Role of Supplier Development In Effectiveness of Procurement Function:
A Case of National Cereal And Produce Board

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Abstract
This paper presents a case study employing both qualitative and quantitative study of role of supplier development in procurement effectiveness from the buyer perspective. Specifically, it seeks to investigate the role of supplier development in procurement effectiveness in terms of first time quality, delivery and order cycle time, cost and technology. This paper examines the linkages between supplier understanding of goals, presence of buyer coordinator at the suppliers’ location, supplier participation and information exchange and the effectiveness of procurement function at the National Cereal and Produce Board.

It revealed that, information exchange, supplier participation, supplier understanding of the buyer’s goals and buyer coordinator presence influenced procurement effectiveness. However the extent of influence varied among the variables. Both supplier’s participation and buyer coordinator’s presence influenced procurement effectiveness greatly and information exchange and suppliers understanding of goal influenced procurement effectiveness to a lesser extent. Regression analysis among the variables indicated that supplier participation was the most significant variable, followed by buyer coordinator presence, information exchange and understanding of goals.

It was therefore recommended that, in order to enhance the procurement effectiveness, enhanced participation of the supplier in development of specifications be emphasized and implemented, buyer constantly monitor the process execution of contract terms from first time to eradicate any quality and delay problems as early as possible. There is also need to enhance proper communication mechanisms probably through application of information communication and technology. Other supplier development methods that may enhance procurement effectiveness are training, promise of rewards, creation of competition, ethics and integrity which can also form part of future research.

Key words Supplier development, Procurement effectiveness, National Cereal and Produce Board, Procurement function

Introduction
Traditionally, the role of supplier in contributing to the procurement performance of the buyer has never been accorded strategic importance. This has been due to the simple reason that the inter-organizational linkages between the buyers and sellers has been of arm’s length and often adversarial with individual firms in the supply chain seeking to achieve cost reduction, profitability and growth at the expense of each other (Lyson and Farrington, 2006). However, researchers, such as Latifah Che Amad et al (2008), states that successful buyers recognize the role working closer with their suppliers play s with regards to inventory management and handling, demand management, purchasing processing management, and
achievement of success in the face of industry competition and increasing material scarcity in the global arena.

Schwartz (2005) define suppliers development as “any acting effort by the buying firm with its suppliers to increase the performance and/or capability of the supplier and meet the buying firms short- and/or long term supply chain efforts by the buying firms to increase the performance and/or capability of suppliers of products in order to improve the sustainability of the objectives and core function of the buying firm.

Buying firms use a variety of activities to improve supplier performance, including assessing supplier performances, providing incentives to improve performance, instigating competition among suppliers, working directly with suppliers, either through training direct. Krause (2007) claimed that direct involvement as a factor of supplier development may consist of asset of practices such as formal suppliers evaluation, suppliers site visits, training, facilitating the supplier buyer sites and facility visits, as well as verbal or written demands for performance improvement. According to UNIDO (2003) the aims of suppliers’ development is to transform the relationship between the buyer and the seller from a purely contractual relationship into a collaborative relationships.

Efficient supplier involvement, raising performance expectations, evaluation, exchange of personnel, information exchange among others are vital for effectiveness in procurement functions of National Cereal and Produce Board. The World Food Program report (2010) relates current poor procurement performance at the NCPB to inadequate support to farmers, arm’s length relationship between the buying farms and international supplier, unpredictable weather conditions, escalating costs, failure to apply modern technology in operations and uncertain pricing.

Research Problem
In Kenya, Stephen Hammond (2010) indicates that NCPB has faced severe logistical nightmares which have had great effect on supply and final cost of maize. There has also been witnessed greater mistrust and lack of commitment between NCPB and farmers. According to Misoi (2011) due to poor grain handling, Kenya loses 20% of its grain output; there is a shortage of 30% of maize supply and price increase of more than 100%. Heightened competition between NCPB and commercial dealers in grain sector has also tilted in favour of these commercial dealers.

While there is every indication that supplier development is appropriate, steps of supplier development and methods of supplier development can be enhanced to achieve effective procurement functions have received considerable attention in literature (Ellram, 2005; Krause, 1998; Hellen et al, 1991), questions still remain. For example, little evidence exists of the role of supplier development in enhancing effectiveness of procurement functions especially in the grain sector in which the NCPB is. There is also very little evidence especially in Kenya of benefits attributable directly to supplier development and how these affects the effectiveness of the procurement functions of the buyers especially the NCPB. Much of the existing literature on the supplier development actually focuses on the attributes of the supplier development from the supplier point of view but do not mainly answer the question, how supplier development influences the procurement functions of the buying firm. On the other hand research on the role of supplier development on the effectiveness of
procurement functions in the grain industry is still a gray hair. This study is to examine the role of supplier development on the effectiveness of the procurement functions of the NCPB.

Objectives

i. To examine the role of information exchange in effectiveness of procurement functions of the buyer
ii. To examine the role of supplier participation on the effectiveness of procurement functions of the buyer
iii. To examine the role of supplier understanding of the buyers’ goals on the effectiveness of procurement functions of the buyer
iv. To examine the role of buyer coordinator presence on the effectiveness of procurement functions of the buyer.

Literature Review

Measuring Procurement Effectiveness

Key procurement indicators serve as measures of effectiveness and efficiency with which procurement meets its functions. They empirically depict observable and measurable circumstances. According to Krause, (2000), in formulating key procurement indicators special aspects of procurement must be taken into account. Traditionally they include volume and value of business, price/cost effectiveness of service, customer satisfaction, timely responses, quality service, and technology. Warwick Business School (2004) provides comprehensive view of the performance indicators of effective procurement function by corroborating the works of Tickner (2009). Total number of customer orders; Total number of contracts managed; Total value of business including orders and contracts. The total cost of service as a percentage of value of contracts/purchases; Cost per Kshs spent; True cost of placing an order from quotation to payment of invoice. Measure price movements against Requisition purchase index or price trends published in trade and procurement journals and by government regulatory authorities. Range of goods and services; Quality of products; Cost; Delivery; Helpfulness of staff; Speed of response for advice and assistance; Clarity of advice and assistance.

The average time taken to satisfy a customer order (from receipt to delivery); The percentage of customer orders satisfied within target response time; The percentage of fixed term contracts renewed by the due date; The percentage of other contracts and purchases where work is completed in accordance with timescales agreed with customer. Number of orders processed completely and accurately; Number of orders subject to error (non-delivery/short-delivery /over-delivery/incorrect item delivered/customer returns, etc.); Percentage of orders completely satisfied at first attempt.

Monczka et al (2005) noted that strategic supplier development has greater role to play in achieving the above procurement performance indicators more effectively for competitiveness of a procuring organization. It is recognized that the purchasing function is carried out using a variety of different methods by individual buying firms (Handfield et al, 2000). The type of different methods used range from a strategic procurement role with the purchasing function being delegated to many staff within an authority, to a totally centralized system being located within a specialist supplier either within the industry or a consortium of suppliers, and there are many different variations in between these two extremes.

Supplier Development and key Concepts

Information Exchange
Information exchange was selected as a variable for the research due to the numerous authors advocating its importance in successful supplier development processes (Burt et al., 2003; Dunn & Young, 2004; Elmuti, 2002; Monczka et al., 2002; Sanchez-Rodriguez et al., 2005). Burton (2000) defined information exchange as the “relaying of business-related information in a way that enables the recipient to take action”. Moberg (2000) noted the “premise behind SCM [supply chain management] is that the sharing of information and coordination of strategies among firms in a supply chain can reduce total logistics costs and enhance value delivered to the customer” Sako (2004) posited that higher levels of information exchange between organizations in a supply chain lead to lower inventories and higher levels of customer satisfaction.

Ogden (2006) showed that top leadership support, good information systems, and cross-functional support are important to an organization focused on supply-base reduction. “Effective communication skills are indispensible skills for a project manager to possess” (Sutterfield, Friday-Stroud, & Shivers-Blackwell, 2006. Lambert and Knemeyer (2004) noted as the level of partnership grows, the need for greater communication also increases.

Level of Supplier Participation

Understanding the level of supplier participation by the selling firm was selected as a variable for the research due to the numerous authors advocating its importance in successful supplier development processes (Burt et al., 2003; Krause, 1995; Monczka et al., 2002). “Resource allocation clearly testifies to people throughout the organization, that the goal is important and that the senior manager is serious about it” (Lindsey, 1989,). Lindsay noted that resource allocation to specific strategies communicates to others within the firm where priorities have been positioned and conveys authority, power, and status. In line with these findings, Easton (2000) showed where supply chain leadership dedicated greater resources to spend more time at suppliers’ locations as a result of greater supplier development results. Nelson (2004) determined two key elements: (a) lean supplier development requires an organization to invest in talent and resources with knowledge in activities to improve a supplier’s performance and (b) the activity requires a long-term commitment by the leadership of the organization. Purchasing plays a key role in spanning functions by fostering relationships and communication to improve quality performance for both the supplying and the buying firm (Paulraj & Chen, 2005).

Understanding of Goals

Understanding of goals was selected as a variable for the research due to the numerous authors advocating its importance in successful supplier development processes (Krause & Scannell, 2002; Sako, 2004; Sanchez-Rodriguez et al., 2005; Taj &Berro, 2006). Goals establish organizational priorities and represent the foundation of how resources are allocated (Lindsey, 1989). Lindsay wrote, “There must be both organizational and individual commitment to the strategy and the goals that derive from the strategy”. Goals may fall into two classifications: strategic goals and operational goals. “Strategic goals are the long-term results that an organization seeks to achieve in pursuing its purpose” (Lindsey). For purposes of the current research, the operational classification of goals was utilized, referring to the short-term objectives that an organization plans to accomplish to support the achievement of strategic goals. “Operating goals are normally one year or less, mostly quantitative and they form the basis for allocating resources” (Lindsey). Shepherd and Gunter (2006) suggested based on research that purchasing organizations need to adopt a systemic approach to supplier performance measures including effective feedback.

Coordinator’s Presence
Understanding the level of coordinator’s presence was selected as a variable for the research due to the numerous authors advocating its importance in successful supplier development processes (Burt et al., 2003; Easton, 2000; Monczka et al., 2002; Trent, 2004; Wagner, 2003). Based on a review of literature, Wagner asserted that supplier participation in buying firms may lead to lowering costs, improved quality, and reduced developmental costs. In the process map for supplier development, (Monczka et al., 2002) emphasized the importance of reaching agreement on the key project and securing the joint resources to execute. The joint agreement should specify the roles and responsibilities of each party in the execution of the project (Monczka et al., 2002). Trent (2004) reported organizations should focus on areas such as measurement and evaluation as one of the characteristics in the foundation to pursue progressive supply strategies.

Theoretical Orientation

This section dwells on past theories, models and studies that are related to the concept of supplier development and its influence specifically its role of procurement effectiveness. It is noteworthy that these theories may be on different disciplines such as strategic management and sociology. Supplier development is a highly strategic decision which may be explained by various strategic models and theories (Lyson et al, 2006). Some of the theories are:

Theory of Constraints

The Theory of Constraints (TOC) is a philosophy of management and improvement originally developed by Eliyahu M. Goldratt and introduced in his book, The Goal. It is based on the fact that, like a chain with its weakest link, in any complex system at any point in time, there is most often only one aspect of that system that is limiting its ability to achieve more of its goal. For that system to attain any significant improvement, that constraint must be identified and the whole system must be managed with it in mind. In borrowing this concept, buyers seek to identify the constraints in the supply chain that emanates from poor buyer/supplier relationship and then work collectively to eliminate the constraint thus improving the functions and aspirations of each, more specifically, procurement functions for the buyer.

The TOC Thinking Processes, taken as a whole, provides an integrated problem-solving methodology that addresses not only the construction of solutions, but also the need for communication and collaboration that successful implementation of supply chain functions requires. They have been used to create powerful generic, "starting-point" solutions for various supply chain inefficiencies, including: Long supplier lead-times, Incoming quality problems, Late or unreliable raw material or purchased part deliveries, Raw material shortages, Poor quality.

In this connection then chances are good that an organizations constraint is in the supply chain that it rely on and the policies and practices associated with your relationships with suppliers. The challenge is to get from your suppliers what you need from them to be effective, whether it's better delivery performance, quality, or other aspect of what they supply to the organization.

Since 1985, the Theory of Constraints has been delivering startling tangible results to companies worldwide. An independent study by Pfeiffer (1985) on Theory of Constraints implementations around the world found that huge results were consistently achieved:
Lead Time | Reduced 69%
---|---
Cycle Times | Reduced 66%
Due Date Performance | Improved 60%
Inventory Levels | Reduced 50%
Revenue /Throughput | Increased 68%

Source: Pfeffer et al (1985)
Eliyahu Goldratt originated the idea in his book The Goal as a way of managing organizations to increase profits. The Theory of Constraints is a proven method that can be used by existing personnel to increase throughput (sales), reliability, and quality while decreasing inventory, WIP, late deliveries, and overtime. Successful organizations also adopt the Theory of Constraints to help make tactical & strategic decisions for continuous improvement. Through supplier development NCPB can also apply it to eradicate its procurement inefficiencies thus attaining procurement efficiency.

Resource Dependence Theory

Resource Dependence Theory (RDT) promoted by Pfeffer and Salancikin 1978, is the study of how the external resources of organizations affects the performance of the organization. The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Nevertheless, a theory of the consequences of this importance was not formalized until the 1970s, with the publication of The External Control of Organizations: A Resource Dependence Perspective (Pfeffer and Salancik 1978). Resource Dependence Theory has implications in the procurement effectiveness of the buying firms especially in tapping into the relationship with suppliers as their important and dependable partners. Thus this theory props up the notion of supplier development.

RDT proposes that actors lacking in essential resources will seek to establish relationships with (i.e., be dependent upon) others in order to obtain needed resources. Just like buyer will depend on suppliers for external resources and sellers on buyers for precious markets. Also, organizations attempt to alter their dependence relationships by minimizing their own dependence or by increasing the dependence of other organizations on them. Within this perspective, organizations are viewed as coalitions alerting their structure and patterns of behavior to acquire and maintain needed external resources. Acquiring the external resources needed by an organization comes by decreasing the organization’s dependence on others and/or by increasing other’s dependency on it, that is, modifying an organization’s power with other organizations.

METHODOLOGY

A descriptive case study approach was adopted for this study. Kothari (2008) defined a case study as a method used to narrow down a very broad field of research into one easily researchable topic. Babbie (1989) case study research excels at bringing forth an understanding of a complex issue or object and can extend experience and add strength to what is already known through previous research. Babbie further posits that case study provides detailed contextual analysis of limited number of events or conditions and their relationships.

The target population in this study consisted of employees of National Cereal and Produce Board. However the study population was 50 employees across the ranks involved in procurement duties at the NCPB headquarters in Nairobi. This was because the headquarters
is the source of all strategic decisions like supplier development and procurement all the data and results of these processes are handled by these employees. They therefore were expected to possess information on the role of supplier development on procurement effectiveness. The human resources offices based at the NCPB headquarters, which held the list of all staff involved in procurement management, provided the sampling frame.

Table 3.1; Tabulation of the Study Group and Sample

<table>
<thead>
<tr>
<th>SECTION</th>
<th>STUDY POPULATION</th>
<th>SAMPLE SIZE</th>
<th>SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>10</td>
<td>100%</td>
<td>10</td>
</tr>
<tr>
<td>Procurement officers</td>
<td>10</td>
<td>100%</td>
<td>10</td>
</tr>
<tr>
<td>User</td>
<td>30</td>
<td>100%</td>
<td>30</td>
</tr>
<tr>
<td>Totals</td>
<td>50</td>
<td>100%</td>
<td>50</td>
</tr>
</tbody>
</table>

Source; Human Resources Department NCPB (2010)

A sample of 50 employees was used in this study. According to Mugenda and Mugenda (2003), a minimum ten percent of the study population is adequate to form a sample size. However, in this study a census was conducted where all the 50 employees performing procurement activities and who have participated in supplier development activities were issued with questionnaires. According to Baxter (2008) a census is the procedure of systematically acquiring and recording information about the members of a given population. In this study the entire population of 50 personnel from the procurement department at the Head office of NCPB will be chosen. Census will provide increased confidence level, maximized chances of identifying negative feedback and avoids biasness (Yin, 1994). In addition, a sample must be large enough to represent the salient characteristics of the study population.

To determine the role of supplier development on the effectiveness of procurement functions of National Cereal and Produce Board, the researcher prepared a survey questionnaire and a set of guide questions for the interview that is asked to the intended respondents. The respondents graded each statement in the survey-questionnaire using a Likert scale with a five-response scale wherein respondents are given five response choices. The questionnaires have the advantage of being cheap and easy to administer and results in data suitable for analysis as designed by the researcher.

Correlation analysis was also carried out to establish the nature of the relationship that existed between the variables. In this case Procurement Effectiveness (y) was the dependent variable. Independent variables were Information Exchange (x₁); supplier participation (x₂); supplier understanding of goal (x₃); and buyer coordinator presence (x₄). A multiple regression equation for predicting P.E was expressed as follows: \( y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \alpha \)

Qualitative data analysis method will be employed to analyse data gathered using open end questionnaires.
Data Analysis and Discussion

Reliability Analysis
The research instrument was first pilot tested on a small sample of five respondents selected at random from the study population. Preliminary data on the pilot study showed that those who completed the questionnaires were comfortable and could easily attend to the questions asked. Minor changes were suggested and subsequently made. These were made to improve clarity in the presentation. For the purpose of establishing the reliability of the questionnaire used, the result from the pre-test was analysed using SPSS to establish the internal consistency of items in each of the independent variables. The benchmark for reliability was based on the values suggested by Nunnaly (1978) of Cronbach Alpha value of 0.7 as the minimum. The findings shown in the table 4.2 below indicate the values are all above 0.7 depicting a satisfactory reliability of instrument. A commonly accepted rule of thumb for describing internal consistency using Cronbach’s Alpha takes the range $0.8 > \alpha \geq 0.7$

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach alpha</th>
<th>No. Of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information exchange</td>
<td>.848</td>
<td>4</td>
</tr>
<tr>
<td>Suppliers participation</td>
<td>0.704</td>
<td>4</td>
</tr>
<tr>
<td>Understanding of goals</td>
<td>.958</td>
<td>4</td>
</tr>
<tr>
<td>Buyers coordination presence</td>
<td>0.865</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 4.1: Cronbach Alpha for Pilot Test

<table>
<thead>
<tr>
<th>Effectiveness of Procurement Functions</th>
<th>Information Exchange</th>
<th>Suppliers Understanding of Goals</th>
<th>Suppliers Participation</th>
<th>Buyers Coordination Presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>.290</td>
<td>1</td>
<td>.014</td>
<td>.550</td>
</tr>
</tbody>
</table>

Table 4.2: Correlation Matrix

Correlation Analysis
Correlation analysis was conducted to determine how supplier development influences the effectiveness of procurement function in organizations. Being a ranked data (in nominal level of measurement), Spearman’s Correlation analysis was adopted. The correlation analysis was 2-tailed as supplier development might have enhanced or negated the procurement effectiveness and conducted at 95% confidence level.
From the findings in Table 4.16, information exchange had a low linear correlation with effectiveness in procurement functions given a correlation coefficient value of 0.290 at p=0.014; suppliers understanding of goals had a low correlation with effectiveness in procurement functions given a correlation value of 0.273 at p=0.037. There is however, a good correlation between suppliers participation and effectiveness of procurement functions (R=0.502) at 95% confidence level (p=0.004). Buyers coordination presence also had a good correlation with effectiveness in procurement functions (R=0.415) at p=0.02.

Regression Analysis

Regression analyses are set of techniques that can enable the researcher to assess the ability of an independent variable(s) to predict the dependent variable(s).

Study sought to establish the role of information exchange, supplier participation, supplier understanding of goals and buyer coordinator presence on the procurement effectiveness of the National Cereal and Produce Board. The regression model was of the form:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Whereby Y represents effectiveness in procurement functions, X₁ is information exchange, X₂ is suppliers understanding of goals, X₃ is suppliers’ participation, X₄ is buyers coordination presence, \( \beta_0 \) is the model’s constant, and \( \beta_1 – \beta_4 \) are the regression coefficients while \( \varepsilon \) is the model’s error term.

**Table 4.3: Model Goodness of Fit**

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>.614*</td>
<td>.377</td>
<td>.281</td>
<td>.27112</td>
<td>1.780</td>
</tr>
</tbody>
</table>

Source: researchers database (2011)

Table 4.17 presents the data findings on the regression model’s goodness of fit to establish if it meets one of the key assumptions of linear regression model; linearity. The findings presents a good linear association between the dependent and independent variables used in the study. This is shown by a correlation (R) coefficient of 0.614. The determination coefficient as measured by the R-square presents a moderate relationship between dependent and independent variables given a value of 0.377. This depicts that the model accounts for 37.7% of the total variations in effectiveness in procurement functions. Durbin Watson test was used to test whether there is any autocorrelation within the model’s residuals. Given that the Durbin Watson value of 1.780, there was no autocorrelation in the model’s residuals.
Table 4.4: Analysis of Variance (ANOVA)

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.157</td>
<td>4</td>
<td>.289</td>
<td>3.936</td>
<td>.013a</td>
</tr>
<tr>
<td>Residual</td>
<td>1.911</td>
<td>26</td>
<td>.074</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.068</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The ANOVA statistics presented in Table 4.18 gives an F-significance value of p=0.013. The significance value of 0.013 which is less than 0.05 thus the model is statistically significance in predicting Information Exchange, Supplier Participation, Supplier Understanding of Goals and Buyer Coordinator Presence. The study established f-value of =3.936 at p-value of 0.013. This shows that the overall model was significant. This shows that there is a probability of 1.3% that the regression model presenting a false information.

Table 4.5: Coefficient of determination

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td></td>
<td>1.405</td>
<td>.659</td>
<td>2.131</td>
<td>.343</td>
<td>.050</td>
</tr>
<tr>
<td>Information Exchange</td>
<td>.168</td>
<td>.177</td>
<td>.211</td>
<td>.952</td>
<td>.050</td>
</tr>
<tr>
<td>Suppliers Understanding of Goals</td>
<td>.134</td>
<td>.184</td>
<td>.137</td>
<td>.730</td>
<td>.050</td>
</tr>
<tr>
<td>Suppliers Participation</td>
<td>.322</td>
<td>.115</td>
<td>.498</td>
<td>2.802</td>
<td>.009</td>
</tr>
<tr>
<td>Buyers Coordination Presence</td>
<td>.250</td>
<td>.125</td>
<td>.362</td>
<td>1.998</td>
<td>.056</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Effectiveness in Procurement Function

The following regression result was obtained:

\[ Y = 1.405 + 0.168 \times X_1 + 0.134 \times X_2 + 0.322 \times X_3 + 0.250 \times X_4 \]

\[ P<0.013 \]

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Effectiveness of Procurement Function) that is explained by all the four independent variables (Information Exchange, Supplier Participation, Supplier Understanding of Goal and Buyer Coordinator Presence).

From the model, when other factors (information exchange, suppliers understanding of goals, suppliers’ participation and buyers coordination presence) are at zero, the effectiveness in procurement function is 1.405 (p=0.343). Holding other factors constant, a unit increase in information exchange would lead to a 0.168 (p=.050) increase in effectiveness in procurement function. A unit increase in suppliers understanding of goals would lead to a 0.134 (p=0.072) increase in effectiveness in procurement function.

It was also established that, holding other factors constant, a unit increase in suppliers’ participation would lead to a 0.322 (p=0.009) increase in effectiveness in procurement function and a unit increase in buyers coordination presence would lead to a 0.25 (p=0.056) increase in effectiveness in procurement function. These results show that when in acting
together, suppliers understanding of goals, supplier’s participation, buyers coordination and information exchange would foster effectiveness in procurement function.

Summary, Conclusion and Recommendations

Information Exchange

Based on the findings of the study, it is evident that majority (71%) of the respondents were of the view that information exchange have had great influence on procurement effectiveness. However the correlation analysis shows that there is little relationship between information exchange and effectiveness of procurement functions. This is in line with Ellram, (2000) study which indicates suppliers consider information as a form of meddling and influence assertion which could be dealt with through clear statement of specifications. The study shows that limited level of information exchange is necessary. Firms therefore need to invest in ICT to enable them share basic procurement information with their suppliers in order to realize effective procurement. For effectiveness of information exchange. Karen, (2005), recommended that it be complemented with other supplier development strategies.

Supplier Understanding of Goals

Supplier understanding of goal was found to contribute less to procurement effectiveness, though to limited extent. According to the findings, 93% of the respondents said that the organization communicate its goals to its suppliers through specification and other avenues. Further the process of goal communication was found to be good by 70% of the respondents. However supplier understanding of goal was found to have limited influence on procurement effectiveness at 27.3%. This is attributable to the rigidity of many suppliers and to the inflexibility of many suppliers. According to Krause, (2007), the supplier understanding of goals might not influence procurement effectiveness owing to the fact that goals are not communicated on time, poor channels of communication and consumer ignorance. Thus buying firm needs to put in place strict modalities of goal communication.

Supplier Participation

It was also established that supplier participation contributed to procurement effectiveness to a moderate extent. According to the findings, 61% of the respondents indicated that supplier participation is buying processes of the buyer had very good impact on procurement functions. This indicates obvious assertion that supplier participation gives the supplier the confidence and the buyer assurance of continued supply. The finding also establishes a strong relationship between supplier participation and procurement effectiveness at 50.2%.This affirms observation by Lysons and Farrington, (2006) where he states that good supplier participation results in lowering of development costs reduced circle time and reworks as well as improved first time quality.

Buyer Coordinator presence

Based on the findings of the study, it was established that buyer coordinator presence had influence on the effectiveness of procurement function. 67% of the respondents agreed that buyer coordinator presence had very good influence on procurement effectiveness. However the correlation analysis shows that buyer coordinator presence has just little influence on procurement effectiveness. According to Lysons and Farrington, (2006) the buyer coordinator
presence in key at expediting the production cycle time, reduction in reworks and ensures constant monitoring of progress on execution of procurement contracts.

Conclusions

From the findings, the study concluded that firm had been participating in development of supplier’s initiatives very good. To the impacts of the suppliers development initiatives to procurement function, the study concluded that information exchange, suppliers understanding of goals, suppliers’ participation and buyers’ coordination had had very good impact on procurement function. However supplier participation was found to be more significant followed by buyer coordinator presence, information exchange and supplier understanding of goals. Some other notable supplier development practices found to have influence on procurement effectiveness were feedback provision, promise of continued business, site visits, supplier recognition and training and education. To the suggestion of the respondents on the suppliers’ development initiatives they wish to be practiced the study concluded that there is need to offer training to the suppliers in order to improve their performance and the service they offer to the clients.

Recommendations

In order to fully understand the role of supplier development on the effectiveness of procurement functions at the National Cereal and Produce Board, the responses to the established gaps in this study should be sought. Though majority of the respondents agree that practice of information exchange was good, information exchange need to emphasized using more modern ICT based practices such as EDI, VMI among others.

On suppliers’ participation was found to influence procurement effectiveness to a very good extent. But much needs to be done. Therefore firms need to employ mechanisms such open ended and joint specification development by both the users and the suppliers. This will encourage the suppliers to work closely in development of buyer procurement quality standards.

Further the study recommended that supplier understanding of the buyers’ goals be emphasized on as the customers are the key target of every firm for its survival and if customers are not satisfied the organization collapse due to failure of meeting the target.

Finally the study suggested that there be a clear coordination of buyer as misappropriate coordination of buyer may led to contradiction which ,may be resulted by poor time management there customers being disappointed.

Suggestions for Further Research

The study has explored the role of supplier development (information exchange, suppliers understanding of goals, Suppliers Participation and Buyer coordination presence) on the effectiveness of procurement functions of the National Cereal and Produce Board. The study suggests that future studies should focus on relationship supplier development initiatives and procurement functions in the service industries. This would help firms in determining benefits accrued from prior procurement functions.
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