

# Influence of Supplier Development Practices on Procurement Performance in Food and Beverage Manufacturing Firms in Nakuru East Sub- County, Kenya

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**ABSTRACT:** The purpose of this study therefore was to establish the influence of supplier development practices on procurement performance of food and beverage manufacturing firms in Nakuru East Sub-County, Kenya. The study specifically sought to establish the influence of supplier training, supplier appraisal, supplier partnership and supplier financial support on procurement performance. The study was anchored on two theories, namely: Human capital Theory and Social Exchange Theory. A survey research design was employed since it permits gathering of data from the respondents in natural settings. The study targeted all procurement staff and accountants in the food and beverage manufacturing firms in Nakuru East Sub-county since they are individually and collectively involved in all the procurement decisions in their respective manufacturing firms. The researcher concluded that, supplier training enhances efficiency and thus enabling the firms to report very few legal challenges in the procurement system. The study concluded that, food and beverage manufacturing firms in Nakuru East sub- County, Kenya should offer financial support to suppliers and also pay suppliers within the shortest time possible. Further studies may also be conducted to relate supplier evaluation and procurement performance in other manufacturing firms.

**Key Words:** Supplier Development Practices, Procurement Performance, Manufacturing Firms.

## I. Background of the Study

Though, many food and beverage (F&B) manufacturing firms in Kenya are experiencing growth in several areas of their products and services (Amimo, 2013), the increase in demand for their products and services has necessitated an increase in their manufacturing capacity which has led to increased operational challenges. Furthermore, F&B manufacturing firms face inadequate supplies of raw materials that are seasonal, high production cost with respect to raw material handling, distribution and marketing, slow development and implementation of policies, use of obsolete technology and skills and location difficulties. Some of these challenges can be managed through supplier development. According to Nagati and Rebolledo (2013) the benefits of supplier development include enhanced operational performance, effective communication, improvement in supplier performance, quality, delivery performance and cost reduction. Thus, the improvement of operational performance is beneficial to the procuring entity and as such supplier development can be used as a mechanism to enhance operational performance of a firm.

Supplier development is an effort by both the buying and supplying firm to jointly improve the supplier's performance or capabilities in terms of cost, quality, delivery lead time, technological advancement, safety and environmental responsibility, managerial capability and financial viability (Krause & Handfield, 2011). According to Praxmarer-Carus, Sucky and Durst (2013) improving and developing of suppliers is a relevant management activity as it results in great earnings for the procuring entity. Supplier development undertakings also lead to superior partnerships between buyers

and their suppliers which lead to efficient and effective firm operations (Njeru, 2013). Since supplier development is usually conducted by a buyer, the benefits of supplier development are often described from the buyer's perspective. Supplier development aims at enhancing firms' procurement operations (Dalvi & Kant, 2015) and therefore, an understanding of the relationship between supplier development and operational performance is important.

### **1.2 Statement of the Problem**

Supplier development practices require both the supplier and buyer to commit maximum efforts to achieve the greatest results out of the program. Even though both sides agree that a strong commitment is required, there is still no guarantee that the supplier development has been successful. According to Amimo (2013), the main factors hindering operations of food manufacturing industry in Kenya include inadequate supplies of raw materials that are seasonal, high production cost with respect to raw material handling, distribution and marketing, slow development and implementation of policies, use of obsolete technology and skills and location difficulties. Previous studies (Muo & Omwenga, 2018; Gichuru, Iravo & Iravo, 2015; Ochieng, 2014) on supplier development have convergent opinions that supplier development leads to enhanced operational performance in term of cost reduction, customer satisfaction, quick order fulfillment and fast delivery. Numerous studies such as Muo and Omwenga (2018), Wachiuri et al., (2015) and Gichuru et al., (2015) have reported that firms implement supplier development in order to develop operational benchmarks. Similarly, Oketch (2014) noted that cooperation with suppliers can make the procuring firm more efficient and thus enable goods to be purchased at lower prices. Despite the fact that manufacturing firms in developing economies have acknowledged the significant role of supplier development in promoting overall operational effectiveness, there is little evidence of similar studies in Kenya focusing on procurement performance in food and beverage manufacturing firms. It can thus be implied that more research is needed in order to link supplier development practices and procurement performance in the local manufacturing context. Furthermore, previous studies done locally (Kuria, 2017; Onyango et al., 2015; Wachiuri et al., 2015), have examined supplier development though none have investigated the influence of supplier training, appraisal, financial support and partnership on procurement performance of food and beverage manufacturing firms. The present study sought to fill this knowledge gap by investigating the influence of supplier development on procurement performance of food and beverage manufacturing firms in Nakuru East Sub-County, Kenya.

### **1.3 Research Hypotheses**

The study sought to test the following hypotheses:

H<sub>01</sub>: Supplier training has no significant influence on procurement performance of food and beverage manufacturing firms in Nakuru East Sub-County, Kenya.

H<sub>02</sub>: Supplier appraisal has no significant influence on procurement performance of food and beverage manufacturing firms in Nakuru East Sub- County, Kenya.

H<sub>03</sub>: Supplier partnership has no significant influence on procurement performance of food and beverage manufacturing firms in Nakuru East Sub-County, Kenya.

H<sub>04</sub>: Supplier financial support has no significant influence on procurement performance of food and beverage manufacturing firms in Nakuru East Sub-County, Kenya.

## **II. LITERATURE REVIEW**

### **2.2 Theoretical Review**

The present study sought to establish the influence of supplier development on procurement performance and was anchored on two theories, namely: Human capital Theory and Social Exchange Theory.

#### **2.2.1 Human Capital Theory**

This is one theory that has great potential to show the understanding of the impact of supplier training in supplier development. Adam smith defined human capital as the skills, dexterity (physical, intellectual and psychological), and judgment of an individual (Smith, 1973). Education according to human capital theory is one of the investment alternatives that an individual can choose to obtain future benefits from (Law, 2010). Education is considered both as a consumer and capital good because of its ability to offer the utility to the consumer and the provision of input in further production of goods and services with attendant benefits to both the individual and the society, hence the justification of huge public expenditure on education (Olaniyan & Okemakinde, 2008). Human capital stock of each individual includes innate ability which can be extended prior to participation in the workforce by education and during employment by on job learning or training, experience and emphasizes development of skills (Olaniyan & Okemakinde, 2008). The human

capital theory predicts that individuals or groups who possess higher levels of knowledge, skills, capabilities and competencies can achieve greater performance outcomes than those who possess lower levels (Ployhart &

Moliterno, 2011). This theory thus offers a generally acceptable framework for studying a range of economic, business and social issues from returns on education to training (Law, 2010). This theory fits into the expectation of benefits from supplier development derived from supplier training based on economics of education. Training from human capital perspective results in acquisition, development and retention of knowledge, skills, competencies and capabilities. This can improve the performance of the trainee (Ployhart et al., 2014). The theory informed the study by providing an understanding of how supplier training influenced the procurement performance of food and beverage manufacturing firms in Nakuru East Sub- County.

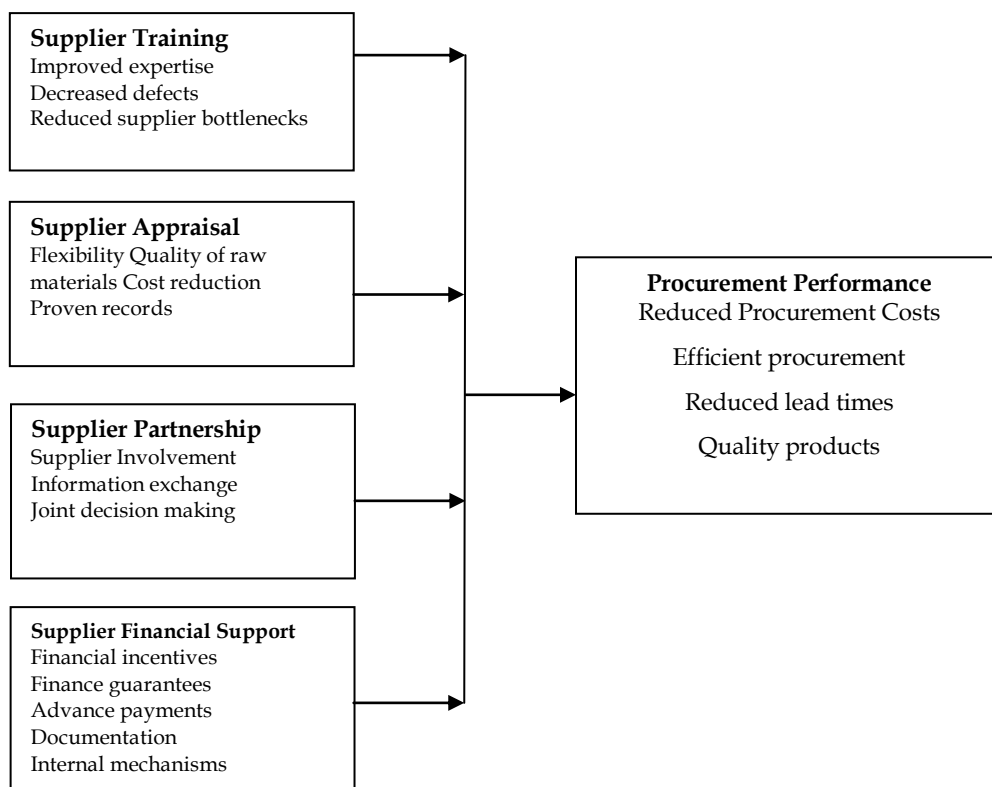
### **2.2.3 Social Exchange Theory**

Social exchange theory was proposed by George Homans in 1974. Social exchange theory is a social psychological and sociological perspective that explains social change and stability as a process of negotiated exchanges between parties. Social exchange theory posits that all relationships are formed by the use of a subjective cost-benefit analysis and the comparison of alternatives. The theory has roots in economics, psychology and sociology. Costs are the elements of relational life that have negative value to a person, such as the effort put into a relationship and the negatives of a partner. Rewards are the elements of a relationship that have positive value. The theory argues that people calculate the overall worth of a particular relationship by subtracting its costs from the rewards it provides. If worth is a positive number, it is positive relationship. On the contrary, negative number indicates a negative relationship. The worth of a relationship influences its outcome, or whether people will continue with a relationship or terminate it. Positive relationships are expected to endure, whereas negative relationships will probably terminate.

The guiding force of interpersonal relationships is the advancement of both parties' self-interest. Self-interest is not considered necessarily bad and can be used to enhance relationships. Interpersonal exchanges are thought to be analogous to economic exchanges where people are satisfied when they receive a fair return for their expenditures. Other tenets of social exchange theory include the pinnacle roles of trust, commitment, cooperation, satisfaction, and relational norms that develop over time and tend to govern the relationship rather than reliance on written contracts (Scholten et al., 2016). The theory relate well to the unique relationship established by the buyer through supplier development for mutual economic exchanges that is beneficial to both parties. The buyer empowers the supplier via financial support, technical support and supplier training in return for product innovation, reduced risks of non-supply, reduced lead time, increased product safety, improved product quality and competitive pricing for the buyer. The theory and thus be used to explain aspects of supplier partnership and financial support as this are exchange relationship which both parties anticipate some reward arising from the relationship.

### **2.3 Conceptual Framework**

This section outlines the hypothesized relationship between the independent variables (supplier dependent variable (procurement performance)). The hypothesized relationship is shown in Figure 1.



**Independent Variables**

**Dependent Variable**

**Figure 2.1: Conceptual Framework**

### III. RESEARCH METHODOLOGY

#### 3.1 Research Design

A research design is a plan or a framework for guiding a study. The design connects the questions or objectives of the study to the data gathered. For purposes of this study, a survey research design was employed using a quantitative approach. The method is preferred as it permits gathering of data from the respondents in natural settings (Mugenda & Mugenda, 2010). Survey designs result in a description of the data, whether in words, pictures, charts, or tables, and whether the data analysis shows statistical relationships or is merely descriptive. The design was thus used to describe the what, who, when, how and whereof the phenomenon.

#### 3.2 Target Population

A population is the total of all the individuals or items that have certain characteristics which are of interest to a researcher. Mugenda and Mugenda (2010) describes target population as a complete set of individual cases object with some common characteristics to which researchers want to generalize the result of the study. In Nakuru East Sub-County there are 16 food and beverage manufacturing firms registered with the Kenya Association of Manufacturers (KAM). The study targeted procurement officers, accountants and the stores officers in the 16 food and beverage manufacturing firms totaling 48 staffs since they are individually and collectively involved in all the procurement decisions in their respective manufacturing firms.

#### 3.3 Sampling Frame

According to Mugenda and Mugenda (2010), a sampling frame is a list of all items where a representative sample is drawn for the purpose of research. In this study, the sampling frame was a list of procurement officers, accountants and stores officers in the 16 food and beverage manufacturing firms in Nakuru County, Kenya.

### **3.4 Sample Size and Sampling Technique**

According to Mugenda and Mugenda (2010), sampling is the act, process or technique of selecting a suitable sample or a representative part of a population for the determining parameters or characteristics of the whole population. Sampling may also be defined as the selection of some part of an aggregate or totality on the basis of which a judgment or inference about aggregate or totality is made.

#### **3.4.1 Sample Size**

A sample is the segment of the population that is selected for investigation. It is also small group taken from a larger population composed of members being studied. Since the target population of 48 procurement staff which is manageable through a census, all the 48 procurement staffs formed the sample.

### **3.5 Data Collection Instruments**

In this study an appropriate tool to collect the primary data was structured questionnaire. The survey questionnaire is seen as appropriate as it allows data from the sample to be collected in a quick and efficient manner. The use of survey questionnaire makes it possible for descriptive and inferential statistical analysis (Cooper & Schindler, 2014). According to Cooper and Schindler (2014), the survey questionnaire is appropriate as it makes it possible for descriptive and inferential analysis.

### **3.6 Pilot Testing**

According to Mugenda and Mugenda, (2003), a pilot test is a method that is used to test the design and/or methods and/or instrument before carrying out the research. It involves conducting an initial test the pretest sample is between 1% and 10 % depending on the sample size. The pretest questionnaires were distributed equitably at New KCC Limited, Nyandarua Offices to gather a cross-sectional feeling of respondents. Out of the 48 targeted populations, the 5 respondents were used to pilot test the data collection tools. The company was selected since it has similar manufacturing environment as the firms targeted and its proximity to the researcher helps reduce cost and time.

#### **3.6.1 Validity of the Instrument**

According to Cooper and Schindler (2014), a valid instrument measures the concept in question accurately. In the study, the validity of the questionnaires was observed by adhering to the characteristics of self-evident measures. These measures demonstrate the extent to which the instruments measure what they are supposed to measure, which is classified as face and content validity. Thus, in order to ensure face validity, the questionnaires was subjectively assessed for presentation and the relevance of the questions. To increase validity of the instruments, the researcher sought expert judgment and guidance from the University supervisor, who provided insights which were relevant in ensuring content construct and face validity of the instruments.

#### **3.6.2 Reliability of the Instrument**

A questionnaire with a high reliability would receive similar answers if it is done again or by other researchers (Cooper & Schindler, 2014). The reliability of the questionnaires was determined through the Cronbach alpha method. Cronbach alpha which provided a good measure of reliability because holding other factors constant the more similar the test content and conditions of administration are, the greater the internal consistency and reliability. Bryman (2012) recommended that reliability test which produces Cronbach alpha ( $\alpha$ ) values of greater than 0.70 is sufficient in making the questionnaires reliable. The Cronbach's Alpha Test was conducted on all the independent and dependent variables which gave a threshold which was greater than 0.7. According to George and Mallery (2008), a Cronbach alpha coefficient greater or equal to 0.7 is acceptable. All the variables were therefore retained for the study.

### **3.7 Data Collection Procedures**

The data needed for a study can be collected either as secondary data or as primary data. Cooper and Schindler (2014) define primary data to be data collected at source whereas secondary data is data which already exists. Primary data can be both qualitative and quantitative and can be collected using both closed and open ended questions. In this study, primary data was collected from the answers the participants gave during the survey process. Before embarking on data collection, permission to collect data was sought from the National Council for Science, Technology and innovation (NACOSTI). The researcher also sought clearance from both the university and the relevant manufacturing firms.

### **3.8 Data Analysis and Presentation**

The data collected from the questionnaires was analyzed using both descriptive (means and standard deviations) and inferential statistics (correlation and regression) with Statistical Package for Social Sciences (SPSS). The results of the survey were presented in tables. For the purpose of analyzing the relationships of each of the independent variable on

the dependent variable, the study used the p-values to test both the influence of each variable and the overall effect of the independent variables on the dependent variable using the proposed functional relationship:

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

Where:  $Y$  = Procurement Performance,  $X_1$  =Supplier appraisal,  $X_2$  =Supplier Partnership,  $X_3$  =Supplier Financial Support,  $\beta_0, \beta_1, \beta_2, \beta_3$  and  $\beta_4$ = Beta Coefficients and  $\epsilon$  = Error Term

#### IV. RESEARCH FINDINGS AND DISCUSSIONS

##### 4.1 Inferential Statistics

##### 4.1.1. Correlations Analysis

The Pearson product-moment correlation coefficient was used to obtain a measure of the strength of association between two variables (Independent and Dependent). The Pearson correlation coefficient,  $r$ , can take a range of values from +1 to -1. A value of 0 indicates that there exists no association between the independent and the dependent variables while a value greater than 0 indicates a positive association meaning that an increase in the value of one variable leads to the increase in the other. A value less than 0 indicate a negative association meaning that a decrease in the value of one variable would lead to a decrease in the value of the other.

##### 4.1.2 Correlation Analysis for supplier appraisal and procurement performance of food and Beverage manufacturing Firms in Nakuru East Sub County, Kenya

This section outlines the results of correlation analysis between supplier appraisal and procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya

**Table 1: Correlations between supplier appraisal and procurement performance**

		Supplier Appraisal	Performance
Supplier evaluation	Pearson Correlation	1	.863*
	Sig. (2-tailed)		.000
	N	42	42

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

The correlation analysis results in table 1 revealed that there was a positive and a strong significant relationship between Supplier appraisal and Procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya as supported by ( $r=0.863$ ,  $p=0.000$ ). This implied that both Supplier appraisal and Procurement performance change in the same direction.

##### 4.1.3 Correlation Analysis for supplier partnership on procurement performance

This section outlines the results of correlation analysis between supplier partnership on procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.

**Table 2: Correlations between Supplier partnership and Procurement performance**

		Supplier Partnership	Performance
Supplier partnership	Pearson Correlation	1	.391*
	Sig. (2-tailed)		.010
	N	42	42

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

The correlation analysis results in Table 2 revealed that there was a positive and a significant relationship between Supplier partnership and Procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya as supported by ( $r=0.391$ ,  $p=0.010$ ). This implied that both Supplier partnership and Procurement performance change in the same direction.



**4.4.4 Correlation Analysis for supplier financial support and procurement performance**

In addition, the study sought to establish the correlation between supplier financial support and procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.

**Table 3: Correlation between supplier financial support and procurement performance**

		Supplier Partnership	Performance
Financial Support	Pearson Correlation	1	.563*
	Sig. (2-tailed)		.000
	N	42	42

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

The relationship between supplier financial support and procurement performance was established to be positive, and statistically significant ( $r = 0.563$ ;  $p < 0.05$ ). This implies that supplier financial support has a positive effect procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.

**4.5 Regression Analysis**

The multiple linear regressions were undertaken for the purpose of examining the influence of supplier development practices on procurement performance in food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.

**Table 4: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935 <sup>a</sup>	.875	.865	.1826

a. Predictors: (Constant), Supplier Partnership, Supplier appraisal, Financial Support

b. Dependent Variable: Performance

The model summary on table 4 indicated a multiple linear correlation coefficient R of 0.935 which indicated that the independent variables (Supplier appraisal, Supplier partnership and financial support) had a positive correlation with the dependent variable. The coefficient of determination (R Square) of 0.875 indicated that the independent variable constituted 87.5% of the variance in the dependent variable. These results therefore explained 87.5% while the 12.5% is explained by other variables outside the scope of this study.

In order to examine on whether the data was good fit for regression model, the ANOVA was undertaken and the data being good fit for data was tested at 5% level of significance. Since from the table 4.16 the observed p value was 0.000 which was less than 0.05 (5%), it therefore implied that the regression model was good fit for data. This implies that the probability of the regression model giving wrong prediction effect on the dependent variable is 0% which is less than the set level of significance of 5%. Therefore, the regression model was adopted.

**Table 5: ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.841	3	2.947	89.303	.000 <sup>b</sup>
	Residual	1.267	38	.033		
	Total	10.108	41			

a. Dependent Variable: Performance

b. Predictors: (Constant) , Supplier Partnership, Supplier appraisal, Financial Support.

To examine the influence of the independent variables on the dependent variables, multiple regression analysis was as shown in table 4.15. The optimal model was;

$$Y = 0.068 + 0.870X_1 + 0.174 X_2 + 0.284 X_3$$

Where; Y represents procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub County, Kenya.

X<sub>1</sub>=represents Supplier appraisal, X<sub>2</sub> =represents Supplier Partnership, X<sub>3</sub>=represents Supplier Financial Support  
 The regression coefficient of 0.870 for supplier appraisal implied that a unit increase in supplier appraisal would lead to a 0.870 increase in procurement performance with the other independent variables kept constant. The regression coefficient of 0.174 for the supplier partnership implied that a unit increase in supplier partnership with the other variables left constant would lead to a 0.174 increase in procurement performance with the other independent variables kept constant. The regression coefficient of 0.284 for the supplier partnership implied that a unit increase in supplier partnership with the other variables left constant would lead to a 0.284 increase in procurement performance.

**Table 6: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.068	.324		.209	.835
Supplier appraisal	.870	.076	.759	11.447	.000
Supplier partnership	.174	.086	.139	2.023	.049
Financial Support	.284	.045	.742	6.311	.034

a. Dependent Variable: Performance

**4.6 Hypothesis Testing**

The first hypothesis was tested under the null hypothesis;

**H<sub>01</sub>: Supplier appraisal has no significant influence on procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.**

The hypothesis was tested by determining the relationship between supplier appraisal and procurement performance using multiple regressions whose results are shown on Table 4.15. The test was done at a significant level 0.05. The test results show that there exists a statistically significant correlation between supplier appraisal and procurement performance ( $\beta = 0.870, \rho = 0.000 < 0.05$ ). The result leads to the rejection of the null hypothesis, hence a conclusion that there exists a significant influence of supplier appraisal on procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.

**H<sub>02</sub>: Supplier partnership has no significant influence on procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.**

The hypothesis was tested by determining the relationship between supplier partnership and procurement performance using multiple regressions whose results are shown on Table 4.15. The test was done at a significant level 0.05. The test results show that there exists a statistically significant correlation between supplier partnership and procurement performance ( $\beta = 0.174, \rho = 0.039 < 0.05$ ). The result leads to the rejection of the null hypothesis, hence a conclusion that there exists a significant influence of supplier partnership on procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.

**H<sub>03</sub>: Supplier financial support has no significant influence on procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.**

The hypothesis was tested by determining the relationship between financial support and procurement performance using multiple regressions whose results are shown on Table 4.15. The test was done at a significant level 0.05. The test results show that there exists a statistically significant correlation between financial support and procurement performance ( $\beta = 284, \rho = 0.0340 < 0.05$ ). The result leads to the rejection of the null hypothesis, hence a conclusion that there exists a significant influence of financial support on procurement performance of food and beverage manufacturing Firms in Nakuru East and West Sub Counties, Kenya.

**V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

**5.1 Summary of the Study Findings**

Most of the respondents (62%) were male, 45% had worked with the contractors for a period (1-3) years. Most of the respondents (45%) possessed bachelor’s degrees. The study drew the summary from the findings derived from the descriptive data;



**5.1.1 To establish the influence of supplier training on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The first objective was to determine the influence of supplier training on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya. Descriptive results revealed that most of the firms has instituted policies which guide supplier training on procurement needs. Other empirical studies found that supplier training influence procurement performance of food and beverage manufacturing firms. The findings established that the firms have experienced enhanced procurement performance due to improved supplier expertise. The researcher believes that, qualified suppliers will enable the firms to get quality products in the market which will lead to improved performance. Trained suppliers will always supply quality products, thus reducing the number of raw material defects. Training suppliers has enabled the firms to report very few legal challenges in the procurement system. A well-informed supplier will always follow the right procurement procedures and thus effective operations. Other studies concurred that, supplier training has been deficient though the organizations needs to conduct supplier training. Buyers themselves have significant knowledge of the training that a supplier might need but as technology development happens the buyer no longer has a hold on all of the technology that is involved or coming. This study corresponds to that of Yegon, Lagat and Kosgei (2015) which established that, supplier training had positive effect on buyer performance. Hence, it was prudent to infer that supplier technical support and supplier financial support positively affects buyer performance. This means that the company management efforts of developing suppliers will be of great significance to the company if it invested in offering supplier training so as to increase buyer performance both in the short and long run.

**5.1.2 To determine the influence of supplier appraisal on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The second objective was to find out the influence of supplier appraisal on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya. Descriptive results revealed that food and beverage manufacturing Firms in Nakuru East Sub County evaluate supplier pricing of products. Studies focusing on the influence of supplier evaluation on procurement performance of food and beverage manufacturing firms showed that in most cases, supplier evaluation is done on purchase of strategic high profit, high risk items, where potential suppliers do not hold accreditation, purchase of non-standard items, expenditure on capital items, global sourcing, outsourcing, placing of construction and similar contracts, among others. This study findings established that, firms always ensure that supplier flexibility is a key component in the evaluation process. Most of the firms considers supplier proven records in relation to their efficiency before entering in to a contract. Flexibility of the suppliers matters a lot when it comes to supplier evaluation. The firm's evaluation of suppliers plays a significant role in enhancing the performance of the firm's procurement departments. The study showed that organizations have different policies and criteria that they put in place during suppliers evaluation. This study relates that that of Schiele (2010) which established that extensive supplier appraisal significantly influence a firms performance level. His study results showed that, a highly significant relationship between purchasing's maturity level and cost-reduction results. Somewhat counter-intuitively, larger saving potential was identified in more developed firms. According to his study, if an organization's maturity is too low, the introduction of best practices, such as an innovative cost-reduction method, may fail.

**5.1.3 To evaluate the influence of supplier partnership on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The third objective was to find out the influence of supplier partnership on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya. Descriptive results revealed that the firms have internal mechanisms that encourage supplier participation in organizations procurement plans. Studies showed that a Supplier can have a significant impact on a manufacturer's performance, through their contributions towards cost reduction, eliminate inconsistency in the designer's manufacturing processes, minimize high-cost material items, share technical expertise and processes within each other, enabling the constant improvement of quality, share technology capabilities, and increase responsiveness of buying companies. The study findings revealed that, the firms involve suppliers in their procurement decisions thereby reducing conflicts in the process, by involving suppliers in the process, buying company can access to a wide pool of talent all focused on the needs of its customers. There are policies by the firm that ensure exchange of information on regular basis with suppliers. Firms 'values the impact of information exchange in enhancing supplier capacity and this helps in improvement of procurement performance. The firms involve suppliers in their procurement undertakings and this has led to increased efficiency and innovativeness in the firms' procurement process. Most of the firms have also entered in partnership with suppliers and this has enhanced procurement efficiency in food and beverage manufacturing Firms in Nakuru East Sub County, Kenya. A study

conducted by Narasimhan and Das (2011) which found that, purchasing integration moderates the relationship between purchasing practices and manufacturing performance.

**5.1.4 To examine the influence of supplier financial support on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The fourth and the final objective was to find out the influence of supplier financial support on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya. Descriptive results revealed that the firms have continuously supported core suppliers financially to ensure timely supplies. Studies showed that, supplier financial support stimulates and encourages suppliers to seek further outstanding achievement. This study findings revealed that; the firms provide financial guarantees to the organization suppliers, the firms also provides the suppliers with documentary support. It was also established that the firms provide other financial incentives that motivates suppliers. It was also established that the firm's supplier's financial support to suppliers is significant in enhancing procurement performance. Financial support enables the suppliers to get financial strength to enable them supply quality goods. This study corroborates the work of Wachiuri (2015) who establish that supplier financial support have a significant influence on procurement performance.

**5.2 Conclusions**

The conclusions were drawn from the findings of this study;

**5.2.1 To establish the influence of supplier training on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The study concluded that, most of the firms have instituted policies which guide supplier training on procurement needs. A conclusion on other empirical studies was that supplier training influence procurement performance of food and beverage manufacturing firms. Other studies concurred that, supplier training has been deficient though the organizations need to conduct supplier training. Buyers themselves have significant knowledge of the training that a supplier might need but as technology development happens the buyer no longer has a hold on all of the technology that is involved or coming. The study also concluded that, the firms have experienced enhanced procurement performance due to improved supplier expertise. The researcher concluded that, qualified suppliers enable the firms to get quality products in the market which helps to improved performance. It was also concluded that, training is important in suppliers and that it will always enables the suppliers to supply quality products, thus reducing the number of raw material defects. The researcher concluded that, supplier training enhances efficiency and thus enabling the firms to report very few legal challenges in the procurement system.

**5.2.2 To determine the influence of supplier appraisal on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

It was concluded that, food and beverage manufacturing Firms in Nakuru East Sub County conducts supplier appraisal on how suppliers price their food products to enable them enter into procurement contracts with suppliers with best price. Other studies in the area concluded that, in most cases, supplier appraisal is done on purchase of strategic high profit, high risk items, where potential suppliers do not hold accreditation, purchase of non-standard items, expenditure on capital items, global sourcing, outsourcing, placing of construction and similar contracts, among others. The study also concluded that, firms always ensure that supplier flexibility is a key component in the evaluation process. Most of the firms considers supplier proven records in relation to their efficiency and supplier's flexibility. The study concluded that, supplier appraisal is important to the firms since it enhances firm's procurement efficiency.

**5.2.3 To evaluate the influence of supplier partnership on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The researcher also concluded that, in most cases, supplier partnership on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya. The study also concluded that, the firms have internal mechanisms that encourages supplier participation in organizations procurement plans. Other studies on the matter concluded that, supplier can have a significant impact on a manufacturer's performance, through their contributions towards cost reduction, eliminate inconsistency in the designer's manufacturing processes, minimize high-cost material items, share technical expertise and processes within each other, enabling the constant improvement of quality, share technology capabilities, and increase responsiveness of buying companies. This study also concluded that, the firms involve suppliers in their procurement decisions thereby reducing conflicts in the process, by involving suppliers in the process, buying company can access to a wide pool of talent all focused on the needs of its customers. The firms has got policies in place to that ensure exchange of information on regular basis with suppliers this is because, the firms value the impact of information exchange in enhancing supplier capacity. Involvement of suppliers in

procurement undertakings has led to increased efficiency and innovativeness in the firm's procurement process. The study also concluded that, most of the firms have entered in partnership with suppliers and this has enhanced procurement efficiency in food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.

#### **5.2.4 To examine the influence of supplier financial support on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The study concluded that, the firms continuously supported core suppliers financially to ensure timely supplies. Earlier studies concluded that, supplier financial support stimulates and encourages suppliers to seek further outstanding achievement. This study concluded that; the firms provide financial guarantees to the organization suppliers, the firms also provides the suppliers with documentary support. It was also concluded that, the firms provide other financial incentives that motivates suppliers. The study concluded that, the firm's supplier's financial support to suppliers is significant in enhancing procurement performance and that, financial support enables the suppliers to get financial strength to enable them supply quality goods.

### **5.3 Recommendations**

The commendations were drawn from the conclusions of this study;

#### **5.3.1 To establish the influence of supplier training on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

It was concluded that, food and beverage manufacturing Firms in Nakuru East Sub County should continually carry out supplier training in order to encourage good governance among the suppliers. That forms should continually train supplier on the need to embrace e-procurement that will reduce paper work and human interaction thus creating a transparent tendering system where only the suppliers that are qualified can be awarded contracts to supply.

#### **5.3.2 To determine the influence of supplier appraisal on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The study recommends that supplier appraisal should be done by experts who are knowledgeable and have expertise to conduct the exercise professionally. This is because supplier selection and evaluation is a process vulnerable to personal and political interference especially in the public sector. The researcher recommends that supplier competence should be considered when awarding supply contracts. It should form the basis of awarding contracts. This is because the level of suppliers' competence determines the suppliers' ability to understand user needs and enhances their ability to satisfy supply needs of the procuring organizations

#### **5.3.3 To evaluate the influence of supplier partnership on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The study recommended that there is need to have the firms collaboration integrated with the suppliers as it frees management time and reduces staff costs as well as giving organization flexibility. The supplier partnership provides an improved quality by utilizing a suppliers who has more knowledge and capabilities. The firm should have a dispute resolution mechanism to enhance order fulfilment and reduction of costs. There is need to have manufacturer/supplier relationship and have strong structural bonds with the suppliers for cost reduction and timely delivery of goods. The firms should have shared technology with the suppliers for order fulfilment. The organization shared technology can ensure that the suppliers do not fail to honor the orders issued and promotes profitability of the firms. The firms need to enhance the use of supplier incentives and supplier trainings for a continuous improvement program to enhance order fulfillment.

#### **5.3.4 To examine the influence of supplier financial support on procurement performance of food and beverage manufacturing Firms in Nakuru East Sub County, Kenya.**

The study concluded that, food and beverage manufacturing Firms in Nakuru East Sub County, Kenya should not offer financial support to suppliers instead they should pay suppliers within the shortest time possible. Joint sourcing between the firms and the suppliers must be supported from the entire organization. A buyer must have the authority to negotiate with a supplier and come to an agreement that carries mutual trust and benefit.

### **5.4 Areas for Further Research**

A comparative study should be conducted to establish if there is difference in the influence of supplier development practices on procurement performance in food and beverage manufacturing Firms in Nakuru East Sub County, Kenya. Further studies may also be conducted to relate supplier evaluation and procurement performance in other manufacturing firms since this study concentrated only on food and beverage manufacturing Firms in Nakuru East Sub

County. Lastly, further study may also be conducted on the application of seven progressive steps of supplier evaluation.

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