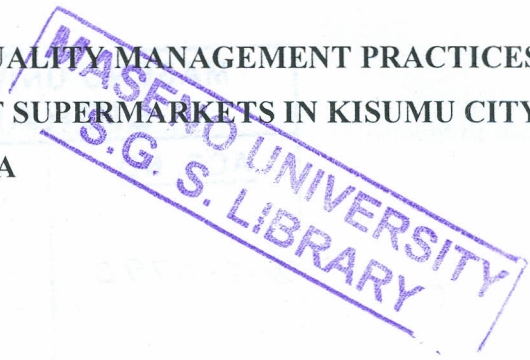


**RELATIONSHIP BETWEEN SUPPLIER QUALITY MANAGEMENT PRACTICES
AND PROCUREMENT PERFORMANCE OF SUPERMARKETS IN KISUMU CITY,
KENYA**



BY

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ABSTRACT

Procurement performance is the quantitative assessment of achievement of objectives and Supplier quality management is a set of activities initiated by management to put checks and balances on suppliers concerning quality of goods and services they offer to the organization to improve procurement performance. These activities are competitive supplier selection, supplier development, supplier integration, quality measurement and conducting supplier audits. Supplier quality management is usually one of the avenues that can assist a firm improve operational and financial performance. Existing literature has shown supermarkets in Kisumu progress on competition overtime eventually bringing down the cost of shopping. However, of great importance is the question of their supplier quality practices and how they affect procurement performance. Literature on quality and level of procurement performance of these large scale retail outlets is not well established as past studies have not focused on procurement performance. Consequently, the relationship that exists between supplier quality management practices and procurement performance of these supermarkets has never been investigated by past studies and still remains unknown. The purpose of the study was to analyse relationship between supplier quality management practices and procurement performance of supermarkets in Kisumu City. Specifically the study sought to establish the extent of application of supplier quality management practices of these supermarkets, determine extent of their procurement performance and establish relationship between their supplier quality management practices and procurement performance. Based on agency theory the study was guided by a conceptual framework in which the independent variable was supplier quality management practices and the dependent variable was procurement performance. The study adopted a correlation survey design with the entire population of 104 as respondents drawn from the procurement departments of the six supermarkets with 14 selected randomly as pilot group. Due to the small population involved a census survey was deemed appropriate. High level of internal consistency with a coefficient of 0.824 was registered. Descriptive statistics was used to analyse the primary data sourced through structured questionnaires. The study revealed that supermarkets in Kisumu City practiced supplier quality management practices to a great extent as evidenced by the overall mean of ($M = 3.95$, $SD = 0.931$) and procurement performance with an average mean of ($M = 3.96$, $SD = 0.92$) showing the existent of supplier quality management practices and the level of procurement performance of supermarkets in Kisumu. The study also revealed that correlation between supplier quality management practices and procurement performance measures varied, the highest correlation being that of supplier integration and cost saving with a coefficient of 0.304, this implies that practice of more supplier integration will result into more cost saving. The lowest being supplier integration and defects free products with a coefficient of -0.093 which shows that an increase in supplier integration would result to more products with defects supplied. The findings of the study could provide valuable insight into how to choose best suppliers in order to achieve better procurement performance. It could also show the relationship between supplier quality management and procurement performance. This will prompt underperforming suppliers to change their strategy of serving their clients. The study recommends best supplier quality management practices to achieve best procurement performance.

CHAPTER ONE

INTRODUCTION

This chapter provides an overview of the background of the study, statement of the problem, objectives of the study, research questions, scope of the study, justification of the study and the conceptual framework. It introduces the main concepts; supplier quality management and performance. It also highlights the context of the study which is major Supermarkets in Kisumu.

1.1 Background of the Study

Supplier quality management (SQM) can be viewed as an integration of strategic practices which need to stretch across inter-organizational boundaries to satisfy both existing and new customers (Harland *et al.* 1999). According to Yeung and Lo (2002), SQM can be viewed in terms of the managerial efforts necessary for creating an operating environment in which a manufacturer can integrate its supplier capabilities into its operational processes. These managerial efforts can be clustered into several components namely management responsibility, supplier selection, supplier development, supplier integration, quality measurement and conducting supplier audits. Fernandez, (1995) posits that supplier selection, supplier development and supplier integration can be regarded as forming an SQM system, with management responsibility seen as the driver of the system.

Network of competent suppliers helps in effective competition. Supplier assessment and selection is designed to create and maintain such a network and to improve various supplier capabilities that are necessary for the buying organization to meet its increasing competitive challenges. A firm's ability to produce a quality product at a reasonable cost and in a timely manner is heavily influenced by its suppliers' capabilities. Supplier performance is considered one of the determining factors for the company's success (Krause *et al.*, 2000) Lyman and Wisner (2002), argued that without a competent supplier network, a firm's ability to compete effectively in the market can be hampered significantly.

Paul *et al.* (2008) explains that for purchasing managers, the evaluation and monitoring of supplier performance is also a critical responsibility. Price has been traditionally considered as

the single most important factor in evaluating and monitoring suppliers. Changes in competitive priorities have also seen other dimensions of performance including quality, delivery and flexibility become increasingly important. Consequently, in order to maintain effective partnerships, the buyer must continuously monitor supplier performance across multiple dimensions and provide feedback for improvement. These dimensions may be both tangible (operational performance) and intangible (relationship status). It should provide timely information to suppliers which both communicate buyer expectations and where necessary enables corrective action to be undertaken. Chris and Adam (2007) on the other had argued that convenient performance measurement structure for suppliers is encompassed in the concept of the "perfect order". They further argue that perfect order has three elements: delivery of the complete order; on time; and an error-free invoice. Supermarkets extend this concept to include: delivery to correct address; the product being undamaged; and conformance to quality standards. To achieve these six customers focused targets the supplier will need to measure a wide range of other related internal aspects.

Ho *et al.*, (2007) for instance investigated the contribution of Supplier Evaluation and Selection Criteria in the Construction Industry in Taiwan and Vietnam. They found out its role in the selection process and that the construction companies with the common appraisal criteria being product quality, product availability, delivery reliability, product performance, product cost and service after sale. In Dagoreti market and Kiambu in Kenya both Thairu *et al.*, (2012) and Okello *et al.*, (2014) respectively thought about the concept of supplier appraisal, the practice and the influence of supply chain management practices. The studies revealed that the supplier evaluation criteria include: location of supplier, adequate facilities, use of information technology, financial strength, quality in operations and products, adequate production capacity, and skilled personnel, corporate social responsibility and good ethics.

Wagner (2006) examined in the UK the relationship between supplier development, improvements and the support of the customer firm's competitive strategy with the resource-based view and the relational view as theoretical explanatory perspectives. The results showed that appropriate supplier development activities substantially back up the customer firm's differentiation as well as cost leadership strategy.

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A survey conducted carried out by Humphrey *et al.* (2003) on 142 electronic manufacturing companies in Hong Kong indicated a correlation analysis that transaction-specific supplier development and its infrastructure factors significantly correlated with the perceived buyer-supplier performance outcomes. Hierarchical multiple regression analyses suggested that transaction-specific supplier development, trust, supplier strategic objectives and effective communications significantly contributed to the prediction of buyer-supplier performance improvement.

In summary, whereas Thairuet *al.*, (2012) and Okello *et al.*, (2014) looked into what the traders in Dagoreti market, in Kiambu Kenya respectively thought about the concept of supplier appraisal and whether they practiced it and the influence of supply chain management practices on the Nairobi Securities Exchange, Wagner (2006) only examined the relationship between supplier development and the support of the customer firm's competitive strategy. Humphrey *et al.* (2003) looked at how transaction-specific supplier development and its infrastructure factors significantly correlate with the perceived buyer-supplier performance outcomes. From their works however, it is noted that the areas addressed though varied did not comprehensively cover the subject; supplier quality management practices and procurement performance. They are deficient in highlighting supplier quality management practices and how they relate with procurement performance. For this reason, these areas are still unclear as none of the studies did address them.

1.1.1 Procurement Performance

Procurement performance (PP) is the quantitative assessment of the degree to which the procurement function and those employed therein achieve the general or the specific objectives assigned to them (Lyson, 2000). It is the extent to which the procurement process is achieving its objectives. Process performance measurement focuses on the concept of process capability and maturity and is also indicated by how well a system supports procurement needs of the organization. Quality of the procurement process can be one of the key performance indicators which can be measured by the proportion of business orders ejected or returned by the user (Subramaniam & Shaw, 2002). Similarly, the quality of systems is measured by looking at

system availability or responsiveness and resolution of the technical issues.

The principle aim of procurement should be to obtain goods and services of the right quality in the right quantity from the right source, delivered to the right place and at the least cost and price (Lyson, 2000). Successful and efficient procurement practices are those that meet the need of customers, achieve optimum condition and value in regard to allocation of the scarce resources (Ntayi, 2009). The sound procurement practices demand that those responsible for implementing procurement should ensure that the objectives are clear and that quality is sustained (Walker and Sidwell 1996). The practice needs a labor force with effective management skills that develop clear and professional specifications with full knowledge of a competitive process negotiation and monitoring skill. Hunja (2003), posited that procurement system adhere to purchasing ethics ensure successful quality and service delivery to stakeholders.

For any organization to change its focus and become more competitive Amaratunga and Baldry (2002) suggest that performance is a key driver to improving quality of services while its absence or use of inappropriate means can act as a barrier to change and may lead to deterioration of the purchasing function. Organizations which do not have performance means in their processes, procedures, and plans experience lower performance and higher customer dissatisfaction and employee turnover (Artley & Stroh, 2001; Amaratunga & Baldry, 2002 and CIPS Australia, 2005). Measuring the performance of the purchasing function yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage as was noted by (Batenburg & Versendaal, 2006).

According to CIPS Australia (2005) report, efficiency and effectiveness represent different competencies and capabilities for procurement organization. Efficiency reflects that the organization is doing things or activities right, whereas effectiveness relates to the organization doing the right thing. There is a trade-off between efficiency and effectiveness as a highly efficient organization may spend less than peers (particularly when compared to highly effective organizations), however, quality and value may suffer. Organizations focused on efficiency tend to make decisions based on cost and investment pay back likelihood; whereas effectiveness focused organizations make decisions based on quality and value rather than costs and

productivity. The challenge for procurement organizations is targeting and achieving the right balance between the two.

A study by Saini (2010) examined unethical purchasing practices from the perspective of buyer–supplier relationships. Based on a review of the inter-organizational literature and qualitative data from in-depth interviews with purchase managers from diverse industries, a conceptual framework was proposed, and theoretical arguments leading to propositions were presented. Taking into consideration the presence or absence of an explicit or implicit company policy sanctioning ethically questionable activities, unethical purchasing practices were conceptualized as a three-tiered set. Three broad themes emerged from the analysis toward explaining purchasing ethics from a buyer–seller perspective: Inter-organizational power issues, Inter-organizational relational issues, and Inter- personal relational issues.

A case study by Bellet *al.* (2002) examined the deteriorating relationship between two international high-tech firms was carried out. Respondents were surveyed from the supplier firm to identify major elements that reduced the suppliers trust in its customer as an indicator of practice of ethics using the dimensions of trust identified by Mayer *et al.* (1995). While violations of ability, integrity, and benevolence all contributed to trust reduction, early violations of trustee benevolence contributed importantly to trust deterioration. The supplier and customer would likely differ in their opinion of whether the customer was acting ethically. The researchers recommended that scholars need to examine how many principles can be violated before trust is eliminated, and whether any of the principles are particularly salient in business relationships.

The studies highlighted above did not look at how supplier quality management relates to procurement performance in context of supermarkets in Kisumu City. Lancioni, (2000) for instance only focused on the importance of information technology in procurement ignoring the very vital aspect of procurement performance. Saini (2010) on the other hand examined unethical purchasing practices from the perspective of buyer–supplier relationships but failed to investigate how these unethical practices relate with procurement performance. Another case study by Bell *et al* (2000) merely investigated the elements that reduced suppliers trust in their customers. All the above works therefore did not focus on procurement performance, supplier

quality management practices neither did any of them find out the relationship that existed between supplier quality management practices and of procurement performance in their investigations.

1.1.2 Supermarkets in Kenya

Supermarkets have been spreading very rapidly in developing countries for the past decade. During the last 10 years, the role of supermarkets in food distribution in developing countries has increased. The rise in supermarkets was most significant in South Africa, Kenya and Nigeria (Reardon *et al.*, 2003). Kenya is the second advanced country in terms of presence of supermarkets after South Africa. The growth of supermarkets in Kenya was 18-20% between 1993 and 2003 (Weatherspoon *et al.*, 2007). Kenya's advancement in supermarkets is evident in its top five cities which are Nairobi, Mombasa, Nakuru, Eldoret, and Kisumu.

Kenya had over 206 supermarkets and 10 hypermarkets in 2002 (Weatherspoon and Reardon 2002) which have increased to 494 supermarkets and 17 hypermarkets in 2008 (GAIN, 2008). In Kenya the majority of supermarkets are established in Nairobi, but due to further expansion, supermarkets are now being introduced in the medium-sized cities and larger towns (Botha &Schalkwyk, 2007). Supermarkets in Kenya have spread beyond the middle class into the food markets of the urban working poor which build the initial base. Supermarkets in Kenya have also expanded to other countries within the East African region. For example, Nakumatt is now operating in Rwanda in an attempt to broaden their annual turnover.

The drivers of supermarkets growth are; change of lifestyles, urbanization, policies that attract foreign direct investment (FDI) by most of developing countries and growing economy with an average growth rate of over 5% between 2004 - 2007 as well as market liberalization (Kamau, 2008).

In Kisumu, the major supermarket chains are Nakumatt which has two retail outlets, Tuskys, Ukwala with three outlets, Tumaini (2), Naivas and Uchumi all of which are located within a radius of 3 kilometres from the town centre. These supermarkets serve the larger population of the residents of Kisumu town and Kisumu rural and have an efficient procurement system composed of procurement staff and other supporting staffs.

1.2 Statement of the Problem

Suppliers are under considerable pressure to deliver performance improvements in terms of provision of quality goods and services in view of the customer and to achieve financial savings through more efficient and coordinated service delivery. Many firms would obviously want to increase their performance levels but the means to do that is always a challenge. Supplier quality management is usually one of the avenues that can assist a firm improve operational and financial performance. Supermarkets mostly deal with fast moving consumer goods (FMCG) and thus there is always a frequent contact between them and their suppliers. Weatherspoon and Reardon (2003) suggested that supermarkets have tighten competition overtime eventually bringing down the cost of shopping, increasing the spending and the variety of products; of great importance is the quality of their commodities which is yet to be established. Moreover, the extents of supplier quality management practices and procurement performance of these large scale retail outlets is not known as many past studies have always focused on the outlet performance rather than departments. In the same vein, the relationship that exists between supplier quality management practices and procurement performance of supermarkets in Kisumu has never been investigated by the past studies and it still remains unknown.

1.3 Objectives of the Study

The main objective of the study was to find out the relationship between supplier quality management practices and procurement performance of supermarkets in Kisumu City.

The specific objectives of the study were to:

- i. To establish the extent of application of supplier quality management practices by supermarkets in Kisumu City.
- ii. To determine the extent of procurement performance of supermarkets in Kisumu City.
- iii. To establish the relationship between supplier quality management practices and the level of procurement performance supermarkets in Kisumu City.

1.4 Research Questions

The study was guided by the following research questions:

- i. What is the extent of application of supplier quality management practices by supermarkets in Kisumu City?
- ii. What is the extent of procurement performance of supermarkets in Kisumu City?
- iii. What is the relationship between supplier quality management practices and the level of procurement performance in Kisumu City?

1.5 Scope of the Study

The study focused mainly on supplier quality management practices used by the procurement department of the six major supermarkets located within a radius of 3km in Kisumu city in the year 2016 and investigated the level of procurement performance by these supermarkets. It also seek to establish the relationship of supplier quality management practices and procurement performance of this supermarkets.

1.6 Justification of the Study

The study findings can provide valuable insight into how to choose optimum suppliers in order to achieve better purchasing performance. It is of great importance to the management of the supermarkets under study and other organizations. It shows the relationship between supplier quality management and procurement performance. It has also enhanced the future adoption of other supplier quality management practices which had not been explored in this study. The results can be used by suppliers as a source of information on the criteria that supermarkets are using to choose the best suppliers. This can prompt underperforming suppliers to change their strategy of serving their clients.

1.7 Conceptual Framework

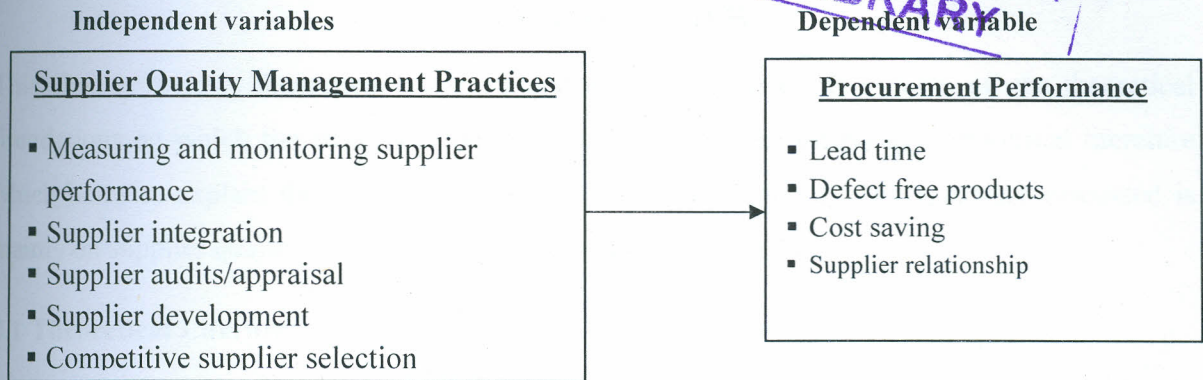


Figure 1.1: Relationship between supplier quality management practices and procurement performance. Adapted from: Fernandez (1995)

The relationship above shows the dependent variable, procurement performance as affected by the independent variable supplier quality management practices which have the elements namely measuring and monitoring supplier performance, supplier integration, supplier audits/appraisal, supplier development and competitive supplier selection. The above independent variable constructs affects procurement performance of supermarkets in Kisumu City by enabling; suitable lead times, supply of defect free products by suppliers, more return on investment, more cost savings and good supplier relationship. The Governments policy and organizational processes as intervening variables in these relationships.

CHAPTER TWO

LITERATURE REVIEW

This chapter reviews theoretical literature and empirical studies. It focuses on the theoretical foundations on which the study will be built. It also explores comparative empirical literature which helps to explain the gap which the study seeks to address. The literature discussed is mainly on supplier quality management practices and performance.

2.1 Theoretical Literature Review

2.1.1 Agency Theory and Supplier Quality Management

This study was guided by the agency theory. Agency theory is concerned with agency relationships. Two parties have an agency relationship when they cooperate and engage in an association wherein one party (the principal) delegates decisions and/or work to another (an agent) to act on its behalf (Eisenhardt, 1989; Rungtusanatham *et al.*, 2007). The important assumptions underlying agency theory are that: potential goal conflicts exist between principals and agents; each party acts in its own self-interest; information asymmetry frequently exists between principals and agents; agents are more risk averse than the principal; and efficiency is the effectiveness criterion (Eisenhardt, 1989; Ekanayake, 2004; Rungtusanatham *et al.*, 2007).

2.1.2 Relevance of agency theory for SCQM and Supplier quality management

In a supply chain relationship the buying firm acts like a principal that delegates the authority of production and/or services to the supplier, the supplier being the agent, so both parties are engaged in an agency relationship (Starbird, 2001; Zsidisin and Ellram, 2003). Along with the delegation of production and services, the responsibility of maintaining satisfactory quality of the supplied products and services is also delegated to suppliers, so buying firms need to ensure that suppliers provide products and/or services that conform to the quality requirements stipulated in the supply contracts. Moreover, competition these days is becoming supply chain versus supply chain rather than firm versus firm (Ketchen and Hult, 2007), so firms are working to increase customer satisfaction and gain competitive advantage by finding ways to improve the whole supply chain, from suppliers to end consumers. Strategic quality management of supply chains

not only ensures the quality of supplies, but also enhances the capabilities of suppliers' quality management.

Managing supplier quality, then, involves frequent, continuous interactions between buying firms and their suppliers in tackling such various issues as negotiating contractual provisions related to quality requirements and rewards, penalties and inspection policies, specifying requirements on the supplier's quality qualification and certification, and collaborating on product design and process improvement (Flynn and Flynn, 2005; Kaynak and Hartley, 2008; Kuei *et al.*, 2008; Robinson and Malhotra, (2005); Starbird, (2001). A well-developed agency theory is thus particularly useful in understanding the use of management mechanisms for Supply chain quality management (SCQM) and the attributes of supply chain relationships.

The assumptions and prescriptions of agency theory fit naturally with the issues inherent in SCQM. In the process of managing supplier quality, buyers in agency relations are faced with potential problems. By their nature, buyers expect suppliers to provide good quality and to improve the quality of supplied products and/or services, but suppliers may be reluctant to invest substantially in quality, especially if they perceive that buyers are reaping all the benefits. The difference in interests between buyers and suppliers will result in the two parties concerning themselves only with their self-interests. At this point moral hazard and adverse selection problems are likely to arise (Zsidisin, 2006).

When buying firms cannot constantly monitor the process at suppliers' sites, which is usually difficult or expensive to do so, suppliers may conceal their difficulties in delivering the quality demanded by buyers (i.e. adverse selection) and slight efforts to control and improve the product and process quality as expected (i.e. moral hazard) (Starbird, 2003; Swink and Zsidisin, 2006). Furthermore, buyers and suppliers may have different attitudes toward risks associated with quality failures, especially those that occur aftersales to end consumers, a situation that will result in risk-sharing issues between buyers and suppliers. Thus, when making decisions about how to manage supplier quality performance, buyers need to assess the nature of their buyer-supplier relationships in order to select the appropriate management mechanism.

2.1.3 The concept of supplier quality management.

Supplier quality management is a set of activities in most cases initiated by the management to improve organizational performance. Such activities include measuring and tracking the cost of supplier quality, using performance based score cards to measure supplier performance, conducting supplier audits and establishing effective communication channels with suppliers among many more, with an aim of achieving customer satisfaction (Carr and Pearson, 1999). Forker (1999) argues that the impact of supplier quality on an organization's performance is large and direct, and the general understanding is that a firm's quality performance can only be as good as the quality performance of its suppliers. An increasing tendency towards supplier development by organizations as supplier quality integration is found to be a critical dimension of quality excellence.

The concepts of supplier quality management (SQM) can be viewed as an integration of strategic practices, and such practices need to stretch across inter-organizational boundaries to satisfy both existing and new customers (Harland *et al.* 1999). Accordingly, Yeung and Lo (2002), SQM can be viewed in terms of the managerial efforts necessary for creating an operating environment in which a manufacturer can integrate its supplier capabilities into its operational processes. These managerial efforts can be clustered into several components, namely management responsibility, supplier selection, supplier development, supplier integration, quality measurement and conducting supplier audits. Fernandez, (1995) posits that supplier selection, supplier development and supplier integration can be regarded as forming an SQM system, with management responsibility seen as the driver of the system.

In order to compete effectively in the world market, a company must have a network of competent suppliers. Supplier assessment and selection is designed to create and maintain such a network and to improve various supplier capabilities that are necessary for the buying organization to meet its increasing competitive challenges. A firm's ability to produce a quality product at a reasonable cost and in a timely manner is heavily influenced by its suppliers' capabilities, and supplier performance is considered one of the determining factors for the company's success (Krause *et al.*, 2000), Lyman, and Wisner, (2002) Consequently, without a

competent supplier network, a firm's ability to compete effectively in the market can be hampered significantly.

2.2 Empirical Literature

2.2.1 Measuring and monitoring the performance of the supplier

Measuring supplier performance is an important means of modifying managerial behavior, and aligning the relationship with the strategic and operational goals of the buyer firm (Paul *et al.* 2008). Performance measures provide the information necessary for decision makers to plan, control and direct the activities of the organization. They also allow managers to measure performance, to signal and educate suppliers on the important dimensions of performance, and to direct improvement activities by identifying deviations from standards. Many well-known frameworks have been developed to aid in these goals, including the balanced scorecard (Kaplan and Norton, 1992).

Paul *et al.* (2008) explains that for purchasing managers, the evaluation and monitoring of supplier performance is also a critical responsibility. Price has been traditionally considered as the single most important factor in evaluating and monitoring suppliers. Changes in competitive priorities have also seen other dimensions of performance, including quality, delivery and flexibility become increasingly important. Consequently, in order to maintain effective partnerships, the buyer must continuously monitor supplier performance across multiple dimensions and provide feedback for improvement. These dimensions may be both tangible (e.g. operational performance) and intangible (e.g. relationship status), and should provide timely information to suppliers which both communicate buyer expectations and, where necessary, enables corrective action to be undertaken. Chris and Adam (2007) on the other had argued that convenient performance measurement structure for suppliers is encompassed in the concept of the "perfect order". The perfect order has three elements: delivery of the complete order; on time; and, an error-free invoice. Many supermarkets extend this concept to include: delivery to correct address; the product being undamaged; and, conformance to quality standards. To achieve these six customers focused targets the supplier will need to measure a wide range of other related internal aspects.

Many studies have been conducted in the area of supplier monitoring and evaluation Hoet *al.*, (2007) for instance investigated the contribution of Supplier Evaluation and Selection Criteria in the Construction Industry in Taiwan and Vietnam and found out that non-quantifiable criteria play a very important role in the selection process and that the construction companies with the common appraisal criteria being product quality, product availability, delivery reliability, product performance, product cost and service after sale.

Thairuet *al.*, (2012) and Okello *et al.*, (2014) looked into what the traders in Dagoreti market, in Kiambu Kenya thought about the concept of supplier appraisal and whether they practiced it and the influence of supply chain management practices of the Nairobi Securities Exchange's listed food and beverage manufacturing firms in Nairobi respectively. The studies revealed that the supplier evaluation criteria include: location of supplier, adequate facilities, use of information technology, financial strength, quality in operations and products, adequate production capacity, and skilled personnel, corporate social responsibility and good ethics.

There is also the review of performance with a review of performance measures such as quality, delivery, profitability, price among many others (Narasimhan *et al.*, 2004). As several studies have been done in this area, it is important to investigate the conclusion made by these studies to establish whether similar conclusion can be reached when using different methodology and researcher to conduct the study. Equally since most studies did not investigate causal relationships between supplier management practices and procurement performance. It is therefore not known if this relationship exists.

2.2.2 Supplier appraisal and audits

Another supplier quality activity is conducting supplier audits. This is a very time consuming exercise but it is important since it adds value to a business. In modern organizations, the role of a quality auditor is that of an adviser who identifies areas of improvement for mutual benefit. Many firms are also adopting the non-conformance audit where the auditor lists all the cases he/she has observed where things are not being done in accordance with procedures and whether they make sense or not. It should however be noted that supplier audits should not be regarded as an exercise to give the suppliers homework to do, but should be aimed at improving the

relationship between the customer and supplier. This is because after the audits, the payback should come in the improved understanding of each company's requirements which develops from the audit process (Andrew, 1994).

Several studies (Kariuki & Nzioki, 2010; Luchali & Ombati, 2013) have shown that supplier appraisal and management has been of less importance considering its strategic value to the organization. Kariuki *et al* (2010) noted that the supplier evaluation and management in real estate industry in Kenya have not been given the priority despite the industry contributing to more than 5.1% GDP in the economy. The industry added KES 12.6 billion to the country's GDP in 2011 and employs more than 1 million people either directly and indirectly (KNBS, 2012). According to KNBS (2011) the real estate industry had a 5.1% GDP in 2009. Supplier inefficiencies have led the National Housing Corporation lose millions of money through rogue and unreliable suppliers (Luchali *et al*, 2013)

Despite the extent of documented studies on supplier appraisal there is limited evidence on studies on supplier appraisal and how it influence procurement performance in the large scale retail industry. Many of the existing studies have focused more on the methodologies of supplier evaluation (Hung *et al*. 2009; Wang *et al*. 2011; Elanchezhian *et al*. 2010; Aspemar *et al*. 2009; Ozdemir & Temur, 2009). In view of these a dedicated study is required to establish the relationship between supplier appraisal and procurement performance in a large scale retail industry like the supermarkets.

2.2.3 Supplier development

Supplier development refers of activities taken to improve supply quality with assistance to operations improvement in supplier side. Buying firms may use a variety of activities to develop suppliers' performance and/or capabilities. Previous researchers described activities that take place within the context of supplier development. These activities include introducing competition into the supply base, supplier evaluation as a prerequisite to further supplier development activities, raising performance expectations, recognition and awards, the promise of future benefits, training and education of the supplier's personnel, exchange of personnel

between the buying firm and the supplier, and direct investment in the supplier by the buying firm (Monczka *et al.* 1993).

According to Krause & Ellram (1997), supplier development is any effort of a buying firm to increase the performance and capabilities of the supplier and meet the buying firm's supply needs. If suppliers are to be innovative in supplying an exclusive product then the option of supplier development needs to be given consideration. Due to long term strategic benefits from supplier development, major global entities have implemented supplier development programs to support suppliers. Most of them have resulted in product quality improvement and reduction of cost (Kruse *et al.*, 2007). In view of this fact, the performance of suppliers has significant effect on many production dimensions of the firm such as delivery and quality (Kruse *et al.*, 2007). In view of this fact, the performance of suppliers has significant effect on many production dimensions of the firm such as delivery and quality (Kruse *et al.*, 2007). Manufacturing and service companies are trying to work effectively with suppliers through sharing information, technical knowledge and schedules of production (Vermani, 2003).

Literature shows that firms may engage in supplier development as a reaction to competitive markets. Seeking competitive advantage from supply initiatives such as supplier development because of competitive pressures such as short product life cycles, innovations in technologies and demand for increased quality levels from customers. It is therefore apparently clear that those firms operating in highly competitive markets put more efforts in their supplier development programmes (Hahn *et al.* 1990). Supplier development can be a tremendous undertaking requiring resources of money, capital, and people by both the customer and the supplier. Therefore commitment from both parties is necessary. It also requires trust because it involves risk. It is risky for two reasons. First, success is not guaranteed. Second, the companies will have to share confidential and strategic data. Supplier development also requires cooperation and compromise. The companies have to come to agreements about very important matters, such as performance metrics. Sako, (2004) points out that the companies must also have "distinctive organizational and governance structure that facilitates long-term cumulative learning". So commitment and trust are not enough, the companies must be able to support learning on the

organizational level. Supplier development should be about partnership, where both customer and supplier are committed to working together for the long-term benefits (Quayle 2000).

Firms within a supply chain should communicate with each other because of competitive business atmosphere. Therefore, information sharing between the buyer and supplier is measured to be an important indicator of the use of Supply Chain Management because there are many current studies that have reported considerable benefit of sharing information (Moinzadeh, 2002).

Among these variables communication methods, information sharing within and between firms, top management commitment, trust between trading partners and support aim of supplier have been frequently identified by authors as major factors of supplier development activities. Supplier development is a crucial element of supply chain management with potential reduction in lead time and inventory reduction. Critical factors such as strategic focus, supplier commitment, effective communication, and supplier recognition and management involvement are important for success of supplier development (Anderson, *et al* 1992).

Supplier development requires both the supplier and buyer to commit to maximum efforts to achieve the greatest results out of the program. Management must align supplier development activities within the purchasing strategic plan and for that it is highly desirable to clearly quantify the past performance, measure the current status of supplier development process, identify objectives and previous strategies to recognize the strengths, weaknesses, opportunities and threats. If the past performances are not sufficient then upper management must consider changes in the supplier development strategies and approaches (Berlow, M. 1995). Moreover, upper management must be endowed with resources and the involvement at a level which supports in achieving improvements through the implementation of aggressive strategy approaches. *Aggressive strategy can include frequent visits to suppliers to evaluate their processes, founding of a system to reward and recognize supplier improvements, providing training to suppliers, alliance with suppliers in improving existing and new materials, and involving the supplier in the company's new product development process.*

A strong purchasing mission statement reflects and dives strategic emphasis and alignment (Blonska *et al*, 2008). Development of world class suppliers' base can also help in attaining the strong purchasing mission and strategic alignment. To check the progress and whether the factors are implemented properly can be done by following up the meetings and confirming that the supplier development program is equipped with all the resources and management strategies required.

Abubakar & Rajput (2012) noted that supplier development practices are important components of supply chain management. They noted that these practices play key role for bringing improvement in buyer-supplier performance. Krause *et al* (2007) noted that the increasing dependence on suppliers and the importance they play in both the maintenance of an existing supply chain and the development of future strategic capabilities suggests a growing requirement an organization to effectively manage and develop their suppliers.

Mahajan & Sarang (2012) observed that supplier development has two objectives, first to reduce problem of supplier by making immediate changes in the supplier's operations and second to increase suppliers' capability such that suppliers make their own improvement. Clarke (2007) noted that supplier development can be closely linked to the process of regular assessment. Areas requiring improvement can be identified, action plans drawn up and progress monitored. Clarke further noted that the linking of assessment systems to development programmes underlines the dynamic nature of partnerships and emphasized that the overriding concern is for progressive improvement of performance. Monahan (2005) noted that supplier development is one of the strategies used to add value to the supply chain. CIPS (2006) noted that supplier development involves embracing supplier expertise and aligning it to the buying organization's business need, and, where appropriate, vice versa.

In summary the above works did not specifically focus on the relationship that supplier development has with procurement performance. Mahajan & Sarang (2012) merely looked at the objectives of supplier development while the works of Abubakar & Rajput (2012) observed the importance of supplier development in supply chain management. On the same note Humphrey *et al*. (2003) carried out a study on 142 electronic manufacturing companies in Hong Kong and they merely wanted to find out the role of supplier development in the context of buyer-supplier

performance from a buying firm's perspective. This means that the relationship between supplier development and procurement performance still needed to be investigated.

2.2.4 Supplier integration

Supplier Integration refers to decisions and activities that extend the buyers production plant to the supplier's yard and vice versa (Prahalad and Ramaswamy, 2003). The dimensions of supplier integration are trainings on supplier operations, supplier training on purchaser operations and joint firm operations. Further, the two authors argue that mechanisms for facilitating this integration include the participation of suppliers in design, procurement, and production stages, as well as the use of ordering systems and information technology to exchange information. These processes and activities enable the supplier to know the contribution and importance of their supplies to purchaser's operations and purchasers to know the operations of the supplier in order to increase understanding and increase the benefits accruing from the supplier – buyer relationship. Integration with suppliers is an effective strategy for improving firm performance. According to Petersen *et al.* (2003), tighter integration with suppliers results in improved performance. This is a logical conclusion because supplier's greater access to technology, better understanding of requirements, improved translation of requirements into specifications and enhanced understanding of how components are used in assembly and function should result in a higher rate of achieving goals.

Integration of suppliers at the operational level makes the supplier an extension of the firm's factory, emphasizing continuity of supply and an end-to-end pipeline. These linkages permit increased coordination with suppliers at a tactical level, enabling the firm to deal more effectively with the complexity and uncertainty present in their environment. The development of a strategic partnership approach is fundamental to the success of supplier integration efforts (Doughlas and Michael, 2004). The approach must rest on a firm base of; supply market research, spend analysis, customer requirements knowledge, supplier selection criteria, and other formal processes. Integrating suppliers should have a lasting effect on the competitiveness. More specifically, buyers and suppliers (Vickery *et al.*, 2003) and supplier capability management both

characterized by long-term relationship orientation should positively affect customer responsiveness.

Supply source integration (SSI) consists of firms collaborating to leverage strategic positioning and to improve operational efficiency. The opportunity to improve product design performance by involving suppliers in the product development process identifies a definite need to understand better the basic structure of buyer-supplier relationships. In effect, environments that are conducive to highly co-operative relationships between buyers and suppliers are more likely to lead to supplier involvement in the product development process. By contrast, highly confrontational buyer-supplier relationships are less likely to result in early inclusion of suppliers in the product development process (Laura and Stanley 1994). Many companies today are using supplier integration to gain competitive advantage. Suppliers are involved earlier in the design and development process. Their involvement ranges from simple consultation on design ideas to making suppliers fully responsible for the design of services they will supply (Melissa *et al.* 2004). Some of the benefits that accrue from supply source integration therefore includes reduced development lead times, better communication, substantial costs savings from higher productivity, more reliable products with fewer recalls, enhanced customer satisfaction and improved financial performance.

Cousins and Menguc (2006) proposed and tested a model on how buyers can use the concepts of supply chain integration and socialization to achieve improved supplier communication and operational performance, and therefore, to improve the buyer's perceived level of the supplier's contractual conformance. The findings revealed that socialization is essential for the development of any significant business relationship and the enhancement of a supply integration strategy. Here socialization was proved supporting of supplier contractual performance.

2.2.5 Competitive supplier selection

Before selecting suppliers, a firm must decide whether to use single sourcing or multiple suppliers. The selection of suppliers is done using a variety of mechanisms including offline competitive bids, reverse auctions, or direct negotiations. No matter what mechanism is used, the selection should be based on the total cost of using a supplier and not just the purchase price. Ghodsypour and O'Brien, (2001) points out that supplier selection is one of the most important

decision making problems, since selecting the right suppliers significantly reduces the purchasing costs and improves corporate competitiveness. However, supplier selection decision-making problem involves trade-offs among multiple criteria that involve both quantitative and qualitative factors, which may also be conflicting. In other words, buyer supplier relationships based on only the price factor has not been appropriate in supply chain management recently. Considerations have been given also to the other important strategic and operational factors such as quality, delivery, flexibility and so on. Supplier selection decisions must include strategic and operational factors as well as tangible and intangible factors in the analysis. (Ferhan and Demet, 2003) Rainer and Christian (2005) explained that an ideal supplier is defined by the procuring enterprise which fixes the ideal scores (for example the best performing suppliers in the market) of every relevant criteria. The rating team should consist of several departments of the enterprise (procurement, production, controlling). He also agrees that the best suppliers should be selected on the main criteria of price, quantity, quality, logistics and service. In accordance with relevant logistics literature, these criteria are of great importance for supplier selection. The price; the offer price including discounts and payment terms. Quantity refers to the ability of a supplier to deliver small amounts as well as large amounts of the goods, while quality focuses on the product attributes, for example failure rate and durability. Logistics summarizes all delivery performances and service includes additional items such as after-sales service.

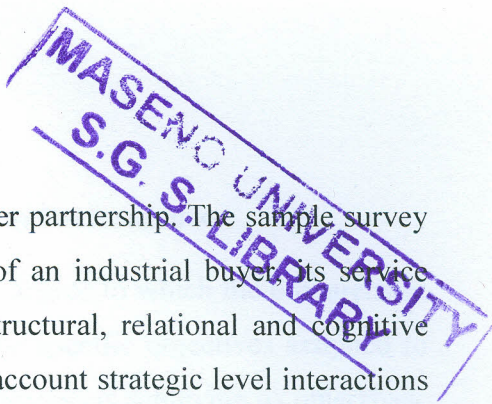
Tracey and Tan (2001) employed confirmatory factor analysis and path analysis to examine empirically the relationship among supplier selection criteria, supplier involvement, each of the four dimensions of customer satisfaction (competitive pricing, product quality, product variety, and delivery service), and overall firm performance. This research confirms that higher levels of customer satisfaction and firm performance result from selecting and evaluating suppliers based on their ability to provide quality components and subassemblies, reliable delivery, and product performance. It finds no evidence that selecting suppliers based on unit price has a positive impact on customer satisfaction or firm performance.

Watts and Hahn (1993) showed the importance of formal supplier evaluation to the supplier development process. The survey results of 81 usable responses show quality related supplier capabilities received the highest ratings from respondents, followed in order by cost, delivery,

and technical related capabilities. Other studies found that firms often use supplier assessment and supplier selection to measure supplier performance and to identify specific supplier deficiencies and drive the development of a plan to effectively address these problems, and the increased use of supplier development strategies across industries (Watts & Hahn, 1993; Choi & Hartley, 1996; Krause, Scannell & Calantone, 2000). To build more effective relationships with suppliers, firms are using supplier selection criteria to strengthen the selection process, to improve decision making, and upgrade supplier and manufacturing performance (Vonderembse & Tracey, 1999). In the study of Vonderembse & Tracey (1999), the survey results of 268 usable responses from NAPM of Midwest region lend support to the statement that implementing supplier selection criteria has a positive impact of performance.

From the works however, it is noted that the areas addressed though varied did not comprehensively cover the subject procurement performance. They are deficient in informing supplier quality management practices and procurement performance relationship. They also failed to shed light on the role supplier selection on general procurement performance. For this reason, these areas are still unclear. Specifically, the relationship between competitive supplier selection and procurement performance of supermarkets in Kisumu are not clearly addressed. These remain unknown.

An empirical study on the multidimensional relationships between supplier management practices and firm operational performance was carried out by Prajogo (2012). It focused on three supplier management practices, namely strategic long-term relationship, supplier assessment, and logistics integration, and tested their effects on four operations performance measures, namely quality, delivery, flexibility, and cost. Data was collected from a sample of 232 manufacturing firms in Australia to conduct the study. The results showed that different supplier management practices have different unique effects on different operations performance measures. Supplier assessment has a positive relationship with quality performance. Both strategic long-term relationship and logistics integration have positive relationships with delivery, flexibility, and cost performance.



Another study by Holma (2012) also delved into buyer-supplier partnership. The sample survey in Australia applied a triadic perspective to business triads of an industrial buyer, its service supplier and intermediary partners. The focus was on the structural, relational and cognitive features of interpersonal interaction. The study also took into account strategic level interactions and interactions related to daily operations, thus providing insight into long and short-term interactive processes. The results showed that dedicated contacts and the social bonds between them provide important channels for both tacit and explicit information within and between the organizations, specifically at the operational level.

Narasimhan and Das (1999) investigated the influence of strategic sourcing and advanced manufacturing technologies on specific manufacturing flexibilities. The findings suggest that strategic sourcing can assist in the achievement of modification flexibilities. Strategic sourcing can be used to target specific manufacturing flexibilities. Das and Narasimhan (2000) developed purchasing competence as a valid construct and explore its relationship with different manufacturing priorities. An empirical study is conducted among purchasing professionals in manufacturing firms. The results of the research indicate that purchasing competence is found to have a positive impact on manufacturing cost, quality, and delivery, as well as new product introduction and customization performance. Purchasing integration, a component of purchasing competence, is found to relate to all dimensions of manufacturing performance.

In summary, the studies above addressed various issues on supplier management practices albeit inconclusively. While Prajogo (2012) focused mainly on three supplier management practices namely strategic long-term relationship, supplier assessment, and logistics integration, and tested their effects on four operations performance measures, namely quality, delivery, flexibility, and cost it failed to show the practical the relationship that these practices have with procurement performance (Holma 2012) delved into buyer-supplier partnership. (Narasimhan and Das 1999) investigated the influence of strategic sourcing and advanced manufacturing technologies on specific manufacturing flexibilities. It is therefore clear that none of these studies focused on a particular supplier management practice and investigated their relationship with procurement performance.

2.3 Supplier Quality Management Practices and Procurement Performance

Procurement performance is the quantitative assessment of the degree to which the procurement function and those employed therein achieve the general or the specific objectives assigned to them (Lyson, 2000). It is the extent to which the procurement process is achieving its objectives. Process performance measurement focuses on the concept of process capability and maturity. Procurement performance is also indicated by how well a system supports procurement needs of the organization. Quality of the procurement process can be one of the key performance indicators which can be measured by the proportion of business orders ejected or returned by the user (Subramaniam & Shaw, 2002). Similarly, the quality of systems is measured by looking at system availability or responsiveness and resolution of the technical issues.

Procurement activities aim at anticipating requirement, sourcing and obtaining supplies; moving supplies into the organization, and monitoring the status of supplies as a current asset (Leenders and Fearon, 2000). Improvement in adoption of ICT in procurement processes in business to business markets lower the costs incurred in the identification and subsequent selection of the best suppliers, increase the value of purchases in terms of their price-quality relationship, and lower transaction costs associated with greater process efficiency, improving supply chain management an organizational performance (Hardaker & Graham, 2000)

Lancioni, (2000) revealed that the importance of Information communication Technology in procurement improve employees productivity, increase real time response, influence achievement of lean procurement, enhance procurement service delivery and improve procurement efficiency attaining overall organizational performance. Effective procurement ethics offers a high level transparency, accountability and value for money. The principle aim of procurement should be to obtain goods and services of the right quality in the right quantity from the right source, delivered to the right place and at the least cost and price (Lyson, 2000). Successful and efficient procurement practices are those that meet the need of customer's achieve optimum condition and value in regard to allocating of scarce resources (Ntayi, 2009).

The practice needs a labour force with effective management skills that develop clear and professional specifications with full knowledge of a competitive process negotiation and monitoring skill. Hunja (2003), posited that procurement system adhere to purchasing ethics

ensure successful quality and service delivery to stakeholders. The sound practices demand that those responsible for implementing procurement should ensure that the objectives are clear and that quality is sustained (Walker and Sidwell 1996).

Saini (2010) examined unethical purchasing practices from the perspective of buyer–supplier relationships. Based on a review of the inter-organizational literature and qualitative data from in-depth interviews with purchase managers from diverse industries, a conceptual framework was proposed, and theoretical arguments leading to propositions were presented. Taking into consideration the presence or absence of an explicit or implicit company policy sanctioning ethically questionable activities, unethical purchasing practices were conceptualized as a three-tiered set. Three broad themes emerged from the analysis toward explaining purchasing ethics from a buyer–seller perspective: Inter-organizational power issues, Inter-organizational relational issues, and Inter- personal relational issues.

All the previous studies highlighted above never looked at how supplier quality management practices are related to procurement performance in context of supermarkets in Kisumu City.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter provides an overview of the methods that were used to collect and process data. It gives the research design the sample selection methods, size, and data processing.

3.1 Research Design

A Correlation survey design was used to collect data for this study. This was appropriate for the study because the respondents for this study were believed to have heterogeneous characteristics.

3.2 Study Area

The study was conducted in six major supermarkets located in Kisumu city namely, Naivas, Uchumi, Nakumatt, Tuskys, Tumaini and Ukwala. Three of these supermarkets are located within the city centre while the rest are located at the periphery of this town which made them very accessible for easy data collection. Kisumu is in the western part of Kenya.

3.3 The Target Population

The target population for the study was the procurement staff in the procurement department of the six supermarkets which were approximated to be 104 distributed as follows. This population was targeted because they are directly involved with the suppliers and they are the ones who know the supplier quality management practices they use in order to select optimal supply.

Table 3.1: Population distribution

Supermarket	No. of Procurement staff
Nakumatt	22
Uchumi	16
Naivas	20
Tuskys	21
Ukwala	15
Tumaini	10
Total	104

Source: Field data 2016

3.4 Sample Size

A census survey was deemed appropriate because the population involved was small as all the procurement staffs in the procurement department of the six supermarkets which were 104 all responded.

3.5 Data Collection

3.5.1 Data Type and Sources

Both primary and secondary data was collected for this study. Primary data was obtained using structured questionnaire while secondary data was obtained from: the procurement records in the respective supermarkets, the internet and the suppliers who have been involved with the supply of goods in these supermarkets.

3.5.2 Reliability test for data collection instrument

A pilot study was carried out to pre-test and validate the questionnaire. To establish the validity of the research instrument, the researcher sought opinions of experts in the area of procurement especially the procurement officers in these respective supermarkets. This was to facilitate the necessary revision and modification of the research instrument prior to the study thereby enhancing validity. The researcher also selected a pilot group of 14 individuals from the study population who were not included in the final study to test the reliability of the research instrument. The reliability was estimated using Cronbach's alpha coefficient (Fraekel & Wallen, 2000). According to Mugenda and Mugenda (2003), the high coefficient above 0.6 implies consistency.

3.6 Data Analysis and Presentation.

The data collected was processed and organized by first sorting it to ensure consistency, and completeness in information required for statistical analysis which involved coding and tabulating the data. Correlation analysis was used to analyse the relationship between supplier quality management practices and procurement performance of supermarkets in Kisumu city. Descriptive statistics was also used to generate frequency distribution tables and percentages of responses in analysing objective 1 and 2.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results and discussion based on the analysed general information of the respondents and the study objectives.

The collected data was edited and cleaned for completeness and consistency in preparation for coding. Once coded, the data was keyed into the Statistical Package for Social Sciences (SPSS) for analysis. Descriptive statistics were used to analyse the data. Correlation analysis was used to test the relationship between the variables under study in relation to the objectives of the study.

A total of 104 questionnaires were administered. The questionnaires contained questions that addressed the objectives of the study. The objectives of the study were to establish the extent of application of supplier quality management practices by supermarkets in Kisumu City, to determine the extent of procurement performance of supermarkets in Kisumu City and to establish the relationship between supplier quality management practices and the level of procurement performance supermarkets in Kisumu City.

Table 4.1 Response Rate

Response rate	Frequency	Percentage
Completed	90	100
Incomplete	00	00
Total	90	100

Source: Author (2016)

The study managed to obtain 90 completed questionnaires representing 100% response rate. This response was adequate to allow the researcher to continue with the analysis.

4.2 Data Presentation

4.2.1 Data Validity

The researcher issued 14 questionnaires to 14 respondents in the supermarket so as to conduct a pilot test. Piloting of the research instrument was done to clarify the wording and grammar of the

questionnaire so as to avoid misinterpretations; to avoid research bias; detect ambiguous questions; and to pick out in advance any problems in the methods of research. This helped to make the data used in the analysis valid.

4.2.2 Data reliability

To test the reliability of the Likert scale used in this study, reliability analysis was done using Cronbach's Alpha as the measure. A reliability co-efficient of $\alpha \geq 0.7$ was considered adequate. The output of the reliability analysis is as shown in Table 4.2;

Table 4.2: Reliability Statistics

Cronbach's Alpha Based on		
Cronbach's Alpha	Standardized items	Number of items
0.824	0.836	104

Source: Research Findings (2016).

In this case, a reliability co-efficient of 0.824 was registered indicating a high level of internal consistency for the Likert scale used in this study. This indicated that the scale was reliable enough to test the extent to which procurement in the manufacturing firms was done.

4.3 General Information

This section sought to establish the general information of the respondents based on demographic factors such as age, gender, occupation, length of service, and levels of both the academic and professional qualifications.

4.3.1 Age of the respondents

The respondents were requested to indicate their age using a scale of up to 18 years, 19-24 years, 25-35 years, 36-45 years, 46-55 years and more than 55 years.

Table 4.3: Age of Respondent

	Frequency	Percentage	Valid %	Cumulative %
Up to 18 Years	4	4.4	4.4	4.4
19-24 Years	8	8.9	8.9	13.3
25-35 Years	26	28.9	28.9	42.2
36-45 Years	27	30.0	30.0	72.2
46-55 Years	25	27.8	27.8	100.0
Total	90	100.0	100.0	

Source: Field data, 2016

Table 4.3 shows 4.4 % of the respondents were aged below 18 years, 8.9 % were aged between 19-24 years, 28.9 % were aged between 25-35 years, 30.0 % were aged between 36-45 years, 27.8 % were aged between 46-55 years, and none were more than 55 years. This indicates that could be the supermarkets in Kisumu City have been replacing the departed employees frequently to ensure more energetic and efficient workers are retained in addition to respondents coming from diverse age group.

4.3.2 Gender of respondent

Table 4.4: Gender of respondents

	Frequency	Percentage	Valid %	Cumulative %
Female	39	43.3	43.3	43.3
Male	51	56.7	56.7	100.0
Total	90	100.0	100.0	

Source: Field data, 2016

The respondents who filled in the questionnaires were composed of 39 female translating to 43.7% of the total respondents and 51 men (46.3%). This indicates the near achievement of gender parity in the research.

4.3.3 Occupation of respondents

This section sought to establish occupation of respondents. The respondents were asked to state their occupation as per their current deployment.

Table 4.5: Occupation of respondents

	Frequency	Percentage	Valid %	Cumulative %
Procurement Officer	23	25.6	25.6	25.6
Clerk	40	44.4	44.4	70.0
Driver	12	13.3	13.3	83.3
Messenger	4	4.4	4.4	87.8
Secretary	1	1.1	1.1	88.9
Others	10	11.1	11.1	100.0
Total	90	100.0	100.0	

Source, Field data (2016)

Table 4.5 Shows that majority of the respondents were clerks 40 (44.4%) then procurement officers 23 (25.6%) followed by drivers 12 (13.3%), others positions not included in the response 10 (11.1%), messengers 4 (4.4%), and secretary 1 (1.1). The highest respondent in this study was therefore the procurement clerks and this indicates that the respondents by virtue of their job titles were in a position to understand the supplier quality management measures and procurement performance.

4.3.4 Respondents service period

The study also sought to establish the number of years the respondents had been working for their respective supermarkets. The results are as shown in Table 4.6.

Table 4.6: Employment period in that occupation

	Frequency	Percentage	Valid %	Cumulative %
<year	7	7.8	7.8	7.8
Valid 1-2 Years	21	23.3	23.3	31.1
3-5 Years	45	50.0	50.0	81.1
>5 Years	17	18.9	18.9	100.0
Total	90	100.0	100.0	

Source: Survey Data, 2016

The table 4.6, indicates that a majority of the workers in the sample supermarkets (45) in number translating to 50% have served in their respective organizations for between three to five years while the least number were those who have worked for less than one year who were (7) in number translating to 7.8% of the total population. This indicates that the researcher obtained the data from people with diverse years of experience.

4.3.5 Academic qualification of respondents

The study also sought to establish the academic qualifications of the respondents.

Table 4.7: Academic qualification of respondent

	Frequency	Percentage	Valid %	Cumulative %
Primary School	2	2.2	2.2	2.2
Secondary School	33	36.7	36.7	38.9
Undergraduate	51	56.7	56.7	95.6
None of the above	4	4.4	4.4	100.0
Total	90	100.0	100.0	

Source: Survey data, 2016

The table 4.7, indicates that the highest number of the respondents has undergraduates with a number of 51 translating to 56.7%, followed by secondary certificates holder totalling to (33) translating to 36.7%, then none of the above listed level (4) translating to 4.4% and lastly primary certificate holders totalling to (2) translating to 2.2% of the total population of the respondents. This indicates that majority of the respondents were well informed persons who understands procurement processes.

4.3.6 Professional qualifications of respondents

The study further sought to establish the professional qualifications of the respondents and the results are as shown in table 4.8.

Table 4.8: Professional qualification of respondent

	Frequency	%	Valid %	Cumulative %
Certificate	26	28.9	28.9	28.9
Diploma	47	52.2	52.2	81.1
Bachelor's degree	16	17.8	17.8	98.9
Others	1	1.1	1.1	100.0
Total	90	100.0	100.0	

Source: Survey data, 2016

The study established that the highest professional qualification was diploma level 47 (52.2%), followed by certificate level 26 (28.9%), then bachelor's degree level 16 (17.8%) and lastly others level of professional qualification at 1 (1.1%). This indicates that most of the respondents who participated in this study were professional in their respective field of operation.

4.4 Supplier Quality Management Practices

In this section, the study sought to know how the respondents rated the supply quality management practices of the respective supermarkets they worked for. Different parameters were used to measure the supply chain quality management practises. The supply chain quality management practises were rated on a Likert scale of 1-5 where: 1= Not significant; 2= Little Extent; 3= Moderate Extent; 4= Great Extent; 5=Very great Extent. The results of the study are as shown in table 4.9.

Table 4.9 : Supplier quality management practices

Supplier Quality Management Practices	N	Mean	Std. Deviation
Competitive supplier selection	90	4.03	.917
Supplier appraisal	90	4.01	.977
Supplier integration	90	3.97	.841
Supplier development	90	3.91	.956
Measuring and monitoring supplier performance	90	3.83	.963
Overall Mean		3.95	.931

Source: Field data, 2016

The study found out that supermarkets practiced supplier quality management practices to a great extent as evidenced by the overall mean of ($M = 3.95$, $SD = 0.931$). The most practiced supplier quality management practices was competitive supplier selection with a mean of ($M = 4.03$, $SD = 0.917$), followed by supplier appraisal with a mean of ($M = 4.01$, $SD = 0.977$) then supplier integration with a mean of ($M = 3.97$, $SD = 0.41$), supplier development with a mean of ($M=3.91$, $SD=.963$) and lastly measuring and monitoring supplier performance with a mean ($M=3.83$, $SD= 0.963$). The overall mean and standard deviations of the practices rounded off to the nearest whole number is four and one respectively, indicating that all the supplier quality management practices were practiced to a great extent by the supermarkets and that the variation is to no extent.

This study finding is in tandem with the results found by Vonderembse & Tracey (1999), where the survey results of 268 usable responses from NAPM of Midwest region lend support to the statement that implementing supplier selection criteria has a positive impact on performance.

The study findings are also in agreement with the statement by (Vonderembse & Tracey, 1999) that; to build a more effective relationship with suppliers, firms are using supplier selection criteria to strengthen the selection process, to improve decision making, and upgrade supplier and manufacturing performance.

The study further agree with the findings of Thairuet *al.*, (2012) and Okelloet *al.*, (2014) who looked into what the traders in Dagoreti market, in Kenya thought about the concept of supplier appraisal and whether they practiced it and the influence of supply chain management practices of the Nairobi Securities Exchange's listed food and beverage manufacturing firms in Nairobi respectively. Their studies revealed that the supplier evaluation criteria include: location of supplier, adequate facilities, use of information technology, financial strength, quality in operations and products, adequate production capacity, and skilled personnel, corporate social responsibility and good ethics.

Lastly the results are in agreement with the findings of Narasimhan and Das (1999) that investigated the influence of strategic sourcing and advanced manufacturing technologies on specific manufacturing flexibilities. The findings suggested that strategic sourcing can assist in

the achievement of modification flexibilities. Strategic sourcing can be used to target specific manufacturing flexibilities.

4.5 Procurement Performance Measures

In this section, the study sought to know how the respondents rated the procurement performance of the respective supermarket they worked for. Different parameters were used to measure procurement performance. The procurement performance Parameters was rated on a Likert scale of 1-5 where: 1= not significant; 2= Little Extent; 3= Moderate Extent; 4= Great Extent; 5=Very Great Extent. The results of the study are as shown in the table 4.10below.

Table 4.10: Procurement performance measures

Performance Parameters	N	Mean	Std. Deviation
Suitability of lead time	90	4.10	.835
Defect free products	90	3.93	.922
Supplier relationship	90	3.92	.915
Cost savings	90	3.81	.970
Overall Mean		3.96	0.92

Source: Field data (2016)

The study established that procurement performance of the respondents supermarkets was rated to be doing well to a great extent as evidenced by a mean of ($M = 3.96$, $SD = 0.92$). The firms were rated to be performing well on suitability of Lead time with a mean of ($M = 4.10$, $SD = 0.83$) then Defect free products with a mean of ($M = 3.93$, $SD = 0.922$), followed by Supplier relationship with a mean of ($M = 3.92$, $SD = 0.915$) and lastly Cost savings with a mean of ($M=3.81$, $SD= 0.970$). The mean of the procurement performance were all after rounding off to the nearest whole number is four (4), thus the supermarket procurements performance were rated to be performing to a great extent. The standard deviation rounded to the nearest whole number is one indicating the variation was to no extent according to the Likert scale used.

4.6 Supplier Quality Management Practices and Procurement Performance Measures

The study sought to establish the relationship between Supplier quality management practices and procurement performance measures. The scores to be correlated were computed, the researcher then conducted a correlation analysis to explain the relationship using Statistical Package for Social Sciences. The results obtained are presented and discussed in table 4.11;

Table 4.11: Correlation analysis between supplier quality management practices and procurement performance measures

	Measuring monitoring performance	and Supplier supplier integration	Supplier appraisal	Supplier development	Competitive supplier selection
Suitability of lead time	.081**	.108**	.263**	.063	.104
Defect free supplies	.111**	-.093	.332**	.220**	.059
Cost savings	.173**	.304**	-.107	-.006	.133
Supplier relationship	.124**	.030**	.023**	.165**	.167

**Correlation is significant at the level 0.05 level (2 tailed)

The research study wanted to establish the impact of application of supplier quality management practices on procurement performance of supermarket in Kisumu City. The key supplier quality management practices were: measuring and monitoring supplier performance, supplier integration, supplier appraisal, supplier development and competitive supplier selection. The result of the study indicates the correlation between supplier quality management practices' monitoring and measuring supplier performance and procurement performance measures; suitability of lead time, defect free supplies, cost savings and supplier relationships is positive and significant with coefficients of 0.081, 0.111, 0.173, and 0.124 respectively. This implies that if the supermarket practices more monitoring and measuring of supplier performance then this will result to increased suitable lead times, more defect free supplies, more cost saving and more improved supplier relationships. Something both Paul *et al* (2008) and Chris and Adam (2007) agree and call perfect order i.e. delivery of the complete order; on-time and an error – free invoice.

The correlation between supplier quality management practices' supplier integration and procurement measures; suitability of lead time, cost saving, and supplier relationships is positive and significant with coefficients of 0.108, 0.304, and 0.030 respectively. This implies that if the supermarket practices more supplier integration then this will result to increased suitable lead times, more cost saving and more improved supplier relationships. However, its correlation with procurement performance measures; defect free products is negative and insignificant with a coefficient of -0.093. This implies that increased supplier integration would result to more products with defects supplied. Melissa *et al* (2004) agreed that integration reduced development lead time, better communication, substantial cost savings from higher productivity etc. but disagree on reliable supplies with fewer recalls.

The correlation between supplier appraisals with procurement performance measures; suitability of lead time, defect free products, return on investment and supplier relationship is positive and significant with coefficients of 0.263, 0.114 and 0.023 respectively. This implies that if the supermarkets do more supplier appraisal then this will result to increased suitable lead times, increased defect free products and more improved supplier relationship. However, its correlation and procurement performance constructs cost saving is negative and insignificant with coefficient of -0.107. This implies that more supplier appraisal by the supermarket would result to more cost for the organization. As shown by several studies including Kariuki & Nzioki (2010), Luchali & Ombati (2013) also view supplier appraisal as expenses to the organization and therefore less practiced.

The correlation between supplier development and procurement performance measure constructs; defect free products and supplier relationship is positive and significant with coefficients of 0.220 and 0.165. This implies that if the supermarkets practice more supplier development then this will result to increased supply of defect free products, and more improved supplier relationship. However, correlation between supplier development and procurement performance construct suitability of lead time is however positive but insignificant with a correlation of 0.063. This implies that an increased supplier development would not affect the lead time in terms of improving or worsening it. Its correlation with procurement performance measure construct cost saving is negative and insignificant with a coefficient of -0.006. This implies that an increased supplier development would mean that the organization spend more

hence less saving. Existing literature showed that firms engage in supplier development as a reaction to competitive market something confirmed by the study finding that the supplier will be defect free and suppliers relationships improved tremendously thereby good for competitive market.

Finally the correlation between competitive supplier selection and performance measures; suitability of lead time, defect free supplies, cost saving and supplier relationship is positive but insignificant with coefficient 0.104, 0.059, 0.133, 0.167 respectively. This implies that improved competitive supplier selection would not affect the procurement performance in terms of lead time, defect free supplies, cost saving and supplier relationship. The finding agrees with the previous study that supplier selection is important but has very little effects in terms of lead time, defect free supplies, costs savings and supplier relationship.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of study findings, conclusions and recommendations based on the major findings.

5.2 Summary of the Findings

The first objective was to establish the extent of application of supplier quality management practices by supermarkets in Kisumu City. The study revealed that supermarkets in Kisumu City practiced supplier quality management to a great extent.

The second objective of the study was to determine the extent of procurement performance of supermarkets in Kisumu City. The results of the study revealed that supermarkets in Kisumu City practiced supplier quality management practices to a great extent.

The third and final objective was to establish the relationship between supplier quality management practices and the level of procurement performance supermarkets in Kisumu City.

The result of the study indicates the correlation between supplier quality management practices monitoring and measuring supplier performance and procurement performance measures; suitability of lead time, defect free products, cost savings and supplier relationships is positive and significant. This implies that if the supermarket practise more monitoring and measuring of supplier performance then this will result to increased suitable lead times, more defect free supplies, more cost saving and more improved supplier relationship.

The correlation between supplier quality management practise supplier integration and procurement measures suitability of lead time, cost saving, and supplier relationships is positive and significant. This implies that if the supermarket practice more supplier integration then this will result to increased suitable lead times, more cost saving and more improved supplier relationship. However its correlation with procurement performance measures defect free products is negative and insignificant. This implies that increased supplier integration would result to more products with defects supplied by the supplies.

The correlation between supplier appraisals with procurement performance measures suitability of lead time, defect free products, and supplier relationship is positive and significant. This implies that if the supermarket do more supplier appraisal then this will result to increased suitable lead times and more improved supplier relationship. However its correlation and procurement performance constructs cost saving is negative and insignificant. This implies that more supplier appraisal by the supermarket would result to more cost for the organization.

The correlation between supplier development and procurement performance measure constructs defect free products, and supplier relationship is positive and significant. This implies that if the supermarkets practice more supplier development then this will result to increased supply of defect free products and more improved supplier relationship. However correlation between supplier development and procurement performance construct suitability of lead time is however positive but insignificant. This implies that an increased supplier development would not affect the lead time in terms of improving or worsening it.

Lastly its correlation with procurement performance measure construct cost saving is negative and insignificant. This implies that an increased supplier development would mean that the organization spend more hence less saving. However its correlation with other construct of performance measure suitability of lead time, defect free products, cost saving and supplier relationship is positive but insignificant. This implies that improved competitive supplier selection would not affect the procurement performance in terms of lead time, defect free products, cost saving and supplier relationship.

5.3 Conclusion of the Study

The findings show that measuring and monitoring, supplier integration, supplier appraisal, supplier development and competitive supplier selection are the most used supplier quality management practices. However, a close scrutiny showed that options which costs the organizations less were the most commonly practiced, where as the ones costing more, demanding and more involving for the supermarkets in Kisumu City were least practiced. It is therefore very clear that the supermarkets in Kisumu City are not active in supplier quality management especially where resources is needed to assist their suppliers; yet, they were keen to get the suppliers to do more, presumably for the same cost. The study established that the extent

of procurement performance that accrue from supplier quality management include suitable lead times, defect free supplies, cost saving and supplier relationship.

The study finally established that there is a relationship between supplier quality management practices and the level of procurement performance of supermarkets in Kisumu City.

5.4 Recommendations

Based on the findings, these recommendations were made: The firms are encouraged to enhance their supplier quality management practices especially measuring and monitoring supplier performance which were found to be practiced less, the firms were encouraged to increase their efforts in the areas of measuring and monitoring of performance in line with supplier integration supplier appraisal, supplier development and on competitive supplier selection because they positively correlate with performance. Despite competitive supplier selection being highly practiced, the firms should focus on the measuring and monitoring of performance which was lagging behind.

5.6 Suggestions for Further Research

The study recommends further studies on: Management responsibility in managing supplier quality management; this is because the firms' management is the organizations' agents of change and they play a vital role in ensuring continuous supply quality management. Customers' perception of the suppliers' quality; many organizations only focus on their management's evaluation of the suppliers' performance ignoring the customers' view. Research in this area would shed more light in this area and emphasize on the importance of the customers' input. The study also suggested that further research be conducted on supplier quality management in service firms, more emphasis being laid on the technologies to use since most service firms are technology based or they heavily rely on modern technology.

5.7 Limitations

Studies usually have at least one limitation that makes some aspects of their results less likely to be accurate, such as the hypothesis not being proved though it might be true, the introduction of bias, a necessity to rely on estimates for some data, or limitations on the scope and applicability of the study. In acknowledging the limitation of data processing, I can nevertheless confirm that

there were some more limitations of this study. For example limitation concerning the factors of procurement performance of supermarkets in Kisumu city Kenya. There might be some relevant factors which significantly influenced on the procurement performance of the supermarkets in Kisumu but were beyond the scope of this study.

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