

Original Research

ASSESSMENT OF THE EFFECTIVENESS OF PRODUCT QUALITY CERTIFICATION PRACTICES IN BUILDING SMES COMPETITIVENESS

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Abstract

The study described an assessment of product certification practices in building Small and Medium Enterprises' competitiveness in Tanzania. It was guided by three predicting variables tested on Small and Medium Enterprises' competitiveness as the dependent variable, namely performance tests, quality assurance tests, and product accreditation. The study was performed using an explanatory study design, whereas a causality relationship was conducted to generate new knowledge on the inquired subject. Data were collected from the enterprise owners in Dar es Salaam city using structured questionnaires. Descriptive statistics were generated to show the demographic features of the respondents on the overview of Small and Medium Enterprises in the Tanzanian context. Besides that, correlation and multiple regression analysis were also used to show the existing relationship between study variables in filling the inquiry gap. Study results were evident that all three independent variables, namely performance tests, quality assurance tests, and product accreditation, have all been revealed positive with a significant effect on Small and Medium Enterprises competitiveness as the dependent variable. This, therefore, implies that Small and Medium Enterprises' competitiveness through product certification practices is influenced by performance tests, quality assurance tests, and product accreditation.

KEYWORDS: *Product Quality, Product Certification, Small and Medium Enterprises, Competitiveness, Quality Assurance Test, Performance Test, and Product Accreditation*

1.0 INTRODUCTION

Product certification is an important component and practice to be adhered since it assures the businesses which comply with the regulations and requirements that the products they sell to the customers are reliable and safe for consumption within the areas and also beyond borders (Barnhart, 2017). This is verified by accreditation bodies that are found within a specific country based on the product that is being offered to the business since they differ and may possess different requirements as far as certification regulations and requirements are concerned (Lewis, 2014).

Product certification ensures that the products supplied by the business are reliable and safe for usage because they have successfully passed performance and quality assurance tests recommended for usage as per the set scope (Segal, 2011). The accreditation bodies as product certifier entities to be assured with reliability are also regulated as well such that they are required to adhere to the international set standards (ISO 17011). Prior to their compliance, they also get recognition to serve and operate as accreditation bodies in their respective jurisdictions (Lewis, 2014).

The organisations have been essential all over the world to assure that products and services in various markets, local and foreign, are reliable and safe for usage or consumption by customers through being certified (Majcen and Taylor, 2010). This is done in various ways depending on the national laws in the particular country, with some issuing stamps to the products and or services; others are issuing certificates of compliance and other means necessary depending on the product(s) and or service(s) (Pyzdek, 2013).

The certification processes usually tend to foster the business to incur certain costs, and for the least categories some countries charge very minimal, and others usually give small businesses a weaver with the agreement as they practice later must issue compliance prior to the payment requirements as businesses grow (Godfrey, 2009).

This has been a challenge in some businesses that have been little engaging with compliance, and some have been well complying depending on the strictness of the authorities in the respective country(s). Tanzania, in particular, consists of a business sector that is active and growing tremendously as time goes on, with various actors, both locals, and non-locals, with formal and informal entities (Kristiansen, 2014). Despite that, the sector is largely dominated to a greater scale by Small and Medium Enterprises (Small and Medium Enterprises) with different categories such as micro-enterprises with the capital of up to 5 million Tanzanian shillings (URT, 2003). Also, small enterprises with the capital between 5-200 million shillings and medium enterprises with the capital between 200-800 million shillings (URT, 2003).

The enterprises are the leading in the economy with significant contributions such as employment generation, income generation to the individuals and the government through taxes and several other required charges and others (Kristiansen, 2014). Regardless of that, the government is eager to enable the enterprises to advance further because one of the challenges facing the local Small and Medium Enterprises is stagnation which has been attributed to several factors, with most being perceived as limited capital and limited access to financial services to boost the enterprises such as affordable loans and others (Kessy and Temu, 2010).

Though this has been the case, still there is another concern that fosters the enterprises to advance slowly in the market and the economy to gain competitive advantage within and outside the borders is product certification. This is certain because in most cases, the enterprises have been poorly complying with the product certification requirements, which automatically limits competitive advantage in the market because they less attract customers since the products and services offered are not well assured by the consumers. The government, through the Tanzania Bureau of Standards (TBS), has issued programmes to groom the enterprises prior to the product certification requirements, whereas they start with assistance without any charges whereas they prosper are required to start issuing compliance with paying the required charges. This has been difficult since most of the enterprises, if not all, have been less compliant such that as the period to start paying charges starts, they disappear. The situation has been persisting, which brings a concern to undertake the study because few studies have been conducted in the area such that it is important to address the situation as the gap.

2.0 LITERATURE SURVEY

The inquiry was guided by the business enterprise model by Thorsten Veblen in 1904 (Holloway and Parmigiani, 2014). The theory suggests that theory provide that any business practice comprises two actors as the leading ones, which are the business and the industry, which complement each other to assure absolute gains (Goldberg, 2016). Business implies the place or avenue where transactions are conducted to ensure income generation. The industry, on the other hand, is the avenue where goods and services to facilitate the business are generated (Khanna, 2013).

In that case, the performance of the business depends on the relationship between the two components as being the business and the industry (Needles and Powers, 2013). The theory is well connected with the study because product certification serves as the industry because it is an initiative which is targeted to assure the realisation of the competitiveness among the enterprises; while competitiveness that is intended to be achieved is the business since it enables the enterprises to sell their products and generate income.

Regardless of that, several studies have supported the inquiry, including Kirumba (2015), who carried a study on assessing the role of Small and Medium Enterprises in the Tanzanian economy. The study was conducted in the area through survey design with the findings revealing the enterprises being the leading actor in the economy in the business sector. Despite that, they have been affected by several challenges, including limited financial resources and capital, limited access to finance through lending entities, and others. This has been affecting the prosperity of the enterprises. However, with a common focus on the finance-related issues towards Small and Medium Enterprises, the study recommended that Small and Medium Enterprises have also been poor in product certification, which also affect business prosperity since it has been causing limited purchasing power parity by customers. Since that is the case, with few studies on the area, the study is performed to address the gap.

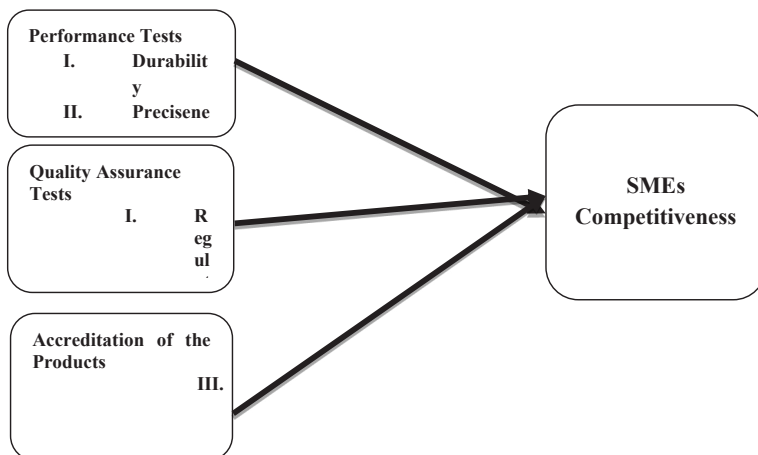
Alvaro et al. (2017) examined the relevance of the quality assurance process and practice on the products by business entities. The study was performed in the South American countries of Uruguay, Paraguay, and others using comparative analysis. The findings of the study indicated that the quality assurance process and practice are very important in business entities, especially in issuing compliance, because it ensures the trust of the products to the customers to the extent that assures prosperity and development in business. In that case, the accreditation entities emphasize businesses to issue compliance on the quality assurance process for the purpose of certifying products and services. Despite that, the practice in Tanzania has been very limited, with few studies being conducted in the area. Therefore, the study is performed to address the gap.

Conceptual Framework

This is the model which seeks to show the description of the variables and the influencing pattern to fill the study gap. The variables consist of the independent and dependent ones, with figure 1 providing the illustrations.

Figure 1 Conceptual Framework

Independent Variables **Dependent Variable**



Source: Researcher (2021)

3.0 METHODOLOGY

The study was conducted in Dar es Salaam city in Small and Medium Enterprises because they are the entities that are directly targeted and concerned with the compliance with product certification for further gains. Primary data were used through explanatory design by means of a causality testing approach. Structured questionnaires were used in gathering data from the respondents from the sample of 150 respondents. The collected results were computed in SPSS to generate results to present the findings. Multiple regression analysis was used to describe the relationship between study variables. In that case, the study was guided by the model that;

$$\text{Small and Medium Enterprises } C = \beta_0 + \beta_1PT + \beta_2QAT + \beta_3PA + e$$

Where by

Small and Medium Enterprises C = Small and Medium Enterprises Competitiveness

β_0 = Constant factor

β_1PT = Performance Tests

β_2QAT = Quality Assurance Tests

β 3PA = Product Accreditation

e = Random variable

4.0 FINDINGS AND DISCUSSIONS

The results to depict the existing relationship between the predicting variables to the dependent variable were presented using multiple regression analysis. Therefore, table 1 below illustrates the findings based on the outcome of the analysis.

Table 1: Multiple Regression Analysis

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std. error	Beta		
(constant)	-12.674	3.583		-1.283	.319
Performance Tests	2.662	.245	.570	12.803	.000
Quality Assurance Tests	2.385	.218	.529	12.513	.000
Product Accreditation	2.103	.179	.503	12.047	.000

Source: Field Data (2021)

The findings of the study indicate the facts on multiple regression analysis that three predicting variables, which are performance tests, quality assurance tests, and product accreditation, are positive with significant effect statistically on Small and Medium Enterprises competitiveness as the dependent variable with $p < 0.05$. This implies that Small and Medium Enterprises' competitiveness in product certification practices is influenced by performance tests, quality assurance tests, and product accreditation. On that note, it is certain that the multicollinearity error has been resolved.

The study indicated that all three independent variables are positive and significant statistically on the dependent variable. Therefore, quality assurance tests as the predicting variable are positive with a significant effect statistically on Small and Medium Enterprises competitiveness since $p < 0.05$. This implies that Small and Medium Enterprises' competitiveness through product certification practices is influenced by quality assurance tests. The assertion is supported by Mashene (2014), stating that certification of the products offered by the enterprises in Tanzania may likely attain a significant competitive advantage once they become certified. This is something that has denied many enterprises and the owners to advance, especially in the external markets and large business settings such as malls and others, because the products lack certification requirements hence denying them the quality that may be required to be possessed.

Besides that, performance tests as the independent variable have a positive effect and significant statistically on Small and Medium Enterprises competitiveness as the dependent variable with $p < 0.05$. The implication of the findings is that Small and Medium Enterprises' competitiveness through product certification practices is facilitated by performance tests. The view is also shared by Mkonyi (2013), stating that product performance test is an important component to enable Small and Medium Enterprises to advance their products in large business establishments such as shopping malls and others. This is certain with the fact that the tests usually correspond with certification practices which are essential to enable the attainment of the competitive advantage of the products in the markets.

Moreover, product accreditation as the predicting variable is positive with a significant effect statistically on Small and Medium Enterprises competitiveness as the dependent variable with $p < 0.05$. This implies that Small and Medium Enterprises' competitiveness through product certification practices is facilitated by product accreditation. The statement is in line with the URT (2012) report that the government is strongly urging the enterprises in the category of Small and Medium Enterprises to issue compliance with product certification since it is something which is best towards their attainment of goals and objectives in the business. This is certain with the fact that certification constitutes significant influence towards ensuring that the businesses attain significant competitive advantage.

5.0 CONCLUSION

Generally, Small and Medium Enterprises' competitiveness in Tanzania through product certification practices is very likely to be attained since it is something that has been denying the businesses opportunities to attain significant market share. This is due to the fact that product certification is seen as useful through performance tests, quality assurance tests, and product accreditation because the variables have been generated positively with a significant effect on the competitiveness of the businesses. Regardless of that, the response of the enterprises towards compliance has also been extremely poor and low on the practice, which is important for the issue to be addressed.

RECOMMENDATIONS

Since the concern of the study is that Small and Medium Enterprises may foster competitiveness in the market through product certification practices; the study recommends that in order for such compliance to be realized should be made compulsory by law based on the category of the enterprises and the cash flow the business can afford. This may foster automatic response in the market such that compliance may be issued and changes may be noted in the market, which may automatically foster voluntary compliance.

Also, the government should set in place business education through the media, both traditional and social media, and other means to different segments as categories of people for the public to be aware of the initiatives. This is necessary because compliance, on the other hand, has been difficult to be issued because the public, to a greater scale, possesses a limited understanding of the practices.

Moreover, the government should also insert and extremely affordable charges which are realistic to the enterprises which correspond with the realities of the economy and the business. This is important because some complaints have been on the charges set that they are perceived to be high and unrealistic in the economy, which denies compliance of the public.

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