

# Influence of Entrepreneurial Strategy on Customer Satisfaction in Water Providers in Kenya: A Case Study of Eldoret Water and Sanitation Company Limited

Marita Francis Asiago<sup>1</sup>, Dr. Samson Nyang'au Paul<sup>2</sup>

<sup>1,2</sup>Jomo Kenyatta University of Agriculture and Technology P. O. Box 62000-00200, Nairobi Kenya

**Abstract:** *The study sought to determine the influence of entrepreneurial strategies on customer satisfaction in water providers in Kenya as the general objective. The study was guided by four objectives: To identify organizational networking challenges faced by ELDOWAS in improving customer satisfaction; To establish money management strategies with the highest returns investment in ELDOWAS; To examine technological strategies adopted by ELDOWAS to improve customer satisfaction and To establish planning strategies used by ELDOWAS in improving customer satisfaction. The study adopted a descriptive research design to collect data. The study covered a sample size of 69 drawn from a population of 230 employees of Eldoret Water and Sanitation Company Limited. The sample was selected through stratified random sampling technique. The main data collection instrument was questionnaire which contained both open ended and closed ended question. Descriptive statistics data analysis method was applied to analyze data aided by Statistical Package for Social Sciences (SPSS) version 23 to complete response of mean, frequencies, percentages and standard deviation results. Quantitative data was analyzed using descriptive of tables and bar charts. Finally, Multiple Linear Regression model was used to determine the significance of the independent variable in the dependent variable. The study concluded money management followed by organizational networking then planning and lastly technology influenced customer satisfaction in ELDOWAS differently. The study recommended that the ministry of water and stakeholders responsible in water industry should train all employees involved in water provision and customer satisfaction. The training should emphasis on improving leadership management of top managers, shaping organizational culture affecting employees and focus on improving organizational objective in order to get good returns.*

**Keywords:** Entrepreneurial, strategy, Customer, satisfaction, Services

## 1. Introduction

Customer satisfaction involves measures of services supplied by a company to meet customer expectation. In business environment customer satisfaction is important because it provides business owners with a metric that they use to manage and improve their businesses. In a business perspective, the definition of entrepreneurship may not bear fruits due to the vagueness and impreciseness of the word (Zahra, 2005). Among other definitions, Allen (2006) defines entrepreneurship as a way of thinking or mind-set whose focus is opportunity and growth as well as innovation. He further notes that it is common in big companies as well as socially in charge of not-for-profit organizations. In all the definitions that provided by different researchers, there are common characteristics as well as elements. These include economic innovation and creativity, opportunity to increase under uncertainty and risk, and identification, acquisition, and marshaling of resources.

In general, the term 'entrepreneurship' refers to the deployment as well as control of resources with a view of creating an innovative economic corporation with an aim of gaining or achieving growth under the conditions of uncertainty and risk (Barney, 2001). The application this aspect as well as its effects on company operations has become a point of concern among researchers. Entrepreneurship is important in all aspects in businesses as well as economies of a nation. Entrepreneurship gives people a room to undertake what they wish to. In business and economic, it helps in attracting economic growth and

the growth of an organization (Zahra, 2005). Customer satisfaction constitutes the core aim of any entrepreneur. Innovation and creativity form the key aspects of entrepreneurship. Through these elements, an entrepreneur is able to introduce new ideas or products in the market to meet the demands of customers that are ever changing every time. In addition, when they start their businesses, the prices for the commodities are normally low. This approach makes it possible for all classes of customers to buy the products since they are cost-effective. This project seeks to investigate the effects of entrepreneurial strategies on the customer satisfaction in water service providers in light with Eldoret Water and Sanitation Company Limited. An empirical study performed by Munene (2006) focused on investigation of the factors that brought about collapse of SMEs in Kenya at a high rate. He pointed out one of the major cause of this scenario as there being no entrepreneurial marketing strategy. In addition, the data on this case revealed the most recent estimates, which were official regarding accessibility of the government of Kenya to make the coverage of water supply to be 42% as well as sanitation to be at 31% in 2006, both rural and urban areas, combined (Water Services Trust Fund, 2002). In 2015, the government went further to target estimates of 76% in both cases, which appeared hard to achieve.

There was knowledge gap noted in these studies and this constituted one of the problems that this study researched on. The studies focused on the top level entrepreneurship and partially mentioned other levels. In this research, the focus was based on the ability of middle managers in

Volume 6 Issue 4, April 2017

[www.ijsr.net](http://www.ijsr.net)

[Licensed Under Creative Commons Attribution CC BY](https://creativecommons.org/licenses/by/4.0/)

facilitation of corporate entrepreneurship in Kenya's water industry.

In order to address this issue, a comparative study was conducted to establish the influence of entrepreneurial strategies on customer satisfaction in water providers in Kenya, in reference to Eldoret Water and Sanitation Company Limited. This emanates from high dissatisfaction rates that had been noted in Eldoret town regarding the services offered to the residents. This study examined various entrepreneurial strategies that had been used in water industry to enhance satisfaction levels of the customers.

## 2. Statement of the Problem

Investigation carried out by Bhardwaj, et al., (2007) found that it essential to point out the relationship between entrepreneurship and marketing where they focus on what an entrepreneur needs to do to satisfy the needs of the customer. In this case, a lot of importance needs to be attached on marketing, which Bhardwaj, et.al, (2007) argue that it brings about to the success of any venture. It is crucial for an entrepreneur to embrace techniques of total marketing to clients as well as designing a system of business which can offer a high degree of customer satisfaction.

At the international perspective, empirical studies that have been carried out have not provided sufficient data regarding entrepreneurship and customer satisfaction. The study carried out by McGrath and MacMillan (2000) only pointed out a solution to the current issues of shrinking market share that are facing the organizations in the business environment. They present entrepreneurship as being among the approaches of improving entrepreneurial and innovative activity of a company whose aim is to improve its performance via brining new services, products, as well as creation of new organizational conditions and strategy. In the same line, Zahra (2005) examines the entrepreneurial orientation in the world today. They offer a definition to orientation as the ability of an organization to show response to a marketplace that is ever changing. As an illustration, countries like the U.S, U.K. and Germany have experienced market liberalization that has in turn created room for controlled markets. In Kenya, some empirical studies on this topic pointed out aspects of entrepreneurship and customer satisfaction. For instance, Gathenya (2003) presents empirical evidences on how Kenyan businesses have required entrepreneurs to focus on market economy so that to enhance economic equilibrium as well as competitive advantage in companies. The main target is to create products and services that meet the expectations of customers. This study attempts to establish the influence entrepreneurial strategy would have on the customer satisfaction at Eldoret Water and Sanitation Company.

### Objectives of the study

The general objective of this study was to determine the Influence of entrepreneurial strategy on customer satisfaction in water providers, Kenya. The research

specifically aimed to; to identify organizational networking challenges faced by ELDOWAS; to establish money management strategies with the highest returns investment in ELDOWAS; to examine technological strategies adopted by ELDOWAS and to establish planning strategies used by ELDOWAS in improving customer satisfaction.

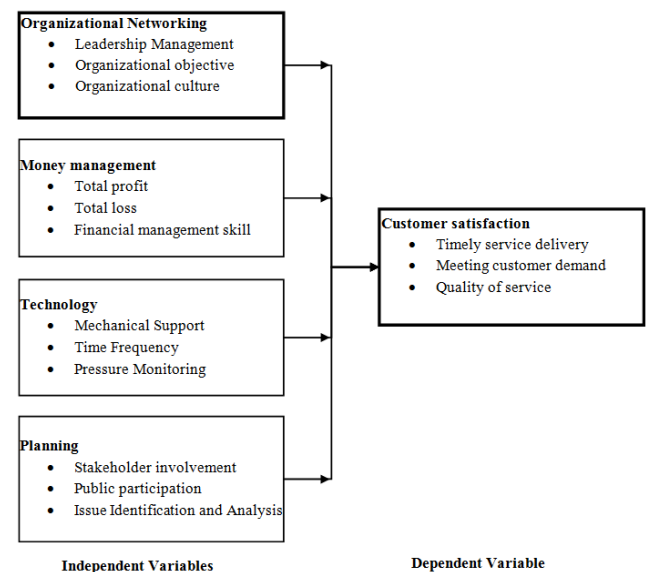
## 3. Theoretical Review

### Organizational Network Theory

According to Wellman (2008) there are five fundamental principles that provide some underlying intellectual unity to the network approach. First, organizational behaviour is the best predicted by examining not their drives or demographics, but the web or relationships in which they are embedded. That web of relationship presents opportunities and imposes constraints on organizational behavior insofar as its conducting business is concerned. Second, the focus of analysis is the relationship between the organization and its customers, both internal and external customers. This kind of relationship should be symbiotic in the sense that as the organization benefits from its other partners so should these partners benefit from the organization. Third, this analysis should be done against the backdrop of conventional assumption of independence. That is, each partner in this relationship should be treated independently from the others when dealing with the organizations for they have their unique needs and offerings to the organization and vice versa. Fourth, understanding a social system requires more merely the dyadic ties. The flow of information and resources between the two partnering entities depends not simply on their relationship to each other, but on their relationship to everybody else. Finally, the building blocks of organization are overlapping networks. Organizations generally have cross-cutting relationships to a multitude of other organizations and individuals.

## 4. Conceptual Framework

The following conceptual framework was adopted:



**Figure 1:** Conceptual Framework

Source: Author 2017

### Organizational Networking in Customer satisfaction

Findings from study by Denison and Mishra (1995) showed that organizational culture is a unique phenomenon. The recent research in two different organizations on the regional markets of a residential home-building company and automobile dealership showered a significant relationship between organizational culture and customer satisfaction. Long-term customer satisfaction is closely related to the organizational culture, which affects employees' eagerness to serve customers. She argues that for to record meaningful results, they must shape culture in an effective way, by emphasizing aggressiveness, decisiveness, innovativeness and rewards but diminishing outcome Service quality and customer satisfaction are related.

Organizations whose cultures are not strongly customer and service oriented have little chance to succeed. Service organizations must be constantly open to the suggestions, needs and expectations of the customer and open enough to make space for the active participation of the customer in this process. By focusing on the system as a whole, organizations may be better able to satisfy their customers, but in the process also identify areas in need of improvement with respect to their mission, the interaction among employees, and the systems and structures that encourage efficient operations.

Research shows that quality relations between customers and employees have a positive impact on word of mouth, empower trust between groups, strengthen social interaction and build sincere personal relations. Service organizations tend to employ a cheap work force to maintain their competitive advantage. Seasonal workers and others with low wages are not motivated to build good relations with the customers. The consequences of these actions are mainly reflected in negative word of mouth and in the decision of the customer not to repurchase the service from the same service provider (Sungjin, 2005).

### 5. Research Methodology

The study adopted a descriptive research design to collect data. The study covered a sample size of 69 drawn from a population of 230 employees of Eldoret Water and Sanitation Company Limited. The sample was selected through stratified random sampling technique. The main data collection instrument was questionnaire which contained both open ended and closed ended question. Descriptive statistics data analysis method was applied to analyze data aided by Statistical Package for Social Sciences (SPSS) version 23 to complete response of mean, frequencies, percentages and standard deviation results. Quantitative data was analyzed using descriptive of tables and bar charts. Finally, Multiple Linear Regression model was used to determine the significance of the independent variable in the dependent variable.

The multiple regressions model below was adopted:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

- Y = Customer Satisfaction (Dependent Variable)
- X<sub>1</sub> = Organizational Networking Strategy (Independent Variable)
- X<sub>2</sub> = Money Management Strategy (Independent Variable)
- X<sub>3</sub> = Technology Strategy (Independent Variable)
- X<sub>4</sub> = Planning Strategy (Independent Variable)
- ε = error term
- β<sub>0</sub> = constant of regression

### 6. Results and Discussions of the Findings

The study sought to determine the influence of entrepreneurial strategy on customer satisfaction in water providers in Kenya; a case study of ELDOWAS. Respondents were requested to indicate how they agreed on various strategic factors influencing customer satisfaction in the ELDOWAS through the questionnaires scale score ranging from 1-5 representing; strongly agree (SA), agree (A), neutral (N), disagree (D) and strongly disagree (SD) respectively. A total of 69 employees of Eldoret Water and Sanitation Company Limited were randomly selected to respond to the question with all the (100%) of the respondents responding to the question. As in the Regression model summery, (R<sub>2</sub>) is 0.442 and R is 0.665 at 0.05 significance level implies that all the four independent variables influence dependent variable. Thus the coefficient of determination R<sub>2</sub> at 0.442 indicates 86.2% of the respondents strongly agrees that variation in customer satisfaction at ELDOWAS is determined by the four Independent variables while the remaining 13.8% strongly disagree that the variation in customer satisfaction is determined by other variables not included by the study model as shown on table 1, 2 and 3 below respectively

**Table 1: Regression Coefficients Summary**

Independent variable	Coefficient	P - Value
(Constant)	0.515	0.000
Organizational Networking (X <sub>1</sub> )	0.126	0.002
Money management (X <sub>2</sub> )	0.146	0.001
Planning (X <sub>3</sub> )	0.553	0.003
Technology (X <sub>4</sub> )	0.317	0.005

Therefore, the regression model equation becomes;

$$Y = 0.515 + 0.126X_1 + 0.146X_2 + 0.553X_3 + 0.317X_4 + \varepsilon$$

The regression equation above established that by taking all the factors (Organizational networking, money management, planning and technology) into account, then by keeping them constant at zero, customer satisfaction will increase by 0.515. Also for a unit increase in organizational networking, money management, planning and technology, then customer satisfaction would increase by 0.126, 0.146, 0.553 and 0.317 respectively. The study results infers that planning followed by technology then money management and lastly organizational networking affects customer satisfaction in ELDOWAS.

The study applied regression analysis to establish the statistical significance relationship between the



independent variables and the independent variables. The independent variables included; organizational networking ( $X_1$ ), Money management ( $X_2$ ), Planning ( $X_3$ ) technology ( $X_4$ ) and the dependent variable Y was customer satisfaction. Regression analysis helps in generating equation that describes the statistics relationship between one or predictor variables and the response variable. The regression analysis results were presented using regression model summary tables. Analysis of variance (ANOVA) table and beta coefficients table. The model used for regression was expressed in the general form as given below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

The relationship between the dependent variable and dependent variable, and the results of testing of significance of the model were respectively interpreting the results of multiple regression analysis, the three major elements considered were ;the coefficient of multiple determinants, the standard error of estimate and the regression coefficients-squared was used to check how well the model fitted the data-squared is the proportion of variation in the independent variable explained by the regression model. The elements and the results of multiple regression analysis were presented and interpreted in Tables 1, 2 and 3

As can be observed from the results in Table 2 coefficients of determination ( $R_2$ ) is 0.442 and R is 0.665 at 0.05 significance level. This therefore implies that all the four independent variables notably; organizational networking ( $X_1$ ), Money management ( $X_2$ ), Planning ( $X_3$ ) and technology ( $X_4$ ) significantly influence dependent variable (Y) which was customer satisfaction. The coefficient of determination  $R_2$  0.442 indicates that 86.2% of the variation in customer satisfaction at ELDOWAS is determined by organizational networking, money management, technology and planning. The remaining 13.8% of the variation in customer satisfaction is determined by other variables not included by the study model. This shows that the model has a good fit since the value of  $R_2$  is above 75%. 0 indicates that the model explains none of the availability of the response data around its mean and 100% indicates that the model explains all the variability of the response data around its mean.

**Table 2: Regression Model summary**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.665	.442	.426	.20646

a. Predictors: (Constants).  $X_1, X_2, X_3, X_4$

The study further applied analysis of (ANOVA) in order to test the significance of the overall regression model.

Analysis of variance helps in determining the significant relationship between research variables (Green & Salkind 2003)

**Table 3: Analysis of Variance (ANOVA)**

Model		Sum of squares	df	Mean square	F	Significance
1	Regression	6.496	4	1.847	32.771	0.000
	Residual	1.448	47	.083		
	<b>Total</b>	<b>7.944</b>	<b>51</b>			

a. Predictors : ( Constant),  $X_1, X_2, X_3, X_4$   
 a. Dependent Variable: Y

Table 3 indicates that the high value of F (32.771) with significant level of 0.000 which is less than 0.005 is larger enough to conclude that all the independent variables; organizational networking, money management, technology and planning significantly determined customer satisfaction in ELDOWAS.

## 7. Summary of the Findings

The main objective of this study was to determine the Influence of entrepreneurial strategy on customer satisfaction in water providers in Kenya, a case study of ELDOWAS in Uasin Gishu County. The findings from the study showed that the organizational networking challenges, money management strategies, technological strategies and planning strategies used affected water service delivery and customer satisfaction at ELDOWAS. The findings further confirm customers were satisfied according to water provision strategies that are in place at ELDOWAS since 70% of the respondents anchored on the research tool scale one denote strongly agree (Vavra, 2002).

## 8. Conclusions

The study drew conclusions that organizational networking, money management, technology and planning strategies influence customer satisfaction in ELDOWAS as water provider in Kenya. Comparison among networking, money management, technology and planning strategies was done and it was found that service delivery, timely payment of salaries and wages, repair of pipelines to prevent leakages, and lack of proper training of staff to embrace new ways of doing things within ELDOWAS were rated highest while timely payment of salaries and wages was rated the lowest. Finally, the study concluded that availability of electronic meter reading, involvement of all departments in identifying and analyzing issues, subsidization of connection rates and owning of ELDOWAS premises were found affecting customer satisfaction the least.

## 9. Recommendations

In order to improve the influence of entrepreneurial strategies on customer satisfaction in water providers in Kenya, the study suggested the following recommendations: To develop organizational networking in customer satisfaction the government and the organization responsible for water provision should train all staff involved and affected by customer satisfaction. The training should emphasis on improvising leadership management of top managers, shaping organizational

culture affecting employees and focusing on improving their organizational objective for good returns.

To manage money and ensure customer demand is met in high level satisfaction, the company should maximize sales to register high profits; reduce costs to minimize losses and recruit staff with financial management skill background. The company should not occupy premises on lease in order to reduce operational costs.

The results point to the fact that differences in applications does exist implying that different strategies affect customer satisfaction variable differently.

## References

- [1] Allen, Kathleen R. *Launching New Ventures: An Entrepreneurial Approach*. Boston: Houghton Mifflin, 2006. Print.
- [2] Barney, J. (2001). Is the Resource-Based View a Useful Perspective for Strategic Management Research? *Yes*. *Academy of Management Review*, 26(1), 41-56.
- [3] Bhardwaj, B. R., & Momaya, K. S. (2007). Corporate Entrepreneurship: Application of Moderator Method. *Singapore Management Review*, 29(1), 47-58.
- [4] Denison D.R., & Mishra A.K. (1995). Toward a theory of organizational culture and effectiveness. *Organization Science*, 6(2), 204–223.
- [5] Gathenya, J. (2003). Interaction between women entrepreneurs' age and education on business Dynamics in small and medium enterprises in Kenya. *International journal of Business and social sciences*, 2(15), 2011.
- [6] Green, S. B., & Salkind, N. J. (2003). *Using SPSS for Windows and Macintosh: Analyzing and Understanding Data* (3<sup>rd</sup> ed.). Upper Saddle River, NJ: Prentice Hall.
- [7] McGrath, R. G. & MacMillan, I.C., (2000). *The Entrepreneurial Mind set*. Brighton: Harvard Business School Press.
- [8] Munene, J. (2006), investigates attitudes towards opaque beer and the factors which would enhance its sales performance. A Published Master's Thesis, Kenyatta University.
- [9] Sungjin Y. (2005), "Service Quality At Hospitals", in *AP-Asia Pacific Advances in Consumer Research Volume 6*, eds. Association for Consumer Research, Pages: 188-193.
- [10] Vavra, T.G. (2002). *Customer Satisfaction Measurement Simplified: A step-by-step guide for ISO 9001:2000 Certification*, ASQ Quality Press, Milwaukee.
- [11] Wellman, B. (2008). "Structural analysis: From method and metaphor to theory and substance". Cambridge, England: Cambridge University press.
- [12] Zahra, S.A. (2005). Introduction, *Corporate Entrepreneurship and Growth*. *Journal of International Business Studies*, 36(1), 20-28