# ANALYSIS OF SERVICE QUALITY IN SUPPORTING THE EFFECTIVENESS OF GOODS AND SERVICES PROCUREMENT

#### Author

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#### ABSTRACT

PT. Varia Usaha Fabrikasi is a labor service provider company, and is a limited liability company that is part of the extended family of PT Semen Indonesia Logistik Group. With high dedication and quality service products in all business activities, one of which is in the procurement of goods and services sector which is the company's main priority to achieve long-term corporate goals. Obstacles currently being faced regarding the large amount of competition in the procurement sector which makes business actors, especially PT. Varia Usaha Fabrikasi tries to emphasize the quality factor of the services provided in the hope of supporting the effectiveness of goods and services procurement activities. The research subject is the subject to be studied by the researcher. The type of research in this study is qualitative-descriptive because it utilizes qualitative data and is explained descriptively. Using the Snowball Sampling method found Sampling Subject 1 Users in the goods sector, Subject 2 Users in the services sector, and Subject 3 Users in the goods and services sector which has been suggested by the HR company PT. Varia Usaha Fabrikasi. Data were obtained from predetermined subjects by conducting interviews and direct observation to obtain the information needed by researchers to support this research. And the result is that the quality of service provided by PT. Varia Usaha Fabrikasi as a Provider is quite good and is considered quite effective in the procurement of goods and services both in terms of the process when carrying out the procurement and factors in the field.

**Keywords:** Service quality; effectiveness; goods and services procurement

#### **1. INTRODUCTION**

The corporate world is currently experiencing very rapid development in the fields of trade, industry, services and the mass media. Therefore, companies must be able to compete with other similar companies, with the economic resources they have. Marketing is the main activity that must be carried out by a business system to maintain the viability of a business. Marketing activities are carried out to understand and meet consumer needs in order to achieve the goals desired by the company.

For companies engaged in the construction and fabrication sector when seeing the enthusiasm and a phenomenon that does not fade from the marketing sector, not a few of every company engaged in the construction and fabrication sector must have a new breakthrough in order to be able to sustain the survival of the company. One of them is to focus on one of the company's supporting activities in the field of marketing, namely the Procurement of Goods and Services. According to Presidential Regulation Republic Indonesian Number 54 of Year 2010 on the government Procurement of Goods/Services: "Procurement of goods and services is an activity to obtain goods or services by Ministries/ Institutions/ Regional Working Units/Other Institutions whose process starts from planning needs to completion of all activities to obtain goods/services". Procurement itself is an effort to obtain the goods and services needed and is carried out based on logical and systematic thinking, following norms and ethics and according to standard procurement methods which are carried out as procurement guidelines (Siahaya, 2016). Procurement plays a role as a process of systematically determining what (specification, quality), when (schedule, delivery time), how (source, system) and how much (quantity) to procure goods and services from procurement sources to destination, according to quality and quantity, optimal costs and reasonable supply times to meet the needs of customers and users (Siahaya, 2016). Before carrying out these activities the company should already know what must be done and understand in advance as there are three things below.

*First*: Request. In demand analysis (demand) is used to determine the various quantities of goods or services demanded by consumers who are willing and able to buy at various price levels. In the store business, this demand must also be considered by looking at what needs consumers need and to what extent consumers are able to buy the goods offered.

*Second*: Offer. Each company has a demand side (demand) and supply side (supply). In economics, supply is used to determine the various quantities of goods and services offered by producers who wish to sell their products/services at various price levels. In a store or retail business, demand and supply have a very significant relationship, because by knowing consumer needs, companies can provide or offer a variety of their needs.

*Third*: The price mechanism in the market. In analyzing a market, an economist does not imagine a place where transactions occur, but looking at it conceptually, he always imagines that a market is a confluence between the demand curve and the supply curve. The demand curve represents what consumers want and the supply curve describes what producers or sellers want. Knowing the price mechanism in the market is one of the important things in determining the price of goods offered so that consumers can reach them.

In addition to these three things, in order to reach an understanding regarding a form of procurement of goods/services, it is necessary to apply basic principles. The first principle is efficient, meaning that the procurement of goods/services must be endeavored using limited funds and resources to achieve the targets set in the shortest possible time and can be accounted for. The second principle is Effective, meaning that the procurement of goods/services must be in accordance with the requirements that have been determined and can provide maximum benefits in accordance with the targets set. The third principle is open and competitive, which means that the procurement of goods/services must be open to providers of goods and services that meet the requirements and is carried out through fair competition among providers of goods and services that are equal and meet certain requirements/criteria based on clear and transparent provisions and procedures. The fourth principle is transparency, which means that all provisions and information regarding the procurement of goods/services including the technical requirements for procurement administration, evaluation procedures, evaluation results, determination of prospective suppliers of goods and services are open to participants who are interested in providing goods and services as well as to the wider community at large. generally. The fifth principle is fair/non-discriminatory, meaning giving equal treatment to all potential providers of goods and services and not aiming to provide benefits to certain parties in any way or for any reason. The sixth principle is accountability, meaning that it must achieve targets, both physical, financial, and benefits for the smooth implementation of general government tasks and public services in accordance with the principles and provisions that apply in the procurement of goods/services. (Sukarmei, 2011).

PT. Varia Usaha Fabrikasi is a labor service provider company, and is a limited liability company that is included in the big family of PT Semen Indonesia Logistik Group. With high dedication and quality service products in all business activities, it is the company's commitment to achieve long-term company goals, PT Varia Usaha Fabrikasi. Continuously providing sufficient contribution to stakeholders as well as supporting the development of the national economy. Later this year the company PT. Varia Usaha Fabrikasi tries to develop one thing that has the potential to support the company from a commercial perspective, namely the procurement of goods/services.

Gradually, every company, whether it is engaged in the construction sector or others, will be the same as PT Varia Usaha Fabrikasi, which is implementing new activities in its marketing sector, namely the procurement of goods/services. However, with so many companies competing in goods/services procurement activities, there will also be natural selection, just as every company will compete to show its best side in order to provide satisfaction to its customers. There are several factors that can affect customer satisfaction, one of which is service quality. According to Kotler and Keller in (Syafarudin, 2020) stated service quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. According to Lupiyoadi in (Leonita, et al., 2022) Defines that service quality is all activities that try to combine value from ordering, processing to providing service results through communication to accelerate cooperation with consumers. And according to Wyckof in (Resna, et al., 2022) service quality is the level of excellence to fulfill customer desires. Service quality is the level of good and bad conditions provided by service companies in order to satisfy consumers by providing or delivering services that exceed consumer expectations. And then the author can conclude that Procurement of goods and services is very dependent on the quality of services provided, both from the provider and the user. Because a form of cooperation between two companies will be seen from the quality of services provided and can also be used to test whether service quality can support the effectiveness of goods and services procurement activities in each company. Therefore this study aims to analyze the quality of service in supporting the effectiveness of the procurement of goods and services at PT. Varia Usaha Fabrikasi.

# 2. METHOD

The research subject is the subject to be studied by the researcher. The type of research in this study is qualitative-descriptive because it utilizes qualitative data and is explained descriptively. As stated by Moleong in (Dedy et al., 2019) that qualitative research is research that intends to understand phenomenon of what is experienced by the subject of research, such as behavior, perceptions, motivations, actions, and so forth.

This research was conducted for one month. The users of the procurement of goods and services that rub directly against the provider will become the object of research. The sampling technique used the Snowball sampling method. According to Sugiyono in (Agung et al., 2019), Snowball Sampling is a technique for determining a sample that is initially small in number, and gets bigger over time.

Sampling subject 1 user in the field of goods, subject 2 users in the field of services, while subject 3 users in the field of goods and services. Data were obtained directly from users by interviewing and direct observation of the information needed by researchers to support this research. Interview is the process of obtaining information through direct question and answer face to face between the interviewer and the users of goods or services. At this analysis stage, all the results of the collection process are then compiled in the form of a detailed report. Next, the report is summarized and selected within the scope of the main and important things to get a theme or pattern. In this study the data will be analyzed by means of

data reduction, data display and conclusion drawing verification which are carried out simultaneously. To test the quality of service in order to see the effectiveness of the procurement of goods and services, researchers used five dimensions of service quality according to Parasuraman in (Rashid & Rahat, 2019), namely: Reliability, Responsiveness, Assurance, Empathy, Tangibles as supporting factors for testing the effectiveness of Procurement activities goods and services at PT. Varia Usaha Fabrikasi.

## 3. RESULT AND DISCUSSION

The results of the study show that several opinions and expressions are described by several predetermined subjects. Before determining the subject, the researcher tries to discuss with the HR of PT. Varia Usaha Fabrikasi hereinafter abbreviated as VUFA regarding the process of procurement of goods and services carried out by VUFA and found the flow of the procurement process as follows,



After knowing the procurement flow as above, HR also suggested conducting interviews with Users from three leading companies in Gresik who are partners of the provider companies. This research was conducted by working on each of the steps and stages mentioned in the previous section. As a first step the researchers conducted discussions to determine informants (interviews). As a result, there were 3 informants selected in this study and all three were users in the field of marketing in the procurement of goods/services sector.

The research results obtained from several universal questions and discussions raised by researchers, from several opinions indicate an understanding through user sensitivity that there is more and more competition in terms of marketing, especially in the field of goods and services, subject 1 states that the rise of goods and services procurement activities makes competition what was not so strict before became very strict. subject 2 stated that the existing phenomenon is true, the more companies engaged in this field the more profitable it will be for users because on the one hand there will be several companies that dare to provide relatively low prices with little profit to win the tender. Subject 3 states that the emergence of new agencies engaged in the procurement of goods and services will certainly be very detrimental for agencies that have long been consistent in this field because the existence of new agencies will be threatened to be displaced by partners who have been invited to work together for a long time.

There are many factors that underlie companies to move forward in their marketing field, especially in the procurement of goods and services sector. Apart from expanding the network, this sector also plays an important role for the continuity of the company. Subject 1

stated that the procurement of goods made it easier for companies to find the supply of goods needed. Subject 2 thought that the real evidence of the provision of this service could be seen from several companies that could easily get the required human resource supply, subject 3 also stated that activities in this sector were very easy and profitable, not only from the users but from the providers who also got the things that were needed. the same and it can be concluded that this activity can definitely bring a clearer direction in the field of marketing.

Furthermore, the researcher tried to ask several questions based on the five dimensions of service quality starting from the *Reliability* to the subjects and the results were obtained, subjects 1 and 3 explained that in terms of conformity with the existing SOPs, the providers were good enough to carry this out more than In terms of procurement of goods and services, of the many tenders won by PT. Varia Usaha Fabrikasi for user companies can be felt by relatively good service quality for companies that are new to running the goods and services procurement sector. subject 2 stated that the provider still often misses communication with the user, such as a discrepancy between what is requested by the user and what is provided by the provider, which causes a lack of intolerance on the part of the user towards the provider when there is a miss communication, especially the fatal problem and detrimental to the user.

Dimension *Responsiveness*, the results obtained according to the statement from subject 1 explained that the timeliness carried out by VUFA, both when carrying out the procurement process until the delivery of goods, was deemed sufficiently qualified and could give a good impression to users. Subject 2 stated that VUFA tends to lack awareness and sensitivity, both in terms of employees who handle the procurement process and *outsourcing* who send it to the user, the user often regrets this treatment because it is very unprofitable for the party. Subject 3 argued that in terms of timeliness, especially in the field of goods, it was considered quite good because the process when the client requested an offer received a quick response from the provider and the bidding session was quite short due to a price match, but in the service sector it was quite a waste of time. in terms of the negotiating process as well as when factors are in the field, the workers who are deployed tend to be less sensitive and less responsive in carrying out work.

Dimension *Assurance* subject 1 explains that in the process of procurement of goods, the knowledge and experience possessed by the provider is very beneficial for the user, because often the provider provides advice and input regarding the goods to be supplied to the user and that is what makes the user comfortable using the services of VUFA. Subject 2 gave responses regarding a number of things, first in terms of communication, the communication built by VUFA to outsourcing workers was not very intense, there was no supervision or prior training. Second, the lack of credibility and competence possessed by outsourcing employees provided by the provider because often the user is dissatisfied with the performance shown by the outsourced workers. Subject 3 said that the level of credibility, communication and ethics shown by VUFA when carrying out goods procurement transactions was very satisfying, because every user could feel to be the highest priority scale and in terms of service procurement it was quite good but there were several things to consider, such as HR factors that are less competent in their fields and the level of communication that is felt to be lacking in mastery.

In addition to the three previous dimensions, as for the Emphaty dimension, according to subject 1, VUFA really pays attention to its consumers as a user party, as is the case when users feel confused about what products are suitable for user needs, VUFA often recommends by providing quite detailed explanations. thus helping the User in making decisions. Subject 2 explained that outsourcers who are in user companies still often don't know how to make decisions when there is a problem that occurs and often it is the users who make decisions, according to the testimony of users the outsourcers still have to learn a lot more before they are deployed to in the world of work so that users no longer need to provide extensive learning again. Subject 3 believes that the facts in the field when the provider carries out the process of procuring goods and services can behave like a friend who has often met and knows each other, the provider can give an interesting impression, both in terms of communication that is built and knowledge about the goods and services provided. desired by the user.

The last dimension is *Tangibles* which according to Subjects 1 and 3 states that in terms of material, the equipment provided by VUFA to outsourced workers is very complete so that there is no concern for users to use the services of the provider, not only in terms of the goods imported also very beyond the expectations of the user because the packaging used by VUFA is very neat and clean so that you can be sure that the goods that the user wants will be safe and well maintained. Subject 2 explained that the provider had provided complete equipment both in terms of material such as Personal Protective Equipment (PPE) and also things that were helpful to the Outsourced Workers. Statements from subjects 1 and 3 are in line with the explanation of service quality according to Sangadji in (Sindy, et al., 2022) states that, the quality of service received by consumers is the difference between the expectations or desires of consumers and their level of perception. And it can be concluded that the quality of service that consumers receive.

In an interview with the Marketing Section in the field of Procurement of PT. Varia Usaha Fabrikasi from the start of marketing activities in the Procurement of Goods and Services sector, the procurement party is trying to continue to improve the quality of existing services every month from the beginning of January 2022 to November 2022, so that the following revenue results are obtained:

Data User and Monthly Income			
Month	Total User	Monthly Income	
January 2022	12	Rp.	450.074.108
February 2022	13	Rp.	448.218.613
March 2022	14	Rp.	464.257.908
April 2022	14	Rp.	464.257.909
May 2022	14	Rp.	464.257.910
June 2022	14	Rp.	464.257.911
July 2022	14	Rp.	470.484.572
August 2022	14	Rp.	470.484.573
September 2022	14	Rp.	470.484.574
October 2022	14	Rp.	470.484.575
November 2022	14	Rp.	470.484.576

Table 1.2Data User and Monthly Income

The table above shows that the total users increased from January to March, and from March to November, the total users who collaborated remained stable at number 14 and obtained a total income of Rp. 5,107,747,228. In order to obtain an illustration that service quality is one of the supporting factors for the sustainability of the procurement of goods and services.

### 4. CONCLUSION

Based on the results of the research and discussion that has been carried out and explained previously, it can be concluded that the quality of service provided by VUFA is quite good. Based on research using the five dimensions of service quality. But there are some users who still often criticize in terms of Reliability due to the discrepancy between what is requested and what is provided and in terms of Responsiveness where there is a lack of sensitivity and awareness both in terms of employees who handle procurement and also outsourced workers who are supplied to users. Meanwhile, if we look at the number of users who have increased

and the stability of users, it can be concluded that the quality of service provided by VUFA is good enough for now. In order to obtain the result that service quality can be a major factor in supporting the effectiveness of marketing activities in the procurement of goods and services sector.

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