FACTORS AFFECTING SUPPLIERS APPRAISAL IN GOVERNMENT PARASTATALS: A CASE STUDY OF KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)-SOUTH C

REHEMA AKINYI RASHID

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR DEGREE IN MANAGEMENT AND LEADERSHIP TO THE MANAGEMENT UNIVERSITY OF AFRICA

JULY 2017
DECLARATION

Declaration by the Student
This research study is my original work and has not been presented to any other examination body. No part of this research should be reproduced without my consent or that of The Management University of Africa.

Name: Rehema Akinyi Rashid        Sign: __________               Date: ____________
ODL-BML/5/00184/1/2015

Declaration by the Supervisor
This research project has been submitted for examination with my approval as The Management University of Africa Supervisor

Name: Dr. Emmanuel Awuor           Sign: __________               Date: ____________
DEDICATION

I dedicate this project to my loving mum Mrs. Asha Sabuni who her supported me throughout my studies, to the loving memory of my father Mr. Rashid Osare and lastly special thanks go to my supervisor who tirelessly assisted me and never lost patience in correcting where wrong.
ACKNOWLEDGEMENT

It is with great honor that I want to thank the Almighty God for enabling me undertake this course at this time of my lifetime. My outermost thanks go to my supervisor, Dr Emmanuel Awuor who guided me throughout this period of undertaking this study. The most vital support is the one I got from my college colleagues who sacrificed and dedicated their long hours in discussion group so that we could collectively increase our knowledge. Finally I recognize The Management University of Africa for offering me an opportunity to pursue a Degree in Management and leadership majoring in Procurement. Lastly I have deep gratitude to Kenya Industrial Research and Development Institute for granting me access to their premises.
ABSTRACT

The purpose of the study was to investigate the factors affecting suppliers’ appraisal in government parastatals. The specific objectives of the study were to establish the effect of procurement regulation, customer service, finance and quality on supplier’s appraisal. The introduction, background of the study, statement of the problem, objectives of the study, research questions and significance of the study, limitations and scope of the study are all covered in chapter one. Literature review, critical review, summary of the gaps to be filled and the conceptual framework which show the relationship between independent and dependent variable are covered in chapter two of the study. Descriptive research design was key in collecting data from respondents. The researcher used stratified random sampling to obtain a sample from the target population. The target population were 163 employees from KIRDI-South C, 54 employees were picked to represent the target population. This was effective since there was an equal chance of representation. Questioners were used to collect data that were analyzed qualitatively and quantitatively. Data presentation was by use of graphs, tables and pie charts. According to the analysis, it was concluded that procurement regulation, customer service, finance and quality of a product affect supplier appraisal a great deal. This was indicated by the number of respondents who accepted that these factors have a great impact on the dependent variable which is supplier appraisal. The researcher recommended that procurement regulations should be regulated to reduce their impact of hindrance in business. Customer service should be maintained at high level, financial stability is vital and should also be maintained and the quality of product should be at all time be maintained according to specifications and standards and suppliers should supply this at all times.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>KIRDI</td>
<td>Kenya Industrial Research and Development Institute</td>
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<td>EAIRO</td>
<td>East African Industrial Research Organization</td>
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<tr>
<td>LCD</td>
<td>Leather Department Centre</td>
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<tr>
<td>EDSC</td>
<td>Engineering Development and Service Centre</td>
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<tr>
<td>BOD</td>
<td>Board of Director</td>
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<td>MGN ACC</td>
<td>Management Accounts</td>
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<td>SCM</td>
<td>Supply Chain Management</td>
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<td>QA</td>
<td>Quality Assurance</td>
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<td>PR</td>
<td>Public Relation</td>
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<td>ADM</td>
<td>Administration</td>
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## OPERATIONAL DEFINITION OF TERM

<table>
<thead>
<tr>
<th>Term</th>
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<tr>
<td>Supplier appraisal</td>
<td>Is an evaluation of potential supplier’s capability of controlling quality.</td>
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<td>Integrated system</td>
<td>This is a system with subsystems that is shared among various departments.</td>
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<td>Customer service</td>
<td>Is process for providing competitive and adding value benefits to supply chain in order to minimize total value to ultimate customers.</td>
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<tr>
<td>Trade-off</td>
<td>This is where a firm incurs high cost in one operation and low expense on another operation.</td>
</tr>
<tr>
<td>Procurement</td>
<td>Is the act of acquiring material in broader sense for particular project.</td>
</tr>
<tr>
<td>Lead time</td>
<td>Refers to the duration between when a customer orders to delivery of the final product or service.</td>
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CHAPTER ONE

INTRODUCTION TO THE STUDY

1.0 Introduction

This chapter presents background of the study. This shows the factors affecting supplier appraisal in government parastatals. It includes statement of the problem, research objective, research questions, significance of the study, scope of the study and the limitations.

1.1 Background of the study

Effective management of supplier’s appraisal in any organization is one of the key factors to success. Supplier appraisal may arise when a prospective vendor applies to be placed on the buyers approved list or in the course of negotiations when the buyer wishes to be assured that the supplier can meet the requirement reliably. Supplier appraisal may turn out to be time consuming and costly and hence it should be done effectively to the later. It can be carried out under the following circumstances such as; where potential suppliers do not hold BS EN ISO 9000:2000, procurement of strategic high profit and high risk items, purchase of non-standard items, expenditure of capital items, for the purpose of suppliers’ development, when entering into a JIT arrangements, a close knit working affiliation is developed with small number of suppliers and carriers. Word from buyers, mainly detailed with production and operating schedule is parceled out with suppliers so that they may preempt buyers’ needs. Even though much attempt is likely to be directed in managing the supply channel under JIT philosophy than supply-to-stock philosophy, the convenience is to run the channel with minimum stock and service improvement. (Ronald, 2004)

According to the Official Dictionary of Purchasing and Supply, supplier appraisal is defined as an evaluation of prospective suppliers’ suitability and capacity of managing quality. It should be carried out before awarding the contract during supplier sourcing. This exercise can also be referred to as supplier evaluation. If you are a purchasing manager given the responsibility of sourcing different products from different suppliers for your organization then exercise should be done with care. Supplier analysis has
determine that there are situations in appraisal which are important, these are; where potential supplier do not hold BS EN ISO 9000:2000, procurement of tactical high-returns and exorbitant risk items, buying of deviant items, budgeting of construction, expenditure on capital items, for the purpose of supplier development, when entering in JIT arrangement, when contemplating joining suppliers association, before agreeing to a subcontracting, getting involved in worldwide sourcing, when initiating e-procurement engagements with long term judicious suppliers, when parleying outsourcing contracts, when conferring TQM and quality in relation to high –returns or high risk items, when negotiating service level agreement and before agreeing to subcontract with a main supplier in relation to important companies. (Lysons, 2006)

The countenance of actual and potential source is a non-stop process in procurement department. Specific sources with which an organization is dealing often can be evaluated largely on their previous record, on actual experience of working with them. The extent of investigation into suppliers will be affected by the volume and value of possible expenditure. Most organization spend 85% of their annual budget with 25% of their suppliers and probably on 20% of range of items bought with this great values justified through investigation. Unusual or first time purchases where a buyer has no experience may justify extensive investigation especially if wrong choice of supplier could have expensive consequence.

Many companies use multi-page checklist asking many questions based on the answers, an analysis is completed, incorporated and finally supplier is evaluated for the named product or process as fully approved, approved, conditionally approved or unapproved. Variations of checklists are legion; changes and improvement are incorporated as the need of the organization changes. Overhead allocation, whether cost break downs are provided, the rate of order book and names of person to make decision on delivery dates are also looked into. The type of labor in the area is investigated by observation and questions if necessary consulting the Local Department for Employment and Skills office is vital. For checking quality capability of supplier is however possible to standardize the checklists to a greater extent. Another requirement of some buying organizations
necessitates the seller to be EDI connected. This is a way of transmitting information electronically between both parties thus reducing paper work, transmission error and speed of information flow. It has helped reduce inventory whilst thus facilitating greater flexibility.

According to Lyson (2006) many aspects of supplier appraisals are neatly summarized as the ‘Seven C’s of supplier evaluation’; Competency of supplier to undertake the task required, Commitment of supplier to the custom in terms of quality, Capacity of supplier to meet the purchase total needs, Control that the supplier has over internal processes or procedures be looked at so that a full profile can be established for the supplier, Cost which is obviously the cost of the supplier but is looked at in terms of the full cost of the products on offer, Consistency in that the supplier should ensure to supply the same goods up to the same standards in every order and the Culture which is the most interesting point, suppliers should one of the same value and ways of operating as e customer.

According to Sunil (2004) supplier appraisal is an important tool in categorization of goods strategic importance. He stated that strategically a firm must make a choice whether it will engage one supplier base or multiple suppliers’ base. The former is used to assure the service provider enough business when supplier has to carry out vital buyer-specific investment. Client specific investment can be in form of plant and equipment uniquely meant to produce a part that is specific to the buyer or could take given type of expertise that requires to be developed. Having multiple supplier bases ensures degree of completion and backup in eventualities.

Suppliers’ appraisal also focuses on total cost of ownership to create competitive advantage. According to Donald & David (2008), procurement professionals recognize that although purchase price remains important, it’s just a single part of the entire cost of their organization. Whether established through competitive bidding or buyer-seller negotiations purchase price and discounts are vital aspects to consider during appraising. Suppliers’ terms of sale and cash discount structure also impact on the total cost of ownership. Many logistics aspects are omitted or given superficial consideration as buyer
attempts to attain least procurement price. Today there is increased importance of logistics cost to TCO.

1.1.1 Profile of KIRDI
The Kenya Industrial Research and Development Institute (KIRDI) were established under the Science and Technology Act Cap 250 in 1979. However, the institute’s history dates back to 1942, when the colonial government set up a central laboratory at Kabete, Nairobi. The laboratory’s aim was to initiate and develop industries so as to relieve the industrial goods shortages that had been cause by the Second World War. At that time Kenya Industrial Management Board (KIMBO) administered the laboratory. Later, as the laboratory expanded its management was taken over by the East African Community (EAC), and it was renamed EAIRO.

EAIRO, the predecessor of the present day KIRDI, which had centers in Kenya, Uganda and Tanzania, ceased its operations in 1977 following the collapse of East African Community. KIRDI was then established in 1979 under Ministry of Trade and Industry mandated to undertake multidisplinary research.

KIRDI has undergone a major expansion and changes. In 1987 a new building was put up in South C, Nairobi to accommodate the newly established LDC and EDSC. The complex also houses the headquarters. Further expansion was made in 1991 when a sorghum processing pilot plant was commissioned in Kisumu. The institute has undergone major structural changes since 1979 and has operated under four major organizational structure regimes.
Figure 1.1 KIRDI Organizational Structure
Source: KIRDI (2017)

1.2 Statement of the problem
Supplier appraisal should be designed to meet company’s strategic objectives. The drastic changes in the market today result in new business opportunities due to the growing worldwide marketing, global sourcing of material and the revolutionized manufacturing techniques.

Due to this, government parastatals should upgrade their supplier appraisal system in order to remain competitive. Supplier appraisal plays a great role in effective logistics operations. As demand and supply never matches due to unlimited wants and scare resource supplier appraisal is crucial source of information to management who make accurate and timely decisions.

Government parastatals incur unnecessary costs due to compensation of delayed or failed deliveries. This limitation therefore calls for urgent measures that will result in cost reduction and efficient delivery of customer service thus profitability. It is therefore on the contrary to this background of the study that this study is intended to discover and analyze the factors affecting supplier appraisal in government parastatals with a specific reference of Kenya Industrial Research and Development Institute.

1.3 Objective of the Study

1.3.1 General Objective
The general objective of the study is to investigate the factors affecting supplier appraisal in government parastatals.

1.3.2 Specific Objectives
The following were the specific objectives of the study.

i. To determine the effect of procurement regulations on supplier appraisal in government parastatals.

ii. To determine the effect finance availability on supplier appraisal in government parastatals.
iii. To analyze the effect of quality of a product on supplier appraisal in government parastatals.

iv. To analyze the effect customer service on supplier appraisal in government parastatals.

1.4 Research Questions
The study sighted to answer the following research questions.

i. To what extend does procurement regulation affects supplier appraisal in government parastatals?

ii. What are the effects of finance availability on supplier appraisal in government parastatals?

iii. How does quality of a product affect supplier appraisal in government parastatals?

iv. What are the effects of customer service on supplier appraisal in government parastatals?

1.5 Significance of the study

1.5.1 Kenya Industrial Research and Development Institute
The study can be of significance to the management of Kenya Industrial Research and Development Institute because they will in a position to understand the determinants affecting supplier appraisal in the company.

1.5.2 Other Organizations
The research study could also be of a great importance to other companies in the same industry since they will clearly understand the factors affecting supplier appraisal.

1.5.3 The Government
This study can also help the government to understand the factors that affect supplier appraisal in government parastatals sector and be able to look for long term solutions to enable firms in the sector attain continuous quality improvement and produce quality products.
1.5.4 **Other Researchers**
The study will also be of importance to other researchers who may be willing to conduct a research in the same field in future as reference.

1.6 **Limitations of the study**

1.6.1 **Confidentiality**
Respondents were reluctant to give full information for fear of being reprimanded by their managers for giving out information that they considered confidential. The researcher had to clarify to the respondents that the research was meant for academic use and also assured them of confidentiality of the information that they provided. The researcher used a letter issued by the Management University of Africa in order to get access to the respondents.

1.6.1 **Lack of Cooperation**
There were some employees of KIRDI who were uncooperative hence they did not give adequate information. The researcher had to explain to the respondents the importance of study thus convincing them to participate in the study.

1.6.2 **Working Schedule**
Being a research institute employees have been scheduled to different working shifts and there is a lot of rotation with the working hours. The researcher ensured that there was full maximization with the full time or the day employees to furnish my findings.

1.7 **Scope of the Study**
The study concentrated on factors that affect supplier appraisal at KIRDI, located in South C, Popo road, off Mombasa Road. The target population of the study was 163 employees of KIRDI. A sample of 54 employees from the management and non-management department were picked. The study was carried out within duration of three months from July 2017 to September 2017.
1.8 Chapter Summary
This is where the researcher had an introduction of the study, stating the objectives and the cognitions for the study as well as where it was conducted. Stating the limitations of the study, significance as well as the history of the company and why it was chosen as a research center by the researcher. This chapter introduced the research study.
CHAPTER TWO
LITERATURE REVIEW

1.9 Introduction
In this chapter literature which is relevant to and consistence with the objectives of this research study is reviewed. The critical review, summary and gaps to be filled and the conceptual frame work is discussed in this chapter which clearly illustrates the factors affecting suppliers’ appraisal in government parastatals with a specific reference to KIRDI in South C.

1.10 Review of Theoretical Literature
This research will be anchored in the following theories, Theory of Constraint and Resource based theory.

2.1.1 Theory of Constraint
The Theory of Constraints is a suite of management concepts developed by Dr. Eliyahu Goldratt in a novel “The Goal” (1984) that is concerned with profit improvement. The indispensable concept of TOC is that every organization must have at least one constraint. A constraint is any factor that restrict the organization from acquiring more of whatever it endeavors for, which is normally profit. The Theory of Constraints defines a lot of tools that modification agents can use to govern constraints, thereby increasing profits. Most businesses can be viewed as a linked set of processes that transform inputs into saleable outputs.

TOC methodically focus majorly on the "system constraint." This curb or obstruction impedes the output of the whole system and at the same instance represents the primary dominance point for enhancing it. In simple terms, TOC means pinpointing constraints and administering them, resulting in: On-Timely delivery to customers, eradication of stock-outs within the supply chain, better jurisdiction over operations and far less fire fighting, lessen cycle times and thus inventories, swift response culture and limited chronic conflicts between team members, exposing additional production capacity without any investment and higher net profit (APIC Dictionary, 2013).
2.1.1 Resource Based Theory

Resource based theory stipulates that each establishment is typified by its own idiosyncratic collections of resources of nub competence. Thus, Kay argues that the fountainhead of competitive trump is the inauguration and capitalization of distinctive potentials that are arduous to assemble and maintain, systematize and duplicate. Resource-based theory states that the possession of resources is valuable, difficult to imitate, rare, and cannot be substituted.

The resource-based theory identifies three basic types of distinctive capability. These are; corporate architecture is the capacity of the organization to create and store organizational knowledge and routines, promote more effective cooperation between network members and achieve a transparent and easy flow of information. Secondly, Innovation is capacity to lower cost, improve products or introduce new product ahead of competitors. The successful exploitation of novel ideas subsuming new technologies, designs and best practice is difficult and uncertain. Thirdly, Reputation is the capacity to instill confidence in an organizations credibility, reliability, trustworthiness and accountability. (Kenneth, 2012)

In the resource-based theory model, unique resources are given the main role of helping companies with achieving higher organizational performance and competitive advantage. The theory has been redeveloped and redefined through research and the evidence that supports it. Resource-based theory prescribes that organizations position themselves strategically based on their resources and capabilities rather than their products and services. Within resource-based theory, the key terms include tangible resources, intangible resources, and capabilities.

1.11 Empirical Literature Review

This specialty guides on how to formulate, furnish and aid individuals to successfully espouse proper supplier appraisal in order to push organizations success and outcome.
Organizations are facing difficulties of scheduling the supplier appraisal process that leads to an approved suppliers’ listing.

World class supplier management requires commitment and collaboration between customers and suppliers. The commitment must be approached with mutual benefit in mind. Effective supplier management is more than getting cost reduction for a particular part; it means eradicating wasteful costs from the process. The strategic intent is to create win-win opportunities wherein both buyer and supplier gain. Experience demonstrates that a buying firm will significantly improve supply chain performance when it develops its suppliers supply management system. This in turn reduces supplier’s cost and improves quality, responsiveness, time to market and continuity.

The aim of supplier appraisal is also to create competitive advantage. According to Day and Wensley (1988), argues that there exists no single defined meaning of competitive advantage as the term is used interchangeably with distinctive competence. Supplier appraisal may be judged not basing at the potential of supplier to attain a particular requirement but the strategic advantages the seller can offer to the buyer. Competitive advantage approach focuses on total cost. Supplier evaluation should keep in mind how sourcing can help pull cost down. Procurement regulations, finance, customer service and quality of product are factors that have been considered in this study to determine how supplier appraisal is to be achieved effectively.

1.11.1 Procurement Regulations
An important characteristic of public procurement policy is public accountability. This stipulates that companies may sue government entities for not being compliant with the public procurement directives. Therefore a prime consideration in executing procurement decisions is their legitimacy. Since governmental institutions can be sued publicly, the legitimacy of procurement decisions often overrides their efficacy. This explains why contracting authorities are primarily procedure driven rather than result or performance driven. Government activities aren’t subject to rules of free markets. They are funded by tax income provided by taxpayers. (Weele, 2011)
The decision making processes of government agencies are governed by numerous regulations. Competitive bidding with relatively few exceptions served the federal government effectively and adequately. The FAR system has been developed in accordance with the requirement of office of federal procurement policy act. Sources of these policies include statues, executive order, comptroller, general decisions, attorney general opinion, agency boards of contract appeal decisions and federal court decision. While agencies may supplement the FAR, such additional rules are supposed to be limited to those necessary to implement the regulation requirements within agency. (Burt, 2003)

The process of law making is a historical and phenomenal. From a supply professional’s government contracting is bound by more rules. The necessity to guard public interest as well as peculiar needs of government dictate such rules. With all the controlling factors, companies will most likely not quote the same price. Acquisition reform has been forefront of agendas for many years. These are further controlled by market ceiling prices that’s regulated by the government. (Dobler, 2003)

Regulations are presented and officiated via official written documents. Public sector procurement is liable to legal framework which determines free and open competition and fair returns on money spent. As a tactic the government merges procurement regulations with these legal frameworks in conjunction with wider spread policy objectives. Procurement directives are presented with endorsement that is considered in power. Commercial laws include agency agreement, contract of sale, insurance and negotiable instruments. Principles contained in these documents stipulate how procurement should be carried out and also indicates clearly possible legal consequences of failure to adherence to the policies.

Published standards of conduct and business ethics policy for buyers come endorsed thus giving it the upper hand when being stipulated. Government procurement regulations can work against national competitive advantage. It works against it if, as happens all too often, government purchase become a guaranteed market. Purchases in government must
include performance specifications that are used exclusively. Despite high barriers into foreign market, in the long run the foreign vendors must be allowed some access to home market to stimulate further innovation in domestic firms. (Michael, 2006)

Government policy can improve demand quality by challenging suppliers to adhere to the supply purpose intended. Information allows better and more sophisticated choices and pressures firms to upgrade performance, Complaint systems, particularly if they are publicized, are an added stimulus for quality.

Procurement in government parastatals concerns a lot of money. They differentiate from procurement by private enterprises in that it primarily serves political objective and plans. The budget culture within government does not stimulate effective spending aimed at achieving purchasing cost savings, where possible or striving for the best price value relationship. Principles underlying the Directivities governing these purchases are that they should be non-discriminating, encourage equality, transparency and proportionality. Over the years these directives have been translated into national legislation. These together create a set of rules and guidelines that contracting authorities need to follow in their dealings with external suppliers. The transparency principle holds that the contracting authorities are able to explain their supplier selection decisions. As a consequence the criteria and weight factor used to assess suppliers and their bids need to be clear and communicated early in the process. (Arjan, 2011)

Misleading price indications are controlled by part 3 of the Consumer Protection Act 1987. It provides that if a price indication becomes misleading to a give customer and that some or all of consumers were likely to rely on it after it become misleading, the dependant will be guilty of an offence if he fails to take all such steps as reasonable to prevent the consumer from relying on that information. The code of practice seeks to explain the provision clearly and provides examples. Thus it provides guidance about making price comparison, price reductions, compliance with preprinted prices, the quoting of VAT, amendments of price indications which have become misleading.
Compliance with the code can be used as defense evidence in prosecution, but it is not an absolute defense. (Margaret, 2002)

Purchasing authorities need to respect the stipulated financial thresholds. These thresholds differ when sourcing for works, goods and services. As a matter of fact governmental organizations can choose from six different documents procedures. Each of these procedures has strict requirements in terms of whether or not market parties will be preselected, how to solicit bids from competing suppliers, how to evaluate the bids to obtained from suppliers, how to award contract and how to notify suppliers that they have been declined. Given the lead time that are prescribed in the procedures proper and effective project management is a must. It’s almost impossible to make changes after procedures have been put into motion. Most of the jurisprudence and claims from suppliers are related to infringements with this general rule as well as violations with regards to basic principles underlying the directives. (Arjan, 2011)

According to the Public Procurement Act 1997, 1996 and 1995 there are well laid rules and regulations that govern any public purchases. The Acts stipulates the formation of Oversight Committee that is governed by the Director General who stipulates its functioning. In invitation of, bidder or supplier sourcing via contracts all suppliers should be given equal and fair chances to participate in the procedure. In stipulates that no kind of unfairness should be tolerated. The act also states and explains the different types of those public institutions including all parastatals should adhere to when they are looking for potential suppliers to source from.

The Acts condemn any gesture of corruption during supplier appraisal procedures and there is a penalty for any fraudulent act. In event of such gestures the supplier will be debarred from participating in Public Procurement in Kenya. Tenderers should be treated with fairness at all times and during the tender opening precession their presence is vital so that they can confirm that all the documents were opened that day with no alterations made and no favourism took place.
1.11.2 Customer Service

Customer service is a chain of sales-satisfying activities which usually begins with order entry and ends with delivery and further technical support for maximum total value to ultimate customers. Supplier appraisal is designed to monitor product availability, determine purchasing schedule and cycle out obsolete or unsold product. The availability of product is just one way in which supplier appraisal system attempts to create and maintain customer service. A comprehensive understanding of the impact of inventory control on customer service attainment helps to create an effective management system.

According to Anthony (1985) time to fulfillment is aid by a good supplier appraisal. Good suppliers control means that your time to fulfill orders is low. Supplier appraisal analyzes product sales due to turnover rate. Proper system limits product returns. A good supplier appraisal management means that you have an up to date inventory count at all times. Part of giving good accurate information even if customer doesn’t plan on making any purchase that day is vital. This aid in improving companies image of the company hence customer retention. Customer service is a logistic system vital aspect. In 1980 and 1990’s it was evidenced a growing awareness of special need of customers and distribution network that serve them.

Today’s consumers are a different breed. They have high standards for quality and brand loyalty is not something that they support. Successful companies have adopted customer service approaches that recognize the importance of speed, flexibility, customization and reliability (Vollman, 2006). It is vital to recognize is that customer service is an idea whose impact reaches far beyond the supplier appraisal service. Customer service often impact area of firm attempting to ensure customer satisfaction hence increased inventory turnover. Numerous non-logistic aspect of customer service may add value to customer and a firm should include these aspects within overall marketing effort.

Customer service doesn’t have a generally used definition but is viewed in three dimensions. (Coyle, 2003) It can be defined as an activity, performance, measure and philosophy. As an activity, customer service is treated as specific task that a firm must do to satisfy the customer. As a performance measure, it emphasizes on specific performance measure such as % orders deliveries on time and that inventory turnover is
Customer service as a philosophy elevates firm’s wide commitment to providing an efficient management of inventory hence boosting customer loyalty.

According to Vollman (2006) customer service issue has many dimension and truly complex. A firm must fully control numerous customer service elements through effective business logistic management. Successfully implemented high logistic high level customer service logistic can easily become a strategic way for a company to differentiate itself from its competitors. Customer service is an important basis for incurring logistic costs. Economic advantage generally accrues to the customer through better supplier service.

As argued by David (2008) Customer service is difficult to measure so as trade-off might be difficult to analyze. Improvement in customer service lowers other costs thus improves inventory turnover. The seven R’s concepts are linked and vital to customer service. The elements that constitute customer service and how they impact customers’ behaviour have been focus of much research throughout years. Customers cannot easily identify what motivates their behaviour precisely defining customer service remain elusive.

Any disruption in the seven R’s disrupt movement of product thus causing bad customer service thus a great negative impact on inventory system management. A firm that constantly gives the seven R’s add value for clients and create a competitive edge that will enable them achieve a higher stock turnover more that their competitors. In order to achieve an excellent customer service to boost your business you need to design customer service factor.

Customer service is the corner stone of sound management as it makes customers more loyal to the company. The importance of customer service has been expressed in three elements; pre-transaction, these are aspect of customer service that must precede the core services. Without them needs not maybe satisfied. It deals with policy and requires inventory management decision. Transaction element is an aspect that deals with movement of goods and services. Although all transactional items are vital order cycle should be put into consideration. Finally is the post-transaction which are services after
sale. These are warranties, claims, complaints and returns. They can cement a solid relationship with customers and lead to repeated business which is one crucial aspect of inventory system management. (Lemay, 2004)

According to La Londe (1976) order cycle is core aspect in customer service that impacts on supplier appraisal management. Order transmittal is the time from order placement to order receipt by seller. It can be done in various ways, with sales representatives, through mail, via telephone, via fax and through EDI application. As IT has become more sophisticated fax and EDI is more preferable computer communication likely to ensure access to order transmittal. Transmittal is followed by order processing immediately order is received. This aids in making correct goods ready for shipment to customers. Order preparation begins when order is given to warehouse and ends when shipment is on warehouse dock ready to be transported. Length of order cycle depends on type of order cycle depends on the type of order transmittal system, degree of automation of order processing and preparation. This should be kept at minimal time source to meet delivery promptly and avoid loss of sales.

Companies’ logistic department should have a clear understanding of customer service since it’s an important basis of incurring logistic costs. Economic advantage generally accrues to customer through better supplier service. Dependability as an element is more vital to customers than lead time since there is an assurance of getting a product. Communication is essential to order filling, and actual picking of ordered inventory. EDI can reduce error rates. Convenience element is another way of saying logistic level should be flexible. It recognizes customers’ different requirement. Logistic manager must place this factor in proper operational perspective this aid in determination between trade-off and benefits.

1.11.3 Finance
Due to paradigm shift, globalization is integrating more and more rational economies with global economic, world trade is expanding at an exponential rate, technologies are advancing and becoming integrated forces, customer are demanding value for money, marketers are experiencing competitive pressure and business are struggling not just for
growth but also for survival. Business firm across the world have started looking beyond organization boundaries to improve costs, quality, reliability, responsiveness and relations with customers to manage uncertainty. In order to survive and remain profitable a company should adopt and cope with the trend.

According to Lyson (2012), a robust financial assessment ought to minimize but will not eradicate the risk of rewarding a contract to supplier with bad financial records. Some checks that must be considered are; the last three years turnover, returns and correlation between aggregate and net profit over last three years, any loses in any period being examined and reasons for such losses, value capital of assets and returns on capital assets, scale of borrowing, the possibility of takeover or merger affecting ability to supply and scale of pension fund deficits. Credit reports may also obtained from bankers or credit references and credit reports provided by such agencies. Supplier assessment report include; sales which give a picture of the firm financial size in terms of sale/revenue volume, financial profile evaluates how the enterprise is doing compared with the industry to understand the profitability and solvency of supplier; five key financial ratio are calculated that provide industry bench mark against peer group of supplier, supplier risk score is an evaluation of risk involved in dealing with supplier that present an at glance 1-9 rating on financial and public record and operational information.

Financial assessment of suppliers is carried out on basis of annual financial reports. These can be obtained from suppliers. In most European countries legislation requires companies to file a summary of their financial reports at local chambers of commerce where supplier is registered. Based on financial reports the supplier’s financial performance can be evaluated. When conducting analysis, one should keep in mind that the analysis is based on historical data. However, quite often it is possible using financial forecasting techniques to judge potential future opportunities and threats. That makes financial analysis an interesting instrument to buyer. A financial analysis can be conducted if one has access to supplier’s annual reports. The results give a first impression of the quality of supplier management. A financial analysis provides insight into development of quality of the suppliers’ results. (Arjan, 2011)
Exchange rates, taxes and duties can significantly affect supplier financial viability. In many instances currency fluctuations impact components of pricing compared to other variables aligned with each other. Financial equivocation can be applied to counter exchange rate fluctuations. It is vital, however, to assess varied supply recourse in supply chain to account for market and macroeconomic viability. At the same time, taxes levels and duties can significantly affect total cost depending on suppliers’ location. (Sunil, 2006)

Financial uncertainty trace back to the capacity in which the company is considered to operate properly and effectively during its contractual term. Of importance in this regard are; financial terms, investment flexibility and solid economic condition for future. For complicated projects additional measures are required. These should comprise of at least cyclical preventive audits directed at assessing the financial position of Supplier, to be carried out by the purchaser. (Arjan, 2011)

1.11.4 Quality of Product

Performance and efficiency is a key to satisfying customer and remaining competitive requires creating a lean production/ services system which has found to be extremely difficult both operationally and financially. Quality of the services an organization should offer must satisfy the need of their customers.

According to Burt (2003), Total Quality Management received huge recognition and assimilation in answer to increasing need for firms to compete on quality basis. Reviews were mixed but generally in favor of a comprehensive quality management system. Most of quality experts agree that the reasons for failure of TQM are usually poor management execution of the system. Since the introduction of traditional quality cost model in the 1950s, managers have been urged to base quality-related decisions on hypothesized trade-off between the costs of prevention and assessment and the costs of internal and external failure. At a supply management standpoint, understanding the cost associated with
quality decision making enables understanding of both the total cost of ownership and how suppliers make decision in their production facilities.

According to the traditional cost of quality model, a company that produce poor quality product can reduce non conformance or failure cost by investing in prevention and appraisal activities. The model resolved a hypothesized trade-off by specifying a non zero optimal level of defects where the marginal cost of increased prevention and assessment activities equals the marginal benefit from failure cost reduction. Within many progressive quality systems, the optimal levels of defects are very close to zero. The conventional conformance to specification definition assumes that no loss occurs as long as output lie within upper and lower specification limits.

According to Clifford (2008), there are methods of discovering customer; be a customer: Using the product or services to acquire a firsthand experience as a customer, you must close the missing link of service and client expectations; thus creating a desiring opportunities for your company to perform better than competitors and acquire market share. You can only fix the missing opportunities by understanding customers’ needs. Communicate with customer: An organization should seek to understand every customer interaction with the company.

Effective organization understands that this process begin when the customer first contacts the company and continues until the services has completed. They realize what business they are really in because they have asked that question from the perspective of the customer. The clients have helped them define their business include their personal strengths and weaknesses as well as what they need to do in the future in order to improve the quality. Customer’s needs are moving target: Effective organizations pay attention to the part of Feigenbaum’s definition that says that quality is a moving target; that is it can be subjective or technically operational, stated or unstated, conscience or merely sensed. Summer (2005) quoted that” We are based by powers that keep coming over the horizon and are over changing directions: New technology, market competition
and international conflicts. These changing forces create new customers’ needs or change the priority given to existing ones.”

Total Quality Management guru Deming in his text Out of crisis said that it is important to measure customers’ expectations though customer research by which company is able re-design its product or services to make it better as measured by quality and its uniformity that are best suited to the user of the product or services and the price that the customer can pay.

Quality Foundation Development (QDF) is a technique that seeks to bring the value of customer into process designing or developing a product or services. Summer (2005) stated that the Total Quality Management Guru Deming in his text ‘Out of crisis’ said that it is important to measure customers expectations through customer research by which a company is able to re-design its products or services to make it better as measured by quality and its uniformity that are best suited to the user of the product and the price that the customer can pay.

1.1.2 Summary and Research gap
An issue raised in the literature review provides sufficient background to carry out this study. Thus, good supplier appraisal system is as a result of well run organization. Suppliers’ level must be planned carefully in order to balance the cost of acquiring products and cost of providing reasonable levels of customer service. Successful and effective supplier appraisal requires keeping track of suppliers’ accurate information about demand and lead times, realistic customer focus and inventorying related costs, priority system of classifying the item and allocation of control efforts. Proper customer service practices should be undertaken to ensure maintenance of loyalty and high suppliers’ level. This prevents products deterioration and poor quality related costs. The modern technology should be implemented supplier appraisal system to enhance accurate record keeping and provide information related to products from ordering time to delivery.
1.13 Conceptual Framework

### Independent Variables

- Procurement Regulation
- Customer service
- Finance
- Quality

### Dependent Variable

- Supplier Appraisal

Figure 2.1: Conceptual Framework

Source: Author 2017

1.14 Operationalization of variables

1.14.1 Procurement Regulation

A regulatory agency is a government department that has responsibility over the legislation for a given sector and can impact various businesses in various ways, for instance, through regulations on products, antitrust rulings, compliance laws among others. Rebranding can entail novel products, existing products, or even products on work in progress development. The process of rebranding, therefore may take some time depending on the product because of the need to follow the regulations set by the government. Procurement regulations aid in strategies that will result in competitive edge and result in a firm gaining value for its money spent.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Regulation</td>
<td>Consistent policy objective</td>
<td>Questionnaire</td>
</tr>
<tr>
<td></td>
<td>Reliable statistical information</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Regulatory impact assessment</td>
<td></td>
</tr>
</tbody>
</table>

### 1.14.2 Customer Service

Customer service has many dimensions and it is complex. Successfully implemented high level customer service can become a strategic way for a company to differentiate itself from its competitors. Integrated logistic defines customer service as a result of entire logistic processes. Logistics system sets the level of customer service to be offered. Revenue collected from customers’ sales and costs related to the system layout establish the returns realized by the firm.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service</td>
<td>Customer Interaction</td>
<td>Survey</td>
</tr>
<tr>
<td></td>
<td>Customer Satisfaction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resolved cases</td>
<td></td>
</tr>
</tbody>
</table>

### 2.5.3 Finance

This refers to the monetary resources that are required to start and operate the business. Finance is a very expensive and risky yet essential resource in business growth. Access to finance in general is a real issue due to several strenuous conditions that require to be fulfilled.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>Consolidated balance sheet</td>
<td>Documents</td>
</tr>
<tr>
<td></td>
<td>Income Statement</td>
<td>Records</td>
</tr>
<tr>
<td></td>
<td>Cash flow statement</td>
<td></td>
</tr>
</tbody>
</table>
1.14.3 Quality of product

Performance and efficiency is a key to satisfying customer and remaining competitive requires creating a lean production services system which has found to be extremely difficult both operationally and financially. Quality of the services an organization should offer must satisfy the need of their customers. Quality management has been graced with many visionaries who have helped to develop the field to its current importance within the companies.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Value based purchase</td>
<td>Inspection</td>
</tr>
<tr>
<td></td>
<td>Conformance</td>
<td>Execution</td>
</tr>
<tr>
<td></td>
<td>Fitness for use</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Defects free</td>
<td></td>
</tr>
</tbody>
</table>

1.15 Chapter Summary

Finance availability aids a supplier to be able to have the goods ordered by the buying firms in time thus giving it a competitive advantage over their competitors. Firms that constantly deliver the seven R’s increase value for clients and create a competitive edge that will enable them achieve a higher stock turnover. To achieve an ultimate effective integrated logistic pipeline a firm has to achieve high level customer service hence proper inventory system management.
CHAPTER THREE

RESEARCH METHODOLOGY

1.16 Introduction
This chapter deals with study design, target population sampling design, data collection methods and instruments and data analysis method and procedures.

1.17 Research Design
Research design is defined as the way a study is organized and conducted, the processes and techniques involved answering research problem or question. (McMillan & Schumacher, 1984) The study adopted the descriptive research design which involved a survey on factors affecting supplier appraisal. Descriptive research design is a methodical imperial enquiry in which the researcher doesn’t have direct dominance of independent variables as their manifestation has already taken place or because they innately cannot be manipulated (Cooper & Schindeler 2001).

The research design was chosen because the study was not only positive to collection and description of data, but also to investigate the existence of certain relationship among variables. Descriptive research design was to satisfy the aspect of the study.

1.18 Target Population
Target population as defined by Mugenda and Mugenda (2003) is a entire set of study of all units of real or hypothetical set of people, events or objects to which an researcher wishes to generalize the results. The study targeted the staff of KIRDI. The target population was 163 staff and the comprised of top, middle level management and support staff.
Table 3.1 Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Population Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>Middle Management</td>
<td>48</td>
<td>30</td>
</tr>
<tr>
<td>Support staff</td>
<td>96</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>163</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: KIRDI (2017)

1.19 Sample and Sampling Design

A sample is a small group obtained from the accessible population. Sampling design describes the steps the researcher intended to use for the purpose of getting a sample size of the research study. Stratified random sampling procedure was used. As indicated by Trochim (2006) respondents are usually chosen for the purpose of the study, using stratified random sampling technique because it enables the researcher to select respondents on a fair representation platform. A sample size of 30% was selected because it was easily accessible, convenient and effectively manageable.

Table 3.2 Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Population</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>19</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Middle Management</td>
<td>48</td>
<td>16</td>
<td>30</td>
</tr>
<tr>
<td>Support staff</td>
<td>96</td>
<td>32</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>163</strong></td>
<td><strong>54</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: KIRDI (2017)
1.20 Data Collection Methods

1.20.1 Questionnaire

Questionnaire was used to obtain data from the respondents. It contained both open and closed questions. Close-ended questions were used to analyze data quantitatively while open ended questions were used to analyze data qualitatively. The blank question sheets were given to the respondents in person by the analyst and picked them later for convenience purposes. This enable the researcher to have confidence to the information she was going to get as the questionnaire reached the right correspondence of his questions.

1.21 Pilot Study

The questionnaires were tested in advance on five respondents to ensure authenticity and potency. The respondents were included in the final study.

1.21.1 Validity and Reliability of the Research Instrument

Legitimacy and efficacy was conformed, first by formulating the questionnaire and presenting to the supervisor, who after going through and deriving satisfaction, the researcher presented the same formulated questionnaire to five respondents who thereafter presented their views about the questions, their response assisted in reframing the questions that best suit their situations. After completion of validity exercise, corrections were made on the questionnaires that were presented to the rest of the respondents.

1.22 Data Collection procedures

The researcher used descriptive studies and stratified random sampling. This was used because of how the population is distributed. After the questionnaire pilot test, the researcher later issued questionnaires to the participants. They used questionnaires to have feedback and collect data from the participants. After the questionnaires were handed back the researcher was in a position to get the right kind of information in regards to the response handed over.
1.23 Data Analysis and Presentation
Data analysis is needed before any intelligent and rational planning of an area can be undertaken. Data analysis used in this study comprised of qualitative and quantitative data analysis. Kothari (2001) indicated that qualitative data analysis provides insight and understanding while quantitative analysis tries to generate this insight to a population by emphasizing the importance of looking at variable in a broader sense in which they are found. Qualitative research tries to collect data by unprejudiced methods to provide facts about correlation, composition and prognostication. Obtained information was presented numerically through the use of diagrams such as pie charts and graphs. Raw data collected from the field was summarized in presentations that provide a descriptive analysis of the variables.

1.24 Ethical Considerations
Every research is governed by given principles of research; these principles protect the research participants from their rights being violated by the researcher and that are supposed to be adhered to. The various principles are as follows.

The principle of permissive participation, this obligates that individuals are not forced into taking part in the research process. It should be the individual’s decision on whether they would like to participate or not in a position to.

Close to the voluntary principle is the principle of informed consent. This means that the participants are supposed to be fully informed in their course of participation, they should understand that they are taking part in research and the results required from them. They must be made aware of the processes and eventualities involved and should give their go ahead for their involvement.

Another guiding principle in research that was used by the researcher was minimizing the risk of harm to the participants. The research ensured that they did not experience any position of discomfort in terms of physical harm, psychological distress and comfort, financially, or any social advantage. The researcher ensured that the risk was minimized.
Another guiding principle that was followed was confidentiality and anonymity. This ensured that information that the participant gave was kept confidential. There was no disclosure of information to individuals who were not participants in the research. The researcher also sought it wise to remove identifiers to keep their identities well hidden.

Another sought out principle that was put into place was avoiding deceptive practices and right of withdrawal from the participants. Deceptive practices were avoided in order to get the information that is required from the participants. Right of withdrawal was also observed, during the research the researcher ensured that the participants had their right on whether they wanted to continue with the study or not. This was encouraged at any stage of the research process. It ensured no coercion or pressure to the party involved.

1.25 Chapter Summary
In this chapter, the researcher engaged the descriptive research design techniques to scrutinize the data that was collected. This covered both the qualitative side which involved content analysis and evaluation of text material and quantitative method that involved the use of frequencies and percentages for data. Further into the study stratified random sampling for the sample size that saw an inclusion of the sub groups or the minority to avoid any bias. Further analysis of the research methodology chapter was discussed in the chapter that followed.
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.0 Introduction.

This section is divided into response rate, quantitative analysis and conclusion. Having collected data from the field, in this division is the examination of the data and conclusion of research.

4.1 Presentation of Findings

4.1.1 Response Rate

![Response Rate Pie Chart]

Figure 4.1 Response Rate

Figure 4.1 shows, 54 questionnaires were issued of which 46 were submitted. This translates into a response rate of 86%, 8 questionnaires which translate to 14% were not returned and they include respondents who were not in the shift during the time of questionnaire collection. The response rate was high.
4.2.2 Gender

Figure 4.2 Gender

Figure 4.2 above was used to help analyze the gender of the respondents whose questionnaires were submitted and as such were used as a basis for this research, 68% of the respondents were male while 32% of the respondents were female. The majority of the respondents were thus male as revealed by the respondents. From the response received it was noted that there was a slight gender difference in the organization.
4.2.3 Age of the Respondent

Figure 4.3 above, the response was as follows: 24% were in the age bracket of 18 – 25 years, 47% of them were in the age bracket of 26 – 35 years, 16% fall in the age group of 36-45, 8% were in the age group of 46-55 while 5% of the respondents were above 51 years.

4.2.4 Highest level of Education
Figure 4.4 Highest Education Level

Figure 4.4 was used to analyze the highest education level of the respondents. From 5% of the respondents have attained a secondary education, 24% have attained a maximum level of college education, while 71% have attained university education. Majority of the respondents therefore had university education which as such gave an impression that majority of the respondents were well educated and informed such that they clearly understood suppliers appraisal.

4.2.5 Year of Experience

![Year of Experience Chart]

Figure 4.5 Year of Experience
Figure 4.5 above was used to help analyze the years of experience that the respondents have with the research industry. 8% of the respondents have an experience of 0-4 years, 13% have an experience of 5-9 years, 45% have experience of 10-14 years, 20% have experience of 15-19 years whereas 15% have an experience of over 20 years. Majority of the respondents thus have an experience of 10-14 years which as such gave a majority of respondents who have a reasonably long experience in KIRDI.

4.2.6 Effect of Procurement Regulations

Figure 4.6 Effect of Procurement Regulations

Figure 4.6 on whether procurement regulation would have an effect on suppliers appraisal in government parastatals the response are as follows; yes are 82%, majority indicating that the present procurement regulation would have a great effect while 18% said it had no effect. Hence the procurement regulation is seen to be effective in suppliers appraisal exercise.
4.2.7 Rating of Procurement Regulation

Figure 4.7 indicate the response rate on the extent to which procurement regulations affect suppliers’ appraisal in government parastatals. From the analysis 74% rated it as very high, 13%, 11%, and 2% rated it as high, low and very low respectively. According to the research findings it can be deduced that the procurement regulations present are effective enough as inferred by 74% of the respondents.

Figure 4.7 Rating of Procurement Regulation
4.2.8 Effect of Customer Service

Figure 4.8 Effects of Customer Service

Figure 4.8 87% of the respondents indicate that; Customer Service has effect on suppliers appraisal in government parastatals. While 13% said it does not affect organization suppliers’ appraisal. Their main point of argument is that the customer service received from suppliers doesn’t change so frequently hence in coming up with a plan for suppliers appraisal it wouldn’t be a huge factor.

4.2.9 Rating of Customer Service
Figure 4.9 Rating of Customer Service

Figure 4.9 indicate rating of customer service in KIRDI. High is 45%; Very high is 29%; Fair is 20%; and Low 6%. Majority rate customer service in KIRDI considered high. Therefore the suppliers should improve in customer service for effective appraisal in government parastatals.

4.2.10 Finance

![Pie chart showing 83% Yes, 17% No]

Figure 4.10 Effects of Finance

Figure 4.10, 83% of the respondents indicates that; Finance has effect on suppliers appraisal in government parastatals. While 17% said it does not affect suppliers appraisal.

4.2.11 Rating of Finance

Figures 4.11 indicate the rating of finance 66% was rated at very great, 21% rated great and 13% rated moderate. Based on the analysis it was concluded that availability of finance is a great fact that affects suppliers appraisal in government parastatals.
Figure 4.11 Rating of Finance

4.2.12 Effect of Quality of Products

Figure 4.12 Effect of Quality of products.
Figure 4.12 shows the effect of quality of product, 87% feel that quality of product has impact on suppliers’ appraisal while 13% feel that quality of product doesn’t affect suppliers’ appraisal in government parastatals. This indicates that quality of product should be improved to more superior standards.

### 4.2.13 Rating of Quality of Product

Figure 4.13 indicate the response rate on the extent to which quality of product. From the analysis 68% rated it as high, 24%, and 8% rated it as average, and low respectively. In accordance to the findings it can be surmise that the organization receives good quality products as inferred by 68% of the respondents.

### 4.3 Chapter Summary

Qualitative analysis helped to analyze the information given by open ended question so as to come up with important deductions and counsel about the problem being studied. It also helped in establishing patterns, trends and relationship between the information gained.
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction
This section discusses the abstract of findings, conclusions and counsel of the research study. The rejoinders to the research queries are discussed from the study findings and as an effort to provide a solution. Recommendations of the study are discussed and proposition for additional studies made.

5.1 Summary of Findings

5.1.1. Extent that procurement regulation affects suppliers appraisal in the government parastatals
On how they rate effect of procurement regulation the responses are as follows; 74% rated it as very high, 13%, 11%, and 2% rated it as high, low and very low respectively. They explained that the current procurement regulation will have a great impact on suppliers’ appraisal. However they insisted on continuous improvement on the procurement regulation so that future plans of the organization are not scuttled by less significant policies. The respondents opined that in coming up with a plan; one cannot ignore the existing company policies. In respect to the study above procurement regulation has undeviatingly come up as a central variable in success determination of attempt to execute suppliers’ appraisal plan. Regulations often have negative repercussions because the niche those policies seek to impact.

5.1.2 How Customer Service affects suppliers appraisal in government parastatals
The findings in this study indicated that customer service affects suppliers appraisal in KIRDI, 87% of the respondents indicate that; Customer Service has effect on suppliers appraisal in government parastatals. While 13% said it does not affect organization suppliers’ appraisal. In rating majority of respondents at 45% rated the effect as high; Very high is 29% Fair is 20%; and Low 6%. Majority rate customer service in KIRDI considered high. Therefore the suppliers should improve in customer service for effective appraisal in government parastatals.
Therefore I concur that customer service rendered from each and every organization is unique in some aspects, respects but all are consciously designed to enable the organization to accomplish its work. It can be defined as an activity, performance, measure and philosophy. Typically, it evolves as the organization grows and changes over time. As most of the appellants at 87% of the total participants agree that customer service affects suppliers’ appraisal.

5.1.3 To what extent does finance affect suppliers’ appraisal in government parastatals?

The findings in this study indicated that finance has effect on suppliers appraisal in KIRDI by the 83% majority of the respondents indicates that; While 17% said it does not affect suppliers’ appraisal.

On how they rate the effects of finance are as follows; 66% was very great, 21% rated great and 13% rated moderate. Based on the analysis it was concluded that availability of finance is a great fact that affects suppliers’ appraisal in government parastatals Majority rate the effect of finance consideration high. According to Admiraal et al(1996) For an organization initiative of proper sourcing and use of finances to be successful, it is critical for the leaders to first have a clear understanding of all the economical factors affecting finance availability in order for the to deliver as per client expectation and even surpass them.

5.1.4 How does quality of product affect supplier appraisal in government parastatals?

The findings in this study indicates that quality of product affects suppliers appraisal in KIRDI 87% said that quality of product has impact on suppliers’ appraisal while 13% feel that quality of product doesn’t affect suppliers’ appraisal in government parastatals.

13 indicate the response rate on the extent to which quality of product.

On how they rated effect of quality of product on supplier appraisal the responses are as follows; 68% rated it as high, 24%, and 8% rated it as average, and low respectively. Therefore I concur that According to Summer, (2005) An organization can use information about insinuated value and customer contentment to aid improve their
existing process leading to improvement of quality of the product or services. When an organization is geared towards receiving quality for money spent competitive advantage is realized. This indicates that quality of product should be improved to more superior standards

5.2 Conclusions

Through the research we can conclusively state that in the exercise of suppliers appraisal in government parastatals, certain factors will most certainly have an effect on the process. However, the effect of the factor varies. We establish that some will have greater effect on the process than others. Opinion is divided; there isn’t any agreed answer on which of the four factors under scrutiny would have more effect. Procurement regulations, customer service, finance and quality of products have been seen to have great impact appraisal plan process.

Procurement regulations can’t easily be changed but it should be introduced in bits and effectively to avoid adverse impacts. Studies have shown that radical and too strict suppliers’ appraisals are not necessarily sustainable. Customer service improvement should be insisted on regularly so that an organization can receive top notch services from its suppliers. An organizations financial stability determines the rate at which it can produce goods and also the quality and within the intended lead time. In organization the quality of products received justifies the cost incurred. Always superior quality should be expected and received from suppliers at all time in order to gain the competitive advantage.

5.3 Recommendations

The study devised the following counsel:

**Procurement regulations;** Despite the fact that procurement regulations are treasured by procuring entities, the organization shouldn’t be held hostage by the same. Plans should be incorporate with organizations policies so as to gain the best out of these regulations.

**Customer service;** It was recommended that customer service received from service provider should be excellent at all times in order so that the organization can have a
supplier list of service providers who can deliver. This is return will boost work morale and productivity to higher levels.

**Finance;** It was recommended that suppliers with financial stability history should be considered when appraising service provider. This gives confidence that lead times will be met without failure due to lack of finance by a supplier.

**Quality of Products;** It was recommended that customer discern value and the outcome of collating purchasing substitutes should match the cost incurred when appraising for service providers. It is important to measure customers’ expectations though customer research by which company is able re-design its product or services to make it better as measured by quality and its uniformity that are best suited to the user of the product or services and the price that the customer can pay.
REFERENCES


**Introduction Letter**

Am a degree student in Management University of Africa and I wish to conduct a study on the factors affecting suppliers appraisal in government parastatals. I wish to inform you that your organisation was the one selected for the study. The information and data being sought is wholly for scholastic purpose and utmost confidentiality will be observed. I kindly request for your assistance in the course of the study.

Thank you in advance.

Rehema Akinyi Rashid
APPENDIX II

QUESTIONNAIRE

Kindly respond to the questions by putting a tick in the proper box or by filling in the gap provided.

SECTION A. GENERAL INFORMATION

1. Gender
   Male [ ]                       Female [ ]

2. Age
   Between 18-25 [ ]          Between 26-35 [ ]          Above 55 [ ]
   Between 36-45 [ ]          Between 46-55 [ ]

3. Level of education
   Secondary [ ]        College [ ]          University [ ]
   Other [ ]………………………………………. (Specify)

4. Duration of working in KIRDI-South C
   1-2 years          3-5 years          6-8 years
   9-11 years          12 years and above [ ]

5. Respondent category
   Managerial staff [ ]          Non- managerial staff [ ]

SECTION B. PROCUREMENT REGULATIONS

6. Are you aware of any Procurement Regulations that exist in the organization?
   Yes [ ]          No [ ]
To what extend does procurement regulations affect supplier appraisal?

Very much [ ]
Much [ ]
Little [ ]

Briefly explain the significance of procurement regulations in supplier appraisal?

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SECTION C. CUSTOMER SERVICE

7. Would you rate the levels of customer service as satisfactory?

Yes [ ]
No [ ]

How effective is customer service in supplier appraisal?

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…………………………………………………………………………………………………………………………

In your view explain the effects of customer service in supplier appraisal

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

SECTION D. FINANCE

8. Do you consider financial analysis a necessity in supplier appraisal?

Yes [ ]
No [ ]

Do you think finance affects supplier appraisal?

Yes [ ]
No [ ]

Kindly explain your answer ……………………………………………………………………………………………

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SECTION E. QUALITY OF PRODUCT

9. Is quality a necessity when conducting supplier appraisal?
   Yes [ ]  No [ ]

To what extent does quality affect supplier appraisal?

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Thank you for your cooperation