

**FACTORS AFFECTING SUPPLIER APPRAISAL IN THE AIRLINE INDUSTRY: A
CASE STUDY OF KENYA AIRWAYS LTD.**

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

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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This research project has been submitted for examination with my approval as University supervisor

Signature:..... **Date:**

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DEDICATION

This research project is dedicated to all those who made it a success; my family and all those who selflessly supported this process of my research work.

ACKNOWLEDGEMENT

I wish to thank all the Management University of Africa fraternity; they have in one way or another contributed to make this research project a success. My sincere gratitude goes to all my fellow students, lecturers, special mention to my supervisor Dr. Emmanuel Awour for continuous support. To my family members I shall forever remain grateful for the encouragement and for giving me ample time to pursue this course and allow me to be away when indeed I am required to be with them.

ABSTRACT

The main objective of this study was to examine the factors affecting supplier appraisal in the airline industry a case study of Kenya Airways Ltd. with specific objectives being to establish how organizational policy affects supplier appraisal in the airline industry; to determine how pricing affects supplier appraisal in the airline industry; to determine how quality affects supplier appraisal in the airline industry and to establish how information communication technology affects supplier appraisal in the airline industry. The findings will be the reference point to other researchers in the same field that are interested in this area of studies, the study findings was beneficial to forming the basis for future research on the subject, providing a critical examination of the field. The findings of this study will provide important information to future researchers interested in this area with references and relevant literature to complete their research work. The knowledge generated by this study will enable scholars to improve and develop a better understanding on the subject. The study is anchored on the following theories goal setting theory, institutional theory and expectancy theory. The study variables are organizational policy, pricing, quality and ICT. This study was carried out using descriptive research design. The target population of this study were 175 respondents comprised of senior managers, middle level managers and non-management that were randomly selected. Stratified proportion sampling was employed to obtain a suitable unit representative of analysis. This research study used questionnaires as the main data collection tool. The questionnaires were pilot tested before being administered to the target audience. Analysis of data was done using descriptive statistics. Specifically, means, averages and percentages was used in the study. The data analysis tools were simple tabulations and presentations of the report using spread sheets and the use of SPSS version 24.0. This study used inferential statistics to show the relationship that exists between the study variables. Data was analysed using and quantitative methods. Data was then be tabulated and frequencies calculated on each variable under study and interpretations made from the field findings. Percentages will then be calculated and interpretation made. Study findings established that, the pricing in a given institution highly affects the supplier appraisal to a great extent. This is because it was noted that price charged by the various suppliers will determine whether they will be awarded a contract with the organization or not. Organizational policy is also concluded as a major factor determining the supplier appraisal since it was noted that organizational policy is a key factor in determining the goals of an organization.

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ACRONYMS AND ABBREVIATION

EOQ	:	Electronic Order Quantity
EDI	:	Electronic Data Interchange
KLM	:	Koninklijke Luchtvaart Maatschapij
KQ	:	Kenya Airways
ICT	:	Information Communication Technology
JIT	:	Just in Time
SCM	:	Supply Chain Management
QMS	:	Quality Management System
R.B.M	:	Result Based Management
ISO	:	International Organization for Standardization

OPERATIONAL DEFINITION OF TERMS

- Customer Satisfaction** : Fulfilling customers' needs and demand within the expected given period of time (Andersen & Gatignon, 2012).
- Lead Time** : Time between appraisal of a requirement and the moment that the material is delivered to the point of use by the buyer (Kevin, 2008).
- Forecast** : A Forecast is an estimation of future demand. Most forecasts use historical demand to calculate future demand (Autry & Bobbitt, 2008).

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter address the introductory section of the research study. It basically include the study background, study problem statement, study objectives, study research questions, the significance and scope of the study and finally chapter summary with the aim of determining factors affecting supplier appraisal in the airline industry with reference to Kenya Airways Ltd as a study case.

1.1 Background of the study

Every single year the role of purchasing in supply chain management has continue to receive attention in various organization, purchasing enhances competitiveness and efficiency among other benefits to realize the benefits it's imperative to maintain and select competent suppliers. However, there are other factors that affect organization ability to select the right supplier. Some of the factors an organization consider include quality, financial base, technological ability, commitment, trust, reliability and timely delivery (Cox, 2009). Quality, price, communication, materials delivery and technology are recognised as the commonly used criteria as indicated in various studies, however other criteria such as credibility, ISO certification, reliability, product development and good references are also considered important. This is an indication that the focus is shifting from solely relying on quantitative factors to include qualitative criteria (Harps, 2010).

Scholars agree that the following factor makes the supplier selection decision a complex situation these factors include internal and external constrains imposed on buying process, multiple criteria (quantitative and qualitative), conflicting objectives of the criteria and finally due to high competition. However, it takes a lot of efforts and patience to develop a formidable partnership. Since the right supply selection process embraces different functions such as quality among others. Within organization it's a multi objectives problem, intangible and tangible factors in a categorized manner. Effective supplier refers to the supplier that can supply the correct amount of materials and services at the right time at the right quality and price. There for its obvious that effective supplier selection has to deal with a host of qualitative and quantitative factors that may be in conflict with one another (Vera & Pullman, 2008).

In the last two decades the world economy has been dramatically changed due to various reasons. The business environment is characterized by uncertainty, rising complexity, volatility

and instability. Organizations have to rethink that the traditional methods and strategies for doing business to the pressure of changing market conditions, changes in technology, intensify global competition and shorter product life cycle. Procurement managers and officers are now realizing that no matter how resourceful and strong their organization they are no longer able to maintain a competitive advantage at every step in the value chain in the market (Handfield & Nicholus, 2009).

Supplier selection is five phase processes that start from the realization of the need for a new supplier, formulation and determination of decisions, prequalification and finally supplier selection. Li (2011) developed three factors in supplier selection measure based on practitioners interview and literature review. He illustrated that underlying the documented suppliers' selection criteria is the need to assess a supplier's quality and service capabilities as well as his strategies and managerial alignment with the buyer. Tan (2008) proposed an integrated model by combining the analytical hierarchy process and grey relation analysis in a single evaluation model. He proposed that through this model, it is possible to effectively integrate the specialized knowledge and experience of each disposed evaluation and the quantitative data to select the best supplier for cooperation. Supplier selection is usually a time consuming process that evaluates suppliers on several criteria such as cost of production, raw material cost, quality assessment, organizational goal, quality staff, delivery system, personal facilities etc. Selection of suppliers is complicated process by the fact that numerous criteria must be considered in the decision making process. Therefore, different criteria are usually considered during the supplier selection process.

1.1.1 Kenya Airways Limited Profile

Kenya Airways is the national flag carrier of Kenya and one of the leading airlines in Africa. The history of Kenya Airways can be traced back to 1946 with the formation of East African Airways Corporation which collapse in 1977 with East African Community. In 1977 January twenty second Kenya airways was wholly owned by the government of Kenya with its hub at Jomo Kenyatta international airport, the airlines operates over 52 destinations worldwide and its ranked third largest airline in Sub-Saharan Africa with both passenger and cargo aircraft. Kenya Airways is among the top three fastest growing aviation's market worldwide with annual passenger growth averaging five percent per annum (Annual Report, 2017).

The airlines operates fleets of Boeing Kenya on its international carrier and operates an extensive network of regions services in Kenya and Africa as well as flights in Asia, Europe and the Middle East. Kenya Airways was recently elevated to sky team member after attaining the requirements and serving three years' probation period which was sponsored by KLM. Kenya Airways is listed in all the stock market in east Africa countries of Kenya, Uganda and Tanzania under the ticket code KQ. The airlines group activities include domestic, regional and international carriage of passengers, air cargo, provision of ground handling services to other airlines and handling of import and export cargo (Annual Report, 2017)

1.2 Statement of the problem

Different organizations are faced with the challenge of identifying the appropriate supplier who will meet their needs in the most efficient and effective way. Wrong supplier appraisal usually results in negative effects such as poor quality products, loss of market share due to loss of customers, negative publicity from the community and closure of the organization and increases of stock out costs. Studies has shown that most organizations may or receive low quality of materials and services due to failure to identify the most appropriate supplier and this situation contributes negatively to the performance of these organizations. In line with this observation, there is needed to come up with the various ways through which the suppliers can be identified appropriately. The study therefore seeks to examine the factors that affect the supplier appraisal in airline industry. It seeks to find out the effect of organization policy, pricing, quality and information communication technology on the supplier appraisal and how they may help combat the effects that may result due to wrong supplier appraisal.

There are concerns with regards as it was suspected that some brokers are being selected to provide services at the national carrier Kenya Airways. And there is a need to examine how the different vendors are selected and how their selection has an implication on their performance of the airline. This means measuring output in terms of time and quality of delivery as per laid down standards it's in this light that current study intends to determine how this factors has affected the performance of the airline that has result to organization posting negative results.

1.3 Objectives

The main objective of this study was to determine factors affecting supplier appraisal in the airline industry a case study of Kenya Airways Ltd.

1.3.1 Specific Objectives

- i. To establish how organizational policy affects supplier appraisal in the airline industry.
- ii. To determine how pricing affects supplier appraisal in the airline industry.
- iii. To determine how quality affects supplier appraisal in the airline industry.
- iv. To establish how information communication technology affects supplier appraisal in the airline industry.

1.4 Research questions

- i. To what extent does organizational policy affects supplier appraisal in the airline industry?
- ii. How does pricing affects supplier appraisal in the airline industry?
- iii. To what extent does quality affects supplier appraisal in the airline industry?
- iv. How does information communication technology affect supplier appraisal in the airline industry?

1.5 Significance of the study

1.5.1 To Students, Academicians and Scholars

The findings was the reference point to other researchers in the same field that are interested in this area of studies, the study findings was beneficial to forming the basis for future research on the subject, providing a critical examination of the field. The findings of this study will provide important information to future researchers interested in this area with references and relevant literature to complete their research work. The knowledge generated by this study will enable scholars to improve and develop a better understanding on the subject. Further, the documented report of this study was easily acquired in the library and it will equip the learners with more knowledge and skills on factors affecting the supplier appraisal in the airline industry. The findings will further make a myriad support to the literature on factors affecting the supplier appraisal in the airline industry was part of articles that was useful to researchers who want to further in this study and to other wider stakeholders in academic circles.

1.5.2 The Management of Kenya Airways

The board of directors and management can identify areas of weaknesses and the need to seek strategies to know the importance of having efficiency of supply of products and how to improve them. Procurement department at Kenya airways should comply with all applicable government regulations. Therefore the Kenya management will be able to see suppliers who ensure operations are being performed in a manner that is appropriate as it applies to their ethical, legal, environmental and social responsibilities. Suppliers should recognize that the applicable government regulations might include those in the country of manufacture, as well the country of sale. Registration to ISO 14001 is strongly recommended.

1.6 Scope

The research was confined to Kenya Airways head office located in Embakasi, Airport north. This study was carried out in the month of March to May 2018. The researcher targeted and sample employees in all level of management and non-management staff in providing needed information. The researcher targeted 175 respondents that provided the required data for the study.

1.7 Chapter Summary

The chapter provides study background rationale for the proposed study of understanding the effects of level of education on financial independence as measurement of success between employees and entrepreneurs and the setting required to put the research problem in to proper context and understanding in line with study objectives and research questions. The chapter outlines the background of the study from an international perspective to a local perspective, the statement problem has been clearly explained and research gaps established, the section is inclusive of research study objectives, research questions, significance and study scope. This chapter has formed the basis for the guiding principle upon which literature was reviewed, theories established, methodology developed, research carried out and analysis made. The chapter has also laid down the intended research, with the scope covering Kenya airways head office in Embakasi.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter entails the overview and the review of previous studies that are in related to study variables and are consistent with study intentions. The existing theories are clarified besides the analysis of the past established knowledge which has outlined the organized understanding of the past studies and the major issues. The chapter covers study theoretical literature, empirical literature, research study gaps, Conceptual frameworks, operationalization of variables and chapter summary.

2.1 Theoretical Literature Review

The theoretical review is a logically described, developed and elaborated network of associations among variables deemed relevant to the problem situation identified. Theories are generally formulated to understand, predict and explain a phenomena and in many cases to challenge and extend the existing knowledge within the limits of critical bounding assumptions. The theoretical literature describes and introduces the theory that explains why research problem under investigation exists and is a structure that can support research study theory (Sekaran, 2010).

2.2.1 Goal Setting Theory

Edwin A Locke began to examine in the mid-1960s and he continue to research on it for over 30 years. He derived the goal setting theory from Aristotle; Locke refined and developed goal setting theory in 1968. The postulation of goal setting theory is that their aim is to supervise human action. Studies specifies exact aims leads to increased employee performance, According to Locke and Latham (2010) goal setting has four motivational mechanisms that are goals have an energizing function, goals that are meaningful tends to emphasis on distinct consideration on what is important and relevant, goals affect persistence. When an individual in pursuit of certain goals, they don't seemed satisfied until the goal is achieved. Goals serve as reference opinion that distinguish satisfaction and dissatisfaction and employee that produces the toughest goal line are hard to fulfil. Human beings are unendingly wanting group and to satisfy their needs are not altogether mutually exclusive but only tend to be.

When goal setting is applied to work stations this implies that managers have a responsibility to ensure that deficiency needs are met that is proper wages and safe environment, creating proper climate in which staff can develop their full capabilities. In relation to the study there is

need for assurance, obligation and maturity. Managing organization by objectives becomes the process in which organizational objectives are agreed upon this way personnel know the expectation and hence they are able to set their own individual goals. According to Ferris (2007) goal setting is a set of decision theories of work of motivation and performance. Perception plays a vital role in this theory because it emphasizes on cognitive ability to anticipate likely consequences that result from behavioural action (Kinicki, 2013). Goal setting theory has two major assumptions that is individuals have a perception about the concerns that result from their interactive engagements and casual relations among the outcomes and second assumption is individual has effective reactions to certain outcomes that is both positive and negative value.

According to this theory individual are motivated to perform by two expectations. Goal setting is the probability that the effort will always lead to desired performance and second goal setting is that particular performance will lead to preferred outcomes. While some efforts will not be rewarded, the employee will not be motivated with to perform specific task. Goal setting theory relies upon motivators to clarify the causes of behaviour at a work station, external rewards are viewed as motivators that fuel behaviour as opposed to intrinsic motivators when behaviour are driven from internal forces. Therefore individuals' employees are able to attain both individual goals and organization target (Isaac, 2011).

2.2.2 Institution Theory

This theory was established in 1984 by Goguen and Burstall. Institution theory has put more emphasis on the organization environment are important in shaping firms structure and actions, the theory states that organization decisions are not purely driven by rational goals of efficiency but by cultural and social factors and apprehensions for acceptability . Organizations are elated by structures, routines, cultures and operate at several levels. According to institutional theory organizations become similar due to isomorphic pressure and pressure for sincerity. Which implies that organization in the same field tend to become homologous over time, as competitive and customer pressure motivate them to copy organization leaders. Organizations are likely to be induced to adopt what fellow organization by external isomorphic pressures from competitors, government, trading partners and customers (Peters, 2000).

Institutional theory puts more emphasis on social behaviour which considers organization process by which configurations, schematics, guidelines, customs and procedures that are conventional as commanding strategies. According to the theory organization strategies are influenced by other external factors that include political, social and economic pressure and

decision making within the firm seek to legitimate their practices to other stakeholders (Zucker, 2007). The study will adopt this theory because it explains the changes brought about in organization by social values, regulations that affect decision and technological advancements. Institution theory has put more emphasis on the organization environment are important in shaping firms structure and actions, the theory states that organization decisions are not purely driven by rational goals of efficiency but by cultural and social factors and apprehensions for acceptability. Organizations are elated by structures, routines, cultures and operate at several levels. According to institutional theory organizations become similar due to isomorphic pressure and pressure for sincerity. Which implies that organization in the same field tend to become homologous over time, as competitive and customer pressure motivate them to copy organization leaders. Organizations are likely to be induced to adopt what fellow organization by external isomorphic pressures from competitors, government, trading partners and customers (Kato, 2009).

According to the theory organization strategies are influenced by other external factors that include political, social and economic pressure and decision making within the firm seek to legitimate their practices to other stakeholders. Institution theory has put more emphasis on the organization environment are important in shaping firms structure and actions, the theory states that organization decisions are not purely driven by rational goals of efficiency but by cultural and social factors and apprehensions for acceptability. Organizations are elated by structures, routines, cultures and operate at several levels (Immergut, 2008). The study will adopt this theory because it explains the changes brought about in organization by social values, regulations that affect decision and technological advancements.

2.2.3 Expectancy Theory

This theory was proposed by Victor Vroom in 1964 and it stress and focuses on outcomes. According to Lucas and Diener (2007) expectance theory is a set of decision theories of work of motivation and performance. Perception plays a vital role in this theory because it emphasizes on cognitive ability to anticipate likely consequences that result from behavioural action (Krentner & Kinicki, 2011). As explained by Vroom (1964) the expectancy theory has two major assumptions that is individuals have a perception about the concerns that result from their interactive engagements and casual relations among the outcomes and second assumption is individual has effective reactions to certain outcomes that is both positive and negative value (Lucas & Diener, 2007).

According to this theory individual are motivated to perform by two expectations. Expectancy is the probability that the effort will always lead to desired performance and second expectancy is that particular performance will lead to preferred outcomes. While some efforts will not be rewarded, the employee will not be motivated with to perform specific task. Expectancy theory relies upon motivators to clarify the causes of behaviour at a work station, external rewards are viewed as motivators that fuel behaviour as opposed to intrinsic motivators when behaviour are driven from internal forces.

2.2 Empirical Literature Review

2.2.1 Organizational Policy and supplier appraisal.

Harris (2013) stated that organizational policy is a set of shared mental assumption that guides the interpretation and actions in the organization by defining appropriate behaviour from various situations in the organization. Policy represents the social glue and generates the feeling and thus contracting processes or differentiation which are an unavoidable part of the organizational life. It also offers a shared system of understanding which is the basis for communication. If all these factions are not fulfilled in a more satisfactory way, policy may significantly reduce the efficiency of an organization and demoralize employee satisfaction. He asserts that a strong policy exist where staff exist to a stimulus because of their alignment to organizational values. In such environments, strong policy helps organizations to operate like well-oiled machines on continuous service. However where there is little alignment with organizational values and policies, control must be exercised through extensive procedures which indicate that there exists a weak policy (Harris, 2013).

According to Cole (2002) when the researcher speaks of the policy of an organization, he refers to the behaviour patterns and standards that bind it together. Some organizational policies encourage productivity; many do not. Organization policy as shared meaning shared understanding and shared belief. An organization's policy encompasses everything it does and everything it makes. That is, it not only affects the manner in which managers manage, but it also affects the way in which the organization processes its products and provides services to its customers (Caruana, 2002). A company's policy tells the people who work for it what is right and wrong, what to believe, what not to believe, how to react and how to feel (Blanchard, 2010).

Constrictive policy encourages members to work to their full potential resulting in high level of motivation, satisfaction, team work, service of quality and safer growth. Constructive norms are evident in environments where quality is valued over quantity, creativity is valued over conformity, and corporation is believed to lead in better results than competition and effectiveness is judged at the system level rather than the component level. These types of policy and norms are consistent with and supportive of the objectives behind empowerment; total quality management, transactional leadership, continuous improvement, re-engineering and learning organizations.

Harris (2013) found out that supplier appraisal was positively associated with the degree to which an employee fits in to the overall policy and sub policy in which they worked. A perceived miss much of the organizational policy and what an employee feel the policy should be is related to a number of negative consequences including lower supplier appraisal, high job strain, general stress, and employee turnover intent. A good organizational policy may impact the employee decision making and level of creativity. The same may cause an impact on attraction and retention, deteriorate the company performance and unhealthy working environment all are signs of an overdue policy (Chopra & Meindl, 2015).

Organizational policy and productivity are closely related. Simply stated, productivity is the art of getting the company's products and/or services to the customer at the lowest possible price. But it is more than that - it is related to quality, to customer needs and to labor relations. In other words, productivity and good management are inseparable. Productivity is a result of motivation, and motivation thrives in a good climate. If management is to transform this fragile good climate into a long-lasting policy for success, it will have to focus on the following seven areas of improvement: They states that the degree to which the goals and plans of the organization are clearly perceived by its members rises in proportion to the employees' feelings of involvement in the goal-setting and planning procedures. Fostering this feeling of involvement and direction is more important than presenting lists of objectives and detailed plans. To promote organizational clarity, involve all members of the organization in the goal-setting and planning process (Harris, 2013).

Public procurement and disposal act 2005 and public procurement and disposal regulations 2006 outlines the role of procurement unit. It maintains and updates annually list of registered tenders and lease with the authority in respect of authority register of suppliers and procurement agents, it's charged with the responsibility of preparing, publishing and distributing

procurement and disposal opportunities. In any government corporation there is a procurement unit that invite tenders, pre-qualify and expression of interest, the same unit coordinates receiving and opening of tenders documents and among other roles are to maintain and safe guard procurement and disposal documents for the stipulated period. They coordinate and implement decisions on tender procurement committee, internal monitoring and evaluation of supplies for a given financial year. In regard to the payments they certify invoices and payment vouchers to suppliers, they also approves the extension of tender validity period in addition to verifying available stocks (Republic of Kenya, 2005)

2.2.2 Pricing and supplier appraisal.

A price is what a buyer must give up to obtain a product or a service, It is quite flexible compared to the other market mix components, it can be changed or moderated at a short notice. It quite important as it is the one that brings revenue to the company as argued by Lam, (2002). For effective business venture, the right price must be done, this determines profitability of the company, remember it is the only component that brings the much needed revenue, all the other are about costs as observed by Kotler and Armstrong, (2010). For consumer, price is the monetary expression of the value to be enjoyed or benefited by purchasing a particular product. Price is critically important element in company's profitability .Under price; we have elements like list price, discounts, allowances, payment periods and credit facilities (Kotler, 2010).

As stated by Kottler and Armstrong (2010), as far as pricing is concerned, successful materials require the development of a highly integrated and coordinated system involving sales forecasting, purchasing receiving, storage production, shopping and actual sales. Both theory of mechanics and inventories and the practical mechanics of pricing calculations and record keeping must be considered. Lysons (2007) stated that these may be pricing associated with making the lower pricing product perform to standards. The additional pricing of early replacement or the pricing redesign or testing required making the lower pricing product available.

According to Lewis (2011) pricing refers to the pricing of labour, transportation during procurement. There are two factors that influence the pricing. The first factor is production of labour employed which is increasingly related to labour pricings. This generally means that the average amount produced by each individual employed in a given unit of time great in countries with higher labour pricings. (Strugeon & Florida, 2011).Donald (2011) stresses on Pricing

saving by identifying preferred volume discount. New technologies for materials procurement often reduce variable pricings by allowing more efficient processing and operations. To save the pricing procurement department has to buy the materials for entire organization from one point and they need to choose the best possible suppliers who will deliver the materials without charging the high pricing that may lead to low profits. Reduction of just a few percent make a huge impact on overall spends across the organization

According to Saxena (2006) pricing is the major determinant in the influence to effective selection of suppliers. It is important for suppliers to estimate the pricing of producing and manufacturing the product. It is also important to know how pricings behave over a period of time and quantities produced. Another factor to be considered is that different level of efficiency reflecting their pricing structures. A firm may have a low pricing structure than the industry average an account to several variables, coordination between department and utilization of plant. According to Blythe (2006) product manager can make intelligent reduction in production pricing decision having some estimate of the relative pricing position held by competitors in the product category. An understanding of the pricing structure of the category provides at least three types of guidance. First assuming no product can be sold from extended period, pricing estimates provides the product manager with idea off the margin category. Pricing can be estimated in several ways.

As stated by Lysons (2006) the single most important reason for a firm to do procurement is to lower of the overall pricing and especially operating pricings of doing business. The access to a procured company lower pricing structure offers a strong reason for benefits in short term. This will involve reducing the scope, defining quality levels, re-pricing, and re-negotiation and pricing re- structuring. According to Quayne (2006), pricing is also an important consideration for a rights owner who decides to rely on litigation to deal with procurement abuse respectively. This pricing includes not only the outright fees charged by the investigations. He stated that the procurement process pricing includes; maintaining a showroom, distributing product, receiving orders, placing orders, locating a source.

Anthony (2007) stated that after the unit pricing and total pricing of incoming materials are entered in the received section of a material ledger cards, the next step is to take these materials as they move from storeroom to factory as direct materials or from Storeroom to marketing and administrative expense accounts as materials issued and inventories are first in first out pricing methods, average pricing methods last in first out pricing method. Other methods month and

average pricing, last purchase price or market price at date of issue and standard pricings. Michuri, (2008) stated that pricing methods present same important, often complex and sometimes highly controversial questions concerning the pricing of materials used in stock taking and the pricing of inventory remaining to be consumed in future period. In financial accounting, the subject is usually presented as a problem of inventory valuation; in procurement; the primary problem is the determination of various materials consumed in production change to procurement goods sold. This discussion here is not based on any particular type of size or an organization; it is rather a general description of the accounting and controlling procedure involved in procurement of and use of materials.

2.2.3 Quality and supplier appraisal.

Quality is requirements in today's life; the main issue of quality is outlined in customer satisfaction. Customer expectation and requirements of a particular product or service lies purely on their own understanding. Quality is managed and controlled through all processes within the firm. For organization to establish and maintain quality they are forced to adopt quality management system in the organization strategy. All these activities are essential pillars of excellence administration. Organizations are constantly looking for modalities to improve and expand their business in terms of quality and quantity (Andeson & Fornell, 2010). Willingness for organization to produce quality products is often in line with expectations on improved quality and factors perceived as important competitive advantage and success. One of the attributes of customer expectation is the quality of services and products on offer at the market; consequently the logical conclusion is that after sales evaluation is often stronger and more intense. The reasons way marketing departments aim at retaining customers and looking for new ones they understand they must meet their expectations.

Bednar and Reeves (2014) defines quality being equivalent to excellence and value as being in accord predetermined sets of requirements and being in a position to meet customers expectation. Berry, Zeithaml and Parasuraman (2007) explains perceived quality focuses on the extent in which discrepancy between customer expectations and the level of quality they perceive that have received. Customer perceptions and expectations are both entirely subjective. However they define service quality as perceived by the customers as being a purely individual estimation curtailing from the position of the client. According to Park and Yoo (2007) service quality is the extent to which a firm is capable of effectively satisfaction of customer's objectives. Quality is what every organization strives to thrive on and it's a challenge to most

organisation. Clients are more informed and increase in demanding quality product and services, they also confirm whether product brand is certified and it's of good quality. The level of product quality has an impact on organization performance which directly influence and develop trust (Geysken, 2008).

Clients play an important role in quality management, because their demand products with higher standards therefore organizations are obligated in improving customer value proposition. Modern marketplace is characterized by competing firms, universality which distinguishes from other participants using quality superior product such result improves customer perceived value and image and improves customer loyalty (Kandampully & Juwaheer, 2009). Clients are interested quality as planned by suppliers who seek a way to guarantee quality of service delivery that will meet customers' expectations. ISO 9000 provides values as pledge to firms and their customers those obvious and accepted processes though ISO 9000 certification is not mandatory as business requirements more business seems to acquire it from suppliers and partners, certification boost an organization assessment all the time the organization is judged against competition (Roger, 2012). Willingness for organization to adopt ISO 9000 is often in line with expectations on improved quality and factors perceived as important competitive advantage and success. One of the attributes of customer expectation is the quality of services and products on offer at the market.

2.2.4 Information Communication Technology and supplier appraisal.

Technology therefore may be equated to mean the use of new ways rather than old traditional ways in carrying out tasks in simplified ways that save on time, energy and increases production. Porter (2007) states that firms need to be flexible enough to respond to each wave of technological progress ultimately. Firms which are unwilling to adapt to the rapidly accelerating pace of changes are likely to face an increasing uncertain future. An information system can be defined technically as a set of interrelated components that collect process, store and distribute information to support decision making and control in an organization. By information we mean data that have shaped into a form that is meaningful and useful to human being. Human resource and institutional development is among the prerequisites for sector development and participation in world globalization.

The use of information technology (IT) has changed the way of doing business and proved a potent instrument o trade expansion in the form of ecommerce. Such potential opportunities are not well exploited. Lack of paucity of appropriate data to monitor, plan and assess the

performance of the transport and communication sector has made it difficult for procedures makers to develop appropriate procedures and investment for the sector (Cappels, 2010).

Guilliano (2009) says that use of computer technologies expands the range of work methods. People no longer need to make long hand written drafts that are later typed and proof read several times. They make use of computers to enhance a variety of work activities. They can communicate better and faster enough electronic mail. Information was at their fingertips through other tasks such as analysing data and preparing correspondence using sophisticated equipment. In our case a “good performance management “system” one that establishes clearly defined individual performance objectives for all employees. These objectives support the organization effort to achieve higher levels of performance from one year to the next. It includes competencies (knowledge, skills and behaviours) needed to achieve the organizations business result in every employees performance plan and defines those competencies behaviors for example, every managers plan should include continuously developing associates for staff, monitoring progress against expectations and addressing performance gaps. As an organization the staff was interacting more electronically with other employees and customers with the use of new digital tools to accomplish their work. Digital networks that use the terms electronic business and electronic commerce frequently, electronic business or e-business designates the use of internet and digital technologies to execute all of the activities in management of the firm and for coordinating with suppliers and other business partners. It also includes electronic commerce. E – Commerce is the part of e-business that deals with the buying and selling of goods and services electronically with computerized business transactions using the internet, networks and other digital technologies. It also encompasses activities supporting these market transactions, such as advertising, marketing customers support, deliver and payment (David & Jones, 2014).

Malone (2007) reported that behavioral researchers have theorized that information technology could change hierarchical decision making an organization by lowering the price of acquisition and broadening the distribution of information. Senior managers could rely information to subordinates who could in turn make independent decisions based on the knowledge without any management intervention. This in the end empowers the employees and makes them learn how to make important decisions. Chapter (2006) says that new technologies enable to expand the scope of human activity. There should be endeavour to make work more interesting and are of the ways is to involve workers in the design process. This should correspond with increased autonomy and empowerment.

In his study Kottler (2010) emphasizes that the use of information technology as a means conducive company business has greatly increased the ability to conduct their business faster, more accurate over a wide range of time. It has profound influence on all aspects of life especially the business environment. Personnel in purchasing and supply management are in service information process. They receive, analyse and make decisions and distribute information in order to manage the flow of goods and services in the supply chain. Technology is the knowledge of using tools and machines to do a task more effectively. Technology today has a great importance on procurement and the advancement of procurement makes the procurement easier and at low price. Computers have become very important and essential requirements in their life of modern man. This is because a lot of information can be stored in the computer and can be made use when needed. High transaction price is one of the major factors limiting procurement (Plennert, 2013).

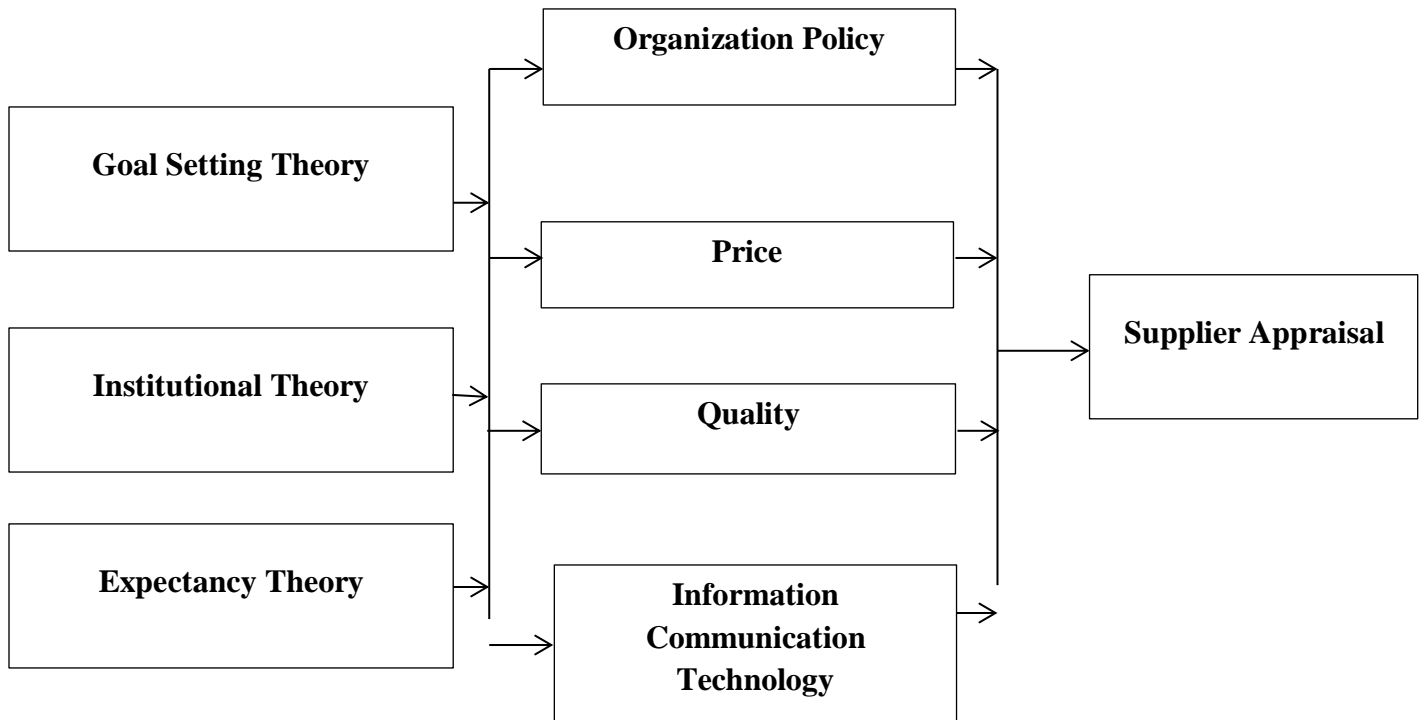
The advantage of IT includes getting the right product from the right supplier to the right buyer at the right time, for the right price and right quality. IT has significantly changed procurement as a more information significantly changed procurement as more information is readily available and it is easier to share the information to interested parties as part of the decision making process. The use of information technology has in procurement activities has streamlined and optimized the whole process.

2.3 Summary and Research Gaps

From the existing literature, there was a clear outcome that the studies done put more emphasis on factors to consider when selecting suppliers for manufacturing entities or business enterprises. The objective of procurement activities in organization is to achieve company's objectives on quality, cost, delivery, service innovation performance of suppliers as well as internal customer satisfaction. This research will therefore go further by looking at the factors that affect supplier selection in airline industry in order to bridge the existing information gap. Customers need is not given the importance it deserves. Businesses are busier trying to make profit and the efficiency problems, however, if organizations don't dispatch the required amount of knowledge and skills there was a problem and it brought the company down.

2.4 Conceptual Framework

Figure 2.1: Diagram showing the conceptual frameworks



2.5 Operationalization of variables

Table 2.1: Table showing operationalization of variables

Study Objective	Study Variable	Measurement
To establish how organizational policy affects supplier appraisal in the airline industry.	Organization Policy	Questionnaire
To determine how pricing affects supplier appraisal in the airline industry	Pricing	Questionnaire

To determine how quality affects supplier appraisal in the airline industry.	Quality	Questionnaire
To establish how information communication technology affects supplier appraisal in the airline industry	ICT	Questionnaire

2.6 Chapter Summary

The chapter has reviewed of previous studies that are in related to study variables and are consistent with study intentions. The existing theories are clarified besides the analysis of the past established knowledge which has outlined the organized understanding of the past studies and the major issues. The chapter also covers study theoretical literature, empirical literature, research study gaps, Conceptual frameworks, operationalization of variables. Empirical and theoretical literatures are discussed in this chapter with relation to the supplier appraisal s. The study has selected theories that are related to the study and has discussed literature in relations to study variables with the aim of exposing existing gaps in the field of supplier selection, the conceptual framework has been developed from which the research methodology is chosen and data collection and analysis made in relation to study objectives.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

In this chapter outlines procedure to be used in the study it offers an explanation into what type of research this study is all about. It also defines the population of the study and the specific sampling techniques to be used, data analysis and collection methods. The chapter also includes design, pilot study, validity, reliability and ethical consideration. Research methodology offers an explanation into the proposed methodology that will assist the study to achieve the main objective of the research which is to establish the effects of education level as a determinant of financial independence of an individual.

3.1 Research Design

A general layout that the researcher uses to respond to research questions is referred to as research design. Orodho (2005) defines research design as a general layout that is used to answer research questions or resolve a dilemma. According to Kothari (2004) a research design is an arrangement of the procedures for data collection and data analysis in a manner that aims to combine the relevance of the research purpose with procedure hence it's the conceptual structure within which the research study is conducted.

Cooper and Schindler (2008) describe descriptive design as a process of finding out, what, where and how an incident occurred. This study was carried out using descriptive research design. Descriptive research design is appropriate for studies that have specific issues where problems have been defined (Mugenda & Mugenda, 2003). Research design focuses on transforming research questions into research project. Cooper and Schindler (2008) stipulate that research process should employed conducting research. Research study becomes more prevalent within society and the scientific realm.

The quantitative research focuses on responding to the research questions through the collection and statistical analysis of numerical data (Kothari, 2004). This model collects data from specific instances and occurrences with the aim of providing results that are generalizable to other similar surroundings. Moreover, this model acquires measurements and performs analyses which are easily repeatable by other researchers. A key facet of quantitative research is that the researcher elects to be an outsider since the primary focus is on collecting

objective data. Thus careful attention is paid not to "pollute" the data via personal involvement with the research subjects (Orodho, 2005). The research study will adopt quantitative research design since the primary goal is often to have a better understanding the effects of education level as a determinant of financial independence of an individual, it's imperative that results obtained is to generalizable to a diverse array of organizations.

3.2 Target Population

According to Cooper and Schindler (2008) defines target population as the total collection of elements which one wishes to generalize the research inference. The target population is defined as all the members of a real or hypothetical set of people, events or objects the researcher wishes to generalize in the results of the research. Mugenda and Mugenda (2003) describes target population as a complete set of individual cases object with some common characteristics to which researchers want to generalize the results of the study. Due to the very nature of the specific skills and experience required for this type of research, this study engaged individuals with management expertise from the organization. The target population of this study comprised senior managers, middle level managers in selected organizations within Nairobi County as shown in Table 3.1.

Table 3.1: Table showing target population

Category	Target Population	Percentage
Senior Manager	100	6
Middle Level Managers	350	20
Non-Management Staff	1300	74
Total	1750	100

3.3 Sample and sampling technique

A stratified proportion sampling was employed to obtain a suitable unit representative of analysis. This is because of the heterogeneity of the population and respondents all had equal opportunity of participation. Kothari (2004) argues that a stratified proportional sample increases a samples statistical efficiency and provides adequate data for analysing the various populations. This method is cost effective, fast track data collection, and access to the unit of analysis and elements of the study. According to Kombo and Tromp (2009) indicated that a sample size of 10% or 20% of the target population selected using stratified sampling. In this context, the researcher used the minimum which is 10% because of limited resources. Kothari (2004) observed that sample drawn randomly is unbiased in a way that no number of populations has any chance of being selected more than the other. A sample is defined as subject of a population that has been selected to reflect or represent characteristics of a population (Kothari, 2004). Cooper and Schindler (2008) a sample frame is a set of information used to identify a sample population for statistical treatment, the sample frames includes identifying information on characteristics of the individual to aid in data analysis and allow for division of frames.

The sample size is tabulated as follows:

Table 3.2: Table showing Sample size

Category	Target Population	Sample Size	Percentage
Senior Level Managers	100	10	6
Middle Level Managers	350	35	20
Non-Management Staff	1300	130	74
Total	1750	175	100

3.4 Instruments

Research instrument are measurement device for instance, survey, test, questionnaire. This research study used questionnaires as the main data collection tool. Questionnaires are a list of standard questions prepared to fit a certain inquiry. According to Orodho (2005), questionnaires measures likelihood of straight, even and blunt answers. This can be superior to an interview

because social communion operates strongly in a face of situation that may prevent the person from expressing what he feels to be socially or professionally unacceptable views. Questionnaires were constructed based on the research objectives. Questionnaires are preferred since they are easy to administer and time-saving (Mugenda & Mugenda, 2003). According to Orodho (2005) each item on the questionnaire should be developed to address a specific objective, research question or hypothesis of study. The questionnaire will contain closed-ended questions using scaled questions. The questionnaire in the study is preferred based on other researchers who have used it in the same subject area.

3.5 Pilot study

The pilot study aims at establishing the validity and reliability of instruments of research (Cooper & Schindler, 2008). The study adopted content validity to measure the degree to which data was collected with the aid of questionnaires. Before using the questionnaires for generating data for the study, a pilot study was conducted in selected respondents in Kenya Airways office in Nairobi Central business district. The purpose of pre-testing the research instrument was to verify whether the questionnaire are clear to the respondents, establish whether the feedback form would effectively address the data needed for the study, assess and identify any problems respondents would encounter in completing the questionnaire that may not have been foreseen when constructing the questionnaire.

3.5.1 Validity

According to Mugenda and Mugenda (2003), validity is the accuracy and meaningfulness of inferences, based on the research results. The researcher used both content and facial observation to ascertain validity of the questionnaire. Validity is the correctness and capacity of interpretations founded on the study results. The researcher conducted the pilot study to validate the study questionnaire. Content validity draws an inference from test scores to a big area of items similar to those on the test. Cooper and Schindler (2008) explains that understanding and expertise covered by the test items that represent a larger area of same dynamic.

3.5.2 Reliability test

Reliability is the degree to which a question consistently measures (Sekaran & Bougie, 2013). Cronbach's Alpha is a popular method for estimating the reliability of an instrument but it is highly inappropriate for the survey questionnaires. The study used co-efficient of 0.6 or above for all constructs that are considered adequate for the study. The construct multiple of reliability is Cronbach alpha; according to Kombo and Tromp (2009) the standard acceptable reliability coefficient is 0.6 the study adopted Cronbach Alpha was used to test research instruments reliability. According to Mugenda and Mugenda (2003) a reliability test of research instruments is one that consistently produces the expected results. According to Kothari (2004), a questionnaire has the same expectation, that is, it reliably does what it is designed to do every time it is used. If the questionnaire is consistent over time and yields similar results each time it is used, it is reliable. They say that because of economy in time and labour, the procedure for extracting an estimate of reliability should be obtained from the administration of a single test. The researcher can use the questionnaire and administer the questionnaire to 17 respondents from the target population randomly. The researcher shall waited 2 weeks and then repeat the questionnaire to the same respondents

3.6 Data collection procedure

The study used questionnaires to collect data, both paper based and online questionnaires. A questionnaire is a research instruments consisting of a series of questions. The researcher used questionnaire which are more efficient and economical tool for descriptive and preventive research for the sample size that was chosen. This way was easier to identify the level by which the respondent will agree or disagree (Kothari, 2004). Secondary data was collected from documented sources such as library books, magazines and newspapers and internet literature. For the main purpose of this research, the study will collect primary data but will rely on the secondary data for the literature review.

According to Kombo and Tromp (2009), data collection is important in research because it allows for the dissemination of accurate information and development of meaningful programmes. The researcher will inform the respondents that the instruments being administered was for research purposes only and the response from the respondents was kept confidential. The researcher will obtain an introduction letter from the Management University of Africa in order to collect data from the field and then personally delivered the questionnaires

to the respondents so that they can be filled in. The researcher then collected the questionnaires later.

3.7 Data Analysis and Presentation

Analysis of data was done using descriptive statistics. Specifically, means, averages and percentages was used in the study. The data analysis tools were simple tabulations and presentations of the report using spread sheets and the use of SPSS version 24.0. This study also used inferential statistics to show the relationship that exists between the study variables. Data was analysed using and quantitative methods. Data was first coded and organized into concepts from which generalization was made of entire population. Data will then be tabulated and frequencies calculated on each variable under study and interpretations made from the field findings. Percentages will then be calculated and interpretation made.

3.8 Ethical Consideration

The researcher was guided by the following ethical principles during the period of the study; Research authorization permit was obtained from the university, the researcher will strive for honesty in all communications. Participants were asked to sign the consent forms in order to participate in the research. The researcher will accord the respondents their due respect while at the same time ensuring questions are answered as per expectations of the research, interjecting questions, intelligibly. The researcher will picked respondents without any discrimination.

3.8.1 Informed consent

The researcher ensured that the principle of informed consent was properly applied and the researcher explained to the respondents the expectations of the study and they were asked to ask questions where they was a miss understanding to avoid hang-ups while responding to questionnaires.

3.8.2. Voluntary participation

The researcher sought consent from respondents before administering the questionnaires to the target population and the respondents was sent a consent form in order to participate in the research study and they was free to opt out of the study at their own will.

3.8.3 Confidentiality

The researcher granted the respondents of utmost confidentiality of the responses that they information provided and the finding being meant for an examinable project at Management University. That data shall not be availed to any other party.

3.8.4 Privacy

The researcher accorded respondents the right to privacy when participating in the research. Any participant in the can join the study and neither the researcher nor the study design nor the publication of the results would ever identify any participant in the study. The researcher abided to various guidelines for human subject research to protect the study participants who choose to participate in the research study. The rights of the people that participated in the study were protected.

3.8.5 Anonymity

The responded was picked without any discrimination and respondents was required to return the questionnaires in a drop box that even the researcher received anonymized responses.

3.9 Chapter Summary

This chapter describes the study research methodology that offers an explanation into the proposed methodology that will assist the study to achieve the main objective of the research which is to establish the effects of education level as a determinant of financial independence of an individual, In this chapter outlines procedure to be used in the study it offers an explanation into what type of research this study is all about. It also defines the population of the study and the specific sampling techniques to be used, data analysis and collection methods. The chapter also includes design, pilot study, validity, reliability and ethical consideration.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSION

4.0 Introduction

Research findings are presented in this chapter. The chapter has been sectioned into; response rate, respondent's background, and the factors affecting supplier appraisal in the airline industry a case study of Kenya Airways Ltd. Data that was collected from the field was keyed and analysed by simple descriptive analysis. In this note therefore, this chapter presents results of the research in different sub-sections as provided in study variables.

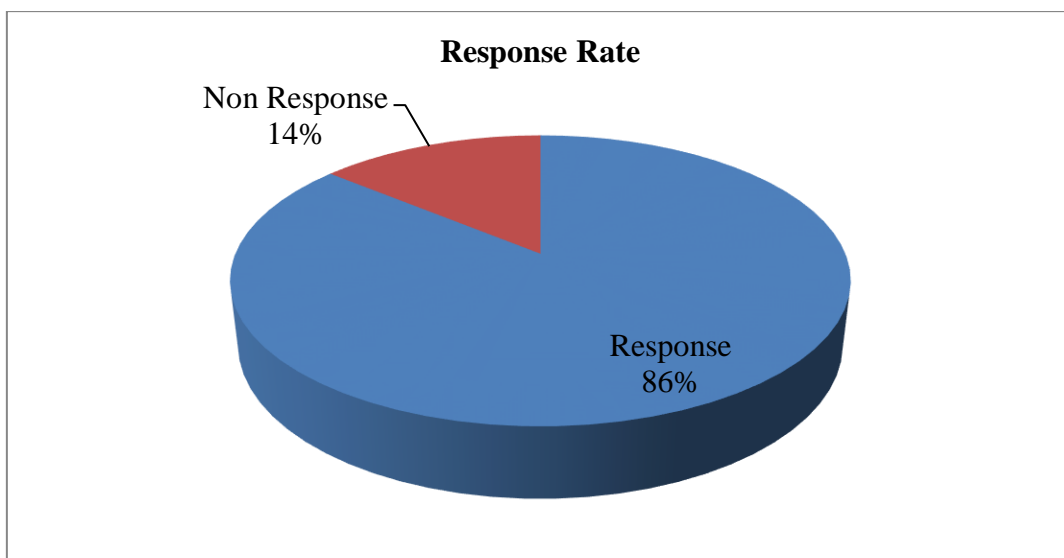
4.1 Presentation of research findings

4.1.1 Response Rate

Table 4.1: Table showing response rate

Category	F(n)	Percentage
Responses	150	86
Non-Responses	25	14
Total	175	100

Figure 4.1: Figure showing response rate



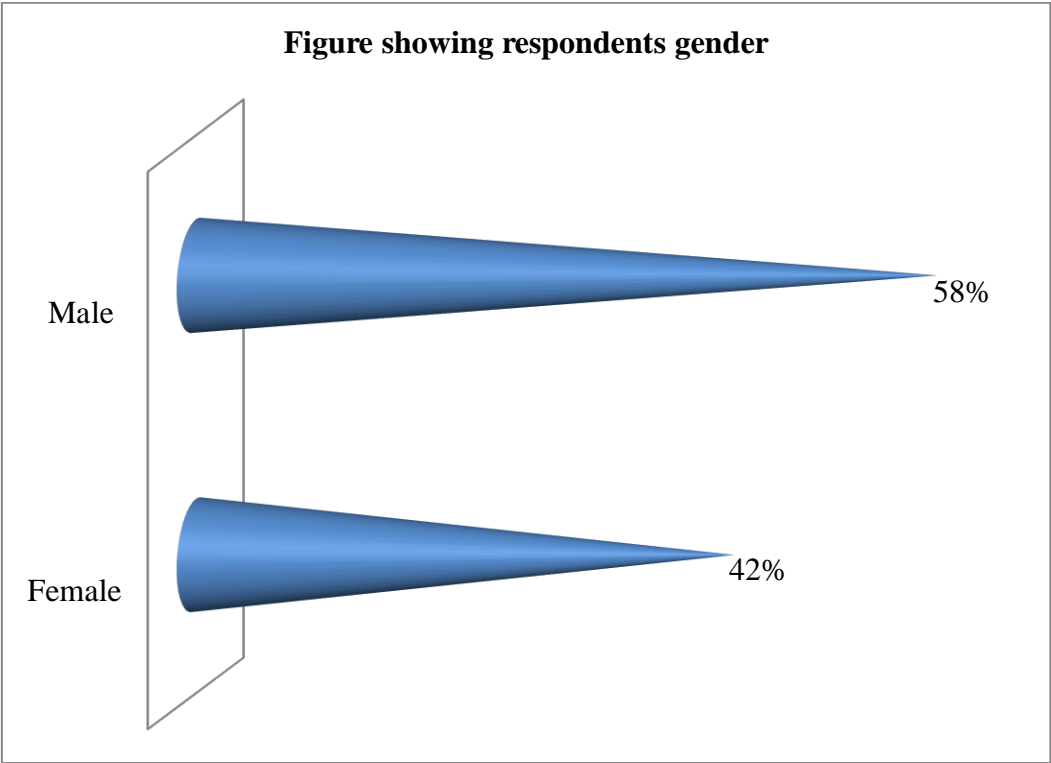
As shown in table 4.1 and figure 4.1 out of 175 distributed questionnaires 86% were full filled and return and 14% were not returned or were not fully filled. The valid sample that is to be used for the study is 150.

4.1.2 Respondents demographic information

Table 4.2: Table showing respondents gender

Category	F(n)	Percentage
Male	87	58
Female	63	42
Total	150	100

Figure 4.2: Figure showing respondents gender

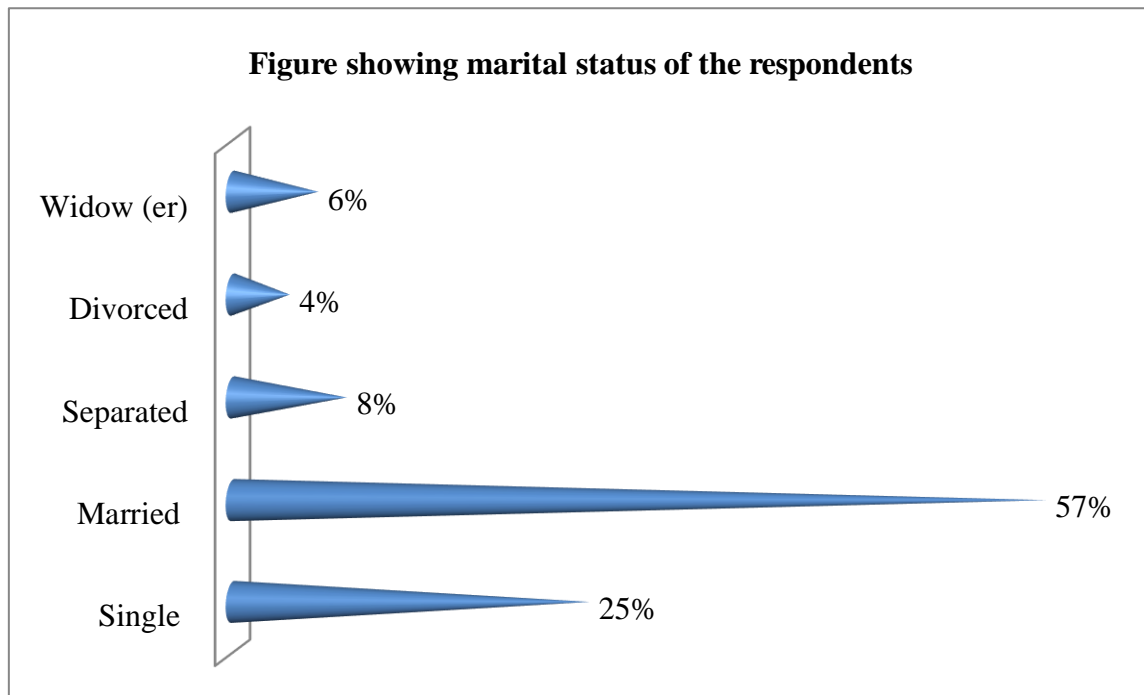


As provided by the field research data in the responses given as shown in table 4.2 and figure 4.2 above, the male respondents were the majority while the female were deprived. Male respondents made majority of the respondents at 58% while the female respondents who participated in the study made 42%. The gender representation of the respondents indicates that, views under the study were represented by all gender.

Table 4.3: Table showing marital status of the respondents

Category	F(n)	Percentage
Single	38	25%
Married	85	57%
Separated	12	8%
Divorced	6	4%
Widow (er)	9	6%
Total	150	100

Figure 4.3: Figure showing marital status of the respondents



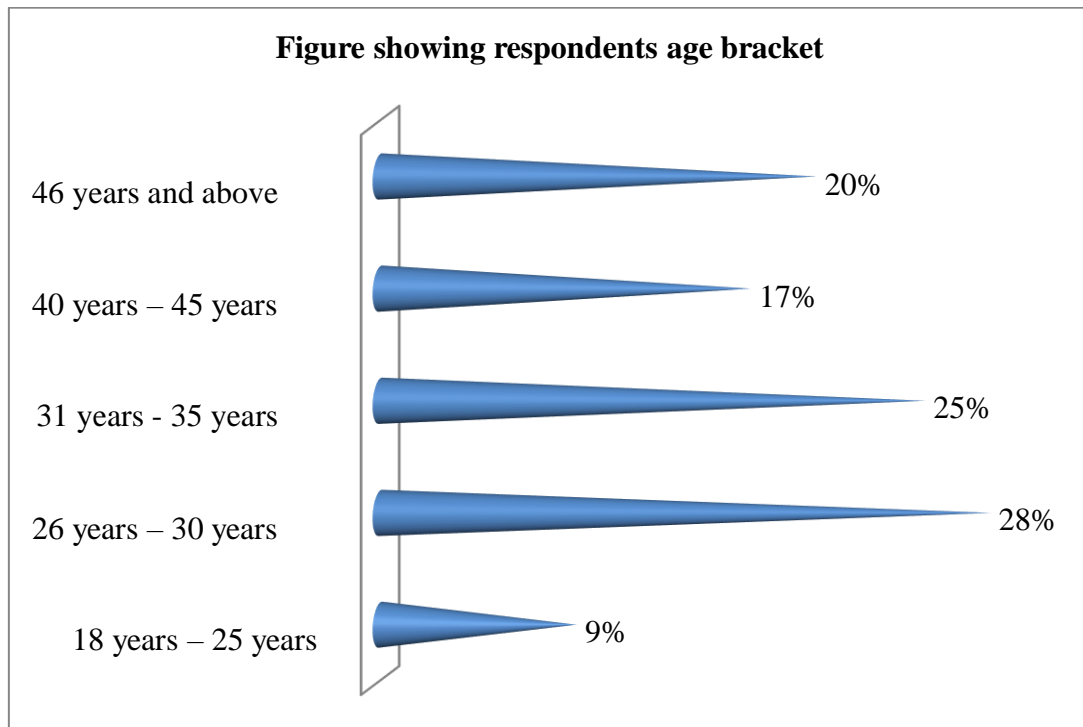
As shown in table 4.3 and figure 4.3 above respondents were asked to indicate their marital status. A majority of the respondent at 57% were married, 25% were single, 8% were separated while 6% were widow (er) and 4% were divorced.

Table 4.4: Table showing respondents age bracket

Category	F(n)	Percentage
18 years – 25 years	14	9%
26 years – 30 years	42	28%
31 years - 35 years	38	25%
40 years – 45 years	26	17%
46 years and above	30	20%

Total	150	100
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Figure 4.4: Figure showing respondents age bracket



As shown in table 4.4 and figure 4.4 above respondents were asked to indicate their age bracket 9% indicated 18 years – 25 years, 28% indicated 26 years – 30 years, 25% indicated 31 years - 35 years while 17% indicated 40 years – 45 years and 20% were 46 years and above.

Table 4.5: Table showing respondents education level

Category	F(n)	Percentage
Primary	0	0%
Secondary	0	0%
College	19	13%

Degree	70	47%
Master	56	37%
PhD or Pursuing	5	3%
Total	150	100

Figure 4.5: Figure showing respondents education level

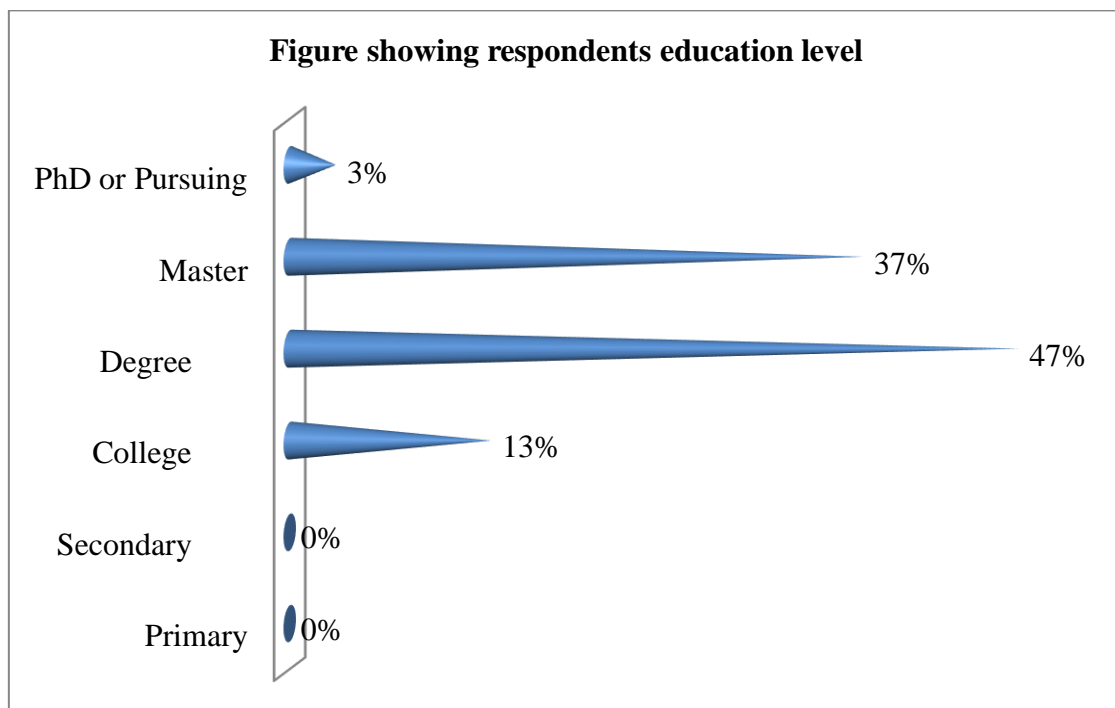
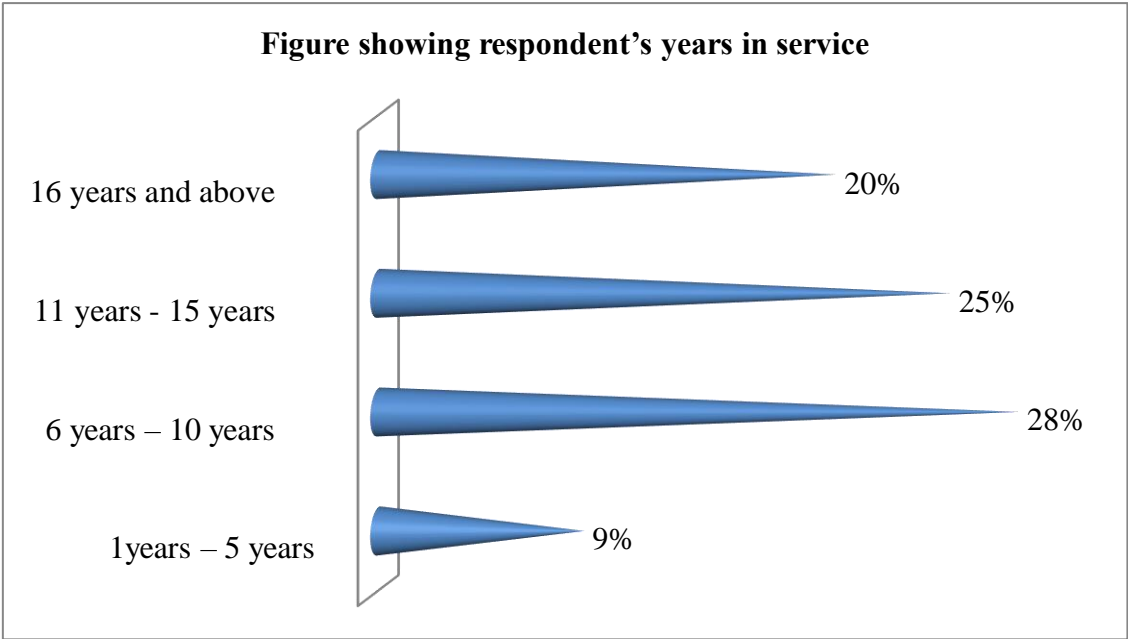


Table 4.5 and figure 4.5 above respondents were asked to indicate their highest level of education and the majority at 47% indicated degree, 37% indicated master level of education while 3% were pursuing PhD or had one and none indicated primary or secondary level of education as their highest level of education. This shows that all the staff at Kenya Airways have at least college level of education and above this shows that work at the organizations requires professional input.

Table 4.6: Table showing respondent’s years in service

Category	F(n)	Percentage
1years – 5 years	24	9%
6 years – 10 years	61	28%
11 years - 15 years	50	25%
16 years and above	15	20%
Total	150	100

Figure 4.6: Figure showing respondent’s years in service

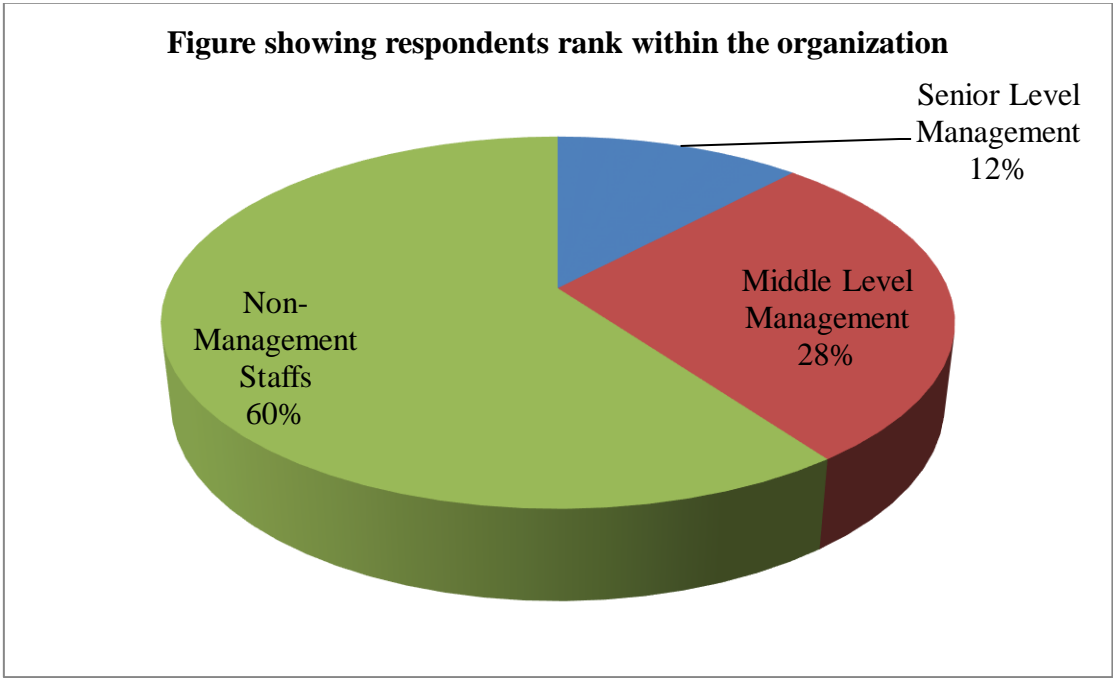


As shown in table 4.6 and figure 4.6 respondents were asked to indicate how many years they have been in service. 9% indicated 1year – 5 years, 28% indicated 6 years – 10 years while 25% indicated 11years – 15 years and finally 20% indicated 16 years and above. The research findings indicated that the respondents had worked in the organization 81% had worked for over 5 years in the organization the respondent had long experience in service.

Table 4.7: Table showing respondents rank within the organization

Category	F(n)	Percentage
Senior Level Management	18	12%
Middle Level Management	42	28%
Non-Management Staffs	90	60%
Total	150	100

Figure 4.7: Figure showing respondents rank within the organization



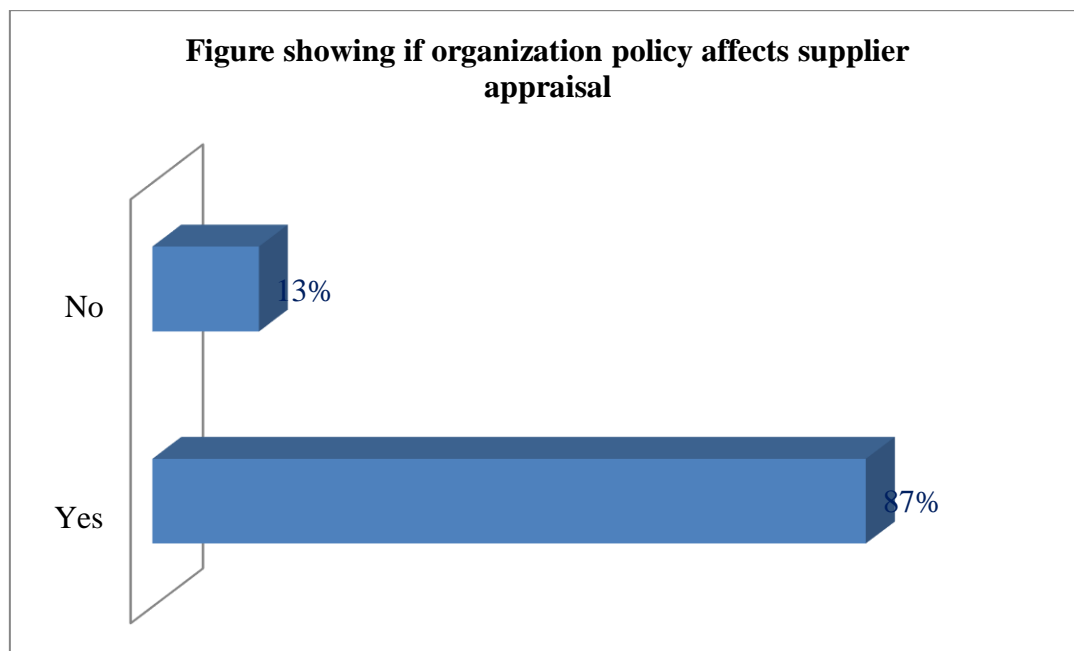
As shown in Table 4.7 and Figure 4.7 among the respondents were asked to indicate their jobs ranks 12% indicated senior level management and 28% were middle level management while 60% indicated non-management staff. This shows that all categories in the organization were well presented in the study.

4.1.3 Main study variables

Table 4.8: Table showing if organization policy affects supplier appraisal

Category	F(n)	Percentage
Yes	130	87
No	20	13
Total	150	100

Figure 4.8: Figure showing if organization policy affects supplier appraisal

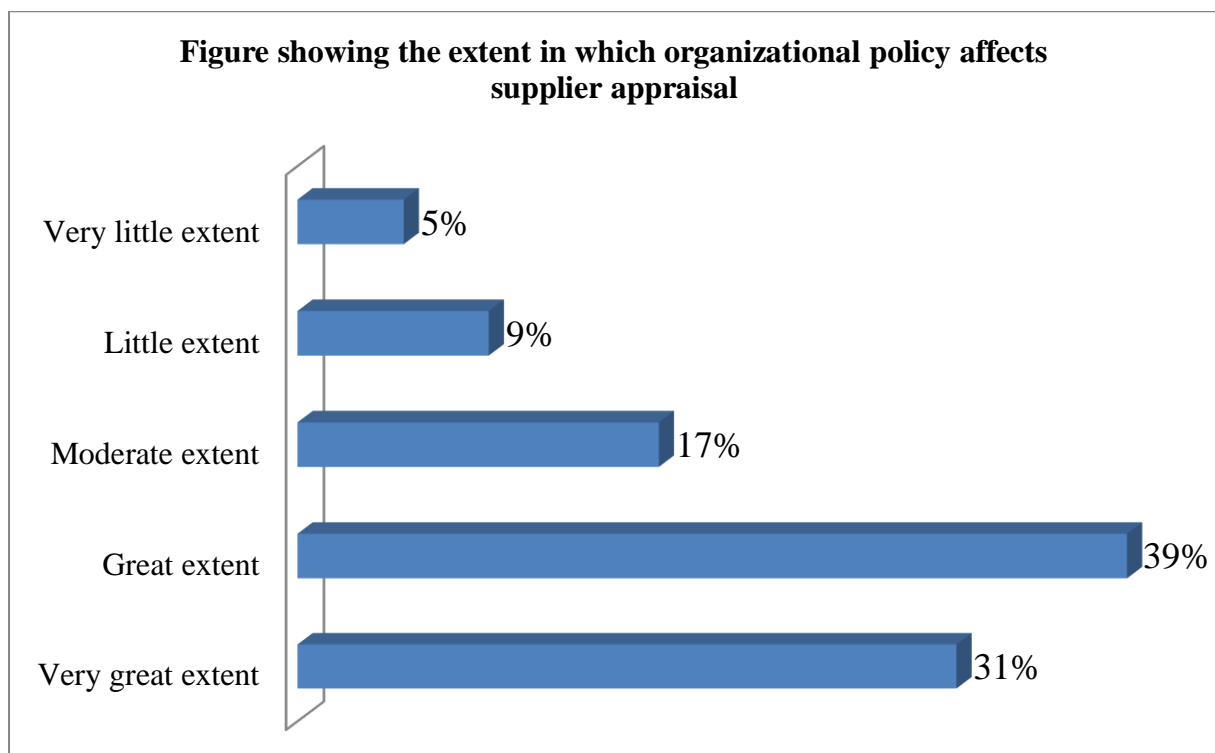


As shown in table 4.8 and figure 4.8 respondents were asked to indicate if organizational policy affects supplier appraisal in the airline industry. The responses were as follows 87% agreed that organizational policy affects supplier appraisal and 13% disagreed that it doesn't affect. This response can be interpreted to that the policy that an organization set and put in place influences the way suppliers are identified and it can be noted that organizational policy affects supplier appraisal .

Table 4.9: Table showing the extent in which organizational policy affects supplier appraisal

Category	F(n)	Percentage
Very great extent	46	31%
Great extent	59	39%
Moderate extent	25	17%
Little extent	13	9%
Very little extent	7	5%
Total	150	100

Figure 4.9: Figure showing the extent in which organizational policy affects supplier appraisal

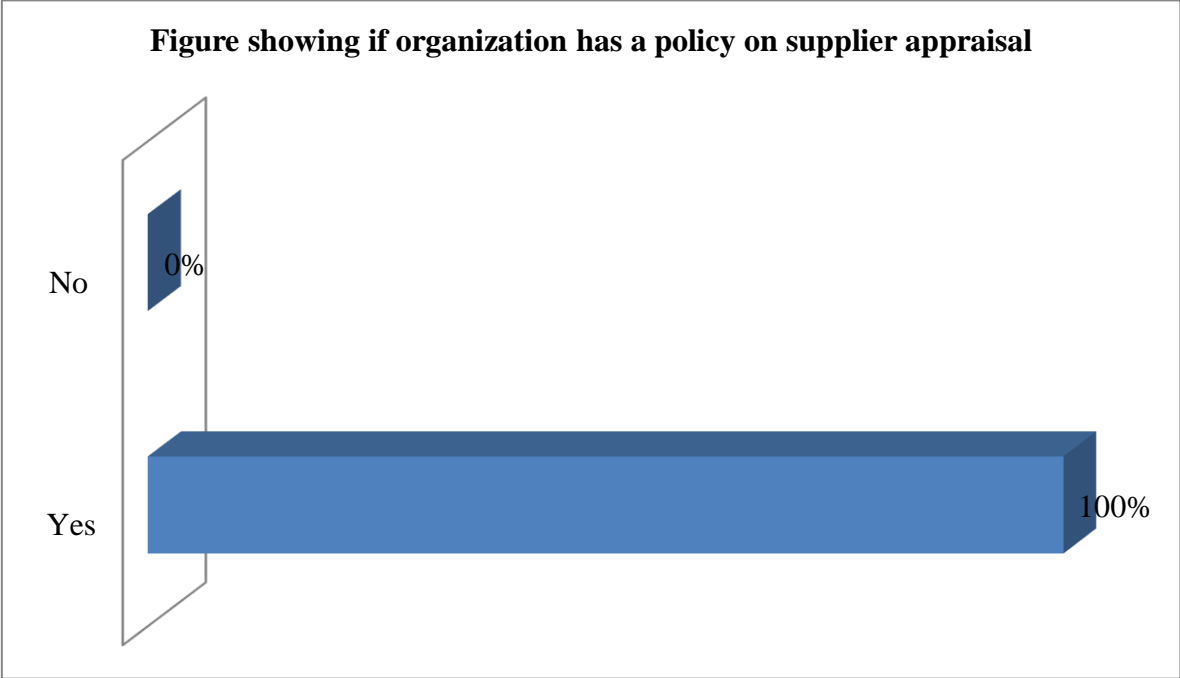


As tabulated in table 4.9 and shown in figure 4.9 respondents were asked to what extent does organizational policy affects supplier appraisal in the airline industry. 31% indicated very great extent, 39% indicated great extent, 17% indicated moderate extent while 9% indicated very little extent and 5% indicated very little extent. This can be interpreted that organization policy plays an important role in supplier appraisal since the majority responded that it is greatly considered.

Table 4.10: Table showing if organization has a policy on supplier appraisal

Category	F(n)	Percentage
Yes	150	100
No	0	13
Total	150	100

Figure 4.10: Figure showing if organization has a policy on supplier appraisal



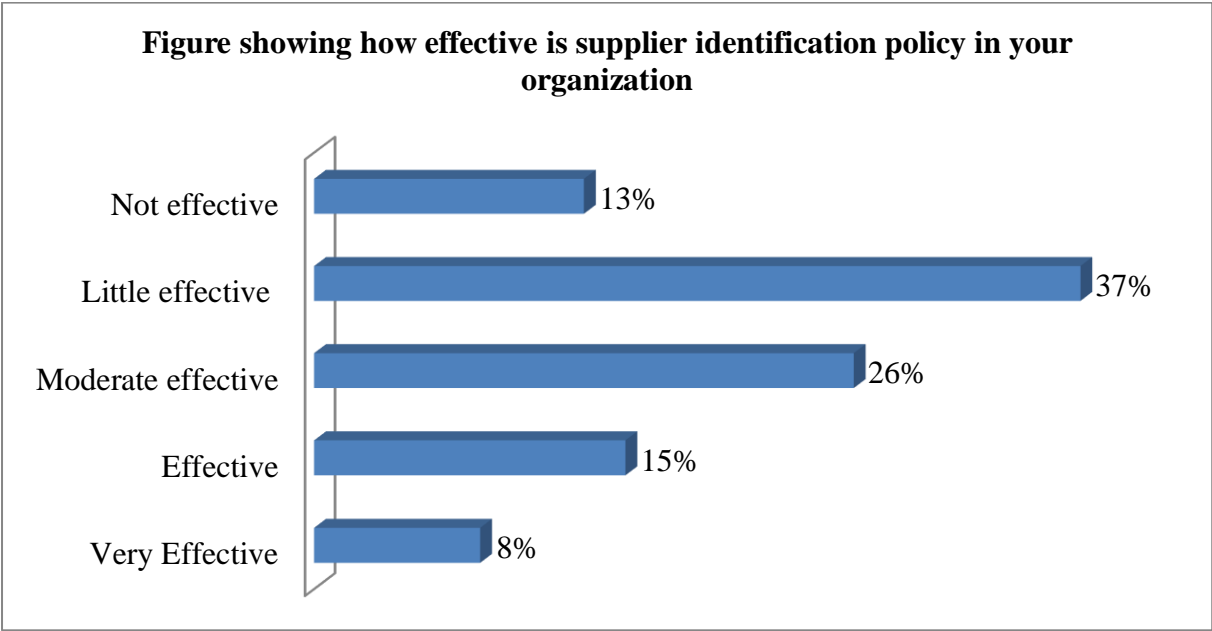
As shown table 4.10 and figure 4.10 respondents were asked to indicate if their organization had a policy on supplier’s appraisal. The entire respondent agreed that the organization has a

documented policy on. This shows that procurement act dictates the way suppliers are identified.

Table 4.11: Table showing how effective is supplier appraisal policy in your organization

Category	F(n)	Percentage
Very Effective	12	8%
Effective	23	15%
Moderate effective	39	26%
Little effective	56	37%
Not effective	20	13%
Total	150	100

Figure 4.11: Figure showing how effective is supplier appraisal policy in your organization

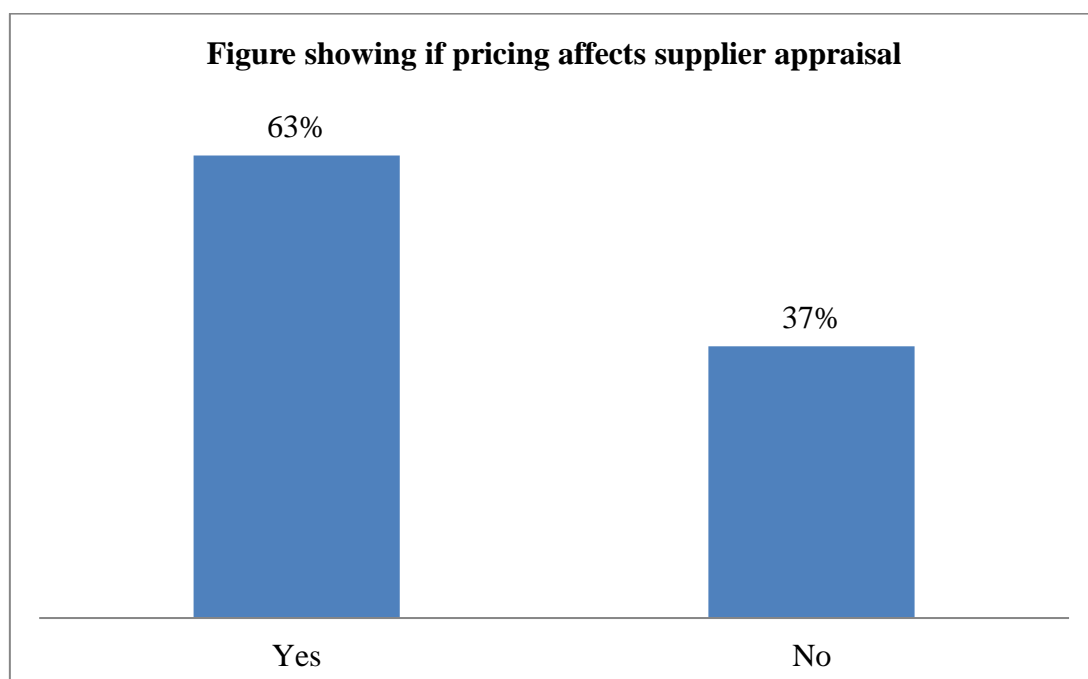


As shown in table 4.11 and figure 4.11 respondents were required to indicate how effective supplier appraisal policy in their organization is 8% indicated that it's very effective, 15% indicated effective, 26% indicated moderately effective, and 37% indicated little effective while 13% indicated not effective. The findings are agreement with Harries (2013) who established that supplier's appraisal is positively associated with the degree to which staff in an organization fits on its overall policy and sub policy where they work. He further explained that staff feels that organization policy should be related to several numbers of consequences that include high job strain, general stress and lower supplier appraisal and staff turnover intent. A good policy may impact on staff decision making and level of creativity.

Table 4.12: Table showing if pricing affects supplier appraisal

Category	F(n)	Percentage
Yes	95	63
No	55	37
Total	150	100

Figure 4.12: Figure showing if pricing affects supplier appraisal

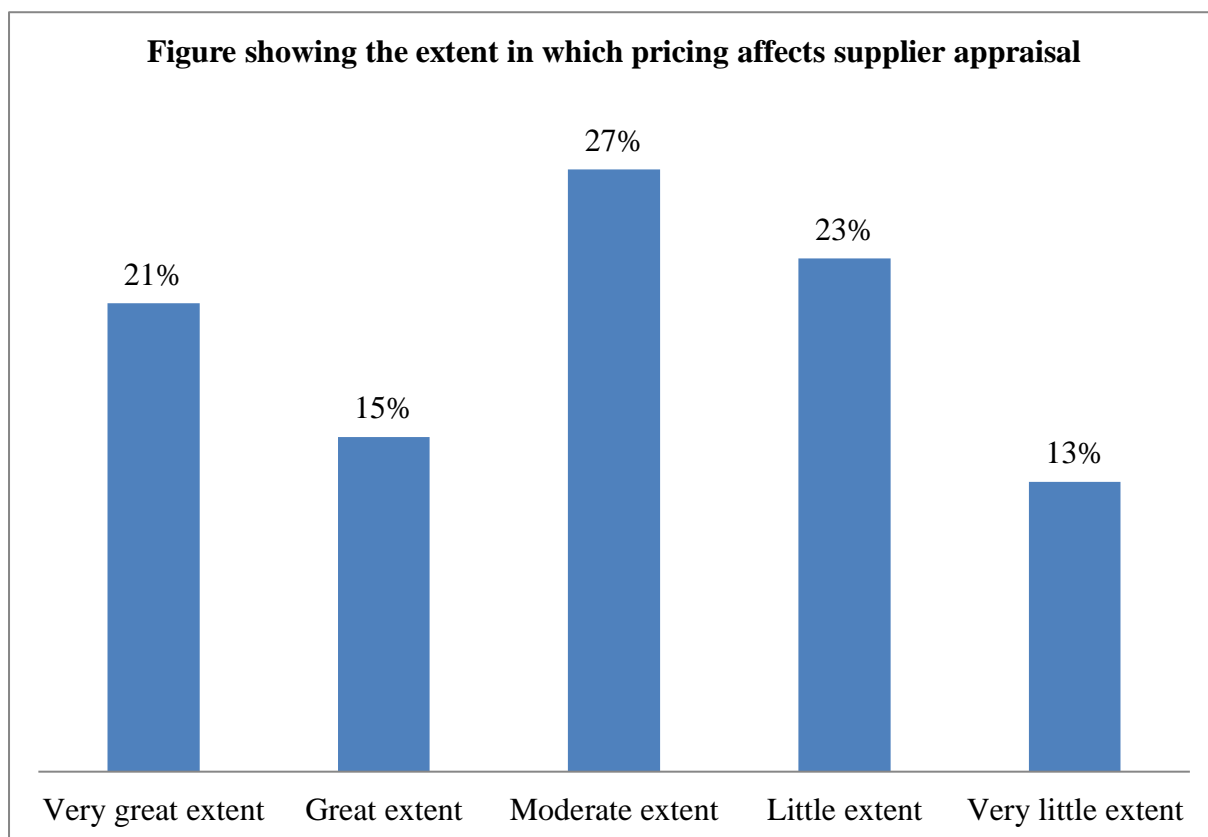


As shown in table 4.12 and figure 4.12 respondents were asked to indicate if pricing affects supplier appraisal in the airline industry, 63% agreed while 37% were of a contrary opinion. This can be concluded that price is one of the important factors that help in determining suppliers.

Table 4.13: Table showing the extent in which pricing affects supplier appraisal

Category	F(n)	Percentage
Very great extent	32	21%
Great extent	23	15%
Moderate extent	40	27%
Little extent	35	23%
Very little extent	20	13%
Total	150	100

Figure 4.13: Figure showing the extent in which pricing affects supplier appraisal

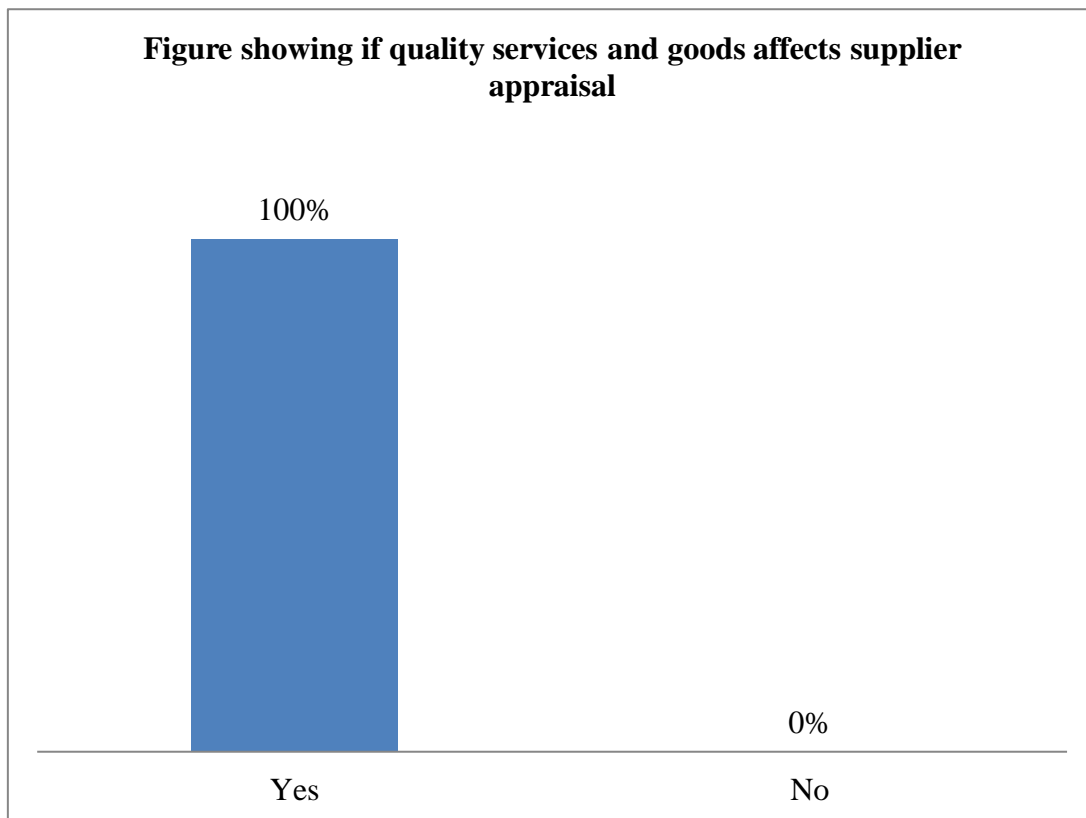


As tabulated in table 4.13 and shown in figure 4.13 respondents were asked to what extent does pricing affects supplier appraisal in the airline industry. 21% indicated very great extent, 15% indicated great extent, 27% indicated moderate extent while 23% indicated very little extent and 13% indicated very little extent. This can be interpreted that pricing is an important factor in supplier appraisal since the majority responded that it is greatly considered.

Table 4.14: Table showing if quality services and goods affects supplier appraisal

Category	F(n)	Percentage
Yes	150	100
No	0	0
Total	150	100

Figure 4.14: Figure showing if quality services and goods affects supplier appraisal



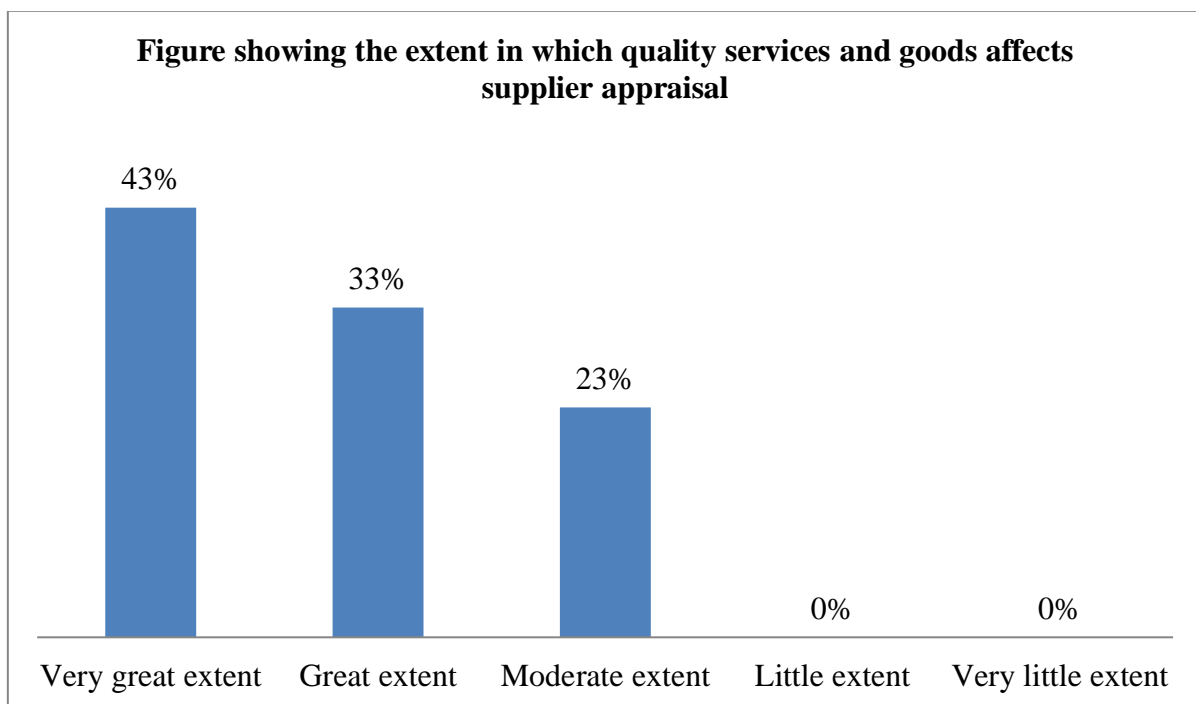
As shown in table 4.14 and figure 4.14 respondents were asked to indicate if quality services and goods affects supplier appraisal in the airline industry, all the respondents agreed 100%. This can be concluded that quality services and goods is one of the important factors that help in determining suppliers.

Table 4.15: Table showing the extent in which quality services and goods affects supplier appraisal

Category	F(n)	Percentage
Very great extent	65	43%
Great extent	50	33%
Moderate extent	35	23%

Little extent	0	0%
Very little extent	0	0%
Total	150	100

Figure 4.15: Figure showing the extent in which quality services and goods affects supplier appraisal



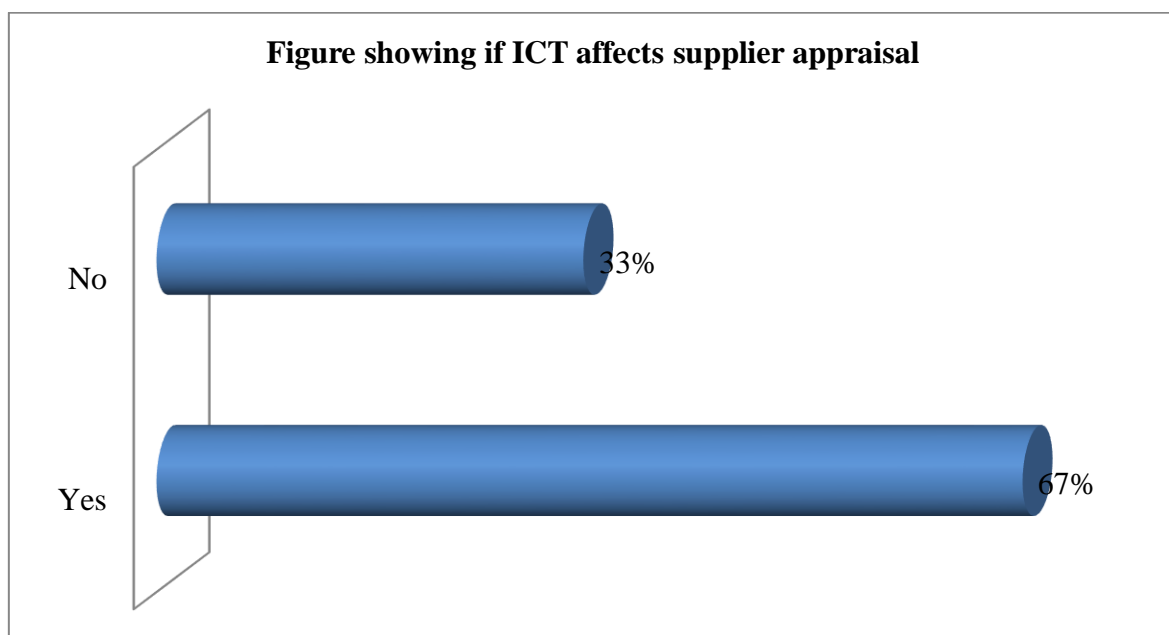
As tabulated in table 4.15 and shown in figure 4.15 respondents were asked to what extent does quality services and goods affects supplier appraisal in the airline industry. 43% indicated very great extent, 33% indicated great extent and 23% indicated moderate extent while none indicated little extent and very little extent. This can be interpreted that Quality of goods and services is considered to play an important role when determining organization suppliers. Berry, Zeithaml and Parasuraman (2007) explains perceived quality focuses on the extent in which discrepancy between customer expectations and the level of quality they perceive that have received. Customer perceptions and expectations are both entirely subjective. However they define service quality as perceived by the customers as being a purely individual estimation curtailing from the position of the client. According to Park and Yoo (2007), Clients are more informed and increase in demanding quality product and services, they also confirm whether

product brand is certified and it's of good quality. The level of product quality has an impact on organization performance which directly influence and develop trust. Modern marketplace is characterized by competing firms, universality which distinguishes from other participants using quality superior product such result improves customer perceived value and image and improves customer loyalty (Kandampully & Juwaheer, 2009). Clients are interested quality as planned by suppliers who seek a way to guarantee quality of service delivery that will meet customers' expectations.

Table 4.16: Table showing if ICT affects supplier appraisal

Category	F(n)	Percentage
Yes	100	67
No	50	33
Total	150	100

Figure 4.16: Figure showing if ICT affects supplier appraisal



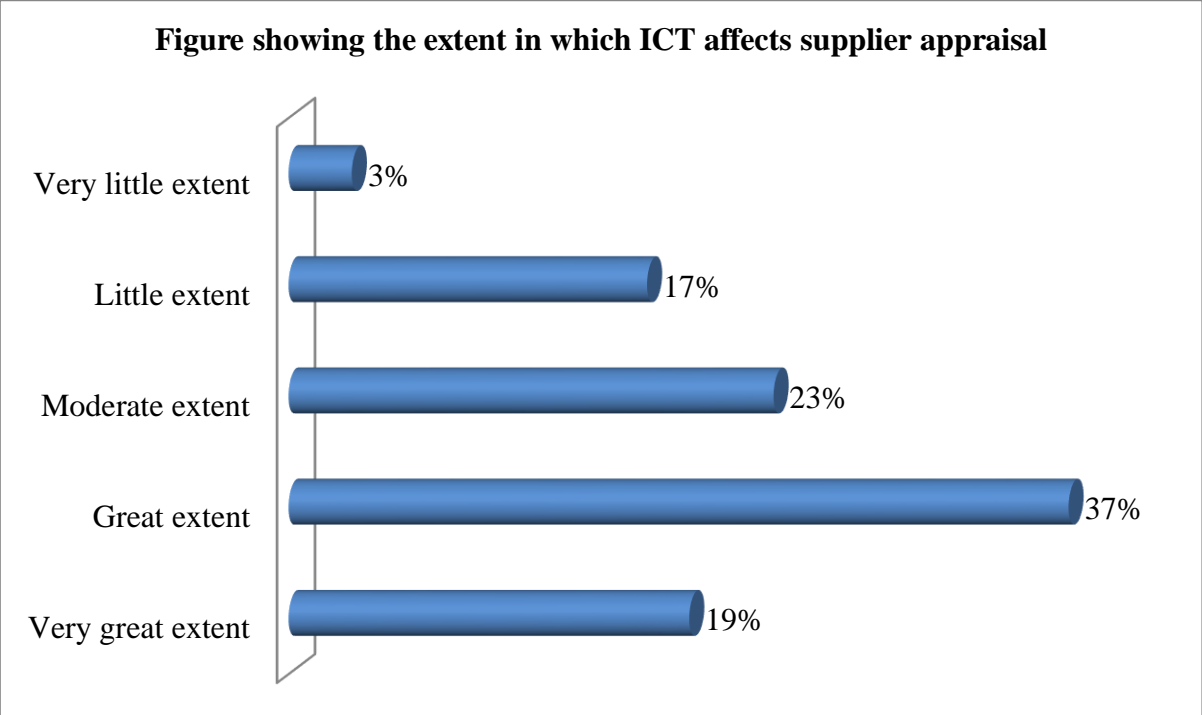
As shown in table 4.16 and figure 4.16 respondents were asked to indicate if information communication technology affects supplier appraisal in the airline industry, 67% of the

respondents agreed while 33% disagreed. This can be concluded that ICT affects supplier appraisal in the airline industry.

Table 4.15: Table showing the extent in which quality services and goods affects supplier appraisal

Category	F(n)	Percentage
Very great extent	29	19%
Great extent	56	37%
Moderate extent	35	23%
Little extent	25	17%
Very little extent	5	3%
Total	150	100

Figure 4.17: Figure showing the extent in which ICT affects supplier appraisal



As tabulated in table 4.15 and shown in figure 4.15 respondents were asked to what extent does ICT affects supplier appraisal in the airline industry. 19% indicated very great extent, 37% indicated great extent and 23% indicated moderate extent while 17% indicated little extent and 3% indicated very little extent. This great response shows that information technology has a huge impact on appraisal of suppliers as it provides real time information about the suppliers to aid in making sound appraisal. Porter (2007) establishes that organizations need to be flexible enough to respond to each wave of technology. Organization which are unwilling to adopt the rapidly acceleration pace of changes are likely to face increasing uncertainty in future. Guilliano (2009) indicates that the use of ICT expands the range of work methods; ICT enhances a variety of work activities and makes it easier for information retrieval and data preparation and also analysis.

4.2 Limitations of the study

4.2.1 Confidentiality

The researcher was suspected of collecting information and leaking it to unauthorized persons, by the respondents. However, the researcher used the letter of introduction from Management University of Africa that inform the respondents information collected for purely academic and was to be treated with confidential.

4.2.2 Lack of Cooperation

The researcher encountered poor cooperation from respondents initially but after explaining to them the purpose of the study and showing them the letter of introduction, they accepted to volunteer information. However, the study had some limitations such as it was not possible to control the attitude of the respondents during data collection. The researcher however explained the reason for conducting the study to the respondents so as to get valid data. The study took into account that time and financial constraints. The respondents were not willing to disclose information concerning the status of their work. Also, due to the busy nature of work in their occupation respondents were not available when required, thus delaying the data collection procedure.

4.3 Chapter Summary

The researcher distributed questionnaires to 175 respondents and a response rate of 86% the results are based on a response rate of 86% (n=150). The study failed to control the demographic data of the respondents. Data has been presented by use of tables, pie charts and graphs. Data has been analysed using descriptive statistics. This research report attempted to report the results of an exploratory study and data analysis and findings aimed to provide an understanding the to determine factors affecting supplier appraisal in the airline industry a case study of Kenya Airways Ltd.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The section of the study covers summary of the research findings, study recommendations and conclusion that is based on the study findings in relation to study variables.

5.1 Summary of Findings

Out of 175 distributed questionnaires 86% were full filled and return and 14% were not returned or were not fully filled. The valid sample that is to be used for the study is 150. Male respondents made majority of the respondents at 58% while the female respondents who participated in the study made 42%. A majority of the respondent at 57% were married, 25% were single, 8% were separated while 6% were widow (er) and 4% were divorced. Respondents were asked to indicate their age bracket 9% indicated 18 years – 25 years, 28% indicated 26 years – 30 years, 25% indicated 31 years - 35 years while 17% indicated 40 years – 45 years and 20% were 46 years and above. respondents were asked to indicated their highest level of education and the majority at 47% indicated degree, 37% indicated master level of education while 3% were pursuing PhD or had one and none indicated primary or secondary level of education as their heist level of education. Respondents were asked to indicate how many years they have been in service. 9% indicated 1year – 5 years, 28% indicated 6 years – 10 years while 25% indicated 11years – 15 years and finally 20% indicated 16 years and above. The research findings indicated that the respondents had worked in the organization 81% had worked for over 5 years in the organization the respondent had long experience in service.

5.1.1 Organizational Policy

Respondents were asked to indicate if organizational policy affects supplier appraisal in the airline industry. 87% agreed that organizational policy affects supplier appraisal and 13% disagreed that it doesn't affect. Respondents were asked to what extent does organizational policy affects supplier appraisal in the airline industry. 31% indicated very great extent, 39% indicated great extent, 17% indicated moderate extent while 9% indicated very little extent and 5% indicated very little extent. The entire respondent agreed that the organization has a documented policy on. This shows that procurement act dictates the way suppliers are identified. Respondents were required to indicate how effective supplier appraisal policy in their organization is 8% indicated that it's very effective, 15% indicated effective, 26% indicated moderately effective, and 37% indicated little effective while 13% indicated not

effective. This response can be interpreted to that the policy that an organization set and put in place influences the way suppliers are identified and it can be noted that organizational policy affects supplier appraisal. This can be interpreted that organization policy plays an important role in supplier appraisal since the majority responded that it is greatly considered. The findings are agreement with Harries (2013) who established that supplier's appraisal is positively associated with the degree to which staff in an organization fits on its overall policy and sub policy where they work. He further explained that staff feels that organization policy should be related to several numbers of consequences that include high job strain, general stress and lower supplier appraisal and staff turnover intent. A good policy may impact on staff decision making and level of creativity.

5.1.2 Pricing

Respondents were asked to indicate if pricing affects supplier appraisal in the airline industry, 63% agreed while 37% were of a contrary opinion and to what extent does pricing affects supplier appraisal in the airline industry. 21% indicated very great extent, 15% indicated great extent, 27% indicated moderate extent while 23% indicated very little extent and 13% indicated very little extent. This can be interpreted that pricing is an important factor in supplier appraisal since the majority responded that it is greatly considered. Kotler and Armstrong (2010) price is a critical component element of organization profitability. Elements of price include discounts, payments, and credit facilities as far a pricing is concerned stated that these may be pricing associated with making the lower pricing product perform to standards. The additional pricing of early replacement or the pricing redesign or testing required making the lower pricing product available.

5.1.3 Quality of services and goods

Respondents were asked to indicate if quality services and goods affects supplier appraisal in the airline industry, all the respondents agreed 100%. Respondents were asked to what extent does quality services and goods affects supplier appraisal in the airline industry. 43% indicated very great extent, 33% indicated great extent and 23% indicated moderate extent while none indicated little extent and very little extent. This can be interpreted that Quality of goods and services is considered to play an important role when determining organization suppliers. Berry, Zeithaml and Parasuraman (2007) explains perceived quality focuses on the extent in which discrepancy between customer expectations and the level of quality they perceive that have

received. Customer perceptions and expectations are both entirely subjective. However they define service quality as perceived by the customers as being a purely individual estimation curtailing from the position of the client. According to Park and Yoo (2007), Clients are more informed and increase in demanding quality product and services, they also confirm whether product brand is certified and it's of good quality. The level of product quality has an impact on organization performance which directly influence and develop trust. Modern marketplace is characterized by competing firms, universality which distinguishes from other participants using quality superior product such result improves customer perceived value and image and improves customer loyalty (Kandampully & Juwaheer, 2009). Clients are interested quality as planned by suppliers who seek a way to guarantee quality of service delivery that will meet customers' expectations.

5.1.4 Information Communication Technology

Respondents were asked to indicate if information communication technology affects supplier appraisal in the airline industry, 67% of the respondents agreed while 33% disagreed and to what extent does ICT affects supplier appraisal in the airline industry. 19% indicated very great extent, 37% indicated great extent and 23% indicated moderate extent while 17% indicated little extent and 3% indicated very little extent. This great response shows that information technology has a huge impact on appraisal of suppliers as it provides real time information about the suppliers to aid in making sound appraisal. Porter (2007) establishes that organizations need to be flexible enough to respond to each wave of technology. Organization which are unwilling to adopt the rapidly acceleration pace of changes are likely to face increasing uncertainty in future. Guilliano (2009) indicates that the use of ICT expands the range of work methods; ICT enhances a variety of work activities and makes it easier for information retrieval and data preparation and also analysis.

5.2 Conclusion

The conclusion drawn from the study findings were that, the pricing in a given institution highly affects the supplier appraisal to a great extent. This is because it was noted that price charged by the various suppliers will determine whether they will be awarded a contract with the organization or not. Organizational policy is also concluded as a major factor determining the supplier appraisal since it was noted that organizational policy is a key factor in determining the goals of an organization. Since policy is the way things are done in a given institution, it means that policy determines the supplier appraisal since everything has to be done in

accordance to the policy in order to attain the set goal. The quality standards established in the organization gives the management appropriate means for effective supplier appraisal since the information about the procurement policy is provided when required. Quality standards enable the appraisal of the needed products therefore, making it possible to identify the supplier that will be able to supply the required products.

5.3 Suggestion for future studies

It's highly recommended that the study need to be conducted on this particular area and including organization policy, price, quality and pricing variables in the study, whereby it seek to create more details about this study. The study was carried out on merits of effective supplier appraisal in the airline industry. Therefore, similar study should be carried out on private organizations in order to validate the current findings.

5.4 Recommendations

The management and board of directors should consider having good procurement policy which should be drafted with consultation with organization staff in order to have understanding of all the key areas which affects operations in the department and will lead to improved and positive results. The management of Kenya Airways should consider a policy that is set in regards to daily operations of the procurement department in order to give room for effective performance. The management of Kenya Airways should know that well set and established policy will it easier for effective supplier appraisal since the company will have an understanding of which procurement policy fits them. The head of procurement should quarterly review their operational and strategic policies and during the process should include all the staff involved in the department who will provide the required resources to enable sound decision making.

The management of Kenya Airways should adopt price package on all the goods and services they procure and even retrain all the staff in the department to acquaint them with relevant skills and knowledge. The management should commit more funds on developing staff on job pricing and job pricing methods. Management should appoint staff that are compliant and should be responsible for monitoring price variations in the market and the officers should conduct daily research to establish suitable price for goods and services the organization procure so that the organization to not fall prey to price fraudsters . The compliant officer will be mandated to always link up with the purchasing officer on a regular basis so that there is value for money consideration.

Total quality management schemes should be adopted by the Management of Kenya Airways. This will ensure quality is enhanced throughout the processes of the organization. By so doing the organization will be better placed for better performance and be very competitive. Quality schemes should be implemented whereby standards should be set against which the organization will look for the supplies to see whether the suppliers have met the requirements of the deliveries or not and advise there on. The Kenya Airways should establish a quality check department that will be equipped with the necessary test equipment in order to check that the supplies meet the expectations of the customer. On a regular interval depending on the receipt of the supplies, the department will be mandated to check the quality of supplies to see whether they meet the customers' expectations. This should always be done on a regular basis and try to eliminate the products that do not meet the expectations of the customer. In this way the Kenya Airways will be able to eliminate the incompetent suppliers and be able to identify the most competent supplier who will be able to meet the expectations of the customers.

The management of Kenya Airways should implement systems which are able to enhance effective communication and safe keeping of the organizational data. On the other hand the information technology systems which are able to save time in regard to processing data need to be implemented. Doing so will enhance supplier appraisal, since information regarding the suppliers will be easily accessible. Organization requires current technology to be adopted in most of their operations. Considering that other forms are in the rush to acquire technology which helps to facilitates efficiency parathion hence modern technology helps in reducing work load and promoting efficiency. Adequate funds should be set aside on their quarterly budget so as to meet the needs of changing IT. The officer for IT will be tasked with ensuring regular training of the employees to equip them with the necessary skills for their operations. On a day to day basis, the officer will be required to update the system so as to be in the current conditions in order to avoid wrong delivery of information from the systems.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Dear participant

I study at Management University of Africa in partial fulfilment of the requirement for the award of the Bachelor Degree in Management and Leadership of the Management University of Africa. I am conducting a study title : **FACTORS AFFECTING THE SUPPLIER APPRAISAL IN THE AIRLINE INDUSTRY: A CASE STUDY OF KENYA AIRWAYS LTD.** For this reason I humbly request you to assist in filling the attached questionnaire to the best of your knowledge. The information that you will provide is strictly for academic and shall not be used for any other purpose and your names shall not appear in this study. Your input will go a long way to facilitate this research study.

Thank you in advance, I look forward to your assistance.

Yours Faithfully,

BEATRICE NIGHT AYIRO

The Management University of Africa

APPENDIX II: RESEARCH STUDY QUESTIONNAIRES

Dear respondent answer this questionnaire to the best of your knowledge and ability the questionnaire is divided into two sections.

SECTION ONE: Personal Data

- 1. What is your gender?
Male [] Female []
- 2. What is your marital status?
Single [] Married [] Separated [] Divorced [] Widow(er) []
- 3. What is your age bracket?
18 years – 25 years [] 26 years – 30 years [] 31 years - 35 years []
40 years – 45 years [] 46 years and above []
- 4. Education Level
Primary [] Secondary [] College [] Degree [] Master [] PhD or Pursuing []
- 5. Years in Service
1year – 5 years [] 6 years – 10 years [] 11years – 15 years []
16 years and above []
- 6. Position Held in organization
Senior Management [] Middle Level Management []
Any other []
- 7. Department in organization
.....
.....

SECTION TWO: MAIN STUDY VARIABLES

- 8. Does organizational policy affects supplier appraisal in the airline industry?
Yes { }
No { }
- 9. What extent does organizational policy affects supplier appraisal in the airline industry?
Very Great Extent { }

Great Extent { }

Moderate Extent { }

Little Extent { }

Very Little Extent { }

10. Do you think that your organization has a policy on supplier's appraisal?

Yes { }

No { }

11. How effective is supplier appraisal policy in your organization?

Very Effective { }

Effective { }

Moderate Effective { }

Little Effective { }

Not Effective { }

12. Does pricing affects supplier appraisal in the airline industry?

Yes { }

No { }

13. To what extent does pricing affects supplier appraisal in the airline industry?

Very Great Extent { }

Great Extent { }

Moderate Extent { }

Little Extent { }

Very Little Extent { }

14. Do quality services and goods affect supplier appraisal in the airline industry?

Yes { }

No { }

15. To what extent does quality services and goods affects supplier appraisal in the airline industry?

Very Great Extent { }

Great Extent { }

Moderate Extent { }

Little Extent { }

Very Little Extent { }

16. Do information communication technologies affect supplier appraisal in the airline industry?

Yes { }

No { }

17. To what extent Does information communication technology affects supplier appraisal in the airline industry?

Very Great Extent { }

Great Extent { }

Moderate Extent { }

Little Extent { }

Very Little Extent { }

Thank you for Participation

