



SUPPLIER SOURCING PRACTICES ON SERVICE DELIVERY AT STATE DEPARTMENT FOR DEVOLUTION IN NAIROBI, KENYA

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Abstract

While many of the researchers have acknowledged that a reduction in costs is as a result of efficient buying, it has equally been challenged and agreed upon that cost alone cannot be an adequate measure of world class procurement performance. This falls short of excellence in sourcing and supplier management practices. It is also important to ensure that prospective suppliers have the capability and demonstrate a willingness to form a collaborative relationship early in the requirement definition process. The purpose of this paper was to assess the effects of supplier sourcing practices through the lens of supplier selection, evaluation and development on service delivery in the public department.

Keywords: Supplier Sourcing practices, Service Delivery, State Department, KENYA

Introduction and Background

Selecting the right supplier is a difficult decision for many companies and organizations, with a possible significant impact on the organization's ongoing performance and its ability to obtain the quality products and services it wishes to market [1]. Previous research also suggested that organizations involved in supplier development programs will improve their supplier performance and build competitive advantage. Monczka et al 2015 [2] stated that choosing a supplier is a deliberate multi-party process. When selecting a service, there are a few factors to consider. These characteristics, such as managerial and cultural fit, the supplier company's strategic direction, and objective unity, are difficult to quantify because they are considered "soft" elements instead of cost. Based on current research, one of the important practices in the literature on supplier management is supplier development. In order to ensure that possible suppliers can meet the buyers' short- and long-term expectations, buyers engage in this technique [3]. Contract management comprises drafting contract terms and conditions, maintaining consistency, and documenting any variations that may occur during the project execution process. In procurement, contract management has been linked to helping purchasers make sure that involved suppliers are managed well. The research indicates that public sector companies are often entangled in procurement contract management challenges, notwithstanding the significance of contract management [4].

The costs and labour expended by purchasing organizations in overseeing formal contracts with their engaged suppliers are among the problems associated with contract management [3]. These difficulties have an effect on how well purchasing groups collaborate with suppliers to achieve their goals [3]. Therefore, in order to maximize procurement efforts, purchasing organizations should adopt the mindset of effectively handling contract management challenges while integrating suppliers. Turner 2017 [5] stated that supporting an organization's contractual management administrative process is the main goal of contract monitoring and control. Project managers may encounter situations in which a project must fulfill quality standards outlined in the project management plan even though it is completed

on schedule. Monitoring and overseeing contractor performance to ensure the greatest potential outcomes from a contract is known as contract management.

The concept of the Resource-Based View highlights the significance of a company's unique assets and proficiencies in achieving sustained competitive advantage. Organizations that focus on the qualities of valuable, unusual, hard-to-mimic, and non-substitutable resources can develop procurement strategies that leverage their unique skills. By matching their procurement strategy to their resource base, the state department of devolution can enhance service delivery, set themselves apart from competitors, and eventually perform better. According to Oluka and Basheka 2014 [4] the T.C.T. provides an effective framework for managing contracts related to procurement as well as other important contractual processes. Consequently, in order to guarantee that procurement deliverables are fulfilled, buyers should endeavor to enhance supplier management, as contractual processes control the interactions between suppliers and buyers. Buyers may incur additional expenses and exert more work in administering the contracts, according to T.C.T [6].

Statement of the Problem

Every organization depends on its suppliers, and how well they perform affects whether or not the organization achieves its objectives. The process of finding suitable suppliers who can provide the best and highest quality goods and/or services at the right time, in the right quantity, and at a reasonable price is known as supplier evaluation and selection. Choosing suppliers is a difficult task for any business operating in a cut throat market. The organizations should therefore be exposed to reliable suppliers and be ready to develop potential suppliers to survive competitively in the dynamic markets, [7]. Based on their research, the authors determined that supplier selection has a considerable impact on procurement function performance and hence an organizations' overall success.

Standard selection criteria like price, quality, and delivery are not the only considerations in a strategic supplier selection and evaluation decision. Thus, to establish a long-term supplier

relationship, strategic sourcing should take into account additional factors like quality management practices, long-term management practices, financial strength, technology and innovativeness level, suppliers' cooperative attitude, suppliers' co-design capabilities, and suppliers' cost-reduction capabilities. Wandera et al 2022 [8] employed a descriptive case study design with statistical analysis in their study examining the impact of procurement practices on multinational corporations (MNCs) in Kenya. Their findings, based on data collected via questionnaires, revealed that specific practices – contract monitoring and evaluation, information and communication technology (ICT) utilization, supplier partnership development, strategic outsourcing, and procurement risk management all contributed positively to organizational performance. The case study corporation demonstrated efficiency gains through timely deliveries, streamlined procurement processes, and effective supplier relationship management, ultimately leading to superior performance. Additionally, the study highlighted the importance of user department involvement and ongoing process review to ensure the procurement function adapts to evolving customer needs. In this way organizations are thus intentionally continuously working towards better standards from the suppliers impacting delivery and performance of the organization at the same time reducing the risk of non-performance and delivery of the suppliers [9]. The following questions were therefore raised: does supplier selection, supplier evaluation and supplier development have any effects on service delivery?

Study objectives

The study was guided by the objective:

Supplier sourcing practices on service delivery at the state department for devolution in Nairobi County, Kenya.

Theoretical Review: Grey System Theory

The grey system theory was first put forth by Deng in the early 1980s. According to the Grey System Theory, the majority of supplier assessments in a real-world business setting take place in a situation with imperfect information. Decisions regarding the evaluation of

suppliers are therefore uncertain. It is thus, essential to create qualitative or quantitative indicators or criteria that can be used to evaluate suppliers in such a setting before choosing one. The seven progressive steps of the grey correlation analysis model were developed using this theory as basis [10]. Grey creation, grey modeling to produce a set of grey variation equations and grey differential equations, grey prediction to derive a qualitative prediction, grey decision, grey relational analysis, and grey control are the processes that make up this process. The Grey System theory considers the following factors in order to identify the optimal supplier: Factor dependability and expandability, a manageable number of variables that can be directly ascribed to possible suppliers, and the existence of critical factors for the buyer. The theory creates a grey relation by utilizing the series comparability concept. It would be possible to create an assessment matrix to help with this procedure. In order to select the best supplier, a goal must be set and all assessment elements must be carefully considered in light of the demand patterns and the qualities of the commodities to be sourced. This theory is pertinent to the study since it covers the complete supplier selection process and essentially offers criteria and a strategy for choosing a supplier, which is important when purchasing organizations evaluate critical performance areas.

Because the theory offers a standard for choosing the qualities to consider in a supplier, it has the beneficial and useful effect of increasing selection effectiveness. The performance of the supply chain is positively impacted when a quality supplier is chosen.

Literature Review

For this study three sourcing practices were identified as supplier selection, supplier evaluation and supplier development which if adopted effectively can yield competitive advantage for organizations. Supplier sourcing is a phase of the procurement cycle that focuses on locating, evaluating, and selecting vendors or suppliers to offer the goods, services, or raw materials required for everyday business operations. It is an essential stage in the purchasing process that significantly affects the availability, cost, and caliber of the goods or

services purchased. PPOA 2011^[10] demonstrates how strategic sourcing selections have a direct impact on service delivery results. Notably, supplier collaboration and the integration of modern technologies through strategic sourcing has been shown to result in improved service quality and operational preparedness. Similarly, Wang et al 2020 ^[17] emphasize that a diverse supplier base, facilitated by strategic sourcing, mitigates disruption risks, enabling uninterrupted service delivery. Furthermore, it has been discovered that strategic sourcing optimizes resource allocation, reduces costs, and improves response to dynamic operational needs. The SDD may guarantee that it procures products and services that fulfill strict quality requirements and contribute to mission achievement by aligning sourcing choices with organizational goals. The idea that strategic sourcing is a keystone for raising service delivery standards is essentially supported by empirical data, allowing organizations to accomplish their goals effectively and efficiently while preserving operational readiness and stakeholder satisfaction. According to ^[9], a company's evaluation and selection of suppliers is one of its most important tasks ^[11, 12], postulating that selecting suppliers is difficult as it requires careful evaluation of several important factors. On the other hand, supplier selection takes into account both qualitative and quantitative elements, it is a problem with multiple objective criteria.

Process-based and performance-based evaluations are the two categories of supplier evaluations that ^[10] propose. Process-based evaluation is an appraisal of the supplier's actual production or service process and is usually carried out by site auditing ^[12]. According to Tolmay 2019 ^[13] performance-based evaluation is an appraisal of the supplier's actual performance based on a range of factors, including cost and delivery dependability. Performance assessment is more popular since objective data is more accessible to evaluate and more widely available than the manufacturing or service process of the provider ^[12].

Supplier development is any activity carried out by a purchasing organization that focuses on identifying, measuring, and improving the performance of suppliers and facilitating "the continuous improvement of the overall value of goods and services" provided by suppliers

to the purchasing organization [14]. Furthermore, it should be mentioned that through supplier development practices, acquired items may be conveniently made available to customers' premises through improved delivery schedules, supply flexibility, and internal quality enhancement [14]. Supplier development and buyer-supplier relationships, according to Mgawe and Masanja 2018 [7] should be simplified to allow enterprises to organize their processes and engage with suppliers in developing product manufacturing capabilities [11]. Supplier development entails the process of; supplier assessment as many organizations today evaluate supplier-buyer relationships using reliability, quality, pricing, satisfaction, commitment, trust, and benevolence criterias [9]. These are regarded as primary relationship dimensions that drive buyer-supplier relationship [8].

Conceptual Framework

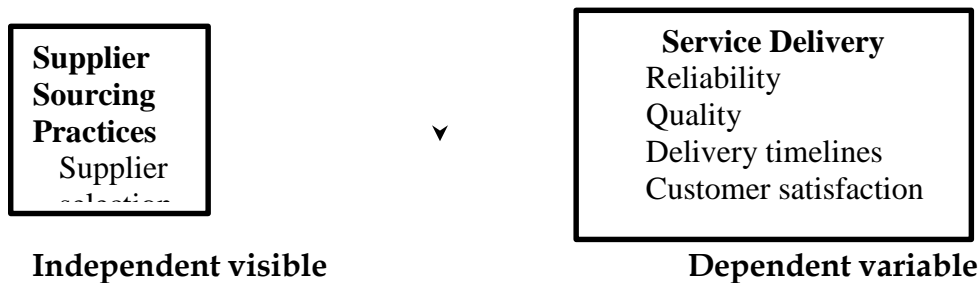


Fig.1: Conceptual Framework

Source: Researcher

Research Design

Descriptive research is a scientific method considered best design as it involves observing, describing, recording, analyzing, and reporting conditions that exist without alterations. This study is based on census design [14]. The authors further describe a case study as a description of a specific situation to understand processes performed within an organization. This study applied a descriptive correlational research design with simple random sampling technique to select a sample of 110 from a population of (150) employees at state department of

devolution, Nairobi, Kenya. A structured questionnaire was used to collect data and validity tests such as construct and face-to-face validity, were conducted. Statistical analysis as ANOVA, correlation, regression were conducted. Saunders et al 2019 [15] argues that cronbach Alpha coefficient of .700 or above is an acceptable measure depicted by supplier sourcing having a cronbach Alpha coefficient of .810, while service delivery performance had .814. This indicates that data collected using instruments was reliable.

Research Findings

The study sought to ascertain the effect of supplier sourcing on service delivery. To realize this objective, R-square, level of significance, and R with criterion variable was computed expending model summary, anova, and regression tests on Table 1.

Table 1: Model Summary, Anova and Regression Test Results for Effect of Supplier Sourcing on Service Delivery Items

Model	R	R- square	Adjusted	Std. Error	
Durbin			R-square	of the Estimate	
				-Watson	
1	.422 ^a	.178	.012	1.06221	1.615

Predictors: (Constant), supplier selection, supplier evaluation, and supplier development

Dependent variable: Service delivery

Model		Sum of square	df	Mean square	F	Sig
	Regression	4.126	3	.731	1.98	.002 ^a
1	Residual	87.268	96	1.022		
	Total	91.394	99			

Predictors: (Constant), supplier selection, supplier evaluation, and supplier development

Dependent Variable: Component 1, Service delivery

Model		Un-standardized	Standardized	t	Sig
		Co-efficient	Beta		Co-efficient
		B			
		Std. Error			

	(Constant)	1.458	.462		2.282	000
1	Supplier selection	.175	.143	.032	1.225	
	Supplier evaluation	.000	.001	.218	.012	
	Supplier development	.044	.018	.132	2.468	

Dependent variable: component 1, Service delivery

The coefficient of determination and correlation results on Table 1 for the model are; ($R^2=0.187$, $R=0.422$). These results imply that 18.7% of variation in dependent variables is explained by supplier sourcing, while 42.2% clarify affiliation amid predictor and dependent variables. The Anova results on Table 1 ($F(3, 96) = 1.98$, $p < .05$). The F -statistic (2.7) value is smaller than critical F -value (2.7). The un-standardized values on the regression model elucidated on Table 1 reveals that all observed manifest determinants on supplier sourcing significantly imply dependent variables. Thus, $Y = 1.458 + .175X_1 + .000X_2 + .044X_3$; econometric model was derived, where Y : service delivery, X_1 : supplier selection, X_2 : supplier evaluation, and X_3 : supplier development.

H₀₁: Supplier sourcing practices have no significant effect on service delivery

The coefficient estimate values on Table 1 are; $\{\beta = 2.054\}$, goodness-of-fit statistic (R^2) (0.053) values, F -value (1.98) values, and critical F -value (2.67) consecutively. The F -value (1.98) is lower than critical F -value (2.7).

This finding, designates the model is inconsequential. Thus the null hypothesis is accepted and the alternate hypothesis rejected.

Summary: Supplier sourcing practices

The objective studied supplier sourcing practices on service delivery at the state department for devolution, Nairobi. The constructs of the variable are supplier selection, supplier evaluation, and supplier development. Descriptive statistics on the variable had mixed

findings, where, supplier selection and evaluation were insignificant with supplier development being significant on dependent variables. The business environment has become complex day by day with uncertainty, instability and volatility. The Public sector has to rethink the traditional methods and strategies for doing business in order to overcome the changing market conditions and customer preferred service levels. Supplier development should be a priority for government agencies in order for them to improve performance. This is also a key factor in building partnerships and improving mutual success. Further research is necessary on the effect of supplier relations on service delivery in service industries like apparel.

Conclusion and Recommendations

This study examined the impact of supplier sourcing practices on service delivery at the State Department for Devolution in Nairobi, focusing on supplier selection, evaluation, and development. The findings revealed that while supplier selection and evaluation had an insignificant effect, supplier development significantly influenced service delivery. Given the increasing complexity and volatility of the business environment, it is imperative for the public sector to innovate beyond traditional methods to meet evolving market demands and customer expectations. Prioritizing supplier development is crucial for government agencies to enhance performance, build strong partnerships, and achieve mutual success. Future research should explore the effect of supplier relations on service delivery in service industries, such as apparel, to gain broader insights.

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