

**SUPPLIER APPRAISAL ON ORGANIZATION PERFORMANCE: A CASE STUDY OF  
NKUMBA UNIVERSITY-NKUMBA CAMPUS**

**BY**

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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS  
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### DECLARATION

I **APOLOT PARTRICIA** declare that this report is my original work and has not been published or submitted for any other award of degree to any university or institutions before.

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### APPROVAL

I approve that this research report titled Supplier Appraisal on Organization Performance: A Case Study of Nkumba University-Nkumba Campus submitted to the College of Economics and Management of Kampala International University has been under my supervision and it is ready for submission.

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08/08/2017

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I whole-heartedly thank the Lord our father for enabling me come up with this report and completing this course successfully despite the difficulties. I can't forget to thank my Parents Amogin Dorothy and Aunt Mugene Janet. Brothers Omoding Paul and Obilil Daniel. lecturers at Kampala International University most especially Mr. Masaba Richard who have guided me through my studies

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## **LIST OF ACRONYMS**

NU: Nkumba University

SCM: Supply Chain Management

Dr: doctor

CIPS: Chartered Institute of Purchasing and Supplies

## ABSTRACT

This study was based on Supplier Appraisal on Organization Performance: A Case Study of Nkumba University- Nkumba Campus. It focused on critically to assess the relationship between supplier appraisal and performance of Nkumba University, with the following specific objectives. (i) To establish the methods of supplier appraisal used at Nkumba University. (ii) To examine the relevancy of supplier appraisal on performance of Nkumba University. (iii) To assess the challenges in conducting supplier appraisal at Nkumba University and possible remedies. (iv) To examine the relationship between supplier appraisal and performance of Nkumba University. The researcher used both a descriptive cross sectional survey design which included both qualitative and quantitative method of data collection, the quantitative method was used to collect numerical data in form of numbers representing particular facts or measurements which helped the researcher to obtain information from respondents in depth. The Findings sought to identify the role of supplier appraisal on performance of an organization. From the findings, it was found that supplier appraisal contributes a great role towards the performance of an organization. Largely, supplier appraisal should be conducted before and after a contract is awarded or an order is placed to the provider. However, from the research findings, there is a need to improve on supplier appraisal to ensure effective supplier performance and performance of an organization. And from the findings of the study and conclusions drawn, The results in this research study showed a positive relationship towards supplier appraisal and performance of an organization from respondents. Majority of respondents showed that they conduct supplier appraisal to assess the performance of suppliers of goods and services to ensure effective performance of the organization. They indicated that, supplier appraisal has contributed much on performance of Nkumba University in terms of quality and delivery. And the recommendations revealed that on the findings, Nkumba University should strengthen the procurement department by increasing on number of personnel in procurement department to ensure effective supplier appraisal and procurement activities. The organization needs to focus on creating long-term relationship with suppliers mainly those of core items such as stationary and technical supplies for example computer services. There is also a need to improve on communication system to facilitate information flow and reduce on costs of communication. This may be through adopting electronic means such as e-procurement to facilitate procurement transactions.

## **CHAPTER ONE:**

### **INTRODUCTION**

#### **1.0 Introduction**

This chapter covers the background of the study, statement of the problem, general objective, specific objectives, research questions which was guide the study, significance of the study and scope of the study.

#### **1.1. Background of the study**

**Dr Kenneth Lysons in purchasing and supply chain management (2006)** defined supplier appraisal as the assessment of the potential supplier's capability of controlling quality, delivery, quantity, price and all other factors to be embodied in a contract. He added that supplier appraisal is a continuous process and can be conducted in two phases. I.e. Pre-contract and post appraisal.

**Jessop in 'The Official Dictionary of Purchasing & Supply (2001)** defined supplier appraisal as the evaluation and monitoring of supplier capability to ensure successful delivery of commercial outcomes. He argued that, it is best considered in two phases: pre contract and post contract appraisal.

**David Farmer, peter Baily and David Jones (2001)** in the book purchasing principles and management differentiated the phases of supplier appraisal as:

Pre contract appraisal is where the potential supplier is assessed basing on truck records and previous performance before contract awarding. The supplier is assessed basing on order qualifying and order winning factors.

Post supplier appraisal is where a supplier's performance is assessed basing on how it has managed to meet the contractual items agreed upon in the contract.

**P Gopalakrishnan (2009)** in the book purchasing and material management suggested that suppliers should be appraised to avoid unnecessary pitfalls. He suggested the following steps to be done during supplier appraisal.

- Visiting the prospective supplier's plant to ensure that the supplier has the capacity to meet the required needs.
- Reciting all the required information regarding the supplier

Kenneth Lyons argue that supplier appraisal can be time consuming and costly activity and it should be selective. Mainly to be done on supplies of high value, high risk items.

Lyasons states that, there are situations in which appraisal is essential and it must be conducted and include the following.

When negotiating service level agreements.

When entering into Just In Time arrangements

When place construction and other similar contracts

When purchasing non-standard items

When purchasing item of high risks and high value

Supplier appraisal is of great importance and it should be conducted to assess the supplier on the following factors

Financial status

Capacity and capability to meet the required needs

Effective communication of the supplier and mainly electro means

It has been identified and observed that; supplier appraisal is conducted at Nkumba University. Therefore, the purpose of this study is to examine the impact of supplier appraisal on the performance of Nkumba University campus.

## **1.2 Statement of Problem**

Since the establishment of procurement department at Nkumba University, many suppliers have been contracted. There has been a continuous performance of the institution. However, most consumers since 2012 have been complaining about the services and products delivered by the suppliers. Although supplier appraisal is conducted, supplier performance is still low and this

calls for research to assess the impact of supplier appraisal on the performance of Nkumba University.

### **1.3 Purpose of the study**

The purpose of the study will be to find out Supplier Appraisal on Organization Performance: A Case Study of Nkumba University- Nkumba Campus.

### **1.4 Objectives of the study**

#### **1.4.1 General Objective**

The general objective of the study was be “to assess the relationship between supplier appraisal and performance of Nkumba University”

#### **1.4.2 Specific Objectives**

The specific objectives of the study were:

- i) To establish the methods of supplier appraisal used at Nkumba University
- ii) To examine the relevancy of supplier appraisal on performance of Nkumba University.
- iii) To assess the challenges in conducting supplier appraisal at Nkumba University and possible remedies
- iv) To examine the relationship between supplier appraisal and performance of Nkumba University

### **1.5 Research Questions**

- a) What is the relevancy of conducting supplier appraisal to the performance of Nkumba University?
- b) What are the challenges encountered while conducting supplier appraisal at Nkumba University?
- c) How supplier appraisal relates to organization performance?
- d) What methods of supplier appraisal are used at Nkumba University?

## **1.6 Scope of the Study**

### **1.6.1 Time scope**

Between a period of 2012 and 2015, consumers are complaining about the services and products of the contracted suppliers. The time scope for this research study was look at the period between 2014 and 2016 to assess how supplier appraisal has affected the performance of Nkumba University.

### **1.6.2 Geographical scope**

The study was conducted at Nkumba University, Nkumba campus, Entebbe Uganda. One kilometer away from the Entebbe road. This is because the campus is near and convenient to the researcher. The researcher is also familiar with the area.

### **1.6.3 Content scope**

The study was purposely focus on the role of supplier appraisal on performance of Nkumba University. The study was containing the methods of supplier appraisal, relationship of supplier appraisal and performance of the organization and its impact on performance of the organization.

Supplier appraisal is of great importance as follows

It helps to eliminate inappropriate suppliers. This is because supplier's capabilities are assessed earlier

It leads to effective performance as a result of selecting the appropriate supplier

It helps to identify the weakness of the supplier and thus helps to devise means such as using duo sourcing.

## **1.7 Significance of the study**

The study shall help the organization to conduct effective supplier appraisal by adopting and using effective methods and techniques.

The study shall widen the researcher's knowledge about supplier appraisal.

The findings shall help consumers to get good products and services as a result of supplier appraisal improvement.



The findings might act as reference for the future researchers who may choose to carry out similar research in the related area.

### **1.8 Operational definition of key terms**

**Supplier appraisal:** is the assessment of the potential supplier's capability of controlling quality, delivery, quantity, price and all other factors to be embodied in a contract

**Supply chain** is a network of organizations that are involved through upstream and downstream linkage in the different process and activities that produce value in the form of products and service in the hands of the ultimate consumer.

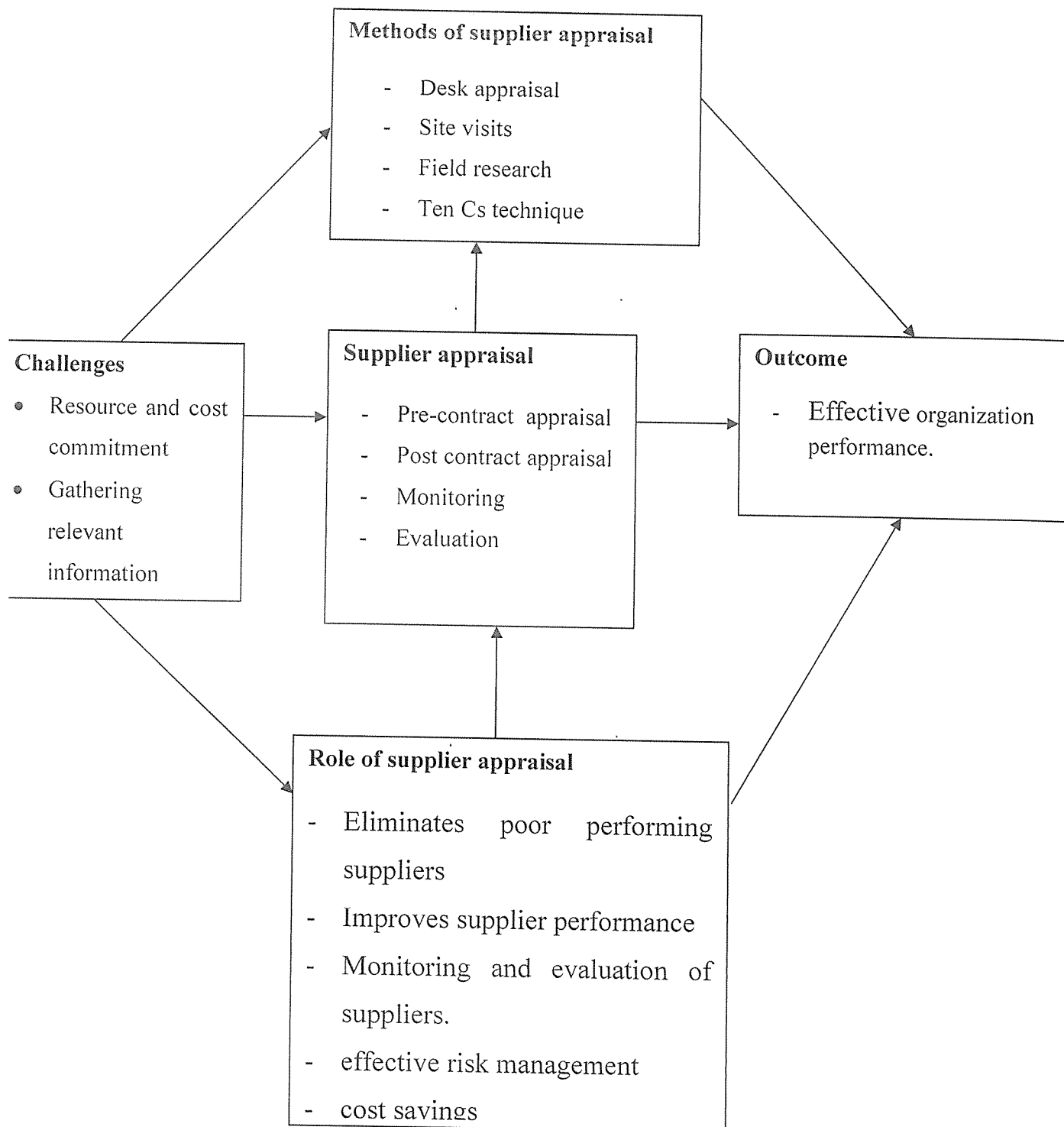
**Contract:** is the legally binding agreement between parties enforceable under the law.

**Pre- supplier appraisal:** is the assessment of potential supplier's capability before contract awarding.

**Supplier approval:** this refers to placing of an enterprise or a supplier on an approved list of suppliers.

**Strategic sourcing:** refers to the location, evaluation and selection of suppliers capable of meeting the requirements of a particular category of purchase and contributing competitive advantage to the purchaser.

## 1.9 Conceptual Framework



**Source:** Purchasing and supply chain management by Kenneth Lyons and David Farrington (2006). Designed by Luyima Peter.

### **1.9.1 Description of the conceptual framework**

Supplier appraisal is an independent variable while organization performance is a dependent variable.

Supplier appraisal can be done through Pre-contract appraisal and Post contract appraisal, monitoring, evaluation.

Methods of supplier appraisal are: Desk appraisal, Site visits, Field research, and Ten Cs technique

Supplier appraisal contributes to organizational performance as; Eliminates poor performing suppliers, Improves supplier performance, Monitoring and evaluation of suppliers, effective risk management cost savings, Effective relationship management

Supplier appraisal and the role-played become independent and influence the dependent which is the outcome. Effective organization performance.

The research study sought to establish the relationship between the independent variable, which is supplier appraisal, and the dependent variable, which is organizational performance.

The findings showed a positive relationship between the independent and dependent variable.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter covers the related literature done about the topic of the study. It was reviewed following the objectives of the study as: methods of supplier appraisal, importance of supplier appraisal, relationship between supplier appraisal and organization performance and other factors which contribute to effective performance of an organization.

#### 2.2 Methods of supplier appraisal

**Lysons and Farrington** (2006) noted that, methods of supplier appraisal are models which are used in selection and assessment of suppliers. All methods of supplier appraisal follow a certain criteria, however, the checklist for supplier appraisal should contain the following.

Has the supplier meet the quality approval criteria of the country such as UNBS in Uganda?

What similar projects the supplier has already undertaken?

What innovations might be introduced by the supplier?

All supplier appraisal methods are aimed at getting information regarding the potential supplier and these include; financial status, productive capacity, quality of previous performance among others.

The buying entity can use the following methods to appraise a potential supplier as forwarded by **Kenneth Lysons** (CIPS 2006)

**Arsan** (2011) observed that **desk appraisal** is one of the widely used method in appraising suppliers. This involves use of published and unpublished information already in existence and is particularly applicable to product and financial appraisal. Secondary data applicable include catalogues, product data sheet furnished by the supplier. This leads to investigation on specific factor. It helps to appraise the accuracy and veracity of the answers provided by potential suppliers.

**Beil (2009)** noted that a **field research** method is important when appraising suppliers of high risk/high value items. This method involves conducting relevant research on a potential supplier. This involves researching to know whether the supplier is certified by the relevant standards and quality organizations such as ISO.

**Arsan** also emphasized the use of visits to supplier method. This is used when assessing new supplier of high value, high risk items. These visits help to verify the information provided by the supplier. Before conducting this, a checklist of matters to be investigated should be carefully prepared.

Ten Cs method. K. Lysons and Farrington (2006) cited the ten Cs method of supplier appraisal as summarized by carter. This method follows a ten Cs criteria in assessing suppliers by assessing a potential supplier basing on those factors which are; competency, capacity, commitment, control, cash resources and financial stability, cost, consistency, culture, clean and communication.

### **2.3 Relevancy of supplier appraisal**

Suppliers can have a significant impact on the success or failure of an organization. HK COMPTON and DA JESSOP, *the Official Dictionary of Purchasing & Supply* states that, supplier appraisal is of great importance to the performance of an organization as they forwarded the following benefits.

Issues and problems can be identified and resolved quickly. Appraisal can prevent problems escalating and requiring extra effort to resolve. It can also provide an appropriate channel for the supplier to raise issues.

It signals your organization takes supplier performance seriously. Organizations with a supplier appraisal system in place was begin to rigorously question the effectiveness of all suppliers. The business was have to think about what a good performing supplier looks and acts like, which was then raise expectations of supplier performance.

Helps align suppliers with organizational goals. Your supply base is helping your organization function, but do suppliers know what your organization's goals and targets are? A supplier appraisal system does not measure performance only but it also fosters a deeper relationship that can add value on organizations performance.

Good suppliers develop willingness to work with you. A supplier that prides itself on high performance is more likely to want to work with a buyer that recognizes high performance. Recognition of success is important on more than an emotional level. This helps the organization to get high quality performing suppliers thus creating effectiveness and future improvement.

Effective risk management. Potential issues are captured before they become real issues. If a supplier's performance begins to deteriorate, the warning signs may be hard to spot without a good supplier appraisal system. Such a system can mitigate risks in the organization thus facilitating organization performance.

Cost savings. When pricing for work suppliers assess the likelihood of things going wrong. This is priced into the agreement, ensuring that if any changes have to be made to rectify a problem the supplier is not making a loss. A supplier was deemed organizations that continually monitor performance as lower risk.

Evaluation can significantly improve supplier performance. Emptoris as cited by Lysons and Farrington 2006, states that, properly done, supplier performance management helps to improve supplier performance.

Effective relationship management. Buyers don't often ask themselves what they can do better for their suppliers. A good supplier can only perform to the highest standards if the purchaser supports that performance through continuous appraisal. This creates a high standard in the organization.

Evaluation assists in decision making regarding which supplier is retained or removed from an approved list.

It helps to determine that the supplying organization has the same culture and ambitions as the buying organization.

Helps to assess whether the management team at both organizations are on the same wavelength.

It examines supplying organization has the capacity for operational expansion in line with business requirements.

An evaluation of the supplier was also form part of a strategic analysis process, and identify the gap between current performance and future performance that is required

It helps to remove or reduce emotive issues such as personal relationship between buyer and seller.

Supplier appraisal helps in deciding which supplier a specific order should be placed.

#### **2.4 Possible challenges encountered in appraising suppliers**

Peter Baily in purchasing principles and management states that resource and cost commitment is a big challenge when conducting supplier appraisal. This is because it makes it difficult to maintain a robust and effective system thus limiting the buying entity to effectively appraise suppliers on continuous basis.

Sherry R. Gordon (2008) in supplier evaluation and performance excellence pg 232 explains that supplier appraisal is challenged with specifying and gathering meaning and relevant information about the supplier. Some suppliers usually give percussive and wrong information about their potentiality in order to be selected thus causing inaccurate assessment.

Robert M. Monczka and Larry Giunipero(2008) purchasing and supply and supply chain management pg 810 explains the buying entity finds it difficult to make sure that evaluation of current suppliers goes beyond measurement to actual performance improvement by providing feedback to suppliers on their performance and working on continuous improvement opportunities.

Andrew Erridge and Ruth Fee in best practice procurement: public and private sector perspective explains that supplier appraisal is sometimes face a challenge of influence usually from top management. In most organizations the top management influence on who should be given the contract which renders appraisal irrelevant.

#### **2.5 Relationship between supplier appraisal and organization performance**

Arsan(2011) argues that supplier appraisal has increased in importance exponentially, as it has become a corporate weapon to realize organizational competitiveness. Thus the function performance is of paramount importance to organization to achieve its goals. Organizations

focus on winning competitive advantage in the industry through cost reductions. Therefore, they conduct supplier appraisal to ensure that they achieve best quality output and reduce costs associated with failure to meet quality. This creates a strong relationship between supplier appraisal and organizational performance.

Supplier appraisal is paramount to organizational performance as it reduces on risks of selecting incompetent supplier which may create emergencies in the organization and results into cost escalation.

HK COMPTON and JESSOP, *the Official Dictionary of Purchasing & Supply*, (2001), states it that, an evaluation of the supplier was also form part of a strategic analysis process, and identify the gap between current performance and future performance that is required. This makes supplier appraisal and organizational performance inseparable.

## **2.6. Conclusion**

In a conclusion, although all that literature was cited and put forward by different scholars, there is still a big gap as none is directly looking at supplier appraisal in Nkumba University. This calls for a research to establish the impact of supplier appraisal on organizational performance in Nkumba University.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introductions**

This chapter covers study design, population study, sample selection, instruments for data collection, questionnaires, ethical consideration, data analysis and anticipated limitations and solutions.

#### **3.2 Research design**

The study was conducted using a combination of qualitative and descriptive methods. Descriptive design involves an accurate and detailed description of the characteristics of a particular event. This is because the researcher is familiar with the phenomena and the study requires in-depth findings.

#### **3.3 Population of the study**

The population of the study included the members of the procurement department of Nkumba University. This is because they have special knowledge and qualification regarding phenomena.

#### **3.4 sample size and sampling techniques.**

The study was carried out at Nkumba University entebbe campus Uganda. The respondents were selected using purposive sampling technique and they included members of the procurement, marketing, estates management, finance and accounting departments. This sampling technique was used to select staff members who are knowledgeable about supplier appraisal phenomenon. A sample size of ten (10) comprising of representation of management team, Section Heads and Staff involved in procurement, who were selected through purposive sampling. Purposive sampling provided the researcher the opportunity to sample only people involved directly with the procurement process

#### **3.5 Data collection methods and instruments**

Questionnaire and interview guides were used to collect data. The interview schedule contained guiding questions for the researcher to guide the data collection process. Primary data was

collected using semi structured questionnaires with open ended and closed ended questions. It was then analyzed using content analysis and descriptive statistics.

#### **Table of approach; sampling, data collection methods and types of samples**

#### **THE TABLE OF APPROACH**

**Table 1: Sampling selection, data collection and types of sample.**

<b>Approach/ method</b>	<b>Sample selection</b>	<b>Sample size</b>	<b>Data collection</b>	<b>Data analysis</b>
Quantitative	Stratified sampling.		Structured interviews	Editing, coding and tabulation
Qualitative	Purposive sampling	4 departmental Manager 6 operational workers	Semi structured interviews	Analysis during and after data collection

### **3.6 Data quality management**

Quality control was managed by employing two tools:

Questionnaire: this included both structured and semi structured questions. These were constructed with both open and closed questions. This method was be used because it gives respondents freedom to express their views and it allows consultations.

The second method was to request a colleague to check the quality and validity of the data and suggesting on how to be improved.

### **3.7 Procedures for data collection**

The researcher designed the instruments for research and presented them to the supervisor for approval.

The researcher was get an introductory letter from the university

The researcher went to the field to collect data following the work plan for data collection.

The researcher made sample selections and make appointments with respondents for interviews.

The researcher was conduct interviews to various respondents

Findings was be analyzed and report drafted and finally submitted

### **3.8 Data analysis methods**

Data analysis followed a descriptive method. Both qualitative and quantitative methods were used to analyze data. Descriptive statistics such as tables, percentages and frequencies were used to represent the data. Qualitative data from open questions was presented in prose form. Content analysis also enabled the researchers to discover and describe the focus of individual, group, institutional, or social attention (Webber, 1990). It allowed inferences to be made which can be corroborated using other methods of data collection; information was grouped according to objectives of the study and presented into tables and figures using frequencies and percentage. Computer programmes mainly Microsoft word and excel were used.

### **3.9 Ethical consideration**

The researcher ensured confidentiality by not disclosing the names of the respondents. This was through by not leaving space for respondents to write their names on questionnaires.

### **3.10 Anticipated Limitations and possible solutions**

- Inadequate literature due small university library
- Limited funds since the researcher is a student
- Limited time since the researcher is a student
- Limited information and data in the field

### **3.11 Possible solutions**

Use of internet and other libraries such as IPPU library to get the required literature

The research was conducted in holiday to ensure that the researcher gets enough time to collect all the information

The researcher sent the questionnaires in time to ensure that the respondents get enough time to collect all the information required to answer the questions to cub the challenge of limited field information

## CHAPTER FOUR:

### PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

#### 4.0 Introduction

This chapter provides study findings, analysis results and interpretation of the data collected on supplier appraisal on organization performance. This included the response rate of the key respondents, their social characteristics, presentation, analysis and interpretation in line with the specific research objectives of the study, which included examining the relevancy of supplier appraisal on performance, assessing the challenges in conducting supplier appraisal, examining the relationship between supplier appraisal and performance, establishing the methods of supplier appraisal used in Nkumba University.

#### 4.1 Response Rate

The sample included both men and women in Nkumba University and the sampled population for this study was ten (10) key respondents in total, of which eight (8) respondents out of the expected 10 respondents returned the survey instruments, a response rate of 80%. This is a higher response rate than the world standard of slightly above 15% (Ulengin and Uray, 1998)

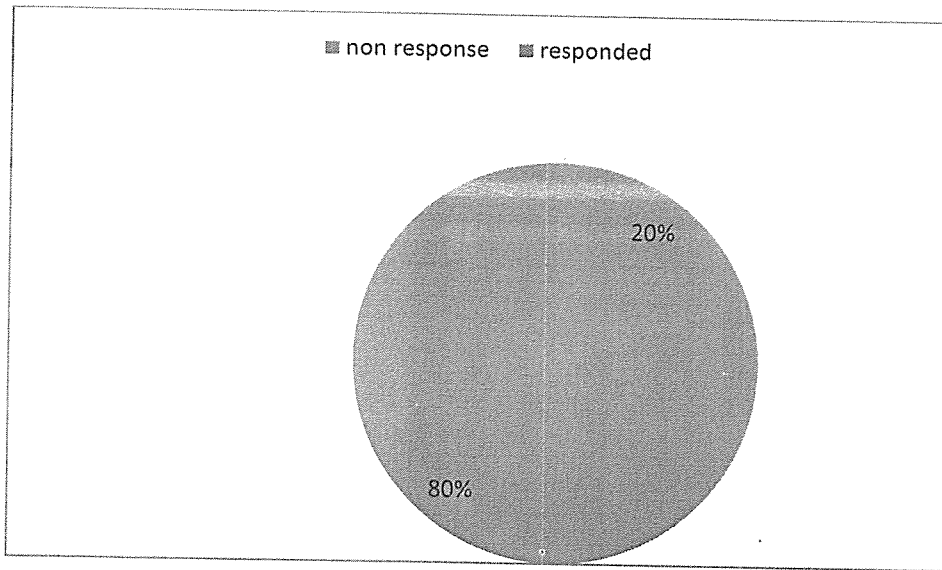
**Table 4.1: Questionnaires returned by key respondents**

Sub- Group	Key respondents	Actual respondents	Response rate (%)
Nkumba University	10	8	80

**Source: Primary Data 2017**

This information was further illustrated as below in figure 4.1 showing the response rate showing eight questionnaires were returned and two were declared non responsive for they were not dully filled.

**Figure 4. 1: Response Rate**



**Source: Primary data 2017**

The response rate of 80% showed that most respondents were interested in the study. The level of interaction of the researchers with the respondents explained the higher rate of response in these areas. However, the noted 20% non-response was in part due to the business schedule of the respondents and inability of respondents to return the questionnaires timely to the researcher since most of the respondents are partly lecturers.

## **4.2 Background Information**

The researcher sought to obtain relevant information on sex, educational level and employment level. It was important to find out the demographic information of the respondents and establish the general awareness of the Int. J Supply. Chain. Mgt Vol. 3, No. 3, September 2014 132 procurement process among the respondents.

### **4.2.1 Sex of respondents**

Respondents were given questionnaires to indicate the sex gender (male or female) as stated on the self-administered questionnaire.

The findings were summarized in table 4.2 below:

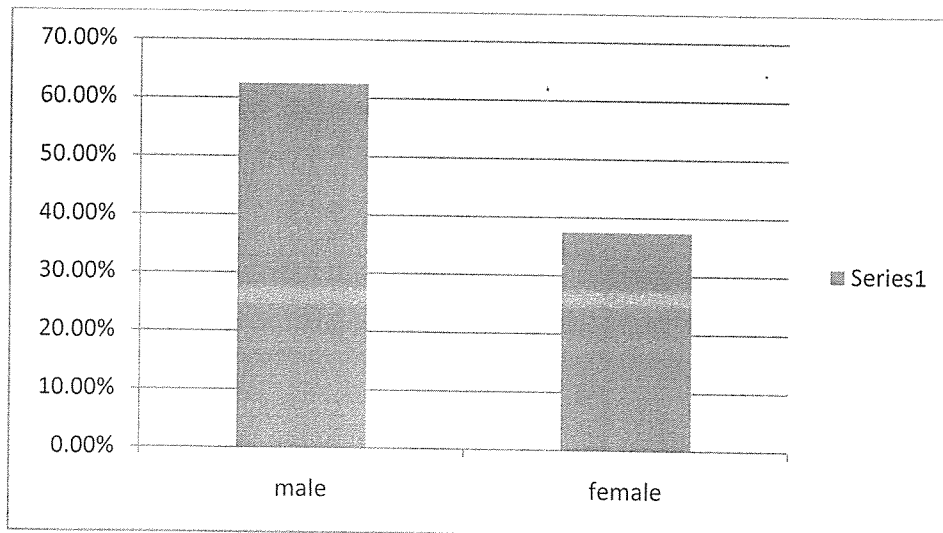
**Table 4. 2: Sex of respondents**

Category of respondents	Number of actual respondents	Sex		Total
		Male	Female	
kumba University	Number of respondents	5	3	8
	Percentage (%)	62.5	37.5	100

Source: Primary Data 2017

Table 4.2 indicated that out of the eight (8) actual respondents, five were male and three were female. This in percentage terms is expressed as: 62.5% of the Respondents were male while 37.5 % of the respondents were female. From the sampled population, it is clear that the proportion of the male was higher than their female counterparts. This information was further illustrated as below in figure 4.2 showing the sex of respondents with the highest dominance of male reporting 62.5% and female 37.5% response. This shows that men are more involved in conducting supplier appraisal.

**Figure 4. 2: Sex of Respondents**



Source: Primary Data 2017

#### 4.2.2 Age of respondents

The respondents were given questionnaires to complete by indicating the age brackets in which they fell in complete years and the results are presented in the table and figure below.

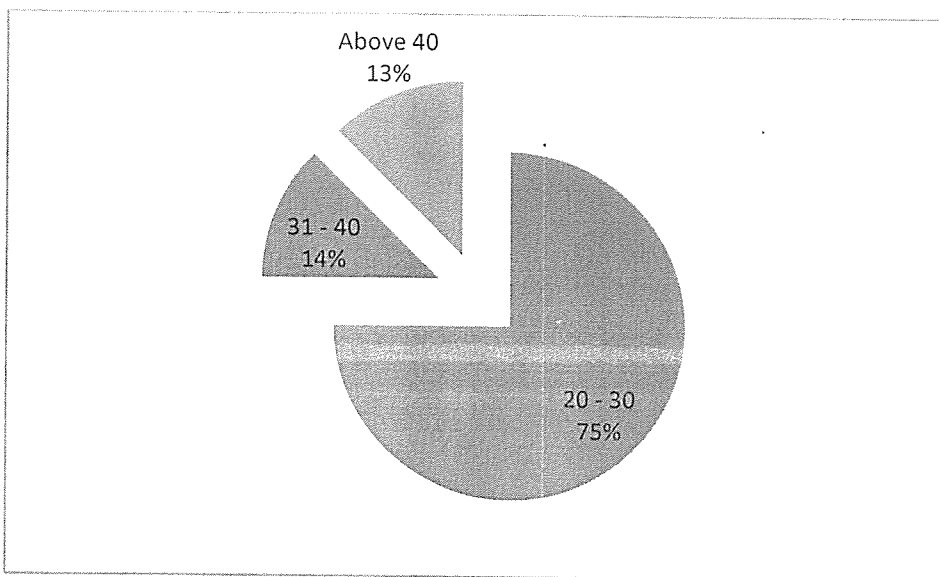
**Table 4.3: Age of Respondents**

Age bracket(years)	Number of respondents	Percentage (%)
20 - 30	6	75
31 - 40	1	12.5
Above 40	1	12.5

**Source: primary data 2017**

The figure above shows that majority of the respondents were between the age bracket of 20 – 30 years giving a percentage of 75%. This age bracket is considered to energetic which implies a strong workforce but with limited experience. The findings from table 4.3 further showed that Nkumba University has limited number of workforce above thirty and forty respectively. This implies that, the organization depends more on external experienced personnel in conducting procurement activities and particularly supplier appraisal. The findings are further presented into a statistical figure as below.

**Figure 4. 3: Age of respondents**



**Source: Primary Data 2017**



#### 4.2.3: Educational Level

Respondents were given questionnaires to show their educational qualification, which included diploma, degree, masters, PhD or any other level of education. From the research findings, the following information was obtained to that effect as presented below:

**Table 4. 4: Educational level**

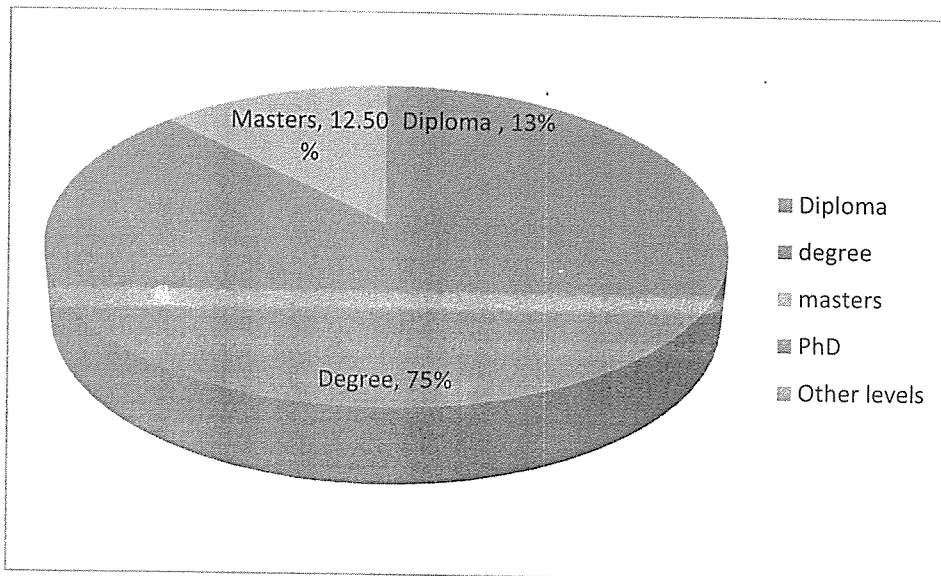
Category of respondents		Diploma	Degree	Masters	PhD	Other levels
Nkumba University	Number of respondents	1	6	1		
	% response	12.5	75	12.5		

**Source: Primary Data 2017**

Table 4.4 shows that out of 8 actual respondents, 75% had attained university degree, 12.5% had attained diploma and 12.5% had masters degree. This shows that the sampled population was experienced and had knowledgeable about the research topic.

The findings were further illustrated in the statistical figure below.

**Figure 4. 4: Educational level of Nkumba University.**



**Source: Primary Data 2017**

75% of the respondents had university degree indicating that the university place great emphasis on the qualification of its employees. This also showed that most of its employees are operational workers, which imply low decision making regarding procurement activities.

When considered with the findings that 75% of the respondents had Degree level education, it implies less dependence by university on expertise to conduct procurement activities and supplier appraisal in particular.

#### 4.2.4: Employment Level

Respondents were given questionnaires to show the posts they hold in Nkumba University in terms of levels, which included; organization's Manager/CEO, departmental head, and operational worker. Table 4.6 showed that out of the 8 actual respondents, 3 were departmental heads or middle managers, 5 were operational workers. This implies that, 62.5% of the respondents were operational workers, which reflects low influence on decision-making. The findings are presented in table 4.6 below

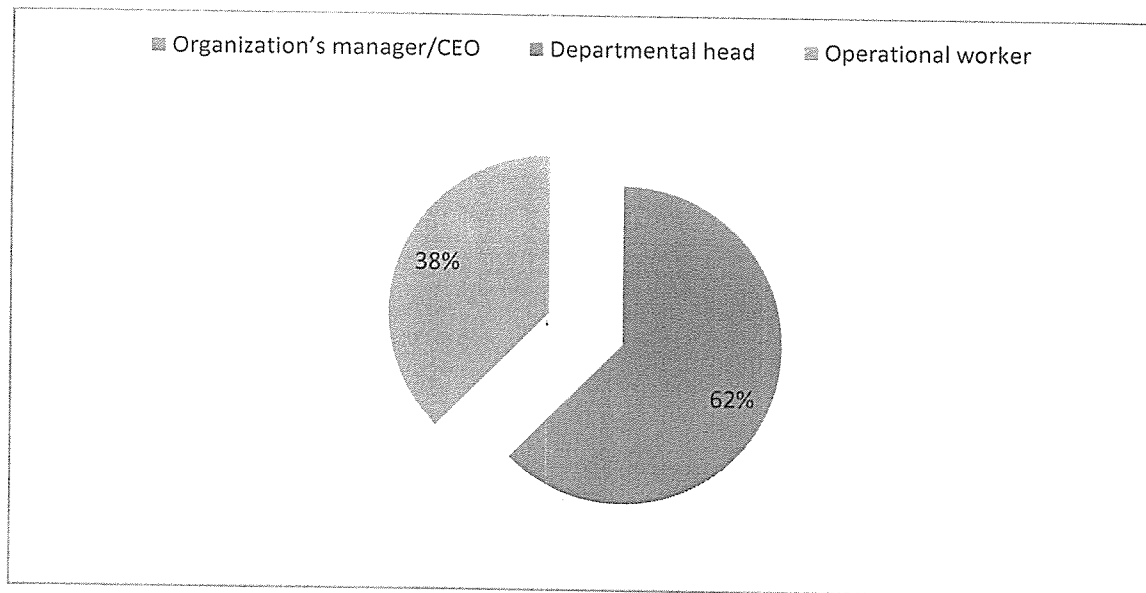
Table 4.5: Employment level of Nkumba University.

Category of respondents	Organization's manager/CEO	Departmental head	Operational worker	Total
Number of respondents		3	5	8
% response		62.5	37.5	100%

Source: Primary Data 2017

The findings were further presented into statistical figure as below

**Figure 4. 5: Employment level of employees in Nkumba University**



Source: Primary Data 2017

#### 4.3 Supplier Appraisal in Nkumba University

Respondents were tested on their knowledge to find out whether Nkumba University conduct supplier appraisal and its role towards effective performance of the organization. The researcher sought to investigate the concept of supplier appraisal in Nkumba University. Respondents were given Questionnaires indicating whether Nkumba University conducts supplier appraisal and the reason behind this. It was found out that, most suppliers are assessed prior to contract awarding as it was indicated by 75% of actual respondents who answered “yes” that Nkumba University conducts supplier appraisal mainly for highly valued and technical items such as cleaning, marketing, computer and security services. It was found out that supplier appraisal is considered basing on the quantity and quality of the required items. It was found out that in some transactions mainly of low value items such as markers and chinks, supplier appraisal is not conducted due to low expenditure on them. This creates short-term relationship between the buyer and suppliers. It was found out that supplier appraisal is conducted in most procurement transactions as it was indicated by 75% of respondents indicating that the organization do conduct supplier appraisal.

Results indicated that, the organization conduct supplier appraisal to ensure effective supplier performance and improvement.

The researcher also sought to identify different types of items, which the organization purchases. The findings indicated that, the organization purchase several items which include stationary and other scholastic materials, furniture, computer and software applications among others. This indicates that supplier appraisal is needed to assess the performance of suppliers, because as all items procured are critical to the operation of the organization. This creates a need to establish call-off contracts arrangements on long-term basis.

#### 4.4 Methods of Supplier Appraisal Used At NU- Nkumba Campus.

The first objective of the research study was to establish the methods of supplier appraisal used by NU Nkumba campus to appraise its suppliers. Respondents were questioned to indicate the methods of Nkumba University of supplier appraisal both at pre and post contract. The findings were tabulated into the table below.

**Table 4.6: Response on methods of supplier appraisal used in NU**

Method	Number of actual respondents	YES
Do you conduct supplier appraisal using desk appraisal method?	8	6
		75%
Do you use field research method in appraising suppliers before awarding contract?	8	5
		62.5%
Do you monitor actual performance of the supplier after contract awarding in form of monitoring quality, delivery etc?	8	7
		87.5%
Do you conduct site visits to appraise suppliers?	8	3
		37.5%

**Source: Primary Data 2017**

From table 4.7, 75% of the actual respondents indicated “ye” that the organization use desk appraisal method to appraise their suppliers. This implies that, Nkumba University use the published and unpublished data to appraise suppliers before awarding contracts to them. It also shows that supplier appraisal is done using the truck record of the supplier in terms of delivery and quality documents. In light of the above findings, Nkumba University also uses field research to appraise suppliers mainly of marketing and internet and security services.

It was found out that Nkumba University consider appraising suppliers basing on actual performance as it was indicated by 87.5% of the actual respondents. This shows that suppliers are appraised basing on how they have performed the contracted awarder to them as per specifications stated in the contract in terms of quality, delivery among others. 37.5% of the respondents indicated that Nkumba University use site visit appraisal method and 66.5% answered NO to this method. The difference in percentage shows that Nkumba University does not conduct supplier visits to assess their capacity to produce the required items such as stationary.

#### **4.5: Role of supplier appraisal on effective performance of Nkumba University**

The second objective of the research study was to investigate the role played by supplier appraisal on performance of Nkumba University. Most of the respondents agreed that supplier appraisal plays an important role towards the effective performance of Nkumba University. The findings were presented into the table below

**Table 4.7: Respondent’s perception on role of supplier appraisal on performance of Nkumba University**

Category of respondents	Strongly agree	Agree	Strongly disagree	Disagree	Total
Number of actual respondents	2	5		1	8
Percentage of respondents (%)	25	62.5		12.5	100%

**Source: Primary Data 2017**

From table 4.8, 25% of the respondents strongly agreed that supplier appraisal plays an important role in effective performance of Nkumba University. 62.5% of the actual respondents indicated that they agreed on the same point. However, 12.5% of the actual respondents disagreed that supplier appraisal does not play a significant role towards effective performance of the organization. The implication of the differences in percentages shows that sometimes supplier appraisal is considered to be of less importance in some procurement transactions.

Further still, respondents were asked to indicate how supplier appraisal contributes to effective performance of Nkumba University. Row data was collected and tabulated into the table below

**Table 4.8: Response on role of supplier appraisal on performance of Nkumba University**

Description	NO.	Nkumba University
		In agreement
Can supplier appraisal help align suppliers with organizational goals?	8	4
		50%
Does supplier appraisal improve on performance of suppliers in terms of delivery and quality?	8	6
		75%
Does supplier appraisal contribute to effective risk management in procurement?	8	3
		37.5%
Does supplier appraisal contribute to effective relationship management?	8	4
		50%
Does supplier appraisal help to identify problems be and resolving them quickly?	8	6
		75%

**Source: primary Data 2017**

From the table above, the findings indicated that 50% of the respondents agreed that supplier appraisal helps suppliers to align with organizational goals. 75% of the respondents agreed that

supplier appraisal contributes to improvement of supplier performance. This implies that checking and assessing the performance of the supplier over a time can help to meet customer needs by improving performance. This can be more effective in appraising suppliers of cleaning and security services, software systems, stationary among others. Supplier appraisal contributes to effective relationship management and this was indicated by 50% of the respondents. This might be attributed to a case that appraising a supplier helps to improve on performance thus creating trust between suppliers and the buyers.

Self evident from the findings in the table, supplier appraisal contributes less to risk identification and management as it was agreed by 37% of the respondents. 63% of those disagreed that supplier appraisal help to identify and managing risks mainly within the supply chain. This implies that, suppliers are not assessed to determine the likely risks, which may happen due to supplier failure to deliver as it is specified. These risks may include; supplier failure to deliver which may creates stock-outs, supply breakdown, substantial performance among others.

75% of those who participated in the research study agreed that supplier appraisal contributes to performance of the organization as it helps to identify problems and resolving them quickly.

In light with the above findings, it was found out that supplier appraisal contributes a lot to effective performance of Nkumba University. This means that, the organization should conduct supplier appraisal to ensure that the suppliers perform as they are expected in order to meet customer needs.

#### **4.6.1: Challenges to supplier appraisal in Nkumba University**

The researcher sought to investigate the challenges encountered during appraising suppliers. Respondents were given questionnaires to indicate what challenges they face in process of appraising supplier and the findings were showed as below.

75% of the actual respondents raised a challenge relating to payments terms and difficulties. Findings showed that funds are always from students and this makes it difficult to rely on them most especially during the holiday. This makes it difficult for appraisal programs to bear fruitful outcomes as the organization fear to lose suppliers even poor performing ones due to poor

payment terms. This implies that, though the organization conducts supplier appraisal, the outcomes are less or below the average.

The findings also showed that supplier appraisal at Nkumba University is also faced with a big challenge from users who most times want to stick on one supplier despite of some gaps of poor performance identified in that supplier. This was indicated by 63% of the actual respondents. The findings showed that, end users most times stick on one supplier most especially those of services such as consultancy, cleaning among others. This limits the importance of appraising suppliers in Nkumba University Limited support from the top management was also raised as a big challenge encountered during supplier appraisal process in Nkumba University. This was indicated by 50% of the actual respondents. Findings showed that, the top management most times delay to approve funds and tends to stick on one supplier despite of the poor performance identified on that supplier. This limits the importance of supplier appraisal in Nkumba University.

#### **4.6.2 Possible remedies to the above challenges**

The researcher sought to establish the possible remedies to challenges, which face Nkumba University in appraising suppliers. Respondents were given questionnaires to propose possible solutions to challenges, which are encountered during appraising suppliers. Findings were presented as below.

75% of the actual respondents indicated that working with strong and long standing suppliers is the strong solution to the above challenges. These companies usually have large capital base with high quality management system. Findings indicated that the university use strong companies such as vision group, savannah security systems due to their strong quality systems.

Buying items on credit was raised as a solution to combat the challenge of limited funds. Findings showed that the university at the time of negotiation and contract awarding, it is inserted that, goods will be bought on credit and this reduce on challenge of limited funds.

Producing regular supplier appraisal reports was a solution raised by the respondents to curb the challenge of limited support from the top management. These reports show the performance of a particular supplier over time and what should be done to improve on performance.



#### 4.7: Relationships Between Supplier Appraisal And Organizational Performance.

The last objective of the research study was to establish the relationship, which exists between supplier appraisal and performance of an organization. Respondents were asked to indicate how the two variables are related and the results were tabulated in the table below.

**Table 4.9: response on relationship between supplier appraisal and organizational performance**

Relationship between supplier appraisal and organizational performance	NO.	In agreement
Efficiency and effectiveness	8	7
		87.5%
Reduced costs	8	5
		62.5%
Risk management	8	4
		50%

**Source: Row Data 2017**

In light of the findings in table 4.10, results indicated that, supplier appraisal is more related to performance of Nkumba University in terms of efficiency and effectiveness, as it was indicated by 87.5% of the actual respondents who participated in this research study. This implies that supplier appraisal improves on productivity and costs used in producing a particular output and ensuring high quality output. In the same line, 62.5% of the actual respondents replied that supplier appraisal and organizational performance relate. This agreement confirms that supplier appraisal contributes to effective performance of an organization by reducing costs mainly those relates to substantial performance and costs of non conformance. 50% of the actual respondents indicated that, supplier appraisal relates to organizational performance. The implication in difference shows that the relationship between supplier appraisal and organizational performance in terms of risk management is not much though positive.

In the conclusive analysis, supplier appraisal and organizational performance has a strong relationship in terms of efficiency and effectiveness, cost reduction, risk management among others. This is because, findings showed a positive relationship between the independent and dependent variables.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introductions**

This chapter presents discussion of the findings in line with the objectives of the study. This chapter comprise of four sections: summary of the findings, conclusion of the study and recommendations end it ends with areas which needs further research. The interpretation and summary to the findings is in line with the objectives of the research study together with the literature review and implications of the findings are presented in the sections.

#### **5.1: Summary of findings**

This research study sought to identify the role of supplier appraisal on performance of an organization. From the findings, it was found that supplier appraisal contributes a great role towards the performance of an organization. Largely, supplier appraisal should be conducted before and after a contract is awarded or an order is placed to the provider. However, from the research findings, there is a need to improve on supplier appraisal to ensure effective supplier performance and performance of an organization.

Further noted was that, the work of appraising suppliers was left mainly to be conducted by the procurement department and the users are less involved. The users from all departments should work closely with the procurement department in appraising suppliers mainly those of stationary and other scholastic materials, furniture, computers and software among others to ensure effective performance of the organization.

#### **5.2 Conclusion**

The main purpose of this research study was to assess the role of supplier appraisal on performance of an organization using Nkumba University as a case study. The results in this research study showed a positive relationship towards supplier appraisal and performance of an organization from respondents. Majority of respondents showed that they conduct supplier appraisal to assess the performance of suppliers of goods and services to ensure effective performance of the organization. They indicated that, supplier appraisal has contributed much on performance of Nkumba University in terms of quality and delivery.

More than 1/3 quarters of the total budget in organizations is spent in procuring goods and services to organizations. At Nkumba University, items procured include stationary and other scholastic materials, furniture, marketing services, and IT services among others. There is a need to assess the performance of suppliers to ensure that they perform effectively and achieve the goals of an organization. There is a need to assess the potentiality of the suppliers basing on their previous performance and actual performance as per current contract. I.e. how they have performed as per specifications stated earlier. The users are more suitable to appraise the suppliers because they are always in close connection with the suppliers and they the one who use the items procured. There is still a big challenge that suppliers do not perform as per expectation of the users and there is a need to strengthen procurement activities mainly supplier appraisal before and after awarding contract.

Therefore, to ensure value for to the organization and to satisfy customers' needs, there is a need to improve on supplier appraisal by assessing suppliers mainly basing on quality of performed contract and this can be achieved through strengthening procurement department.

### **5.3 Recommendations**

- i) Nkumba University should strengthen the procurement department by increasing on number of personnel in procurement department to ensure effective supplier appraisal and procurement activities.
- ii) The organization need to focus on creating long-term relationship with suppliers mainly those of core items such as stationary and technical supplies for example computer services.
- iii) There is a need to improve on communication system to facilitate information flow and reduce on costs of communication. This may be through adopting electronic means such as e-procurement to facilitate procurement transactions.
- iv) There is a need to group all similar items such as scholastic materials in one package and one supplier is contracted and implementing call-off contracts. This will create strong relationship with suppliers and reduce on costs of sourcing.
- v) There is a need to involve users in appraising suppliers manly those, which needs technical knowledge, and there is a need to set up policies and guidelines to be followed in conducting supplier appraisal.

#### **5.4 Areas for further research**

Further research should address the impact of e-procurement on performance of an organization

Research could also address the underlying factors for effective procurement process in an organization.

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## APPENDICES

### Appendix 1: QUESTIONNAIRE

#### QUESTIONNAIRES TO SELECTED MANAGERS AND STAFFS OF NKUMBA UNIVERSITY

Dear Respondent,

I am Apolot Partricia a student of Kampala International University. Am conducting a research to generate information and data for academic purposes on topic: “supplier appraisal on organizational performance: a case study of Nkumba University” as a requirement for my degree in procurement and logistics management and to successfully certify all the requirements.

Therefore, I humbly request you to fill this questionnaire with a human heart as you will also contribute towards my success.

Thanks and may God bless you.

#### SECTION A

##### BACKGROUND INFORMATION

Tick where appropriate

1.) Gender: Male

☐

Female

☐

2.) Age:

20 – 30

☐

31 – 40

☐

Above 40

☐

3.) Education level

Diploma

☐

Degree

☐

Masters

☐

PHD

☐

Others please specify .....

4.) Employment level

Operational worker

☐

Departmental manager

☐

Organization's manager

☐



SECTION B: SUPPLIER APPRAISAL

Tick and explain where necessary

1. Could you please mention some of the items you purchase e.g. stationary?  
.....

2. Do you conduct supplier appraisal?

Yes ☐ No ☐

3. If yes, why do you carryout supplier appraisal?

.....  
.....  
.....  
.....

4. If no, why not?

.....  
.....  
.....

5. Does supplier appraisal play an important role on organization performance?

Strongly Agree ☐ Agree ☐ Strongly disagree ☐ Disagree ☐

6. ROLE OF SUPPLIER APPRAISAL ON EFFECTIVE PERFORMANCE OF NKUMBA UNIVERSITY

Use the scale provided to tick a letter that describes your opinion on how supplier appraisal contributes to effective performance of Nkumba University (A) Agree, (D) disagree

Role	A	D
Can supplier appraisal help align suppliers with organizational goals?		
Does supplier appraisal improve on performance of suppliers in terms of delivery and quality?		
Does supplier appraisal contribute to effective risk management in		

procurement?		
Does supplier appraisal help to identify problems be and resolving them quickly?		
Does supplier appraisal contribute to effective relationship management?		

7. If you disagree, why?

.....  
 .....  
 .....

## 8. METHODS OF SUPPLIER APPRAISAL

Tick either “yes” or “No” to answer this question by choosing the method of supplier appraisal you use in appraising suppliers

Method	YES	NO
Do you conduct supplier appraisal using desk appraisal method?		
Do you use field research method in appraising suppliers before awarding contract?		
Do you monitor actual performance of the supplier after contract awarding in form of monitoring quality, delivery etc?		
Do you conduct site visits to appraise suppliers?		

9. What challenges do you face when conducting supplier appraisal?

.....  
.....  
.....

11. What are your suggestions to reduce the above challenges?

.....  
.....  
.....

12. How does supplier appraisal relates to performance of your organization

.....  
.....  
.....

**THANKS FOR YOUR COOPERATION**

## Appendix 2: Interview Guide

### Interview Guide for Nkumba University Departmental Heads and Other Staff Members.

#### Section A:

##### 1. Gender

Male

☐

Female

☐

##### 2.) Age:

20 – 30

☐

31 – 40

☐

above 40

☐

##### 3.) Education level

Diploma

☐

Degree

☐

Masters

☐

PHD

☐

Others please specify .....

##### 4. Employment level

Operational worker

☐

departmental manager

☐

Organization's manager

☐

##### 5. Number of people in your department

Less than 5

☐

5-10

☐

#### SECTION B: SUPPLIER APPRAISAL

##### 1. Do you conduct supplier appraisal?

Yes

☐

No

☐

##### 2. On which products or services do you conduct supplier appraisal

##### 3. When do you conduct supplier appraisal? Before or after contract awarding, or at both stages?

##### 4. In your own analysis, how can you rate supplier appraisal in Muteesa 1 royal university?