor of Commerce Marketing Management Honors Degree. May you please kindly spare a few minutes of your special time to answer a few questions by putting in a (√) tick in the box that mostly matches your views and write in the space provided where appropriate in all the questions. All the information will be held confidential and anonymously and shall be used for academic purposes only.

Your responses will help in enhancing findings about how the company can create value for you as the customer, how to evaluate the services supplied by different service suppliers with the aid of account management strategy and how engaging in joint venture helps the company to perform well as far as service quality is concerned.

1. How long have you known Shomet Construction?

Less than a year  1-4years  5-7years  8-10 years

2. How long have you been a customer of Shomet Construction?

Less than a year  1-4years  5-7years  8-10 years

3.i) Using a scale of 1-5 with 1 being **strongly disagree** and 5 **strongly agree**, show how the following statements of provision of extra value to you as a customer, also known as value creation strategy has affected service quality.

Value creation strategy	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
The employees have advanced, analytical and rare skills about the service they offer	<input type="checkbox"/>				
Desired and expected service is received	<input type="checkbox"/>				
There is effective communication with the company throughout the service delivery process	<input type="checkbox"/>				
The service environment is good	<input type="checkbox"/>				
The complaints management processes and service recovery processes are simple	<input type="checkbox"/>				

ii) In the space given below please indicate other issues that you deem to be effective in relation to the provision of extra value to you as its customer?

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iii) Please give reasons to issues that scored high.

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iv) Please give reasons to issues that scored low.

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v) Out of **five (5)** what score would you give the effectiveness of value creation strategy on service quality?

4. i) Please indicate if you agree with the following statements about the effects of maintaining records and details of suppliers, also known as supplier account management strategy on service quality, given the scale **1-5** where **1** is **strongly disagree** and **5** is **strongly agree**.

Supplier account management strategy	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
There are prompt responses to customer needs	<input type="text"/>				
There are delays in delivery of service	<input type="text"/>				
There is use of latest equipment which is efficient and effective to the construction of every structure	<input type="text"/>				
Employees have the ability to perform a service which yields expected results	<input type="text"/>				
The service is delivered at a reasonable price	<input type="text"/>				

*ii)* In the space given below please indicate other issues of the supplier account management strategy that you consider to be useful to delivering quality service?

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*iii)* Please give reasons to issues that scored high.

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*iv)* Please give reasons to issues that scored low.

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*v)* What can be your rating out of **five (5)**, of the value contributed by supplier account management strategy on service quality?

5. i) Indicate how you view the following statements of collaboration of two or more organizations to work together, also known as joint venture strategy and their effects on service quality using the scale 1-5 where 1 is **strongly disagree** and 5 is **strongly agree**.

Joint venture strategy	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
There is delivery of the service on time	<input type="checkbox"/>				
There is good ,expected and excellent service environment	<input type="checkbox"/>				
Employees show confidence in service delivery	<input type="checkbox"/>				
Rightful equipment is used thus reducing reworks	<input type="checkbox"/>				
The fix and supply program delivers the right inputs producing expected final construction	<input type="checkbox"/>				

ii) In the space given below please indicate other elements of joint venture strategy that you consider to be effective to service quality?

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iii) Please give reasons to issues that scored high.

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iv) Please give reasons to issues that scored low.

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v) What is your value out of **five (5)** of joint venture strategy's effectiveness on service quality?

6. Provide any recommendations or suggestions on improvement of supplier relationship management to ensure service quality.

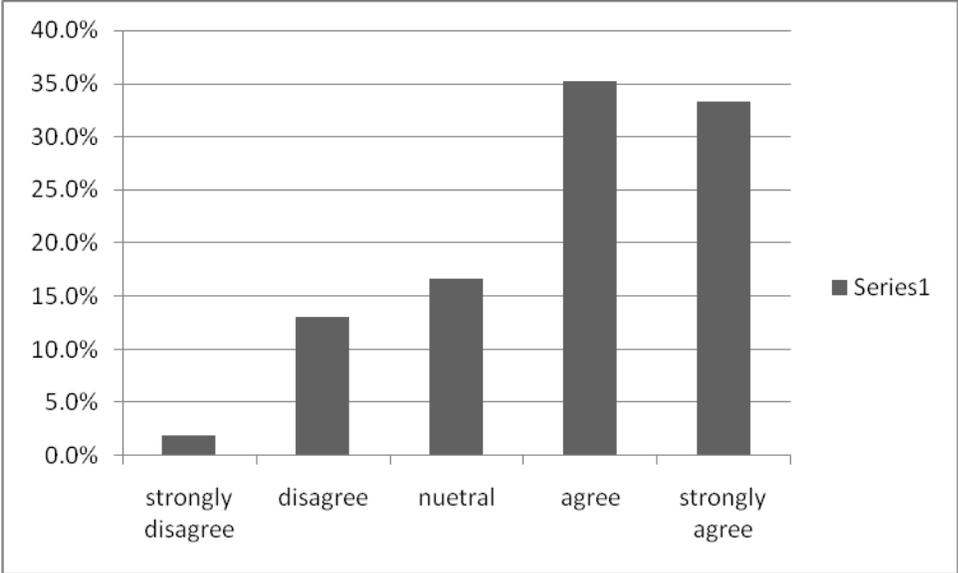
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*Thank you for all your contributions!*

## **APPENDIX 2: MANAGEMENT INTERVIEW GUIDE**

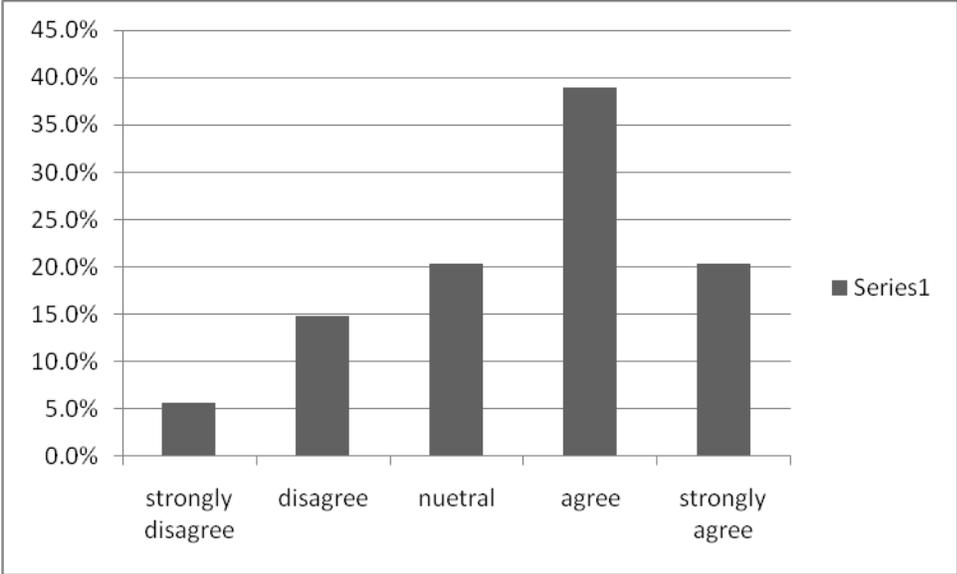
- 1.** What is your view on the effectiveness of supplier relationship management strategies on service quality?
- 2.** Which strategies have you implemented to manage supplier relationship?
- 3.** What is your observation on the helpfulness of value creation strategy on service quality?
- 4.** What could be the reasons for high or low service quality after implementation of value creation strategy, if any?
- 5.** What effects has the implementation of supplier account management strategy had on service quality?
- 6.** Do you have any reasons for the high or low service quality realized after the implementation of supplier account management strategy?
- 7.** What effects have you observed if any of joint venture strategy on service quality so far after the implementation?
- 8.** What could have caused high or low service quality after the implementation of joint venture strategy?
- 9.** What are your recommendations on supplier relationship management strategies' effects on service quality?

**APPENDIX3: VALUE CREATION STRATEGY’S EFFECTIVENESS ON SERVICE QUALITY RESPONSES RATINGS**



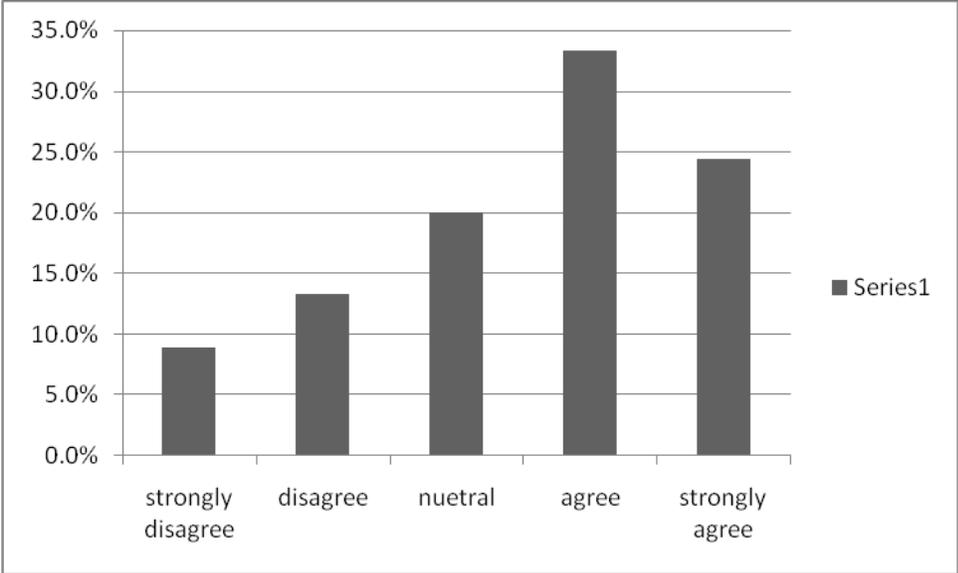
Value creation strategy

**APPENDIX4: SUPPLIER ACCOUNT MANAGEMENT STRATEGY'S EFFECTIVENESS ON SERVICE QUALITY RESPONSES RATINGS**



Supplier account management strategy

**APPENDIX5: JOINT VENTURE STRATEGY’S EFFECTIVENESS ON SERVICE QUALITY RESPONSES RATINGS**



Joint venture strategy