ANALYSIS OF THE RELATIONSHIP BETWEEN STRATEGIC PROCUREMENT TECHNIQUES AND CORPORATE PERFORMANCE OF UNITED MILLERS, KISUMU

BY

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TITLE PAGE

DECLARATION

I declare that this research project is my own work and has never been presented for any academic award.

NAME Terry Achieng' Obila. ____________ ________________
(MSC / BE / 00210 / 2014) Sign Date

This project has been submitted for evaluation with my approval as the University supervisor.

Dr. Moses Oginda ________________ ________________
Department of Management Science Sign Date
Maseno University

DEDICATION

This research report is dedicated to my husband Nixon Ojijo, my children Lorraine, Vanessa and Roy who have been of great support and encouragement during my entire post graduate studies. Your unconditional support has seen me come this far; may the Almighty God bless you abundantly.

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ABSTRACT

Manufacturing industry has had challenges which have impaired the effectiveness of its performance. This makes the supply chain a very prominent concern for all organizations as they strive for better quality goods and services and thus higher customer satisfaction. Since most firms have realized that maximizing performance of one department or function may lead to less than optimal performance for the whole firm, it is now critical for firms to manage the entire network of supply to optimize overall performance and become competitive in the long run. Given the increasing importance of the purchasing function to corporate performance, it is vital for firms to employ a systematic means of deciding which procurement techniques would enable it attain its corporate goals. However, the department faces myriad of problems which include high costs involved in maintenance of efficient procurement systems, guaranteeing supplier confidence and lack of top management support leading to poor supply chain performance. The purpose of this study was to investigate the effect of strategic procurement techniques on corporate performance of United Millers. The specific objectives of the study were; to investigate the effects of cost management on corporate performance; to determine the effect of information technology on corporate performance; and to ascertain the effect of supplier relationship on corporate performance. The study was based on resource based view theory. Correlation was adopted. The study was guided by conceptual framework where independent variable was strategic procurement techniques and dependent variable was corporate performance. Primary data was collected using structured questionnaires. The target population of the study included 100 staff drawn from; human resource, finance, procurement, stores and operation departments of United Millers, of which 10% was sampled for pilot study. A census survey was adopted for interviews. In testing validity, a pilot study was done while in testing reliability, the researcher used the test re-test technique of questionnaires outside the actual sample selected. With a confidence level of 99%, the null hypotheses were rejected at (sig=0.000, $p<0.01$). Cost management $r=0.496$, ($p=0.000$), information technology $r=0.376$, ($p=0.000$) and supplier relationship $r=0.486$, ($p=0.000$). The study concluded that cost management, information technology and supplier relationship positively influences corporate performance. The study recommends that Cost management should be considered as one of the strategies for procurement techniques, Information technology should be embraced in day to day activities in the organization and clear strategies on how to handle safety control measures on security issues and Supplier relationship is important in any organization hence organization should work on building and developing strong relationship with suppliers since they are key in meeting customers' needs. Further research should be done to establish the integrated role of internal and external audit in cost management especially in manufacturing firms. The study findings may be important to stakeholders in predicting corporate performance.

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ABBREVIATIONS AND ACRONYMS

KAM **-** Kenya Association of Manufacturers

ROK - Republic of Kenya

GDP - Gross Domestic Product

CM - Cost Management

TQM - Total Quality Management

KIM - Kenya Institute of Management

ICT - Information Communication Technology

SRM **-** Supplier Relationship Management

OPERATIONAL DEFINITION OF TERMS

Strategic procurement techniques - These are the institutional procurement processes that continuously improve and re-evaluate the purchasing activities of an organization**.**

Corporate performance – This is also known as business performance and is a term that describes the methodologies and processes that help an organization to manage its successes. Corporate performance is a composite assessment of how well an organization executes on its important parameters be it financial, market and shareholder performance.

Lean manufacturing – This is also known as lean production or JIT manufacturing and is a systematic method for elimination of waste. It emphasizes on value addition by identifying and minimizing waste during the production process. These wastes include over processing, waiting times, unnecessary transportation.

Telematics - A branch of information technology that deals with long distance transmission of computerized information.

Reverse e-sourcing – This is a real time or online platform where suppliers/sellers compete against each other by reducing prices in order to attract buyers.

Process mapping – This is a technique of using flowcharts to illustrate the flow of a process from the most macro perspective to the level of detail required to identify opportunities for improvements; mostly focuses on the work.

Cognitive employment – Taking prospective employees through an aptitude test that measures an individual’s ability to solve problems digest and apply information, learn new skills and think critically.

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CHAPTER ONE

INTRODUCTION

This chapter introduces the study with a background, statement of the problem, objectives, significance, scope and conceptual framework.

1.1 Background of the study

The supply chain has become a very prominent concern for all organizations as they strive for better quality goods and services and thus higher customer satisfaction (Chopra & Meindle, 2001). Since most firms have realized that maximizing performance of one department or function may lead to less than optimal performance for the whole firm, it is now critical for firms to manage the entire network of supply to optimize overall performance and become competitive in the long run. Over time, the procurement function has become an integral part of every firm's competitive success (Reck & Long, 1998). Performance measurement is a central element in procurement management and cannot be considered in isolation. If the procurement function lacks a clear vision and its outsourcing plans if any are not well developed, management reporting will be automatically absent making performance measurement difficult if not impossible.

Monezka, Trent and Hanfield, (2010) argue that there is a need to recognize the difference between purchasing ("purchasing and procurement are normally interchanged") and supply management. Procurement is a functional group as well as a functional activity that performs many activities to ensure value for money to the organization such as supplier identification and selection, buying, negotiation and contracting, supply market research, supplier measurement and improvement and purchasing systems development. Some firms opt to outsource procurement activities instead of having a procurement department of their own. Supply management on the other hand oversees and optimizes the process of acquiring inputs (raw materials) from suppliers (purchase), converting those inputs into finished products (production), and delivering those products or outputs to customers (fulfillment).

According to Economic Recovery Strategy for Employment and Wealth Creation Report, the manufacturing sector in Kenya is a major source of growth, still with high potential for growth and investment. The role of the manufacturing sector in Vision 2030 is to create employment and wealth. Some key Kenyan manufacturing sub sectors that have increased demand in the recent past include galvanized iron sheets and cement, cigarettes, beer and wheat flour. All of these have increased production between 2003 and 2005; particularly cement which is a good indicator of economic activity. On the consumer goods side, goods manufactured locally include stationery and grooming products (KAM 2014).

Since independence, the Kenyan economy has remained predominantly agricultural with industrialization remaining an integral part of the country's development strategies. The industrial sector's share of monetary GDP has remained about 15-16% while that of manufacturing has remained slightly more than 10%. Over the last two decades, manufacturing accounts for the greatest share of industrial production output and form the core of the industry (ROK, 2012)

Cost and profit in business undertakings form part of what determines the financial position of a business concern. Since management is concerned with profitability which is a measure of business performance especially in a manufacturing concern, the need for higher sales will arise and this will facilitate the need to increase production capacity, which in turn brings about increase in cost. Brumbaug (2008) was of the opinion that corporate bodies should watch the cost and the profit will take care of itself. The implication is that cost should be controlled rather than embarking on unscientific cost reduction that may translate to lowering the quality of products. Management is normally forced to adopt various methodologies and techniques in order to regulate (control) rather than reduce cost. Cost increases as various production activities are embarked upon and the need to keep cost in check arises because standards for production will be set and actual production will be made thereby bringing about variances which can only be reduced or eliminated through effective cost control. Sikka (2003) was of the opinion that cost control system should consist of methods and procedures that help to regulate the cost of operating an undertaking and ensures that cost does not go beyond a certain level. As profitability among others is the essence of any business, there will be the need to incur reasonable costs and management has to ensure careful and efficient use of resources so as to achieve the set standard or target. Cost control is operated by setting standards and maintaining the performance according to standard because, as management aspires to increase productivity for more profit, there will be increasing cost and collection of cost will be made by each area of responsibility.

Every business aims at enhancing profits and shareholders' wealth by improving the net operating income and earnings available to common shareholders. This can be made possible either by maximizing sales revenue or minimizing costs. In a competitive market with multiple products and substitutes backed by brand consciousness and quality, increasing the selling price may adversely impact the sales volume and market share. Ideally it is the cost area which is the focal point of consideration in terms of analysis and action. The common problem faced by every business is to prioritize cost control as a short term goal or cost reduction which involves long term planning and aims at reducing cost per unit. It can be asserted that cost control plays a key role in performance of any organization and it could lead to non-performance if right control measures are not in place to minimize cost.

Organization technologies have led to a host of innovations which seem to be radically changing the nature of manufacturing industry. The increasing replacement of mass production, specialized, single-purpose, fixed equipment by computer aided design and engineering capabilities (CAD/CAE), robots, automatic handling and transporting devices, flexible manufacturing systems (FMS), computer aided/integrated manufacturing (CAM/CIM), cellular manufacturing, just-in-time (JIT) techniques, Materials Resource Planning (MRP) and telematics has allowed firms to produce a larger variety of outputs efficiently in smaller batches and less time (Kaplinsky, 2006).

The greater flexibility of new technologies (NT) is also believed to have important implications for the level of 'optimal' scales. Contrary to the paradigm that increasing scales are synonymous with cost reductions, it provides "opportunities to switch production between products and so reverse the tendency.

Porter (2003) stresses in particular the need for the interconnection between strategy and technology to be thought through. In this respect, part of the specialized literature explains that in order to foster the competitiveness of the organization, strategy should drive the development of technology. Therefore, technological development can bring to the plant a group of competitive weapons and a better technological base, applicable to other products and markets. This implies the adoption of a one-directional perspective, that is to say, the causal relationship goes from strategy to technology, and not vice versa.

The effectiveness of manufacturing firms is related to the fit between technology and structure. Looking at the technology-structure research from 1965 through 1980, Kantrow (1980) and Fry (1982) found that with some exceptions, many of the studies suggested strong support for the existence of the technology-structure and performance relationships. In addition, the research reviews carried out by Kantrow (1980) revealed that managers expressed the need to place technological decisions in the context of management. In another study that examined firms that used technology as part of their competitive strategies, Frohman reported that a strategy that emphasized technology is not necessarily the best.

Regardless of their organizational size, Frohman concluded that if a firm decides to exploit technology as a competitive weapon, it must also fulfill the following three conditions which include having top management orientation, have project selection criteria; and have appropriate systems and structure. Morone (1989) also noted that technology provides a firm the opportunity of a source of competitive advantage and thus he added that strategic management in firms should respond to this technological opportunity and integrate technology with their business strategy. Molloy and Schwenk's (1995) looked at the effects of technology on the strategic decision making process and suggested that information technology improved decision making efficiency and effectiveness at each stage of the strategic decision process. Even though technology has been termed as wheel to business success, still organizations are not achieving maximum performance despite the fact that they have adopted technology.

Supplier Relationship management has been one of the core concepts discussed in Total Quality Management (TQM) and can be described as a part of a company's strategic framework that works for risk mitigation, quality uplift, collaborative ties with important business suppliers, profit maximization and customer delight. Healthy relations with suppliers are a result of trust that prevails between the two parties leading to extraordinary performance of the customer firm. What you need is good and loyal suppliers and in return you should also be loyal to them; that is what generates trust between the two. Having loyal suppliers leads to production of high quality products and creates a reliable image to the buyer as timely deliveries are ensured, higher competitive edge, enhanced creativity and overall low costs. One thing that should not be forgotten is that suppliers can take the buyer for granted to set their own preferred terms and conditions.

In America, there has been a relative decline in procurement performance of the manufacturing industry and as a result, its contribution to the total American GDP is less than half what it was two decades ago (Burt, Petcavage & Pinkerton, 2010). This was attributed to poor relationship between suppliers and manufacturing sectors leading to increased cost of production which resulted to the gross operating profit margin to fall from 10.5% in the year 2012 to 3.6% in the year 2013. The weakening global economic conditions are forcing organizations to reinvent their relations with customers and suppliers alike. Thus, costs must be lowered throughout the procurement process by focusing on value addition.

Supplier Relation Management (SRM) is focused on joint value creation based on trust, open communication and collaboration with a limited number of key suppliers; however this is not the scenario and in most cases leads to cost escalation. Leveraging on supplier capabilities is mentioned as the most important objective of SRM. Organizations are aware that they don't have the means to finance all activities perceived as strong contributors to competitive advantage and were kept in-house (e.g. product development, manufacturing, services, etc.) are now qualified for outsourcing. The second most important objective is reducing cost. This would appear to conflict with the focus on value creation, but cost-cutting is still one of the key imperatives. The main difference with traditional approaches is that benefits are now realized and shared together with partners. This objective is also related to the low maturity level of SRM as a business process where the business perceives procurement, and therefore SRM primarily becomes a contributor to cost reduction.

1.2 Statement of the problem

It is known that research on the effects of strategic procurement techniques on corporate performance has shifted away from a primarily clerical role to a more strategic one. The adoption and use of business-to-business commerce is also widely researched. However, most of what has been written about the effect of strategic procurement techniques on corporate performance remains virtually unexplored in the academic literature. Corporate purchasing strategies contribute to over 15% of global purchasing which accounts for about 5% of the contribution to a country's GDP. Given the increasing importance of the purchasing function to corporate performance, it is vital for firms to employ a systematic means of deciding which procurement techniques would contribute to attainment of corporate goals. If a firm uses procurement as a tool to keep pace with competitors without considering how it fits into corporate strategy, the outcome may be less than optimal. Purchasing professionals must therefore recognize that these tools represent a means of achievement of corporate goals and are not a replacement for well developed and implemented strategies. The attainment of Kenya Vision 2030 is highly dependent on prudent strategic procurement and as such United Millers should be on high alert to curb the massive wastages experienced by manufacturing companies which are likely to retard economic growth. However, there has been a knowledge gap as to whether this factor can affect organizational performance. Therefore, this study was undertaken to investigate the effect of strategic procurement techniques on corporate performance of United Millers.

1.3 Objectives of the study

The general objective of this study was to analyze the relationship between strategic procurement techniques and corporate performance of United Millers, Kisumu.

1.3.1 Specific Objectives

i) To investigate the relationship between cost management and corporate performance of United Millers.

ii) To determine the relationship between information technology and corporate performance of United Millers.

iii) To ascertain the relationship between supplier relationship and corporate performance of United Millessrs.

1.4 Hypotheses

H_{01}: Cost management has no significant relationship between corporate performance and United Millers.

H_{02}: Information technology has no significant relationship between corporate performances of United Millers.

H_{03}: Supplier relationship has no significant relationship between corporate performances of United Millers.

1.5 Justification of the study

There is a broad difference between the existence of strategic procurement techniques and the actual implementation or putting them into use. The findings of the intended study would help in establishing whether these strategic procurement techniques are being comprehensively implemented by firms in the manufacturing industry. They would also provide knowledge of the practical awareness of the procurement techniques in the manufacturing industry. At the same time, it would provide sound basis to tell how the implementation of the procurement techniques has affected corporate performance of companies in the manufacturing sector. To the body of knowledge, the intended study would provide sound basis on which the relevant shareholders and stakeholders would establish appropriate implementation strategies while seeking to enforce the important strategic procurement techniques in this sector and other sectors of the economy.

1.6 Scope of the study

The study focused on the effect of procurement techniques (cost management, information technology and supplier relationship) with reference to United Millers. United Millers is located in Kisumu city, Kisumu county, south western region of Kenya. The study was carried out from May to September 2017.

1.7 Conceptual Framework on the Effect of Strategic Procurement Techniques on Corporate Performance

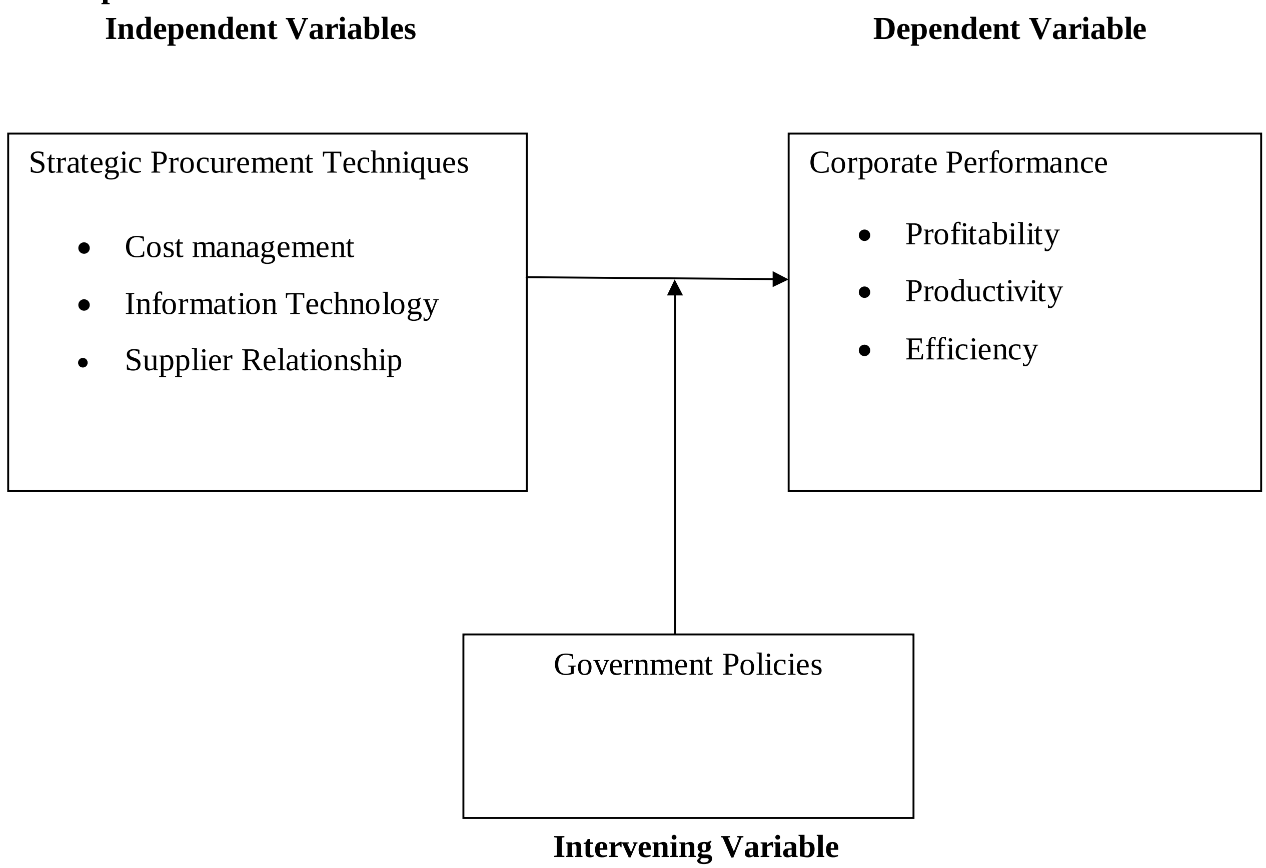

Figure 1.1: Conceptual Framework on the relationship between strategic procurement techniques and corporate performance

Source: Self conceptualization 2017

This is a figure that conceptualizes the relationship between the independent and dependent variables as follows; cost management which affects performance, information technology which affects performance and supplier relationship which affects performance of an organization. The dependent variable is corporate performance which is affected by how profitable, productive and efficient the firm is. The intervening variable which is government policies also affects performance because the firm has to abide by the regulations put in place.

CHAPTER TWO

LITERATURE REVIEW

This chapter introduces the theoretical and empirical literature related to the effect of strategic procurement techniques on corporate performance. It further discusses Resourced Based View theory that this study was anchored on and further summary of the literature gap review.

2.1 Theoretical Literature

In the recent years, procurement function has evolved from a transactional function to strategic function which contributes immensely to the current and future performance of the organization. Procurement experts have done this by adopting a strategic approach to managing procurement. The commonly used strategic procurement techniques are; Spend analysis, Management of Supplier Relationship, e-Procurement framework agreements and preferred supplier lists.

When spend analysis is used at strategic level, it is a powerful and invaluable tool for identifying and manipulating detailed spend data for example, category, provider, cost unit and time period and combinations/permutations of these. This information is the key foundation for other strategic procurement decisions such as category management, supplier relationship management and the procurement strategy. It forms an important part of resource mapping and planning as it allows organizations and their commissioning partners to identify where financial resources are being allocated currently, and commitments in the future. Spend analysis will be particularly useful if carried out regularly and the information is kept up-to-date at a corporate level. If this has not been done then it should be carried out as early as in the Joint Planning & Commissioning Cycle as possible. It will allow managers to look, for example, at expenditure against outcomes and compare these with organizations providing similar services.

Supplier Relationship Management is an important element of Category Management but is worth highlighting in its own right. It should be an ongoing activity applied to all current, significant suppliers. However, if you have not had a strategic approach to SRM in the past, it may be best to introduce it following detailed spend analysis and categorization. SRM recognizes that different relationships will be required with different suppliers/providers. The type of relationship will depend largely on the criticality and/or value of the goods or services they supply, and factors such as the number of suppliers in the market, and the global availability of a requirement. SRM allows procurers to develop strategies for dealing with suppliers to achieve ongoing value for money, and reduce the risk of poor performance or non-delivery or non-availability. It allows the procurement organization to focus its effort on the right suppliers and ensure they are not being managed by their suppliers. For many suppliers, it will not be necessary to expend significant resources building a relationship, and an operational-type of management style will be sufficient, but for others it may be necessary to enter into full relationship management. This will not be a 'cosy' option – it will require a drive for continuous improvement and ongoing communication management, cost management and benchmarking. The success of any management strategy will depend on the supplier's buy-in and it will be to identify how your supplier values your business.

Electronic procurement is increasingly being used to streamline procurement to be a helpful process. Procurers should therefore consider how their organization might benefit from developments which include; Systems to manage the process for receiving and evaluating quotations and tenders (e-tendering), Systems to assist with the management of contracts, The use of e-Auctions to identify the best price offered by suppliers, online marketplaces which allow buyers and sellers to interface and do business – an example is the OPEN marketplace[1] for use by schools'-Procurement which will be of particular benefit at Stage 6 'Decide how to commission services efficiently' of the Joint Commissioning Cycle but information gathered from any automated contract management will be very useful at Stage 9 'Monitor and review services and process'.

2.1.1 Resource based view theory

The resource based view theory (RBV) was coined by Penrose 1959 and has its basis on competitive advantage to transform a short-run competitive advantage into a sustained competitive advantage which requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort. Competitive advantage is a business concept that describes the attribute of allowing an organization to outperform its competitors. These attributes may include access to natural resources such as high-grade ores or a low-cost power source, highly skilled labor, geographic location, high entry barriers. Access to new technology can also be considered as an attribute of competitive advantage. For organizations to achieve the competitive advantage in a competitive environment, they need to embrace procurement techniques that are neither imitable nor substitutable without great effort in order to be market leaders. One such organization is United millers in Kisumu; United millers in Kisumu is implementing this theory to try and be market leaders. Resource based view focuses on the internal resources of an organization. It explores the role of key resources both tangible and intangible assets and capabilities that organization controls in creating competitive advantage and superior performance (Pankaj M. 2009). These assets and capabilities determine how efficiently and effectively organizations perform their activities. RBV has been developed to understand how organizations achieve sustainable competitive advantage. Main sources of organization's overall performance lie on how well the procurement function is handled in organizations.

Strategy in organizations has heavily relied on the concept of profit making (Liewellyn, Tappin 2003). Managers of public institutions are struggling to find direction from competition based strategy and have turned to new public management in order to bridge the gulf by focusing on clients instead of citizens through pursuit of business like outcomes instead of public policy making. New public management engaged use of procurement as a strategic tool (Ferlie et al 2003). Shift of procurement function as a strategic tool has focused pursuit of resource development and provided an avenue in meeting organizational goals in public sector. New public management drew on the principle of strategy literature regarding pursuit of resource creation, development and enhancement. This is most appropriate for public sector organizations since they do not normally compete for customers. Public sector relies on either resource extraction from external policy based funding or resource development through incremental enhancement of their resource base.

The RBV of the firm has grown in popularity as a paradigm to which sustainable competitive advantage and inter firm performance can be explained (Barney 1991). Resource utilization is an important aspect of RBV because it reflects on productive use of resources. Rumelt et al (1991) noted that creation of specialized resources is based on operating efficiency, proper identification of the existence and quality of resources and building product market positions and contractual arrangements that most effectively utilize, maintain and extend these resources. Efficiency is embedded in the notion of resource heterogeneity. Resource heterogeneity arises due to the presence of unique co-ordination in processing firms. Co-ordination involves allocation of specific resources towards an activity (Majumdar 1998).

2.1.2 Cost management and performance

Many large companies in the United States of America and Europe use reverse e-sourcing to reduce costs because supply managers always expect continued increase in costs in the future (Kaufmann and Carter, 2004). In reverse e-sourcing, suppliers compete dynamically in real time for a buyer's business and typically bid down the price of an item to be purchased during a fixed time period often thirty minutes or even less. This reduces purchase prices, saves time, streamlines the bidding process and enables suppliers to compete globally thus enhancing organizational performance (Smart and Harrison, 2003). Risks of high costs include damaging supplier relationships, switching to suppliers who are not capable, underestimating total costs associated with using suppliers with lower purchase prices and negatively impacting the supply market in the long run by driving out qualified suppliers (Smeltzer and Carr 2003). In order to attain maximum benefit, purchasing processes should be evaluated and improved before implementation to take care of the cost function (Presutti, 2003). Cost management focuses on the firm's strategic positioning, its overall value chain, and the full set of cost drivers for the firm (Lorenzoni, Shank, and Silvi, 1999).

For this study, cost management effectiveness is defined as planning, coordination and control of cost systems by using advanced cost accounting techniques or computer-based systems that provides quality cost data for use in strategic decisions, including sourcing, product pricing and mix, and profitability, as well as in operating decisions, including process improvement, product design and performance measurement and evaluation decisions (Swenson, 1995). This study focuses on the attribute of quality of cost data that consist of five dimensions, namely accuracy, reliability, completeness, timeliness, and relevance of CM effectiveness.

CM effectiveness is an important technique for a manufacturing firm because it supports the strategic and operational decision (Swenson, 1995). Moreover, it improves demand for increased quality, reduced costs, and on-time delivery (Robin, 1992).

Therefore, all organizations need to continuously renew themselves to survive especially manufacturing firms which must confront more competitive environments (Danneels, 2002). Manufacturing firms also implement several techniques both management techniques and management accounting techniques for sustainable competitive advantage and firm success such as total quality management, budgeting, balance scorecard, and cost management system (Chenhall and Langfield-Smith, 1998).

2.1.3 Information technology and performance

Technology enhances infinite and non-restricted access to an organization's information and increases market transparency and economic incorporation based on complementariness (Carayannis and Popescu, 2005). Procurement technologies grasp a virtual market open to capable suppliers in which a choice is then made by the concerned organization (Petrie, 2001). The whole process of procurement is done online thus cutting on costs, broadening supplier base, easy access to preferred goods (pre-defined quality standards) and ease of comparison. However, the road to executing successful ICT in developing countries is not that easy because procurement managers are faced with difficulties such as resistance form bureaucracies involved, weak human capital, corruption and fraud. In the case of conflict ridden countries, instability and violence can damage any efficient long term work (Dobler 2002). ICT systems are also expensive and difficult to manage and maintain.

2.1.4 Supplier relationship and performance

Supplier relationship has been one of the core concepts discussed with relation to TQM and can be described as part of a company's strategic framework that works for risk mitigation, quality uplift, collaborative ties with important business suppliers, profit maximization and customer delight. Having loyal supplier's leads to production of high quality products creates a reliable image, gives rise to timely deliveries, higher competitive edge, enhanced creativity and overall low costs.

Supplier relationship management plays an important role in reduction of costs and optimization of performance in industrial enterprises (Caeldries 2008). It has long term and short term objectives where short term objectives include improving productivity, reducing cycle time and inventory (Wisher and Tan 2000) while on the other hand, long term objectives include creating value to customers, increase in profits, improved efficiency of production operations and increase in market share (Williams 2006)

Supplier relationship is the action of two or more supply chain members working together to create a competitive advantage through sharing information, making joint decisions and sharing benefits which result from greater profitability of satisfying customer needs than acting alone (Togar and Sridharan, 2002). Supplier relationship underlies transactions to a relational exchange as the roles of supplier and buyer are no longer narrowly defined in terms of simple transfer of ownership of products (Mac Neil 2004).

Buyer/supplier commitment is the belief that trading partners are willing to sustain the relationship (Dion et al. 2004) whereas according to Moorman, Zaltman and Deshpande (2002), buyer/supplier commitment is an unending desire to maintain a valued relationship.

2.2 Empirical Literature Review

2.2.1 Cost management and performance

Mohamad, Suraidi, Rahman and Suhaimi (2016) in a case study of a textile chain store in Malaysia, examined the relation between inventory management and company performance and found that their inventory days were significantly related to return on assets (used proxy for company performance). The study identified that the textile chain store company had unorganized inventory arrangement, large amount of inventory days and lacked accurate stores balances due to unskilled workers. Also, Victoire (2015) investigated the impact of inventory management on profitability in Rwanda using a manufacturing company as case study. The findings indicate that inventory management had significant impact on the company's financial performance. It can be acknowledged that improper handling of inventory leads to increase in cost hence impacting on the performance of organization. From the conclusion, the study did not indicate the extent to which cost related to inventory influence performance of organization hence this study will establish the extent to which inventory cost influence performance.

In Nigeria, Etale and Bingilar (2016) carried out a study on the effect of inventory cost management on Profitability of listed brewery companies in Nigeria. The researchers reviewed literature from the annual reports and accounts of brewery companies listed on the Nigerian Stock Exchange from 2005 to 2014. A multiple regression model was used to analyze the secondary data and the model revealed that efficient inventory cost management had a positive influence on the profitability of brewery companies in Nigeria. The study recommended that brewery companies should adopt effective and efficient inventory cost management practices; deploy appropriate modern technology for effective inventory cost management; and employ capable and qualified staff who should be trained regularly on proper and efficient inventory cost management. Even though the study concluded that inventory cost has a positive influence on profitability of companies, the study did not indicate the extent to which it influences performance, therefore this study sought to establish the extent to which inventory cost management influence performance.

In Kenya, Namu and Kaimba carried out a study on the impacts of cost reduction strategies on performance on tea factories of Embu. The purpose of this study was to determine the impact of the cost reduction strategies initiated by various tea factories in Embu County. They carried out a survey on a sample of 283. The researchers found that the factories employed cost reduction measures. Some of the measures were acknowledged to be applicable at 100%. These were strategies like staffing, technology and energy sources. Even though the study findings indicate that cost measures were employed at 100%, the study did not indicate what motivated the factories to apply cost reduction strategies at 100%. This study sought to establish the reasons behind organizations desire to employ cost reduction fully.

2.2.2 Information technology and performance

Farhanghi, Abbspour and Abachian (2012) in Iran carried out a study on the effects of IS on organizational structures and performance. The purpose of the study was to find whether a relationship existed between Information technology and organizational structures and performance. They carried out a survey involving consulting engineers, owners, general and executive managers. The study found out that IS has a direct and indirect impact on organizational performance. Further, the study revealed that IS has direct effect on performance. Even though the findings of the study indicated that IS had a direct effect on performance the study did not go further to indicate the reasons leading to direct effect on performance. Therefore this study found out the reasons why IS has a direct effect on company performance.

In Japan, Ham, Gon Kim and Seunanancegwhan (2005) carried out a study on the effect of IT on performance in upscale hotels, with a purpose of establishing the relationship between IT and performance. They found out that IS significantly and positively affect performance. They carried out a survey of all upscale hotels in Japan to come up with these findings. From the findings of the study it can be acknowledged that information technology significantly and positively affect performance; however, the study did not indicate the extent to which IT affect performance. This study sought to establish the extent to which IT affects performance.

A study carried out in Kenya on IT conceptualization and performance in deposit taking macro financing institutions by Nzuki (2013), indicated that DTMFIs decided to invest in IT to enhance effectiveness of the business, make firms produce quality services and become competitive as well as adopt IT in order to improve performance and enhance quality delivery. Further, the study found out that IT was not meant to eliminate staff but to enhance their capabilities which lead to staff performance. The researcher carried out a survey to come up with the findings. The researcher concluded that DTMFIs had conceptualized IT as a means of creating impact on performance. Due to industrial pressure, implementation of IT should be done to save resources, reduce cost and make the firm's customers satisfied. Additionally, the study recommended that organizations should invest in IT to improve staff capabilities, provide choice of communication and also provide quality products and services. From the conclusion of the study, it can be asserted that IT has an impact on organizational performance; however the study did not indicate the level to which IT impacts Performance. This study sought to bridge the gap by establishing the extent to which IT impacts performance.

2.2.3 Supplier relationship and performance

Trifonova and Filno (2009) conducted a study on Buyer - Supplier relationship in South America Automotive industry with a purpose of evaluating the relationship of buyers and suppliers and interpreting their intentions using structural equation model. The impact of relationship quality, commitment, trust and satisfaction was tested taking into account the behavioral intentions of buyers towards suppliers. Using survey approach method, it was found out that opportunistic behavior is an important construct in buyer-supplier relationship and must be measured and managed with care. Even though the researchers concluded that opportunistic behavior is an important construct in buyer-supplier relationship and must be measured and managed with care, they did not indicate how important it was and how it should be measured. This study would bridge the gap establishing how important the opportunistic behavior is important in organizational performance.

In Kenya, Kamau (2013) of University of Nairobi carried out a study on Buyer-Supplier relationship and performance of large manufacturing firms in Nairobi with an aim of establishing the effect of Buyer-Supplier on performance of organizations The researcher carried out a cross sectional survey on a sample of 56 large manufacturing firms and found out that there was significance between buyer-supplier relationship and performance represented by r^2 whose value was 0.723 which translated to 72.3% and variance explained by variables of; trust, communication, cooperation, commitment and mutual goals. Even though the researcher concludes that a relationship existed between buyer-supplier relationships, the study missed to indicate the effect of this relationship and performance. This study sought to establish the effect of buyer supplier relationship on performance.

A study carried out by Chepchumba (2016) from Jomo Kenyatta University of Agriculture and Technology on effect of supplier relationship management on organization performance indicated that understanding and practicing SCM with key focus on supplier relationship is an essential prerequisite for staying competitive in the global race and enhancing profitability. Further, improved performance could be achieved through proper practice of Supplier relationship. He used a cross sectional survey with a population of 272 KQ employees and a sample of 82. The researcher additionally recommended that organizations should show more commitment in SRM by having systems to monitor, appraise and evaluate performance at the strategic level. The conclusions of this study indicated that supplier relationship is key for organizations to achieve competitive advantage; however the researcher did not indicate the level of influence of SRM that will lead to performance. This study sought to establish the effect of SRM on performance of organizations.

2.3 Summary of Literature gaps

In summary, from the review of different literature, it can be noted that strategic procurement techniques are vital for organizations to be market leaders. The reviews asserted that strategic procurement techniques; cost management, information technology and supplier relationships are key for an organization to remain competitive in a competitive environment. The reviews indicated that a relationship exists between the strategic procurement techniques and performance of organizations and since these techniques are interrelated, they influence the performance of organization. Even though the reviews acknowledged that these techniques influence performance, they failed to indicate how they affect the performance of an organization. Therefore this study is designed to establish the effect of the strategic procurement techniques and performance of organization with a focus on United Millers in Kisumu. In light of this and the gaps identified in literature, this study sought to bridge the gap. To achieve this, the study utilized Resource Based View theory as advanced by Penrose.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter introduces the methods used to carry out the research which includes; research design, target population, sample and sampling procedure, study area, data collection procedure, methods of data analysis and instrument validity and reliability.

3.1 Research Design

The research project was a case study conducted through a correlation design. Correlation design is a type of descriptive study which indicates the relationship and strength between two variables. A descriptive design was ideal for the proposed investigation because it required specification of the information needed, characterized by the formulation of specific research questions in an area that the researcher has substantial knowledge about the research problem. A sample of elements from the population of interest was staff at United Millers. A descriptive study is a research design that concentrates on a few typical situations in great depth, making it appropriate for the study. The researcher relied on primary information sources which was firsthand information obtained from the respondents through administration of structured and unstructured questionnaires and secondary information which was obtained from the records held by the management of United Millers. The information gathered enabled the researcher to analyze the relationship between strategic procurement techniques and corporate performance of manufacturing companies.

3.2 Study Area

The company's area of jurisdiction covers Kisumu county covering an approximate area of 2,085.9KM^2 with an estimated population of 968,909.The company is based in Kisumu town and provides the services of; milling flour, baking services and cooking oil.

3.3 Target Population

Population is an entire group of individuals, events or objects having common or observable features (Mugenda and Mugenda, 2004). Population also refers to the larger group from which a sample is taken (Orodho, 2003). Whereas Cooper and Emory (2001) define population as the total collection of elements about which the researcher wishes to make some inferences. A population can also be defined as including all people or items with the characteristics one wishes to understand. The target population is the population to which the researcher wants to generalize the results (Mugenda and Mugenda, 2004). In this study, the targeted population consisted of 100 employees from various departments in United Millers as tabulated in the table below.

Table 4. 1Target Population

S/No.	Department	Number
1.	Human Resource	3
1.	Finance	10
2.	Procurement	7
3.	Stores	20
4.	Transport	40
5.	Production	20
TOTAL		100

Source: Survey data (2017)

3.4 Sample Design and Sampling Procedure

A sample is the number of items selected to represent the whole population (Kothari, 2004). Cooper and Emory (2001) defines sample size as the subject on which the measurement is being taken as the unit of study. A sampling design is the method of selecting items to be observed for given study (Kothari, 2004). Census survey procedure was adopted for the research study.

3.5 Data collection Procedures and Instruments

3.5.1 Source of data

Data was obtained from primary sources. Primary data was deemed reliable since they are considered original in nature.

3.5.2 Data Collection Instruments and Procedures

In this study, data was collected through structured questionnaires in which each respondent was asked to respond to the same set of questions in a predetermined order. Personally administered questionnaires were therefore used. Moreover, the researcher collected all completed questionnaires within a short period; clarifications were made on the spot where necessary and they were administered to a large number of individuals at the same time thus cost and time saving. The researcher used both qualitative and quantitative analysis methods of data analysis. The qualitative analysis was used to establish the trends, patterns and relations from the information gathered, while quantitative analysis was used to distribute measures of score or tendency.

The study was modelled on a case study design and therefore the researcher used the degree of tendency and percentages to analyze. After analysis of data collected on the effect of strategic procurement techniques on corporate performance, the results and findings were presented using tables, graphs and pie charts.

3.5.3 Validity and Reliability of the Research Instruments

Validity as noted by Foster (2001) is the degree to which result obtained from the analysis of data actually represents the phenomenon under study. Also according to Foster (2001), reliability refers to the consistency of the results on different items being tested.

Mugenda and Mugenda, (2003) defines reliability as a measure of degree to which the researcher's instruments yield consistent results of data after repeated trials. They further indicate that reliability in research is influenced by random error. As random error increases, reliability decreases. Random error is the deviation from the measurements due to factors that have not been effectively addressed by the researcher. Such errors can be as a result of inaccurate coding, biasness of the researcher or respondent and researcher's fatigue. Validity is the accuracy and meaningfulness of interference which are based on the research results (Kats, 1987). It is the degree to which results obtained from analysis of the data actually represent the variables of the study. In testing the validity and reliability of questionnaires, questionnaires are pre-tested outside the sample population using the test re-test method (Kothari, 2004).

3.5.4 Pilot Study

A pilot test is considered to be like a dress rehearsal in which a small scale trial of the study is conducted prior to the full-scale study. Hence, in this study a pilot test was carried out in order to obtain an insight on indication of the study.

A pilot study was conducted with random selection of 10% of the population. According to Connelly L.M from Mesdsrsurg, a 10% of a population is ideal for piloting to give appropriate responses. This is in line with the recommendation by Malhotra (2008) that the sample size for pre-test is normally small to help establish the validity and reliability of the questionnaire. Target population was 100 hence sample for piloting was 10 employees as indicated in the table below.

Table 4. 2 Sample Size

S/No.	Department	Number	Pilot sample=10%
1.	Human Resource	3	
1.	Finance	10	
2.	Procurement	7	
3.	Stores	20	
4.	Transport	40	
5.	Production	20	
TOTAL		100	10

3.6 Data Analysis and Presentation

The study used both qualitative and quantitative analysis methods of data analysis. The qualitative analysis was used to establish the trends, patterns and relations for the information gathered while quantitative analysis was used to distribute measures of score or tendency.

After the field study, the questionnaires were assembled, examined and coded. Raw data was summarized in a tally sheet and the data classified into different categories as per the questionnaire items. The researcher summarized the responses as per each category. For closed ended items, the responses were summarized according to frequencies. Simple descriptive statistics including percentage, frequencies, tabulations, bar charts and graphic illustrations of the responses was used to analyze the data. Tabulation as justified by Kothari (2004) is the use of tables in analyzing research data and is preferred because it conserves space, reduces explanatory and descriptive statements, facilitates comparison and summation of items. Bar charts and graphs are also easy to construct, enables easy comparison between classes of data and are thus justified for use in this study.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter presents data analysis and findings of the study in two major sections. The first section gives a demographic view of the respondents in question, and the second section discusses the findings of the research objectives.

4.1 Background information

Table 4.3 illustrates the response rate of the respondents that participated in the survey. The study targeted 100 respondents in data collecting on the effects of strategic procurement techniques on corporate performance with a focus on United Millers in Kisumu. 91 out of 100 target respondents filled in and returned the questionnaires contributing to 91%. This complied with Mugenda and Mugenda (2003) who suggested that for generalization, a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent.

Table 4.3 Response Rate

Response	Frequency	%
Filled Questionnaires	91	91.0
Unreturned Questionnaires	9	9.0
Total	100	100.0

Source; Research data, 2017

4.2 Demographic Characteristics of the Sample

The study found it important to establish the general information of the respondents since it is the entry point of getting to understand the respondents. Primary data was collected by means of self-administered questionnaires and 91 questionnaires were completed at a response rate of 91%. A summary of the respondents who participated in the case study is presented in Tables.

Table 4.4 Gender of Respondents

Gender	Frequency	%
Female	40	40.0
Male	51	51.0
Total	91	91.0

Source: Survey data, 2017.

Table 4.4 indicates the responses on gender. From the results it can be acknowledged that male respondents were more than female respondents (male 51% and female 40%).This implies that United millers had a gender balance in implementing procurement techniques since the percentage is nearly equally balanced.

Table 4.5 Age of Respondents

Age	Frequency	%
21-30yrs	26	28.6
31-40yrs	41	45.1
41-50	16	17.6
51yrs and above	8	8.8
Total	91	100.0

Source: Survey data, 2017.

It was also observed from the Table 4.5, showing distribution of respondents by age groups that the majority of the respondents were between 31-40 (45.1%), 21-30 (28.6%) while 41-50 years were 17.6% and above 50 years were 8.8%. This implies that most of the United Millers respondents are young people who understand the changing trends in procurement process and appreciate technology.

Table 4.6 Education Level

Level of Education	Frequency	%
Masters	10	11.0
Bachelors	21	23.1
Diploma	40	44.0
Certificate	20	22.0
Total	91	100.0

Source; Research data.2017

It was also observed from table 4.6, showing education level of the respondents that majority of the respondents that is 44% did diploma, 22% are certificate holders while only 23.1% have bachelor's degree and 11% have masters. This implies that the majority of respondents who had diplomas were directly involved in milling process and had necessary skills to put into use.

Table 4.7 Years of Experience

Years of experience	Frequency	%
Less than 2 years	20	21.9
3-5 years	31	34.1
6-10 years	12	13.2
Above 10 years	28	30.8
Total	91	100.0

Source; Research data, 2017

The findings of the study revealed that most of the staff (34.1%) had highest years of experience that is between 3-5 years. It was also found that (30.8%) had above 10 years of experience, 13.2% of the respondents had 6-10 years, while (21.9%) of the respondents had less than 2 years' experience. From the findings it can be said that most of the staff had experience and were therefore considered to have information with regard to procurement strategic techniques for carrying out procurement processes.

4.3 Strategic Procurement Techniques

4.2.1 Extent of cost management influence on performance

Table shows the opinions of various respondents in United Millers on how cost management influences corporate performance

Table 4.8 Extent of Cost Management influence on performance

Cost Management Issues						
	N	Minimum	Maximum	Percent %	Mean	Std. Deviation
Availability of funds to cater for operation costs and sustain all programs	91	2	5	69.6	3.48	.808
Skills of employees handling cost management function	91	2	5	72	3.60	.842
Experience of employees handling cost management	91	2	5	72	3.60	.855
Cost management techniques in place for minimizing cost	91	2	5	69.8	3.49	.780
Handling of activities that are associated with cost escalation	91	2	5	69.4	3.47	.794
Valid N	91					

Source; Research data, 2017

Table 4.8 revealed Availability of funds to cater for operation costs and sustain all programs as an issue of cost management was at 69.6%, the respondents agreed that it influences cost Management while Skills of employees handling cost management function and Experience of employees handling cost management was at 72% respectively, while on the issue of cost management techniques in place for minimizing cost at 69.8% and handling of activities that are associated with cost escalation was at 69.4%. This implies that the organization should put in place all necessary control measures pertaining to issues associated with cost management in order to reduce cost hence improving performance.

4.2.2 Extent of information technology influence on performance

The rate how the information technology issues performance

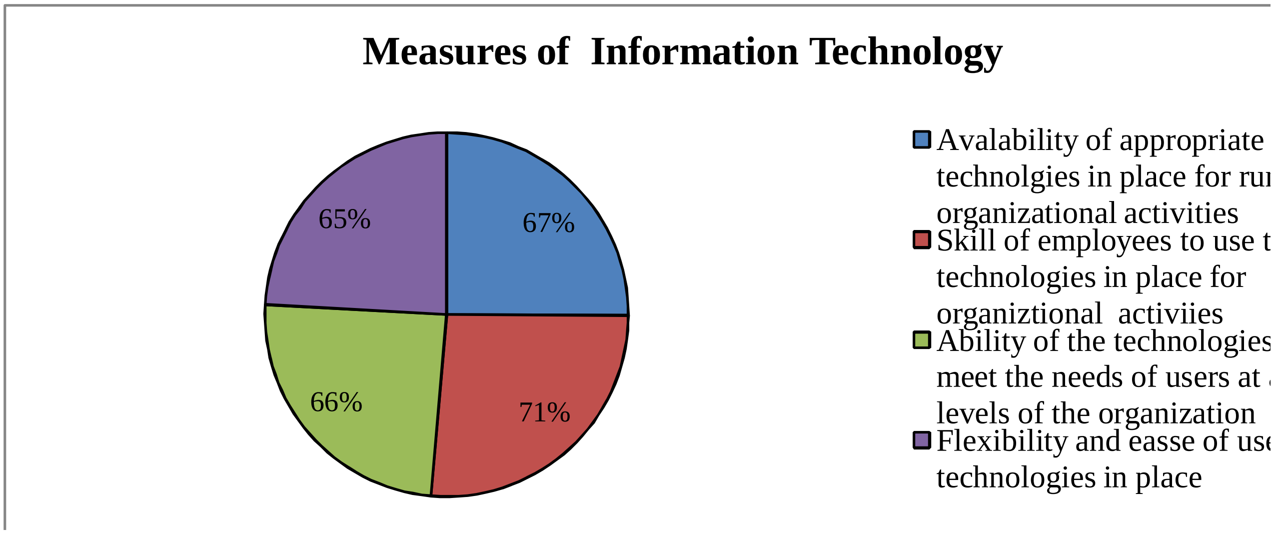

Figure 4.2: Measures of Information Technology

Source: Survey data, 2017.

Figure 4.2 states that 71% of respondents agree that Skills of employees to use the technologies in place for organizational activities improves the performance while 67% of respondents agree that Availability of appropriate technologies in place for running organizational activities improves the performance while Ability of the technologies to meet the needs of users at all levels of the organization and Flexibility and ease of use the technologies in place at 66% and 65% respectively. This means that the major measure of performance in United Millers is information technology as shown in figure 4.2 above. From these findings, it can be acknowledged that information technology has an effect on performance hence employees should be exposed to relevant skills when using information technology while carrying out activities and the organization should adopt flexible and ease to technologies for organization to gain from the intended purpose of improving performance.

Table 4.9 Supplier Relationship influence on Performance

Descriptive Statistics						
	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Collaboration with suppliers	91	2	5	282	3.20	.775
Development of suppliers who are still in their infant stages in term of finance	91	2	5	257	2.95	.697
Taking part in corporate social activities through environment conservation	91	2	5	259	2.98	.698
Providing educational programs to suppliers on better farming methods	91	1	5	248	2.85	.755
Valid N	91					

On the Suppliers Results, table 4.9 shows that Mean of 3.20 of respondents agree that Collaboration with suppliers, Mean of 2.95 agree that development of suppliers who are still in their infant stages in term of finance, Mean of 2.98 agree that taking part in corporate social activities through environment conservation, Mean of 2.85 agree that providing educational programs to suppliers on better farming methods helps in improving a firm’s performance.

4.4. Association between Performance and Cost Management, Information Technology and Supplier Relationship

Table 4.10 Correlations of Cost Management and Performance

		Cost Management Mean Score	**Performance Score**
Performance Score	Pearson Correlation	1	.496**
	Sig. (2-tailed)		.000
	N	91	91
Cost Management Mean Score	Pearson Correlation	.496**	1
	Sig. (2-tailed)	.000	
	N	91	91

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Survey data, 2017.

Table 4.10 results show the correlations of cost management and Performance. The results show a moderate correlation of r=0.496 (p=0.000) significant at 99% confidence level. This means that the association between cost management and performance is highly positively significant and positive relationships exist between cost management and corporate performance. In other words, as cost management increases, so does performance. These findings concur with those of Etale and Bingilar (2016) in Nigeria who concluded their study that indeed cost management influences performance and its management is vital when implementing strategies in an organization more so in procurement function. A study carried out by Namu and Kaimba in Kenya concurs too with the findings of this study that cost management leads to performance in organizations more so if well managed.

Table 4.11 Correlations of Information Technology and Performance

		Information Technology Mean Score	Performance Score
Performance Score	Pearson Correlation	1	.376**
	Sig. (2-tailed)		.000
	N	91	91
Information Technology Mean Score	Pearson Correlation	.376**	1
	Sig. (2-tailed)	.000	
	N	91	91

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.11 results show the correlations of information technology and Performance. The results shows a moderate correlation of r=0.376 (p=0.000) significant at 99%confidence level. This means that the association between information technology and performance is highly positively significant and a positive relationship exists between information technology and performance. In other words, as information technology increases, so does performance. These findings concur with those of Ham, Gon Kim and Seunanancegwhan (2005) in Japan who concluded their study that indeed information technology and its management is vital when implementing strategies in an organization particularly in procurement function. This study concurs too with study of Farhanghi, Abbspour and Abachian (2012) in Iran who carried out a study on the effect of IS on organizational structures and performance with the purpose of finding out whether a relationship existed between Information technology and organizational structures and performance. The study established that a relationship existed between information technology and performance and that information technology had a direct effect on organizational performance. Further, the study revealed that IS has direct effect on performance.

Table 4.7 Correlations of Supplier Relationship and performance

		Supplier relationship Mean Score	Performance Score
Performance Score	Pearson Correlation	1	.486**
	Sig. (2-tailed)		.000
	N	91	91
Supplier Relationship Mean Score	Pearson Correlation	.486**	1
	Sig. (2-tailed)	.000	
	N	91	91

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.12 results show the correlations of supplier relationship and performance. The results shows a moderate correlation of r=0.486 (p=0.000) significant at 99%confidence level. This means that the association between supplier relationship and performance is highly positively significant and a positive relationship existed between supplier relationship and performance. In other words, as supplier relationship increases, so does performance. These findings are consistent with those of Trifonova and Filno (2009) in South America who concluded that supplier relationship must be measured and managed with care since poor relations with suppliers can lead to non performance in an organization more so the procurement function. In a study carried out in Kenya on Buyer-Supplier relationship and performance of large manufacturing firms in Nairobi with an aim of establishing the effect of Buyer-Supplier on performance of organizations by Kamau (2013) of University of Nairobi to establish that there was significance between buyer-supplier relationship and performance represented by r2 whose value was 0.723 which translated to 72.3% and variance explained by variables of; trust, communication, cooperation, commitment and mutual goals.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a summary of the findings of the study, conclusions, recommendations and Areas for further study research.

5.1 Summary of Findings

Cost management was the first objective of the study and it sought to investigate the relationship between cost management and performance of manufacturing firm of United Millers. It was established that positive significant relationship existed between cost management and performance of manufacturing firm of United Millers.

Objective two sought to investigate the relationship between Information technology management and performance. It was established that positive significant relationship existed between information technology and performance of manufacturing firm of United Millers.

Objective three sought to investigate the relationship between supplier relationship and performance. It was established that a positive significant relationship existed between relationship supplier and performance of manufacturing firm of United Millers.

5.2 Conclusions

From the findings of objective one that a positive significant relationship existed between cost management and performance, it can be concluded that cost management influences performance at United millers hence Cost management enhances efficiency and effectiveness in procurement activities in United Millers.

From the findings of objective two that a positive significance existed between information technology and performance, it was concluded that information technology influences performance in United Millers.

The third conclusion was that a positive significance relationship existed between supplier relationship and firm performance. From the findings of objective three can be concluded that supplier relationship influences performance in United Millers.

5.2 Recommendations

From the findings and conclusions of the study, the following recommendations were made;

Cost management should be considered as one of the strategies for procurement techniques. The cost management practices should be developed in a participatory manner across all departments and procurement functions, documented and well communicated across the organization.

Information technology should be embraced in day to day activities in the Organization and clear strategies should be put in place on how to handle safety control measures on security issues.

Supplier relationship is important in an organization hence organization should work on building and developing strong relationship with suppliers since they are key in meeting customers' needs.

5.3 Suggestions for further study

This study recommends further research in the following areas; study should be conducted to assess how information technology practices can be adopted by private manufacturing institutions and whether such practices can be incorporated in the private procurement regulations. Secondly, further research should be done to establish the integrated role of internal and external audit in cost management especially in manufacturing firms. Thirdly, further research should be done to determine the influence of supplier relationship on supplier service delivery. Lastly further studies should be conducted to establish other factors that influence firm performance apart from strategic procurement techniques.

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APPENDICES

Appendix 1: Introduction Letter

Introduction

Dear Participant,

This information is required for a study to be conducted by a student for the award of degree of Master of Science in supply Chain Management. Its purpose is to investigate the effect of strategic procurement techniques on corporate performance of United Millers. The findings of the study will be useful to procurement officers of United Millers and other manufacturing entities at large. All information provided will be treated with utmost confidentiality.

Instructions

Kindly answer all the questions in all the sections of the questionnaire.

Appendix 2: Research Questionnaire

SECTION ONE; Demographic Data Please tick (√) as appropriate

1. Age:

    21-30yrs ( )

    31-40yrs ( )

    41-50yrs ( )

    51yrs and above ( )

2. Sex: Male ( ) Female ( )

    Education level:

    PHD ( ) Bachelors ( ) Diploma ( ) Certificate ( ) others (specify)

3. How many years have you worked for United Millers in your current position?

    Less than 2 years ( )

    3-5 years ( )

    6-10 years ( )

    More than 10 years ( )

4. Total number of years of work experience

    Less than 2 years ( )

    3-5 years ( )

    6-10 years ( )

    More than 10 years ( )

SECTIONTWO; STRATEGIC PROCUREMENT TECHNIQUES AND CORPORATE PERFORMANCE

Part A; Strategic procurement techniques

1. Cost management

a) In your own opinion, rate how the following cost management issues influence performance in your organization.

Please **tick** where appropriate**, once** in every row

S/No.	**ISSUES**	**No extent 1**	**Less extent 2**	**Moderate extent 3**	**Great extent 4**	**Very great extent 5**
i.	Availability of funds to cater for operation costs and sustain all programs in your organization.					
ii.	Skills of employees handling cost management function					
iii.	Experience of employee handling cost management function					
iv.	Cost management techniques in place for minimizing cost					
v.	Handling of activities that are associated with cost escalation					

b) Does United Millers collaborate with any strategic partners as a way of generating additional revenues to fund its operations? If so, briefly comment on how this has benefited the project

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2. Information Technology

   In your own opinion, rate how the information technology issues influence performance in your organization.

S/No.	ISSUES	No extent 1	Less extent 2	Moderate extent 3	Great extent 4	Very great extent 5
i.	Availability of Appropriate technologies in place for running organizational activities.					
ii.	Skills of employees to use the technologies in place for running organizational activities.					
iii.	Ability of the technologies to meet the needs of users at all levels of the organization					
iv.	Flexibility and ease of use of the technologies in place					

Please **tick** where appropriate**, once** in every row

Supplier Relationship

a) In your own opinion, rate how supplier relationship issues influence performance in your organization.

Please **tick** where appropriate**, once** in every row

S/No.	**ISSUES**					
i.	Collaboration with suppliers to help them improve their performance					
ii.	Development of suppliers who are still in their infant stages in terms of finance					
iii.	Taking part in corporate social activities through environmental conservation					
iv.	Providing educational programs to suppliers on better farming methods					

b) How is United Millers in general regarded by the suppliers and the immediate stakeholders?

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Part B: Corporate Performance

Indicate your level of agreement to the following statements on strategic procurement techniques in regard to corporate performance; Use key 1-5 where:

1 strongly agree --2 agree--3 indifferent-- 4 disagree--5 strongly disagree

No.	**Issue**	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
I.	Strategies and policies in place to minimize cost in the organization to achieve profitability.					
II.	Management of strategic procurement techniques to ensure organization achieves efficiency in procurement processes.					
III.	The level to which strategic procurement techniques have reduce lead time in the procurement processes					
IV.	How the strategic procurement strategies have enabled the organization to meet customers' needs in time hence customer satisfaction.					
V.	Strategies in place for developing strong buyer-supplier relationship in the organization.					
VI.	System security measures in place to minimize risks associated with system infuriation.					

Appendix 3: Research Budget

BUDGET

Transport……………………………………………………………….Kshs 5,000.00

Writing materials (Pens, writing pads and marker pens)………………..…Kshs 6,000.00

Typing and Printing services………………………………………..…Kshs 8,000.00

Internet services……………………………………….………..…..Kshs 8,000.00

Printing papers……………………………………..…………….Kshs 6,000.00

Miscellaneous field expenses……………………………………………… Kshs 5,000.00

Field expenses for collecting questionnaires…………………..……………Kshs 6,000.00

Contingencies.……………………..……………………………………Kshs 5,000.00

TOTAL KShs 49,000.00

Appendix 4: Research Time Schedule

TIME SCHEDULE

Developing Research Topic……………………………………………………2 Weeks

Preparation of Project Proposal……………………………………………….3 Months

Proposal writing and submission……………………………………………1 Month

Defense of research Proposal…………………………………………...……..1 Day

Corrections and adjustments by Supervisor……………………………………1 Week

Submission of final Research Proposal……………………………….……1 Day

Preparation of Questionnaires……………………………………………………..1 Week

Inspection of Questionnaires by supervisor ……………………..……………2 Weeks

Distribution of Questionnaires……………………………………………………3 Weeks

Collection of Questionnaires from respondents……………………..………2 Weeks

Preparation of Research findings to Supervisor……………………………........1 Day

Meeting with supervisor to discuss report……………………………………………3Weeks

Supervisor's visit to field of study…………………………………..………1 Month

Second preparation of the Research Project………………………………..2 Months

Review of Research Project by Supervisor………………………………….1 Month

Final preparation and binding of the Research Project……………………………1 Month

Defence of the Research Project………………………………………………..1 Day

Post Defence Amendments to Project Report…………………………………… 2 Weeks

Binding and final submission of Report to faculty………………………………3 Weeks