

INFLUENCE OF STRATEGIC SOURCING ON ORGANIZATIONAL PERFORMANCE OF STATE CORPORATION IN KENYA; A CASE OF KENYA POWER

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Abstract: The purpose of this study was to investigate the influence of strategic sourcing on organizational performance of state corporations in Kenya. The specific objectives were to: establish the role of supplier development, the role of contract management, the role of supplier relationship management and role of early supplier involvement on organizational performance of Kenya Power: A descriptive case study design was used. Statistical analysis was carried out using SPSS. The study revealed that supplier relationship management, Early Supplier involvement and contract management followed by supplier development have a great influence role in the performance of Kenya power thus this study recommends that Kenya power to partner with suppliers who supply strategic items, involve early suppliers of strategic item, have clear Key performance indicators to actively monitor performance of suppliers, and have a supplier development program that's it's in line with organizational objectives.

Keywords: influence of strategic sourcing, organizational performance, state corporations in Kenya, Kenya Power, suppliers, strategic items, SPSS.

1. INTRODUCTION

The current global business arena has become highly competitive and competitiveness has become a major focus area of firms and companies across the globe (IMD, 2006; WEF, 2007; Pillania, 2007). Business organizations across the world are under increasing pressure than ever to stay dynamic and responsive in all their competitive frontiers. Many companies have realized the need for elevating traditional procurement function to modern strategic sourcing for value addition across the supply chain. Sourcing costs signify 40 to 80 percent of the total cost of goods traded, and 30 to 50 percent of revenues a ratio that has remained constant in most industries for many years. Companies excelling in strategic sourcing save almost 10 to 20 times as much as it cost to operate their sourcing processes. The effort required to reduce 10 percent of the sourcing cost is much less than gaining similar amount of revenue (Chopra & Meindl, 2003).

Sourcing is researching the market for potential input sources, securing the continuity of these sources, searching for alternative sources and keeping the relevant knowledge up to date (Vollman, Berry, and Whybark, 2004). Basically, the objective of all companies is sustainable and competitive selling of goods and/or services. Input is needed in order to produce these goods and services. This input can be tangible, like raw materials or personnel, or intangible, like skills or information. They all originate from certain source and this is where sourcing activities come into place. If sourcing costs can be reduced, this can improve returns on investment by increasing both profit margins and asset turnover rate (Dobler & Burt, 1996; Leenders & Fearon, 1997). During the past two decades, the purchasing function has changed from playing a supporting role to becoming a strategic activity, and now makes a significant contribution to the competitive advantage of an organization (Quayle, 2002; Carr & Smeltzer, 1997)

Strategic sourcing includes a extensive range of activities namely creating an overall strategy for sourcing, evaluating and selecting suppliers, procuring materials/services and managing supplier relationships (Anderson and Katz, 1998). Strategic sourcing is increasingly seen to be a business capability of firms. Strategic sourcing also consists of the strategic

processes of planning, evaluating, implementing and controlling all sourcing activities by a company to achieve its long-term goals. (Smeltzer et al., 2003) find that all strategic sourcing strategies emphasize the integration of business practices such as supplier assessment, supplier certification and measurement, therefore sourcing if properly structured can efficiently combine the fundamental competencies of a given firm with the skills and abilities of its suppliers. Sourcing decisions are vital for any organizations that want to leverage on its core competencies and outsource other activities in order to gain and retain competitiveness.

1.1 Statement of the Problem:

The challenge of demand for quality service and upcoming competitions for most of the firms has realized the need for quality service delivery and efficiency. Sourcing plays a key role in ensuring that this is achieved, therefore there is a need for firms to ensure that they don't only source but source strategically. According to (Presutti, 2003; Lo & Yueng, 2004; Tayles and Drury, 2001) 70 per cent of an organization's sales revenues or total manufacturing costs is spent on purchasing raw materials, components, finished goods or services hence if sourcing costs can be reduced, this can improve returns on investment by increasing both profit margins and asset turnover rate. Kenya power faces a major challenge in controlling the overall operating cost because of the constant increase of sourcing cost; this is evident by Kenya Power posting a decrease in profit prior to tax of Sh6.42 billion compared to Sh8.5 billion noted in the previous year. KP 2013 annual report

The performance of Kenya Power in terms of sourcing of goods and services in the recent past has been below expectation and this has raised anxiety among the stakeholders. According to KPLC Customer satisfaction survey of 2011, 2012 and 2013, carried out by m/s Consumer Options Limited, it is notable that the percentage index has been fluctuating i.e 69%, 70% and 66% respectively. There is registered complaint from the organization's user departments, customers and Suppliers through media that the delay in procurement of goods and services and the quality of most of these goods procured do not meet the specifications and required standards for the intended purpose. The delay in response to blackouts and emergency cases has raised eyebrows among the stakeholders. There is public concern that the underperformance of this organization is related with a poor sourcing strategy. (Okinda, 2013)

Studies relating to strategic sourcing have been done but a few deals with impact on organizational performance. A study done by Odhiambo (2013) on strategic sourcing practices and factors influencing strategic sourcing practices of manufacturing multinational corporations in Kenya, he found that the most outstanding strategic sourcing practice were strategic purchasing, internal integration, and information sharing. Nyagari et al. (2014) have looked at the relationship between strategic sourcing and the triple bottom line in commercial banks in Kenya. (Chiang, Hillmer, & Suresh (2012), has conducted a study on the impact of strategic sourcing and flexibility on firm's supply chain agility, which the study found out that strategic supplier partnership, supplier evaluation, sourcing flexibility and trust in supply chain members are the key dimensions of strategic sourcing. With all this studies it implies that little research have been conducted on its impact on organizational performance itself. With these knowledge gaps this study therefore tends to investigate the influence of strategic sourcing on organizational performance specifically looking at Kenya Power.

1.2 Objectives of the Study:

1.2.1 General Objective:

The general objective of this case study is to investigate the influence of strategic sourcing on organizational performance on State corporations in Kenya. A case study of Kenya Power

1.2.2 Specific Objectives:

1. To determine the influence of Supplier Development on organizational performance at Kenya Power.
2. To establish the influence of contract management on organizational performance at Kenya Power.
3. To determine the influence of Supplier relationship management on organizational performance at Kenya Power.
4. To establish the influence of Early supplier Involvement (ESI) on organizational performance at Kenya Power

1.3 Research Question:

1. To what extent does supplier development enhance organizational performance at Kenya Power?
2. How does Contract management enhance organizational performance at Kenya power?
3. To what extent does supplier relationship management enhance organizational performance at Kenya power?
4. How does early supplier involvement (ESI) enhance organizational performance at Kenya Power?

1.4 Significance of the Study:

Strategic sourcing is an important aspects in today's firms, for organizations to achieve competitive advantage, most of organizational costs is spend on purchasing of raw material, finished goods and even services, with this important aspect the researcher is positive that the findings of this research will be of a great help to procurement professionals in all sectors especially public entity where the public is the watchdog for the expenditure, this study will enlighten various procurement managers in understanding how sourcing if properly done can immensely cut down on organizational cost, hence improving the overall organizational performance.

The researcher is also positive that this study will form a basis of which future research can be developed, mostly with practices of public entities with respect to strategic sourcing and also it will help Kenya Power recognize sourcing strategically can be of advantageous to organizations in terms of total cost reduction, hence impacting on organizational performance in general, lastly this study will highly add to the pool of knowledge in the field of strategic sourcing in public entities in general.

2. LITERATURE REVIEW

2.1 Introduction:

This chapter gives an outlook on various theories in relation to strategic sourcing, conceptual framework which captures both dependent and independent variables, review of variables, critique of existing literature relevant to the study, research gaps and summary.

2.2 Theoretical Framework:

2.2.1 Resource Based Theory:

Resource Dependence Theory (RDT) promoted by Pfeffer and salancikin(1978), is the study of how the exterior resources of organizations affects the performance of the organization. The procurement of exterior resources is a significant tenet of both the strategic and tactical management of any company. A implications in the procurement efficiency of the buying firms especially in tapping into the connection with suppliers as their important and dependable associates. Thus this theory props up the concept of supplier development RBT proposes that actors lacking in crucial resources will seek to create relationships with (i.e., be dependent upon) others in order to acquire required resources. Just like sellers on buyers for precious markets and buyer will depend on suppliers for external resources. Also, organizations endeavor to alter their reliance relationships by lessening their own reliance or by increasing the dependence of other organizations on them. Within this viewpoint, organizations are viewed as coalitions alerting their structure and patterns of behavior to acquire and maintain required external resources. Acquiring the external resources required by an organization comes by diminishing the organization's reliance on others and/or by increasing other's reliance on it, that is, modifying an organization's influence with other organizations.

2.2.2 Network Theory:

Network theory is the core on the relationships a firm has with other firms, and on how these relationships influence a firm's behavior and outcomes (Thorelli, 1986). Network theory inform on choice of which firms an organization chooses to buy from or engage with as alliance partners.

Centrality is a key concept within network theory. Centrality refers to how critical a firm is within a network. High supremacy refers to a firm that is always sought out as a partner. Such firms enjoy high regard and status among the network (Gulati et al., 2000). Being central within a network would seem to offer the potential to improve the four key competitive priorities within supply chains: quality, speed, cost, and flexibility (Hult et al., 2006). A highly central firm can tap its tight links in order to rush orders when required, make seamless transitions over time and seek out the provider offering the best materials and lowest prices. Therefore, with regard to sourcing, a firm should endeavor to be central to its network and should seek sources that are central to their networks.

2.2.3 Systems Theory:

Systems theory views the organization as a system of interconnected parts which interact together to produce products and services (Bertalanffy, 1951). From a systems perspective of sourcing, the assumption is that one or more parts of the system is being externalized, and has an effect on the interconnected parts of the system. The nature and strength of this effect is primarily determined by the nature of interdependence between firm work processes.

There are three types of interdependence; pooled interdependence occurs when each part of the system makes a distinct contribution to and is supported by the whole; sequential interdependence exists when one part of a system has to complete its contribution before the next can take action from start to finish in the production process; and reciprocal interdependence occurs when outputs of one system serve as inputs to the other, and vice versa (Thompson, 1967).

The type of interdependence offers insights into the associated costs of coordination and communication in sourcing relationships. Increases in interdependence, complexity, task variety, or specialization in production processes increase the coordination and communication costs between firm and sourcing partners (Combs & Crook, 2007). Further, coordination and communication costs are lower for outsourced process beginnings (inputs) and endings (outputs) than for dually interconnected outsourced system parts.

Beyond the implications on the coordination and control costs associated with the type of interdependence, systems theory also provides insights on the desirability of multiple and plural sourcing relationships in turbulent environments. Ashby (1956) work on requisite variety implies that as firms face and operate in increasing turbulent and complex external environments, that firms must maintain increasingly complex structural connections and mechanisms to survive and prosper in the environment. Thus, one interpretation of requisite variety is that firms maintaining multiple and plural sourcing relationships with external partners have stronger dyadic and network relationships than firms eschewing outsourcing. In such cases, firms in sourcing partnerships and networks have greater requisite variety and an increased ability to navigate complex environments successful.

2.3 Conceptual Framework:

Conceptual framework is a set of wide ideas and theories that enables the researcher to identify problems in the study, frame questions and discuss the relevant literature for the study (Stratman& Roth,2004). The independent variables of the study are supplier development, contract management, supplier relationship management and early supplier involvement (ESI) while the dependent variable is organizational performance.

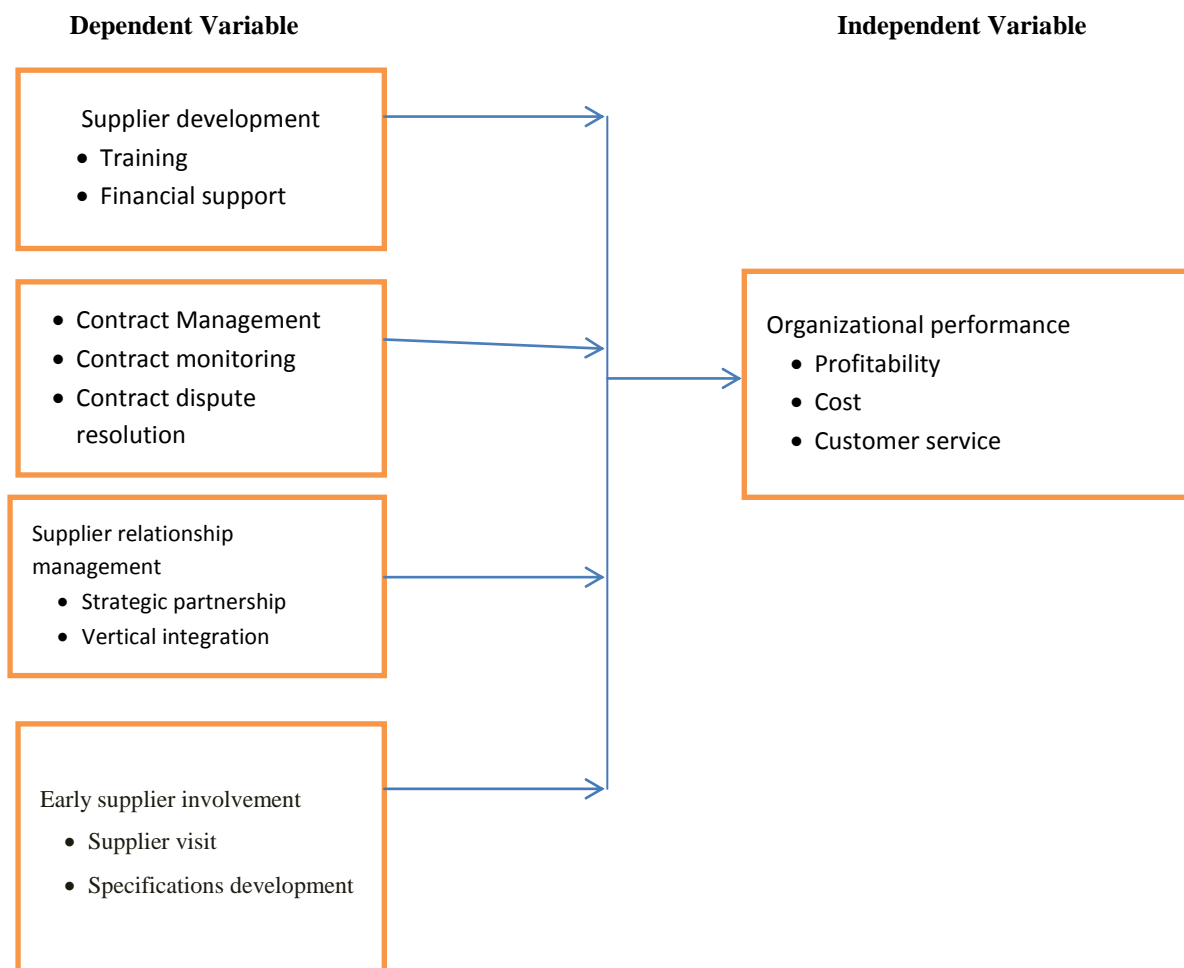


Figure 1: Conceptual framework

3. RESEARCH METHODOLOGY

This study adopted a descriptive case study design to justify the relationship between the independent and dependent variables. A case study is a method used to scale down a wide field of research into one easily researchable topic Kothari (2008). The design enabled the researcher to get the information pertaining current status of the problem under study and describe it in terms of the dependent and independent variables. The selection of individual observation is proposed to yield some knowledge about a population of concern especially to the aim of statistical inference.

4. RESEARCH FINDINGS AND DISCUSSION

4.1 Findings on the influence of Supplier Development on Organisation performance:

The study sought to find out the influence of Supplier Development on Organization performance. A majority 40% strongly agreed that the company had supplier development program. 65% of the respondent agreed that Supplier training had improved the commitment of suppliers in terms of prompt delivery. Majority of the respondents agreed that financial support offered to suppliers had enabled suppliers supply quality items. 65% agreed that rewards in terms of promise for future businesses had enhanced supplier commitment. 55% agreed that Supplier development had led to overall reduction on the organisational cost as indicated on table 4.1.

Table 4.1 Supplier Development:

Item	SA	A	N	D	SD
The company have supplier development program	24(58%)	12(29%)	0(0%)	1(3%)	3(10%)
Supplier training has improved the commitment of suppliers in terms of prompt delivery	9(23%)	27(65%)	1(3%)	1(3%)	3(6%)
Financial support offered to suppliers has enabled suppliers supply quality items	14(32%)	22(52%)	3(6%)	1(3%)	3(6%)
Rewards in terms of promise for future businesses has enhanced supplier commitment	11(26%)	27(65%)	0(0%)	1(3%)	3(6%)
Supplier development has led to overall reduction on the organisational cost	14(32%)	23(55%)	1(3%)	1(3%)	3(6%)

Supplier development is also important because of the following reasons; improves supplier performance, reduces costs, resolves serious quality issues, developing new routes to supply, improving business alignment between the supplier and the buying organization, developing a product or service not currently available in the marketplace and finally generating competition for a high price product or service dominating the marketplace.(Krause & Ellram, 1997)

4.2 Findings on the influence of Contract management on Organisation performance:

The study sought to find out the influence of Contract Management on Organization performance. The results in table 4.2 indicates that majority of the respondents 61% strongly agreed that Key performance indicators (KPIs) were set to monitor performance of suppliers. A majority of the respondents 68% agreed to the fact that Contract management had led to completion of projects within set budget and period. 61% of the respondents agreed that contract management had enabled our organisation achieve their competitive advantage. 55% of the respondents are in agreement with the fact that Contract management had led to reduction on supply chain cost. A majority of the respondents 58% agreed that management of disputes was incorporated on the contract document.

Table 4.2 Contract Management

Item	SA	A	N	D	SD
Key performance indicators (KPIs) were set to monitor performance of suppliers	26(61%)	16(39%)	0(0%)	0(0%)	0(0%)
Contract management has led to completion of projects within set budget and period	11(26%)	28(68%)	3(6%)	0(0%)	0(0%)
contract management has enabled our organisation achieve their competitive advantage	11(26%)	26(61%)	1(3%)	3(6%)	1(3%)
Contract management has led to reduction on supply chain cost	15(35%)	23(55%)	3(6%)	1(3%)	0(0%)
management of disputes was incorporated on the contract document	12(29%)	24(58%)	5(13%)	0(0%)	0(0%)

A sound contract management of a project revolves around control of cost, time, quality and resources. Cost control means the execution and completion of the project within the agreed time schedule; quality control means execution of the project in conformance with technical requirement and specification; resource control refers to the management resources personnel, equipment, and supplies.(CIPS, 2007)

4.3 Findings on the influence of Supplier Relationship Management on Organisation performance:

The study sought to find out the influence of Supplier Relationship Management on Organization performance. The results in table 4.3 indicates that majority of the respondents 48 % strongly agreed their organisation had partnered with suppliers who supply strategic items. 70% of the respondents were in agreement that Strategic alliance with suppliers had led to reduction on lead time. 68% of the respondents agreed that Arm's length relationship with suppliers enabled them take advantage of the best available prices. 74% of the respondents agreed that Vertical integration with supply chain partners had led to improve customer service. A majority of the respondents 55% agreed that Long term relationship had led to supplier complacency.

Table 4.3 Supplier Relationship Management

Item	SA	A	N	D	SD
our organisation has partnered with suppliers who supply strategic items	20(48%)	15(35%)	1(3%)	3(6%)	3(6%)
Strategic alliance with our suppliers has led to reduction on lead time	10(23%)	29(70%)	3(7%)	0(0%)	0(0%)
Arm's length relationship with our suppliers enables us take advantage of the best available prices	4(10%)	28(68%)	4(10%)	4(10%)	1(3%)
Vertical integration with supply chain partners has led to improve customer service	5(13%)	31(74%)	3(6%)	1(3%)	1(3%)
Long term relationship has led to supplier complacency	12(29%)	23(55%)	3(6%)	4(10%)	0(0%)

Supplier relationship management has become a critical business process as a result of: competitive pressures; the need to consider sustainability and risk; the need to achieve cost efficiency in order to be cost competitive; and the need to develop closer relationships with key suppliers who can provide the expertise necessary to develop innovative new products and successfully bring them to market. Significant benefits are possible from better managing relationships with key suppliers. It has been shown that integration of operations with suppliers can improve firm performance (Swink et al., 2007; Singh & Power, 2009)

4.4 Findings on the influence of Early Supplier Involvement on Organisation performance:

The study sought to find out the influence of Early Supplier Involvement on Organization performance. The results in table 4.4 indicates that majority of the respondents 48 % were in agreement that the organisations involved suppliers early before contract award. 71% of the respondents agreed that Involvement of suppliers in specification development had improved the customer service delivery. 61% of the respondents agreed that Sites visits to the supplier's premises before selecting them had improved chances of selecting competent suppliers. A majority of the respondents (61%) agreed that ESI had led to reduction on supply chain cost. 61% of the respondents agreed that the organisation conducted ESI for those suppliers who supply strategic items.

Table 4.4 Early Supplier Involvement

Item	SA	A	N	D	SD
our organisations involve suppliers early before contract award	20(48%)	20(48%)	0(0%)	1(4%)	0(0%)
Involvement of suppliers in specification development has improve the customer service delivery	9(23%)	30(71%)	1(3%)	1(3%)	0(0%)
Sites visits to the suppliers premises before selecting them has improved chances of selecting competent suppliers	14(32%)	26(61%)	1(3%)	1(3%)	0(0%)
ESI has led to reduction on supply chain cost	12(29%)	26(61%)	1(3%)	3(6%)	0(0%)
our organisation conduct ESI for those suppliers who supply strategic items	14(32%)	26(61%)	1(3%)	1(3%)	0(0%)

ESI also enables shorter product development cycle time, better quality of the products and lower input and production costs. (Petersen et al. 2005)

4.5 Organisation Performance:

The study sought to seek the opinion of the respondents on how they would rate Organization performance. Majority of the respondents (45%) suggested that strategic sourcing results in increased profitability by 61-80%. Most respondents 39% confirmed that strategic sourcing has helped reduce the cost by 61-80%. Most of the respondents 52% felt that strategic sourcing had helped to improve our product quality by 41-60%. Majority of the respondents 52% suggested that strategic sourcing had contributed to the competitive advantage of the firm by the 41-60%. 47% of the respondents were in agreement that customers have been satisfied due to improve product and service delivery by 41-60% as indicated by Table 4.5.

Table 4.5 Organisation Performance

Item	0-20%	21-40%	41-60%	61-80%	81-100%
strategic sourcing results in increased profitability by the following percentage	0(0%)	5(13%)	14(32%)	19(45%)	4(10%)
strategic sourcing has helped reduce the cost by the following percentage	1(3%)	7(16%)	14(32%)	16(39%)	4(10%)
strategic sourcing has helped to improve our product quality by the following percentage	1(3%)	4(10%)	22(52%)	11(26%)	4(10%)
strategic sourcing has contributed to the competitive advantage of the firm by the following percentage	0(0%)	7(16%)	22(52%)	9(23%)	4(10%)
customers have been satisfied due to improve product and service delivery by the following percentage	0(0%)	8(20%)	19(47%)	11(27%)	3(7%)

4.6 Inferential Statistics:

4.6.1 Correlation Analysis:

Table 4:6 Correlation

	Organizational Performance
Supplier Development	.451 [*] (.027)
Contract management	.403 [*] (.047)
Supplier Relationship Management	.417 ^{**} (.043)
Early Supplier Involvement	.566 ^{**} (.004)

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

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

Supplier Development was found to be positive and significantly related to Organization performance ($r = 0.451$, p -value = 0.027). Contract management was found to be positively related to Organization performance since the correlation coefficient between the two was significantly different from zero ($r = 0.403$, p -value = 0.047) at 0.05 levels of significance.

Supplier Relationship Management was found to be positive and significantly related to Organization performance ($r = 0.417$, p -value = 0.043) and Early Supplier Involvement was found to be positive and significantly related to Organization performance ($r = 0.566$, p -value = 0.004).

4.6.2 Regression Analysis:

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.762 ^a	.581	.508	.68293

a. Predictors: (Constant), Supplier Development, Contract management, Supplier Relationship Management, Early Supplier Involvement

b. Dependent Variable: Organisation performance

The linear regression analysis shows a relationship, $R = 0.762$ and $R^2 = 0.581$ which means that 58.1% information about Organization Performance can be explained by combination of Supplier Development, Contract management, Supplier Relationship Management, Early Supplier Involvement

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.861	4	3.715	7.966	.000 ^b
	Residual	10.727	23	.466		
	Total	25.589	27			

a. Dependent Variable: Organisation performance

b. Predictors: (Constant), Supplier Development, Contract management, Supplier Relationship Management, Early Supplier Involvement

The Anova table indicates that the overall model was a good fit since (F-value=7.966 and p-value=0.000<0.05).

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.114	.051		2.259	.032
	Supplier Development	.248	.120	.219	2.066	.049
	Contract management	.269	.131	.280	2.058	.049
	Supplier Relationship Management	.387	.172	.399	2.247	.033
	Early Supplier Involvement	.316	.150	.318	2.113	.044

a. Dependent Variable: Organisation performance

The model becomes

$$\text{performance} = 0.114 + 0.248_{sdevelopment} + 0.256_{contract} + 0.387_{srelate} + 0.316_{sinvolvement} + \epsilon$$

Supplier Development was found to have a positive linearly significant influence on Organisation performance ($\beta = 0.248, p = 0.049 < 0.05$). Here one unit change in Supplier Development results in 0.248 unit increase in Organization Performance.

Contract management positively and significantly affected Organization Performance ($\beta = 0.269, p = 0.049 < 0.05$). This means that one unit change in Contract management results in 0.269 unit increase in Organization Performance.

Supplier Relationship Management positively and significantly affected Organization Performance ($\beta = 0.387, p = 0.033 < 0.05$). This means that one unit change in Supplier Relationship Management results in 0.387 unit increase in Organization Performance.

Early Supplier Involvement positively and significantly affected Organization Performance ($\beta = 0.316, p = 0.033 < 0.05$). This means that one unit change in Early Supplier Involvement results in 0.316 unit increase in Organization Performance.

The beta coefficients indicate the relative importance of each independent variable (Supplier Development, Contract management, Supplier Relationship Management, Early Supplier Involvement) in influencing the dependent variable (Organization Performance). Supplier Relationship Management is the most important in influencing Organization Performance since it has the highest beta value (beta= 0.399). The second most influential is the Early Supplier Involvement with a beta value (beta= 0.318). Then followed by Contract management with a beta value (beta= 0.280). Supplier Development has the weakest influence on organization Performance with a beta value (beta=0.219).

5. CONCLUSION

5.1 Conclusion:

The study concluded that supplier development program is well implemented. In conclusion supplier development inform of training has led to commitment of supplier, however it was also concluded that financial support offered to suppliers has enabled suppliers to supply quality item. It concluded that rewards in terms of promise for future business has enhanced supplier commitment. Finally it was concluded that supplier development has led to overall reduction on the organizational cost.

The study concluded that key performance indicators are clear to suppliers. It also concluded that contract management has led to completion of projects within set budget and period. It also concluded that contract management has enabled the organization achieve competitive advantage. It concluded that contract management led to reduction on supply chain cost. Finally it concluded that management of disputes was clearly incorporated on the contract document.

The study concluded that suppliers who supply strategic items were considered for long term relationship. It also conclude that strategic alliance with suppliers has led to reduction on lead time. The study concluded that arm's length relationship with the suppliers enabled the organization take advantage of best available prices. It also concluded that vertical integration with supply chain partners has led to improve customer service. Finally it concluded that long term relationship with suppliers had led to supplier complacency.

The study concluded that the organization involved their suppliers before contract award. It concluded also that involvement of suppliers in specification development has improved the customer service delivery. It concluded that site visits to supplier premises before selection of supplier has improved chances of selecting competent suppliers. The study concluded also that early supplier involvement led to reduction on supply chain cost. Finally the study concluded that the organization conduct ESI for those suppliers who supply strategic items.

5.2 Recommendation:

Supply chain management in line with the top most management should ensure that the company should have a supplier development program which is in line with the corporate objectives of the organization. The organization should further ensure that they develop their suppliers not only by financial support but including things such as sharing of their expertise which will result in win-win outcome with the suppliers.

Supply chain management should have clear Key performance indicators, so that they can actively monitor the performance of their suppliers. The researcher additionally recommends that other out of disputes management mechanisms such as negotiations and mediation to be incorporated in the contract document so as to protect future relationship with suppliers. Supply chain management should also be strict with their those suppliers who do not finish their contract on time by threatening cancellation of future business or either rewarding those who finish in time for purpose of motivation of suppliers.

Supply chain management should ensure that they partnered with suppliers, who supply strategic items, in order to ensure that they are assured of delivery and commitment by suppliers. The researcher further recommends that procurement should take advantage of transactional kind of relationship especially with those suppliers who supply routine items like stationeries in order to take advantage of best available price in the market

The organization should ensure that they involve suppliers especially those who supply strategic items like electricity post and transformers, another recommendation is that they should emphasize the issue of supplier site visits in order to ensure that a competent supplier is selected.

5.3 Areas for Further Research:

The research concentrated on supplier development, contract management, Supplier Relationship management and early supplier involvement and their contribution to organizational performance. From the findings, it was noted that there are other aspects affecting organizational performance.

Future researchers can investigate the influence of total cost of ownership, e-procurement, supply chain risk management, and inventory management on organizational performance

From the findings, there were also interesting results. Thus researcher recommends future studies be done on role of early supplier involvement on organizational performance. Additionally researcher recommends the role of contract management on organizational performance, future researchers can try to look at the manufacturing sector.

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