SUPPLIER RELATIONSHIP MANAGEMENT AND ORGANISATIONAL PERFORMANCE IN THE PETROLEUM INDUSTRY IN UGANDA: A CASE STUDY OF HASHI ENERGY UGANDA LIMITED

BY:

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A DISSERTATION SUBMITED TO THE SCHOOL OF BUSINESS AND INFORMATION TECHNOLOGY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF PROCUREMENT AND LOGISTICS MANAGEMENT OF NKUMBA UNIVERISTY.

OCTOBER, 2021

DECLARATION

I hereby declare that, this dissertation is my own work and has never been submitted to any university or college and that to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

Tommy Okori

…… ……..

(STUDENT) Date

APPROVAL

This proposal has been prepared by TOMMY OKORI under my supervision and is now ready for field work.

Name of Supervisor	Signature	Date
Mr. LWANGA MUSISI ABUBAKER	……	…….

DEDICATION

I dedicate this research project to the Almighty God who granted me with good health, wisdom and resources to pursue this course at his right timings and keeping me blessed during the most challenging moments that I would have ordinarily given up.

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My gratitude first goes to God who has given me the strength to undertake this study.

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LIST OF ACRONYMS/ ABBREVIATIONS

CIPS	Chartered Institute of Procurement and Supply
CVI	Content Validity Index
IP	Intellectual Property rights
JIT	Just In Time
LPG	Liquefied Petroleum Gas.
PROBICOU	Pro-Biodiversity Conservationists in Uganda
QMS	Quality Management System
SET	Social Exchange Theory
SPSS	Statistical Package for Social Scientists
SRM	Supplier relationship management
TCET	Transaction Cost Economics Theory
TQM	Total Quality Management
VCT	Value Chain Theory

ABSTRACT

This study sought to examine the relationship between Supplier Relationship Management and the Organizational performance in Petroleum Industry in Uganda, a case study of Hashi Energy Uganda Limited. The researcher adopted a descriptive research design. The analysis involved primary data obtained through questionnaires, interviews and secondary data, which was obtained from relevant journals and books. It was evident from the findings that Supplier Relationship Management at Hashi Energy Uganda Limited was effectively conducted as indicated by 99% of the responses. The findings from the research confirmed the need to establish a strong evaluation system, which will supervise, monitor and appraise suppliers' performance. This study contributes to our knowledge on procurement process by presenting the key role of supplier appraisal on effective procurement process and organization performance through improving on performance of suppliers.

It was also found that the Organization usually conducts Supplier Relationship Management to assess the performance of suppliers of goods and services to ensure effective performance of the organization. They indicated that, supplier appraisal has contributed much on performance of Hashi Energy in terms of quality and delivery. The key dimensions found to yield best results are; supplier training, standardization of supplier product, communication with suppliers and constant auditing of the suppliers. These techniques have helped Hashi Energy in reducing product cost, improving product quality, hastening time taken to the market and also improving on the operations flexibility of the manufacturing firm.

The study recommended that Hashi Energy needs to focus on creating long-term relationship with suppliers mainly those of core items such as stationary and technical supplies for example computer services. There is a need to improve on communication system to facilitate information flow and reduce on costs of communication. This may be through adopting electronic means such as e-Procurement to facilitate procurement transactions.

CHAPTER ONE

INTRODUCTION

1.0 Overview

The study focused on examining the relationship between supplier relationship management and organizational performance in Petroleum industry in Uganda, a case study of Hashi Energy Uganda Limited.

This chapter consists of the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, and scope of the study, significance of the study and limitations of the study.

1.1 Background to the study.

This study sets out to examine the relationship between supplier relationship management and organizational performance in Petroleum industry in Uganda and it focuses on Hashi Energy Uganda Limited as a case study.

Research in the Petroleum industry is significant because this industry is one of the main revenue earners in Uganda and it has got upstream and downstream industries. The upstream industry deals with exploration, development and eventual production of Petroleum while the downstream covers transportation, refining, storage, distribution and marketing of Petroleum products that include refined fuel -petrol, diesel, Aviation fuels and kerosene, Lubricants, black oil for burning in factory furnaces to generate heat and Bitumen which is used in road construction. (Petroleum Authority of Uganda 2019). According to Uganda National Oil Company, Uganda has 49 registered oil marketing companies in the downstream sector by the year 2019 of which Hashi Energy is one of them. Uganda currently imports all its Petroleum products from overseas suppliers. About 85% of Uganda's Petroleum supplies are routed through Kenya with only 15% coming through Tanzania. Uganda currently consumes about 6 million liters of Petroleum products per day.

This demand has been growing at an average rate of 9 percent in 6-10 years and it continues to grow, (Ministry of Petroleum and Mineral Resources 2018 report).

As per the Pro-Biodiversity Conservationists in Uganda (PROBICOU report 2017) that studied the key issues in Uganda's Petroleum sector, it was noted that despite being the one of the major revenue earners in Uganda, the Petroleum industry has faced a lot of challenges in meeting Petroleum demands in Uganda which saw many companies withdraw from the market. The report further indicated that most of the Petroleum organisations in Uganda among others face problems of stiff competition, inconsistent or non-supplies from their suppliers, logistical issues, product quality where some products were adulterated and companies like Fuelex Uganda limited got blacklisted by Uganda National Bureau of standards, unstable market prices, non-availability of credit facilities, high operational cost. These problems impacted on a number of organisations in the industry among which Hashi Energy was also heavily hit. This prompted the researcher to initiate an investigation to examine whether there is a relationship between Supplier relationship management and organisational performance in Petroleum industry in Uganda. Due to limited resources and logistics challenges the researcher opted to study one of the most affected organisations as per the report by Uganda Investment Authority 2019 where Hashi Energy was reported as one of the most affected organisations

1.1.1 Supplier Relationship Management

Supplier Relationship Management is a comprehensive approach of taking care of a firm's association with its products and serve providers (Harland, Kniglit, Lamming & Walker, 2005). Supplier Relationship management is one of the obtainment methodology adapted towards outlining operational, supplier management and vital acquisition forms. Organizations and suppliers' business practices collectively come in a working, relationship thorough Supplier Relationship Management. Supplier Relationship Management is along these lines on approach of thoroughly dealing with a firm's interactions with the providers that render any service and items and it uses.

Organizations that need to be successful should adopt Supplier Relationship Management in terms of supplier appraisal, supplier development, supplier involvement and information sharing to manage supplier relations. Cannon and Homburg (2001) indicated that in supplier appraisal, a prospective vendor applies to be placed on the buyer's approval list then the buyer evaluates the supplier capabilities.

Supplier development is whereby two entities jointly plan and outline the long term initiatives such as bulling joint ventures and penetrating the market or strategic alliances (Lysons and Farrington, 2006).

Supplier involvement is the extent to which a supplier can jointly work with its customer (Feng and Wang, 2013). There is a positive correlation between supplier involvements on performance and quality improvement in many companies across various industries. Information sharing is the frequent updating of data among the chain individuals for powerful Supply Chain Management. In this unusual and dynamic world, a business's life expectancy relies upon its capacity to get the right information at the ideal time. Supplier Relationship Management plays a critical role in an organization's performance because suppliers determine the price, quality, delivery, reliability and accessibility of its products and services.

1.1.2 Organizational Performance

Organizational performance in this setting is a measure of how proficient and compelling Supplier Relationship Management outcomes help in accomplishing hierarchical targets and objectives (Lawer,2001). Organisational performance can be conceptualized as far as purchaser's lessening in acquiring cost, supplier's operational and key execution and dynamic quality execution, advancement and budgetary execution. In a supply chain, relationships connections are not just utilized for associating the firm with suppliers but are also used to interface the association all through the inventory network of the supply chain (Sanders, 2005).

Caeldries, (2008) states that Supplier Relationship Management has a significant part to play in cost reduction and in the improvement of the firm's overall performance within the industry.

Supplier Relationship Management can be used as a way to manage a firm's communication and relationships with other firms that supply products and services that are required. Handfield et al. (1999) argued that for a firm to achieve competitiveness it must incorporate its suppliers within the supply chain effectively. Building of trust, providing support for suppliers, using the input of suppliers when coming up with new items to manufacture, sharing of information and building long-term relationships are some of the ways that organizations and it suppliers can cooperate so as to achieve competitiveness and improve performance (Langfield-Smith & Greenwood, 1998).

Organisational performance is considered to be a feasible option when one would like to inspect the direct effects of organizational activities (Turkulainen & Ketokivi, 2013). It was stated by MacDuffie and Helper (1997) that it was more likely for suppliers to meet time and quality of delivery if they were in a lean production system. They also mentioned that the buyers can face a challenge in meeting the above requirements until the supplier decides to adopt lean practices. Costs such as inventory and related costs can be minimized whereas the inventories can be maximized in such a case (Romero, 1991).

Due to increasingly high competition and other challenges in the global market and Petroleum industry inclusive, firms have put more emphasis not only on customer care management but also in supplier relationship management as a strategic direction towards building a competitive advantage for themselves. Effective and efficient Supplier Relationship Management (SRM) not only improves organization cash flow, it also generates the best satisfaction in building and strengthening supply chain relationship

Creating and maintaining good and sustainable Supplier Relationship Management is one of the philosophies of ensuring compliance with essential features such as partnership, proper risk management, respect, developing new capabilities (Donoghue, 2011). McCutcheon and Stuart (2000) express that Supplier relationship management is the exact, undertaking, wide evaluation of suppliers' abilities and assets concerning, general business technique, affirmation of what activities to partake in with different suppliers, organizing and execution of all coordinated efforts with product or service suppliers in an arranged way over the relationship life cycle keeping in mind the end objective is to increase the regard recognized through those collaborations.

This research is underpinned by three main theories namely; Social Exchange Theory (SET), Transaction Cost Economics Theory (TCET) and Value Chain Theory.

Social Exchange Theory studies the authoritative cooperation from social structure point of view as opposed to the transaction exchange relationship (Homans, 1958). Social Exchange Theory proposes that any social associations evaluated utilizing money saving advantage examination and the appraisal of options; hence. This implies parties will keep on being in a relationship as long, as there is incorporated regard (Cropanzano and Mitchel 2005).

Christopher (2009) points out that Transaction Cost Economics Theory explains how a collaborative relationship is important for business partners because it shields them from harmful subsidiary as opposed to differing collaborative relationship, this implies that Petroleum firms will be able to save on the cost of doing business and operational expenses.

Value Chain Theory postulates that creation of competitive advantage in an organization is through effective management of activities along the value chain to provide quality services and products to customers (Porter. 1985). This theory in the study context means that well managed supplier relationship practices of appraisal, development, involvement and information sharing results in superior operational performance as a result of better services to customers, quality products, low cost of production and firms overall effectiveness and efficiency.

Inability of the Petroleum companies to reap the benefits of Supplier Relationship Management may therefore be one of factors contributing to poor organisational performance of the downstream Petroleum organisations in Uganda. This is attributed to poor networking, of personnel and activities required to facilitate the organizing, scheduling and deploying of resources compared to other efficiently organized, planned, directed and controlled Supplier Relationship Management systems (Bally et al, 2008).

In Uganda, a country whose fifty percent of the revenues lie on the Petroleum related businesses also absolutely feels the impact of supplier relationships activities since it has critical consequences on the performance of the organisations.

This study therefore is aimed at filling this knowledge gap by investigating the relationship between Supplier Relationship Management and organisational performance in Petroleum industry in Uganda.

1.1.3 Hashi Energy Uganda Limited.

Hashi Energy Uganda Limited is a private Petroleum organization registered in Uganda in the year 2000. It deals in commercial Petroleum businesses and operated about 15 Petrol stations, numerous outlet stores of Liquefied Petroleum Gas (LPG) and Lubricants across different urban centers in Uganda.

Hashi Energy was first registered in Kenya in 1991 and its sole business was retail distribution of Kerosene in the rural settlements in Kenya for domestic consumption. It later grew and acquired fleets of delivery Trucks for distribution of Caltex Petroleum products, constructed fuel depots and numerous petrol stations across Kenya until in the year 2000 when it opened a branch in Uganda

Hashi Energy, just like any other business organizations in Uganda is having a number of suppliers locally in Uganda and internationally that feed its businesses in all its establishments across the country to enable them meet their Goals, objectives and vision.

The vision of Hashi Energy is to be a leading service provider in East Africa and this study aims at examining how supplier relationship management practices affect its performance through supplier appraisal, supplier development, and supplier involvement

1.2 Problem Statement

Over the years since its establishment in Uganda in 2000, Hashi Energy registered tremendous performance in their business as per the annpual financial reports. In the year 2005, the report showed that they registered a growth of 10% reflecting a profit growth of two hundred and fifty million Ugandan shillings (250,000,000/-)

This was consequently followed by a 13% and 16% growth as per the annual report in 2006 and 2007 respectively. This trend was reflected in a number of years that followed until 2014 which saw the organization built and operated 10 more petrol stations in a span of 15 years of operations in Uganda and acquiring a 16% market share in the Petroleum industry in Uganda. However, in three consecutive annual performance reports released by Hashi Energy in 2016, 2017 and 2018, there was a drastic fall in the company performances across their businesses in Uganda that has made the organization to sell off their petrol stations and outlets in major towns in Uganda like

Masaka, Mbarara, Lira, and Mbale among others. As per the report released in 2016, there was a performance drop by 7%, followed by 13 % in 2017 and 22% in 2018. These reflected a "drowning business that was once excelling and growing at an average of 13% per annum. The CEO attributed these downward trends to failures to get sufficient supplies from its suppliers, poor quality products that could not compete in the market, price fluctuations in the market and high cost of operations.

As per the report compiled by Pro-Biodiversity Conservationists in Uganda (PROBICOU report 2017) that studied the key issues in Uganda's Petroleum sector, it was noted that, the Petroleum industry has faced a lot of challenges in meeting Petroleum demands in Uganda which saw many companies withdraw from the market.

The report further indicated that most of the Petroleum organisations in Uganda among others face problems of stiff competition, inconsistent or non-supplies from their suppliers, logistical issues, product quality where some products were adulterated and companies like Fuelex Uganda limited got blacklisted by Uganda National Bureau of standards, unstable market prices, non-availability of credit facilities, high operational cost.

As per the quarterly report by the procurement Manager of Hashi Energy in December 2018, it was noted that one major Fuel supplier who was once very reliable and efficient declined to supply a consignment of 2 million Liters of Diesel which was meant for the market in western Uganda in the third quarter of 2018.

In January 2019, Hashi Energy was engaged in a legal battle with Buba (K) Ltd, a Lubricant supplier from Kenya who allegedly dragged Hashi Energy to commercial court of Uganda over unpaid supply invoices against approved purchase orders amounting to seven hundred and fifty million Ugandan shillings (750,000,000/-) over a period of 4 months Lubricant supplies. This taunted the image of the organization not only to the shareholders but to the esteemed customers and employees of Hashi Energy as well.

Furthermore, in the Memo from the Human Resource Manager to the employees in January 2019, it was stated that due to an abrupt refusal by telecom service provider, MTN to supply airtime, mobile data for the employees and internet services for office use, employees were requested to use their own alternative means as the company tries to engage another service provider.

This stoppage of service by supplier hampered smooth flow of routine work by employees and left the company database that is dependent on internet inoperable

Critical review of the reports above revealed to the best of the researcher's knowledge that there is no single study which had examined the link between Supplier Relationship Management in terms of supplier appraisal, supplier development, supplier involvement on organisational performance in Petroleum industry in Uganda which could have helped solved the eminent problems that are facing the industry in general. These problems have prompted the researcher to try and establish whether Supplier Relationship Management affects the Organisational performance in Petroleum industry in Uganda

1.3. Purpose of the study.

The Purpose of the study was to examine the relationship between Supplier Relationship Management and Performance of the Petroleum industry in Uganda, a case study of Hashi Energy Uganda Limited.

1.4. Objectives of the study.

The specific objectives of the study were:

1. To examine the extent to which supplier appraisal affects organisational performance of Hashi Energy Uganda Limited
2. To investigate the relationship between supplier development and organisational performance of Hashi Energy.
3. To establish how supplier involvement affects organizational performance of Hashi Energy Uganda Limited

1.5 Research Question.

1. To what extent does supplier appraisal affect organizational performance of Hashi Energy Uganda Limited?
2. How does supplier development affect organizational performance of Hashi Energy?
3. How does supplier involvement affect organizational performance of Hashi Energy?

1.6 Hypothesis of the study.

H_0: There is no significant relationship between supplier relationship management and organizational performance of Hashi Energy, Uganda.

H_1: There is significant relationship between supplier relationship management and organizational performance of Hashi Energy, Uganda

1.7. Scope of the study

1.7.1. Content scope of the study

The study looked at supplier relationship management and how it affects performance in organizations in Petroleum industry in Uganda with a focus on comparison among supplier appraisal criteria, research about supplier development and supplier involvement.

1.7.2 Geographical scope

The study was carried out at Hashi Energy Uganda headquarters located on 6th Street industrial area and its branches at Kyengera, Mbale, and Masaka.

1.7.3 Time scope

The study focused on a period between 2017 and 2018, a time during which Hashi faced a lot of challenges which involved failure to get sufficient supplies from its suppliers, low sales, poor quality products that could not compete favorably in the market, price fluctuations in the market and high cost of operations and legal litigations by the supplier.

1.8 Significance of the Study.

It is hoped that the research findings and recommendations may be of great use to different stakeholders as shown below**.**

Management of Hashi Energy (U) Limited, The research findings and recommendations may help Hashi Energy to review their strategy and invest a lot more in customer relationship management techniques to enable them become resilient to factors attributed to the actions for the suppliers and achieve more growth of the organisation.

To the suppliers of Hashi Energy, the study recommendations may help to show the relevance and roles and responsibilities to their clients as far as supplier relationship management is concerned in order to achieve mutual benefits in their operations.

In the Petroleum industry, especially downstream sector, the study findings and recommendations may be used to better their organisational performance as a result of adopting Supplier Relationship Management

To the Policy makers in public and private sectors: The study may help to optimize organisational performance by developing policy guidelines on Supplier Relationship Management as stipulated by the study

To the research team and academics the research team may gain enormously from the study findings on how best to carry out supplier relationship development. The study will also show the relevance of supplier relationship management in enhancing organisational performance and paves way for further research in the same field.

CHAPTER TWO

STUDY LITERATURE

2.0 Introduction.

In this chapter, the researcher reviewed selected conceptual and empirical literature on the key study variables with an aim of highlighting the existing research gaps. The chapter specifically examined the literature on the rationale of Supplier Relationship Management and organisational performance. It also covered the relationship between Supplier Relationship Management and organisational performance of Petroleum industry in Uganda. This chapter will focus on discussing the summary of knowledge gaps that the study aims to fill.

2.1. Literature survey

Management of supplier relationships is central to the success of supply chain management in firms (Harland, 1996). In particular, strategic relationships with critical suppliers must be understood in order to maximize the value creation in the supply chain.

Studies have shown that successful management of these relationships contributes to firm's performance (Tan et al., 1999). Dimensions such as supplier appraisal, development and involvement are shown to play an important role in high-value strategic relationships, where specific investments are high, and contractual governance alone is not adequate in such relationships, it is important that both parties perceive that they are gaining value from the relationship if it is to continue and the relationship is to be considered a success (Narayandas and Rangan, 2004).

Supplier relationship management has become widely recognized as an important contributor to strategic success, helping firms meet the challenges of an increasingly competitive and dynamic environment (Monczka et al., 2000). These pressures have driven companies toward forming closer relationships with a smaller number of suppliers who have become increasingly involved in many aspects of strategy making and day-to-day operations (Cousins, 1999).

Such relationships are highly interactive and require constant monitoring and inter-personal liaison between employees of both parties in order to be effective. The question of how firms manage these collaborative supplier relationships, through the use of performance measurement systems, and the development of social networks, is an important avenue of research. Traits such as supplier appraisal, development, and involvement, are widely considered to be central to meaningful relationships (David, 2012).

Mwasamila (2013) conducted a research on assessing the challenges of supplier relationship management in private organizations. The researcher used a sample of 30 respondents from a total number of 56 staffs in Centenary Rural Development Bank in Kampala. The study concluded by explaining problems or challenges of Supplier relationship management as explained by the respondents. Among the problems are absence of win-win principles between the suppliers and buyers (bank). Late payments to suppliers were also a problem to Supplier Relationship management in the whole process of procurement and unfavorable prices charged by the suppliers without regarding quality of products or services they supply to their clients. Furthermore, the researcher was able to provide solutions to explained problems. Such solutions were; fair prices charged, quality goods/services being supplied, early payments, promotion of win-win principles would improve business in the whole process of procurement. The study failed to explain how supplier relationship management may improve organisational performance and focused only on financial institution. This is a gap that this study would want to bridge by critically analyzing how supplier appraisal, development and involvement can improve organisational performance.

Wachira (2010) examined Supplier relationship management (SRM) and organisational performance in alcoholic beverage industry in Uganda. The researcher used a sample of 38 supply chain professionals in alcoholic beverage industry.

The conclusion of the study was that Supplier Relationship management largely depends upon four main aspects which are communication (information sharing and technology interchange), trust (commitment, loyalty, openness, flexibility), risk assessment and management (innovations, contract management, value and pricing structures) and strategic supplier relationship (who to choose as a supplier and for which product or service).

The study only focused on alcohol industry and failed to show how those major aspects of Supplier Relationship Management such as supplier appraisal, supplier development and supplier involvement may affect organization performance, a gap that this study would want to fill.

Kamau (2003) conducted a research on buyer-supplier relationship and organizational performance among large manufacturing organizations in Kampala-Uganda. Kamau explained five variables that lead to successful buyer-supplier relationships. Those variables includes: Trust, communication, commitment, cooperation and mutual goals. The study concluded that development of buyer supplier relationship has led to the improvement of organization performance in Uganda and implementation of buyer-supplier relationship is in practice for more than ten years. Therefore the study of Kamau (2003) said there is strong relationship between buyer-supplier relationship and organizational performance. The study failed to show the effect of this relationship to the organization performance in other industries such as Petroleum industry other than manufacturing. Furthermore, much as the variables studied yielded positive results to show the relationship between supplier relationship management and organisational performance, the study did not show how other variables like supplier appraisal, development and involvement would also impact on the organisational performance. This is the core focus of this study.

2.2. Theoretical Review

For the purpose of this study, the research was guided by three main theories as explained below.

2.2.1. Social Exchange Theory

Social exchange theory (SET), with origins in anthropology (Firth, 1951), sociology (Homans, 1958, 1961; Gouldner, 1960; Blau, 1964; Emerson, 1976), social psychology (Thibaut and Kelley, 1959; Thibaut and Walker, 1978), behavioral psychology (Skinner, 1950; Bandura, 1986), philosophy (Rawls, 1971) and economics (Smith, 1776; Ricardo, 1817), argues that individuals or corporate groups interact for reward or with the expectation of a reward from their interaction with others (Homans, 1958; Thibaut and Kelley, 1959; Emerson, 1976). Social exchange theory contends that a basic motivation for interaction is the seeking of rewards and avoidance of punishments (Emerson, 1976; Bandura, 1986).

As such, Social exchange theory argues that attitudes and behaviors are determined by the rewards of interaction minus the penalty/cost of that interaction. For example, in the context of supplier relationships management, a supplier makes a contribution to its clients, via its supply chain management policies. In contributing to its clients, an expectation forms for the return of a contribution at a later time. The client receiving a valued contribution develops a sense of obligation and reciprocates with appropriate attitudinal and behavioral responses. Social exchange theory is composed of a series of propositions outlining the system of social exchange. A fundamental proposition of Social exchange theory is that for all actions taken, the more often a particular action is rewarded the more likely a member to an exchange is to perform that action again (i.e., success proposition). In addition, the more valuable to a member of an exchange is the result of the member's action (i.e., reward proposition), the more likely the member of the exchange is to perform the action again (i.e., value proposition) (Blau, 1964). When an exchange member's action does not receive the expected reward, or receives unexpected punishment, the exchange member will aggressively avoid the action in the future (i.e., aggression proposition) (Homans, 1961).

Further, in choosing between actions, a member to an exchange will choose the one for which the value of the reward multiplied by the probability of receiving the reward is greater (i.e., rationality proposition)

Conclusively, the theory is relevant to this study of supplier relationship management in guiding organizations in choosing strategies for suppliers. Social Exchange Theory helps in choosing a preferred supplier who is not merely a regular or an exit supplier thus guaranteeing regular supply of products and services to the organization. This means that the theory was appropriate for this study in that it will aid the Petroleum industry in Uganda in obtaining constant supply of products and materials from their loyal suppliers as a result of good supplier-buyer relationship thereby resulting in improved organizational performance. In addition, as mentioned in the success proposition, healthy relationship that makes the transactions more rewarding would increase the bondage between the parties hence increasing the performance of the organization once reliable supplies to the organization has been guaranteed.

Furthermore, as mentioned in reward proposition of the exchange theory, the more valuable to a member of an exchange is the result of the member's action, this relates to a well satisfied and maintained supplier who would act positively and deliver the best of the actions to the other party (purchasing organization) because they would regard their client as being valuable to them hence improved organizational performance.

2.2.2. Transaction Cost Economic Theory

Transaction cost economics theory started its development from the times of neoclassical economics. The point of view was dominant and strongly acknowledged in its time before Williamson developed the full Transaction cost economics model (Williamson 2010,).

Neoclassical economics sets profit and utility maximization, which is carried out by rational executors with perfect properties characterizing their objectives, level of knowledge, computational abilities, transaction cost(Murrell 1991), (Moe 1984), the Pareto analysis (80/20 Rule), and the universal equilibrium of competitive markets as an illustration of a well-working economy into its core (Murrell 1991).

Williamson developed his Transaction cost economics theory to manage governance modes in order to reduce transaction costs within his article: transaction cost economics: the governance of Contractual relations (Williamson 1979).

In 1985 Williamson et al. continued formalizing transaction cost economics (Riordan and Williamson 1985). According to Williamson (Williamson 2010), Grossman and Hart published an influential paper, dealing with the theory of costly contracts that has been further examined, providing a framework that stresses biases triggered by contractual incompleteness, caused by transaction costs which can create a loss of investment for the buying party (Grossman and Hart 1986). Within 1987, there were still theorists that doubted the validity of transaction costs, such as Gregory Dow, however Williamson defended Transaction cost in his paper, named "Transaction cost economics: the comparative contracting perspective" (Williamson 1987). 1990 Hart and Moore created an influential theory (Williamson 2010).

Applications of Transaction cost economics theory has been used extensively in the areas of: vertical integration (Masten, Meehan and Snyder 1989, Monteverde & Teece 1982, Walker 1988); distribution strategy (Anderson & Schmittlen 1984, John & Weitz 1988); international expansion (Buckley & Casson 1976; Hennart 1982; Rugman 1981; Teece 1983); strategic alliances (Balakrishnan & Koza 1993; Hennart 1991); financial structure (Balakrishnan & Fox 1993; Williamson 1991); multinational production (Oxley 1995) and the design of internal incentive systems (Hoskisson & Hitt 1988). The relevance of transaction cost economics theory to Petroleum industry in Uganda is based on the fact that organizations face a lot of transaction costs necessitating the need to apply this theory to shield them from extra supplier costs.

The study utilized this theory because it is seen that it would aid Hashi Energy in particular and Petroleum industry in general to establish competitive supply policies to acquire and or integrate with dependable suppliers who will ensure that they get constant supply of products and services needed for their business processes at competitive prices that would sustain their businesses.

This can be achieved through proper supplier appraisals, supplier development and supplier involvement. Once the transaction cost in supplies has been managed, this would result into improved organizational performance.

2.2.3 Value Chain Theory

Value chain theory was propagated by Michael Porter in 1985 in his book "Competitive

Advantage: Creating and Sustaining, Superior Performance." Porter describes value chain as an arrangement of exercises that an organization carries out to create value for its customers thus making it have a competitive position. The idea of the value chain is based on the process view of organizations, the idea of seeing a manufacturing (or service) organization as a system, made up of subsystems each with inputs, transformation processes and outputs. Inputs, transformation processes, and outputs involve the acquisition and consumption of resources such as money, labour, materials, equipment, buildings, land, administration and management. How value chain activities are carried out determines costs and affects profits. Most organizations engage in numerous activities in the process of converting inputs to outputs.

These activities can be classified generally as either primary or support activities that all businesses must undertake in some form. According to Porter (1985), the primary activities are:

Inbound Logistics. Inbound logistics include the receiving, warehousing and inventory control of a company's materials. This also covers all relationships with suppliers. For example, for a commercial Petroleum company, inbound logistics would be the receiving and storing products from a supplier that it plans to sell to their respective clients. This is where and organisation like Hashi Energy will need to engage carry out proper supplier appraisal and supplier development so that they get the right supplier who can supply the right product that would be competitive in the market.

Operations. This includes procedures for converting raw materials into a finished product or service. This includes changing all inputs to ready them as outputs. In the Petroleum companies, this would include supplier involvement so that they get the right products of the right quality that can be produced to the market.

It may also include quality controls, product dying and addition of additives where necessary, branding or packaging several products as a bundle to add value to the product.

Outbound Logistics, All activities to distribute a final product to a consumer are considered outbound logistics. This includes delivery of the product but also includes storage and distribution systems and can be external or internal. In the Petroleum industry, this includes getting suppliers of transportation services to the organisation or to be managed within the organisation to ensure that products are delivered to the right distribution points. It may also include storing of products in the organizations warehouses or using a supplier (Hired Petrol station/depots) for storage of the said products. Choosing the right distribution channels, the right warehousing, the right location all contribute to the organization's performances whether it is cost effective or not.

Marketing and Sales. These are Strategies to enhance visibility and target appropriate customers, such as advertising, promotion, and pricing, are included in marketing and sales. Basically, this is all activities that help convince a consumer to purchase a company's product or service. This too is an element that determines organizational performance.

Services. These include activities to maintain products and enhance consumer experience, customer service, maintenance, repair, refund, and exchange.

Porter's Value Chain Secondary Activities

According to Porter, companies can further improve the primary activities of their value chain with secondary activities. Value chain support activities do just that, they support the primary activities. The support, or secondary, activity generally plays a role in each primary activity, such as human resource management, which can play a role in operations and marketing and sales? The four main support activities include the following.

Procurement. This is the acquisition of inputs, or resources, for the firm. This is how a company obtains raw materials, or input materials for their businesses thus, it includes finding and negotiating prices with suppliers and vendors, supplier appraisal and even supplier development activities.

This relates heavily to the inbound logistics primary activity, where a Petroleum organisation would look to procure materials or goods for resale.

Human Resource Management. Hiring and retaining employees who will fulfill business strategy, as well as help design, market, and sell the product. Overall, managing employees is useful for all primary activities, where employees and effective hiring are needed for marketing, logistics, and operations, among others. All these play a critical role in organizational performance.

Infrastructure, this covers a company's support systems and the functions that allows it to maintain operations. This includes all accounting, legal, and administrative functions. A solid infrastructure is necessary for all primary functions and is factors to organizational performance.

Technological Development, this is used during research and development and can include designing and developing manufacturing techniques and automating processes. This includes equipment, hardware, software, procedures, and technical knowledge. Overall, a business working to reduce technology costs, such as shifting from a hardware storage system to the cloud, is technological development.

The primary activities within Michael Porter's value chain are used to provide a company with a competitive advantage in any one of the five activities so it has an advantage in the industry in which it operates.

In applying this theory, the study evaluated Supplier Relationship Management practices of supplier appraisal, supplier development and supplier involvement in to organisational performance in terms of level of efficiency, timeline in service delivery, cost reduction and quality products. With reference to Porters theory, survival of the Petroleum firms is based on how well they will manage the supplier relationship elements to achieve organizational performance. This theory stresses that for an organization to realize a high Profit margin depends on its abilities to link the various activities in the value chain in order to deliver quality services and products that customers are willing and able to afford (Porter, 1985).

2.3 The concept of Supplier Relationship Management

Herrmann and Hodgson (2001) describe Supplier Relationship Management as a procedure associated with overseeing favored suppliers and finding new potential ones while diminishing costs, pooling purchaser encounter, separating the advantages of supplier partnerships and making procurement predictable and repeatable.

Supplier relationship management or buyer-supplier relationship in a global supply environment is the concepts of management network that involves different skills and knowledge into the field and enhance the possibility of performance (Lintukangas, 2011). Therefore, the relationship between buyer and supplier provide a pivotal prospect for firms to develop strategically global competitive advantage. These relationships have developed to the level of strategic partnership relationship rather competitive (Loppacher et al., 2011).

It has been already quite some time that firms in many industries where there is a high competition find it difficult to compete based upon their own resources (Sobrero and Roberts, 2002). This challenging landscape, wherein the market demands more often product innovations at a higher quality has made companies to look outside their boundaries (Ragatz et al., 2002).

In a globalized and complex competitive environment, businesses should strengthen the use of supplier relationship in new product development (Li and Huang 2013). In this line, the evolutions of the markets and the high pressure on margins have led companies to understand that the competitive advantage could be located by acknowledging the potential of suppliers (Petersen et al., 2005).

Supplier Relationship Management is a comprehensive approach to managing an organization's interactions with the firms that supply the products and services it uses. It has its origins in the late 80's basing on the seminal work of Dwyer et al (1985) about relationship theory and of Davenport and Short (1984) about process re-design. Today, software vendors who developed a wide range of ICT functionalities to support Supplier Relationship Management activities give new impetus as well.

According to Procurement leader's guide, (2013) Supplier Relationship Management is first and foremost an approach used for engaging with suppliers on a level that reflects the priorities of the customer organisation and how best these needs can be achieved. It is a differentiation process that recognizes that not all suppliers are the same and therefore not all customer-supplier relationships should be dealt with through a single strategy.

Lee, S (2002) describes Supplier Relationship Management as a discipline of functioning collaboratively with the suppliers that are essential to the success of organizations so as to maximize the potential value of that relationship. Supplier Relationship Management is concerned with developing two-way, mutually beneficial relationships with the most strategic suppliers that deliver greater levels of innovation and competitive advantage than could be achieved by operating independently.

In addition, according to Gartner, (2001, p.2) Supplier Relationship Management is a set of practices and methodologies used for interacting with suppliers of products and services which are essential to the prosperity of particular organization. Supplier Relationship Management creates closer relationship with potential suppliers in order to realize and uncover new values and to reduce risk.

Supplier Relationship Management is "the process of engaging in activities of setting up, developing, stabilizing and dissolving relationships with in-suppliers as well as observation of out-suppliers to create and enhance value within relationships" By (Moeller, Fassnach t& Klose, 2006, p. 636). As with many procurement activities, at the most basic level Supplier Relationship Management can be used to reduce both prices paid and costs to the organisation. By developing appropriate styles of interaction, even adversarial ones, it is possible to save money. Suppliers have expectations as to how the customer will act and are often positioned to respond in kind.

Key to developing a Supplier Relationship Management approach is a well understood supply base. It is not always the case that customers simply want what can be described as the classical

Portfolio of products and services, Sometimes engagement with suppliers is influenced by secondary requirements such as access to technology or other capabilities. In today's market sustainable levels of competitive performance are often delivered through the ability to differentiate the products and services offered to customers. Fundamental to this strategy is the ability to access new innovation so the organisation can be first to market or offer a premium above the competition. From this perspective suppler relationship management is as much about what can be achieved as it is about becoming the customer of choice to the supply market. However, being customer of choice brings with it significant obligations, namely, to maintain the differentiation, and the benefits it brings, through the organisation managing its suppliers as carefully as it manages itself. The immediate objective of Supplier Relationship Management is to streamline and make more effective the sourcing processes between an enterprise and its suppliers. Indirectly, Supplier Relationship Management is also aiming at quality-related improvements of information, products, services, and work force capabilities.

2.3.1 Types of supplier relationship

Talking about Supplier Relationship Management, we cannot forget mentioning different types of relationships between buyers and suppliers. Despite the fact that the buyer-supplier relationship is important, one should notice that not all relationships are equal (Trent, 2005). According to Trent (2005), there are various views and models on how relationships with suppliers should be categorized based on the value they bring to organizations. This part will introduce some of the models as most relevant to the research.

Trent (2005) has introduced the Four C's of supplier relationships (Figure 7). In his opinion, there are four different types of buyer-supplier relationships, which consist of counterproductive (lose-lose), competitive (win-lose), cooperative (win-win), and collaborative (win-win). The following explanation is based on both studies of Trent (2005) and Zamboni (2011).

Counterproductive, Each part focuses exclusively on maximizing its benefit to the extent that it puts the other part at a disadvantage. Each organization (buying and supplying) focus on getting what is best for them and that each puts the other at a disadvantage. This type of relationship is not recommended and also known as lose-lose relationship.

Competitive or transactional, this is a relationship based on power. The more powerful organization tries to capture advantage over the other without considering the well-being of that other part (Tier-three suppliers). Both the buyer and supplier strive to get the very best arrangement possible in their negotiations and fails to see the benefits of both organizations (buying and supplying) obtaining their goals and objectives.

Cooperative, in this type of relationship, both parties recognize the need for strong relationship between them (Tier-two suppliers).Cooperative relationships are aware of the potential value of both organizations (buyers and suppliers) getting what they want and maximize the potential of having a long-term relationship

Collaborative, Both parties have cooperative team work and they work together so as to develop strategies that will deliver long term benefits for both parties and it is often characterized by sharing of information and resources. Mostly found with the buying firm's strategic supplier/Tier-one suppliers and includes the team component which is missing in a cooperative relationship.

Counterproductive (Lose-Lose)	Also called antagonistic relationships	Work actively against each other's needs	Neither party takes responsibility for what happens in a relationship	Destructive conflict Occurs
Competitive (Win-Lose)	Also called adversarial or distributive relationships	Engage in a competitive struggle to divide a fixed amount of value	Attempt to maximize value for each side	Minimal sharing of information
Cooperative (Win-Win)	Also called integrative relationships	Long term relationships results from mutual goals	Supplier involvement during product development increases	Open sharing of information occurs, including sharing of costs
Collaborative (Win-Win)	Also called integrative or creative relationships	Congruence of goals and co destiny exists	Jointly identify new market opportunities	Jointly identify creative solutions to problems

Table 1: Summary of the four C's of supply relationship. (Adopted from Trent, 2005)

2.3.2 Supplier Appraisal

According to CIPS (2001) Supplier appraisal is an assessment of a potential supplier's capability of controlling quality, delivery, quantity, price and all other factors to be embodied in a contract. Supplier appraisal is the process of evaluating and approving potential suppliers using qualitative or quantitative assessment. Supplier appraisal is the evaluation process of finding out whether a supplier meets buyers' requirements reliably after a prospective vendor applies for placement in the buyers list of pre-qualified suppliers.

Supplier appraisal is largely seen as the most vital role of the procurement function since the Organization's suppliers can affect the price, quality, delivery reliability and availability of its products (Li, 2008). Organizations feel that proper supplier appraisal would assist reduce product and material costs whilst ensuring a high degree of quality and after-sales services (Sonmez, 2006). The implication here is that an efficient appraisal should be in place for the successful organisational performance (Li. 2008).

There are a number of benefits of supplier appraisal. These include: ability to harness the strengths and skills of suppliers to the advantage of buyers (Dwyer, Schurr and Oh 1987), improved quality and process performance and continuous cost reductions among others (Newman 1988; Wilson, Dant, and Han).

According to CIPS, (2007) supplier appraisal is also important in strategic sourcing, supplier management and the achievement of competitive advantage. Firms that appraise their suppliers discover that they have improved visibility into supplier performance, unmask and deal with hidden cost drivers, lower risk, increase competitive advantage through reducing order cycle times and stock, have insight on how to best leverage their supply base, and align practices between themselves and their suppliers (Gordon, 2006).

Companies pursuing supplier appraisal commonly see over a 20% improvement in supplier performance metrics such as on-time delivery, quality, and cost.

Supply chains can be full of inefficiencies some due to poor policies and strategies at the supplier's, that results to hidden costs such as stock-outs, carrying costs of overstocking, incorrect payments of invoices, slow acknowledgement and reporting of shipment and lost sales which in turn affects productivity, quality issues, increased wasteful costs (extra inspections, additional freight fees, overtime, buffer stocks, obsolete inventory, multiple sourcing) and slow movement of goods which can be improved by supplier appraisal and better communications between buyers and suppliers (Pisello, 2006;Gordon, 2006).

Evaluating and improving supplier performance using the quality and production capacity criteria can lead to the resultant reduction in supplier quality problems eliminates wasteful steps in a firm's own processes and at the same time helps improve understanding of supplier performance and supplier's business policies and processes and thus assisting the buyer help suppliers drive waste and inefficiency out of supply chain, resulting in higher-quality suppliers and lower costs which in turn improves the profitability of the buyer (CIPS, 2007; Lysons et al., 2008; Handfield et al., 2008)

Supplier appraisal aims at reducing purchases from marginal or poor performing suppliers while increasing and concentrating purchases among their more desirable top-performing suppliers (Wisner, 2008). Appraisal of suppliers and consequent reduction of supply base has implication performance in terms of cost, design, manufacturability and quality(ISM, 2005). Rationalizing the supply base equally leads to buying from world class suppliers, reduction of supply base risks, use of full-service suppliers and ability to pursue complex supply management strategies (Handfield, et al., 2009).

According to Gordon, (2006) supplier appraisal can set a threshold for its suppliers that can lead to higher-quality results, better plan new products and services based on a good understanding of its suppliers' capabilities and performance levels and help understand if local suppliers are capable of reducing total costs enough to outperform offshore suppliers.

Supplier appraisal helps to ensure compatibility between buyer and supplier in terms of shared business ethics, similar standards of excellence, commitment to continuous improvement are important in performance of suppliers (CIPS, 2012). Compatibility is of concern especially in adoption of supply chain best practices such as lean enterprise or any high performance system that drives shorter delivery times, higher quality, and lower prices which could actually have an adverse effect on a supplier who is not aligned with these practices. According to Gordon (2006) a supplier who is unused to pursuing continuous improvement may be unable to keep up with its buyers' increasing requirements for better, cheaper, faster goods and services. Supplier appraisal is therefore important to ensure compatibility and reduce risk of failure of supplies (Handfield et al., 2008; Lysons et al., 2008)

The financial criteria of supplier appraisal can give an important insight into supplier performance and supplier business practices which help reduce business risk, especially given firms' increasing dependence on its key suppliers. Some of the supplier risks that appraisal can mitigate on include: financial, operational, increased geographic distance and the performance of sub-tier suppliers whom the prime supplier has no contact with or knowledge of Gordon (2006).

Supplier appraisal is an effective motivation tool when it leads to continuous improvement activities and real supplier performance improvement. A buyer that appraises its suppliers helps them keep motivated to improve on quality, delivery, and costs especially if these are used as yardsticks to reward performing suppliers (CIPS, 2012).

As Gordon, (2006) posits, supplier evaluation can: unearth the causes of performance difficulties; improve understanding of business operations; cultural factors and the leadership at the supplier which lead to follow-up activities, such as supplier training and development, and corrective actions that deal with supplier evaluation findings hence coming up with the best ways to obtain measurable and positive results which will at the end improve profitability and quality performance of buying firm.

Saleemi (2007) proposes eight perspectives of appraising a potential supplier that includes; production capacity and facilities, finance, human resource, performance, quality, environmental and ethical factors, innovation and design and information technology. These criteria are important because they determine whether the prospective supplier is competent and capable enough to perform the work within the stipulated schedule time, budget and required safety and quality standards.

Financial capability

Supplier's financial condition need to be analysed at the earliest stages of supplier appraisal. Some purchasers view the processes as a prescreening exercise that a supplier must pass before a detailed evaluation process can begin (Handfield et. al., 2008). According to the Chartered Institute of Purchasing and Supplies (2012) financial status and stability are measured by factors such as profitability, cash flows management, assets owned, debts owed among other factors.

The financial criterion is important since selection of a supplier with poor financial conditions presents a number of dangers to the purchaser. To start with, is the danger that the supplier will go out of business. Then suppliers with poor financial health will not have resources to invest in plant, equipment, or research necessary for long-term performance improvements.

Thirdly, the supplier may become so financially dependent on purchaser. Lastly, financial weakness seems to be an indication of underlying problems (Handfield et al., 2008).

The financial stability will equally reflect on the ability of suppliers to meet the current contract with the purchaser and to ensure a secure future flow of supplies.

The financial records may also indicate the risk of delivery or quality problems and more disruptions to supply and more complex legal issues if a supplier becomes insolvent. A supplier that is financially unstable poses three nightmares to the buyer. A buyer may need to insist on quality but the supplier is forced to cut on costs; a buyer may have a claim against the supplier but he may not have sufficient working capital; to meet it and a buyer may wish to insist on speed delivery but supplier cannot pay overtime (CIPS,2012; Lysons, 2008; Handfield et al., 2008).

According to chartered institute of purchasing and supply, (CIPS 2010), the financial appraisal should reduce, but not eliminate the risk of placing business with a company whose financial viability is in doubt. It does, however, provide information enabling considered decisions to be made either when sourcing suppliers or evaluating tenders.

A purchaser therefore needs to look at various sources of financial information to assist come up with decision on financial stability of suppliers. The sources include: published financial statements, the internet, the press among others (CIPS, 2012). The assessment of financial stability will need to look at: asset turnover, profitability, value of capital assets, scale of firm's borrowing, possibility of merger or take-off among other factors (Handfield et al., 2008; CIPS, 2012).

The assessed turnover of the enterprise over a specified period of time. This gives a picture of the firm's financial size in terms of sales/revenue volume; the profitability and the relationship between gross and net profits of the enterprise over a specified period of time; the value of capital assets and return on capital assets and return on capital employed; the scale of borrowings, and the ratio of debts to assets; whether the firm has a financial backer or guarantor of some sort; the possibility of take-over or merger affecting ability to supply (CIPS, 2012).

Financial appraisal helps to evaluate how the enterprise is doing financially compared to its industry. To understand the profitability and solvency of a supplier five key financial ratios are calculated which provide industry benchmarks against a peer group of suppliers. John Wiley 5th Ed. (1987).

Financial appraisal also helps to determine supplier risk score. This is an evaluation of the risk involved in dealing with a supplier. This presents an at-a-glance 1-9 rating based on financial, public records and operational information with 1 being the lowest and 9 being the highest risk. This predictive score helps purchasing organisation to understand the general financial status of a supplier and benchmark the supplier against others.

Production capacity

According to the CIPS, (2012) production capacity and technical capability refers to factors in the supplier's operational capacity and facilities, which acts as indicators of its ability to meet the purchaser's current and future requirements. The technical or operational capability factors that a buyer needs to take into account when appraising suppliers include: age and maintenance of plant and machinery, capabilities in operational areas such as engineering, innovation, design, JIT, late customization, reverse logistics and recycling, capability of plant and machinery to produce items within the tolerance set by specifications, volume that supplier may handle and whether the supplier can produce the kind of items required.

Production capacity on the other hand refers to the volume that a supplier will be able to handle and the number of units it can produce at a stated time period. This can be evaluated using the following parameters: maximum productive capacity in a given working period, potential to increase current capacity, percentage of capacity utilized by existing major customers and the extent to which capacity is currently over or under committed (CIPS, 2012, Lysons, 2008).

Capacity has also been described as a limiting capability of a productive unit to produce within a stated time period, normally expressed in terms of output units per unit of time (Lysons, 2008). Capacity is an elusive concept because it must be related to the extent that a facility is used e.g. it may be the policy to utilise production capacity five days weekly, one shift daily or to produce a maximum of 2000 units monthly. Plant capacity can normally be increased by overtime, adding new facilities and suppliers.

During the appraisal of a supplier's production capacity, attention should be given to: The maximum productive capacity in a normal working period; the extent to which capacity is currently over or under committed. A full order book may raise doubts about their capacity to take on further work. Why is a substantial amount of capacity under utilised?; How existing capacity might be expanded to meet future increased demand;

The percentage of available capacity utilised by existing major customers; what percentage of capacity would be utilised if the potential supplier was awarded the business of the potential purchaser (CIPS, 2008, CIPS, 2012).

Production facilities appraisal

According to Lysons et al., (2008) a buyer should also assess a supplier's machinery with attention paid to the following points: the availability of full range of machinery required to produce a required product, mechanisms to overcome shortage of machinery, evidence of good housekeeping, adoption of approaches such as computer aided designs, computer aided manufacture, satisfaction on safety provisions and modernity and well maintenance of machines.

A buyer should focus on suppliers who have listed the name and location of the production facility, whose facilities have complied with ISO 9001 standards, are socially compliant. The supplier should have production experience documentation and the age of the equipment should be assessed (CIPS 2012). Appraisal of production facilities depends on the purpose of appraisal. Appraisal of machinery, for example, depends on what is to be produced. Under this is not possible to make other than general appraisal suggestions, attention should be given to the following aspects: has the supplier a full range of machinery to make the required product; how would any shortage of machinery be overcome; are machines modern and well maintained? (Machine breakdown will affect delivery); is plant layout satisfactory; is there evidence of "good

housekeeping"? Has the supplier adopted such approaches as computer-aided design (CAD), computer-aided manufacturing (CAM) or flexible manufacturing systems (FMS)? And lastly, are health and safety provisions satisfactory?

Human resources

This appraisal criterion requires assessment of non-management personnel since there are benefits associated with highly trained, stable, motivated workforce especially during periods of labor shortage (Handfield et al., 2008) as Lysons et al., (2008) puts it, no organization is better than its workforce.

A purchaser should therefore consider the following when appraising employee capability: the degree to which employees are committed to quality, the overall skills and abilities of the workforce, employee-management relations, worker flexibility, employee morale, workforce turnover, willingness of employees to contribute to improved operations, days lost due to industrial dispute and worker representation and recognized trade unions among others (Handfield et al., 2008; Lysons et al., 2008).

These key issues are summarized as below: Number of persons employed in manufacturing and administration; Use of human resources – whether economical with everyone busy or extravagant with excess people doing little or nothing; Names, titles, qualifications and experience of managerial staff; Training schemes for supervisory and executive staff; Encouragement of teamwork and empowerment; Worker representation and recognized trade unions; Days lost through industrial disputes in each of the last five years or desired period; Turnover in respect of managerial and operative staff; Worker attitudes to the organisation and concern for meeting customer requirement.

The appraiser equally needs to look at the staffing structure of the supplier, the experience in the industry, state of technology being used and the past performance in order to get the right supplier (Lysons et al., 2008).

Quality

The British Standards definition of quality is 'the totality of features and characteristics of a product or service that bear on its ability to satisfy given need' (CIPS, 2012).

A buyer needs to assess and ensure that a supplier has robust systems and procedures in place for monitoring and managing its outputs. The systems for the detection and correction of defects are called quality control while those for prevention of defects are known as quality assurance and a buyer needs to check whether the supplier has these in place (Lysons et al., 2008).

According to Handfield et al., (2008) an important part of evaluation processes touches on a supplier's quality management systems and philosophy. According to Lysons et al., (2008) firms appraising quality of suppliers will find themselves looking at the following issues: procedures for inspection and testing of purchased materials, accreditation with national and international quality standards bodies such company standards, Association of Trade Standards, International standards organization (ISO) and British Standards Institution (BSI) (CIPS 2012; Lysons 2008). The success of the buying organization is highly dependent on how well the suppliers perform. It is also important that the supplier and the buyer have the same idea of what satisfactory quality is (Gallego, 2011).

The first requirement is that, where applicable, the supplier should have a quality system certificated as meeting the requirements of BS/EN ISO 9001:2000 (BS/EN ISO 9001:1994 standards remain current and should be upgraded to the 2000 series).

BS/EN 9001:2000 defines the standard for and requirements of a quality system under four main categories: Management responsibility; Resource management, Product realization and Measurement, analysis and improvement.

These standards ensure that that, as a minimum, a quality system for purchasing should provide ways in which the purchasing organization can ensure that suppliers have the potential capability to provide the required products 'effectively, efficiently and within schedule' such as: Evaluation of relevant supplier experience; Performance of suppliers against competitors; Review of purchase product quality, price, delivery performance and response to problems; Audits of supplier management system. The benefits of dealing with suppliers that have satisfied the criteria for inclusion in the BSI Register of Firms of Assessed Quality include: Elimination of the need for additional supplier assessment; Simplification of buying decisions; Provision of assurance that quality needs will be met; Increased confidence in supplier ability.

In respect of suppliers not included in the BSI Register appraisal may require satisfactory answers to questions such as: Has the supplier met the criteria for other BSI schemes such as Kitemark, Safety Mark and scheme for Registered Stockists?

Has the supplier met the quality approval criteria of other organizations e.g. Ford Quality Awards, the Ministry of Defense, British Gas etc.? To what extent does the supplier know about and implement the concept of Total Quality Management (TQM)? What procedures are in place for the inspection and testing of purchased materials? What relevant test and inspection does the supplier process? What statistical controls are applied in respect of quality? Does Quality Control cover evaluation of subcontractors? Can the supplier guarantee that the purchaser can safely eliminate incoming inspection?

This is especially important in respect of JIT deliveries.

Performance

Particularly when appraising suppliers of non-standard products such as construction projects or the installation of computer systems, questions should be asked regarding: What similar projects the supplier has already undertaken; what current projects are in hand? What are/were the distinctive features of such projects? What innovations might be introduced? What customers can the supplier cite as referees?

Environmental and ethical factors

A buyer should also look at the environmental policies of the supplier and the ISO 14001 guidelines on environmental policies in its appraisal (Lysons et al., 2008). According to

Handfield et al., (2008) there is increased awareness of the impact of industry on environment and buyers should look at compliance to environmental regulations by supplier to avoid stiff penalties due noncompliance. The most common environmental performance criteria used when appraising a supplier's performance include: hazardous and toxic waste management, disclosure of environmental infractions, recycle management, ISO 1400 certification and control of ozone depleting substances (Handfield et al., 2008). A buyer will equally include looking at other issues like: allocation of environmental management responsibility, sustainable sourcing, and Petroleum saving effort (Lysons et al., 208).

ISO 14001 provides guidelines on environmental policies and, where applicable, suppliers should be expected to have an environmental policy and procedures in place for the implementation of such a policy. A wide number of EU Directives have also been issued relating to air, water, chemicals, packaging and waste.

As part from reference to ISO 14001 and EU Directives suitable questions include:

Has responsibility for environmental management been allocated to a particular person? Are materials obtained, so far as possible, from sustainable sources e.g. timber? What is the life cycle cost of the suppliers' product? What facilities have the supplier for waste minimization, disposal and recycling? What Petroleum savings, if any, do the supplier's products provide? What arrangements are in place for the control of dangerous substances and nuisance?

A buyer also needs to look at sustainability issues including: supplier's ethical policy, procedures and guidelines relating to confidentiality of information, guidelines on gifts and hospitality, principles with regard to conflict of interest (Lysons et al., 2008). Social responsibility, ethical criteria and labor standards might include: the development of robust CSR policies and ethical codes, evidence of responsible and ethical labor policies and practices, compliances with international labor organization standardization, evidence of ethical trading policies and practices, compliance with Fair Trade Standards and commitment to transparency and improvements (CIPS, 2012).

Ethical questions may relate to:

Has the supplier an ethical policy relating to the sale and purchase of items? Who is responsible for enforcement of such a policy? What guidelines and procedures are provided relating to the confidentiality of information provided by a customer? What guidelines apply to the receipt of gifts and hospitality? What principles apply in respect of conflicts of interest?

Information technology

Recent research indicates that more than a third of buyers currently use the Internet to conduct transactions and such usage is likely to increase dramatically.

Additionally, the web also supports a variety of activities such as identifying new sources of supply; finding product information including products, prices and delivery, tracking orders and receiving technical advice and after-sales service. (CIPS, 2012).

It is useful to ask mainly open-ended questions under this heading since the replies will indicate the extent to which the supplier is exploiting the possibilities of e-business. Typical questions might be: Does your organisation have a website? What information does the website provide? What business activities does your organisation process electronically? In what ways does your organisation reduce or eliminate paper transactions to shorten order cycles reduce inventory provide real-time information on product availability and inventory provide collaborative planning integrate its supply chain?

Supplier management

This is another advantage of supplier appraisal. Supplier management may be defined as that aspect of purchasing or procurement concerned with rationalising the supplier base and selecting, coordinating, assessing the performance of and developing the potential of suppliers (CIPS 2010). Supplier management is a more strategic and crossfunctional activity than 'purchasing', which is transactionally commercially biased, Supplier management is maindly concerned with strategic activities of the organisation.

For any organization with a large supplier base or complex supply chain, the task of managing suppliers can often be a difficult one. The practice of supplier management, however, is something that all organizations, of any size, should look to establish and maintain.

Supplier management is an organization's ability to oversee all contact with third-party suppliers. When managed effectively, suppliers can help them meet customer demand and streamline the organisation's supply chain execution for improved production and profit.

Competitive advantage

Competitive advantage may be defined as Those aspects of an organisation that allow it to compete more effectively than its rivals (CIPS 2010).

According to Porter 'the goal of a generic strategy' is to 'create value for buyers' at a profit. Day and Wensley, however, argue that there is no common meaning of 'competitive advantage' the term being used interchangeably with 'distinctive competence'. Supplier appraisal may be directed not only at the ability of a supplier to meet a particular requirement but the longterm advantages that the supplier can offer to the purchaser. Examples of such advantages or competences include: innovation i.e. new products or process, cooperation and co-partnership, technology, response time. A competitive advantage approach focuses on total costs. Fragile and perishable products, for example, have higher handling costs. Maintenance or disposal costs are higher for some items than others. Supplier appraisal should consider how sourcing can help drive such costs down for the good of organisational performance improvement.

Arsan (2011) noted that desk appraisal using, published and unpublished information of the supplier can be used to appraise supplier products, services and financial ability to provide the needed products and services. An organization can supplement desk appraisal with field research especially for high and risky value products for long.-term collaborative relationship. Any organization can also use third party appraisal and conduct field visits to the supplier sites (Arsan, 2011). Mutual benefits between the organization and the supplier are only derived if and only if both of them cooperate actively to provide necessary inputs and support.

2.3.3 Supplier Development

Supplier development is the process by which a company identifies and evaluates opportunities to enhance suppliers' capabilities, and resources and manages initiatives to do so, thereby ensuring they produce results. The philosophy behind this process is one of enlightened self-interest where are there investment opportunities with suppliers that will produce an attractive return for us in the form of improved quality, reduced cost, and the like (DILForientering2010)

Supplier development, according to CIPS is the process of working with certain suppliers on a one-to-one basis to improve their performance for the benefit of the buying organisation. It is closely associated with supplier relationship management.

Supplier development is a strategy of working with particular providers on a balanced premise to upgrade their execution and capacities with respect to the upside of the acquiring affiliation Wenli et Al (2012). Supplier development activities are described as the most important effort that an organization undertakes to develop suppliers for long term partnership and relationship enhancement and also to gain competitive advantage. According to Wenli et Al (2012) supplier development is a cooperation that seeks continuous improvement between a buyer and a supplier for superior performance of an organization geared towards strengthening the buyer's competitive advantage. There are two objectives of supplier development; to prevent suppliers from making immediate changes in their operations and to increase their capabilities for improvement.

Previous studies on supplier development have linked it to organization performance.

CIPS recommends that purchasing and supply management professionals should be able to identify sound reasons for embarking on supplier development process such as Improving supplier performance; Reducing costs; Resolving serious quality issues; Developing new routes to supply; Improving business alignment between the supplier and the buying organisation; Developing a product or service not currently available in the marketplace; Generating competition for a high price product or service dominating the marketplace. Supplier development should lead to improvements in the total added value from the supplier in question in terms of product or service offering, business processes and performance, improvements in lead times and delivery for instance.

Furthermore, Hahn et al. (1990) state that upgrading existing suppliers' performance and capabilities help in supplier development to fulfill the changing competitive requirements.

Improvements in supplier performance focus on perception of buyers about the quality, delivery, cost, inventory, lead time, and the rate of new product introduction aspects.

Further, linking a purchasing strategy with buying firm's overall corporate competitive strategy objectively develops the long-term relations and suppliers' performance and capabilities. Competitive advantage development of a buying firm should be one indicator of efficiency in supplier development (Hahn et al., 1990). Thus, Stuart and McCutcheon (1993) suggested that competitive advantage of buying firms includes market share gains, quality, cost reduction and quick product development.

On the other hand, Heide and John (1990) noted that firms efficiently make alliances when there is some scope and possibility of joint activities. For the purpose, the performance results of buyers are mainly reliant on the performance outcomes of their suppliers. In manufacturing industries, buying firms have four key competitive priorities in their end markets, i.e., cost, quality, delivery time and reliability, flexibility, and outcome of promise (Krause et al., 2007).

Performance improvements are often only possible required by buying firms when they make a long-term relationship commitment with their key suppliers (Krause et al., 2007).

Previous research suggests that suppliers will be reluctant to promise or commit a relationship specific investment if buying firms are unwilling to sustain long term relationships and mutual investments to improve suppliers' performance (Krause, 1999). Moreover, suppliers consider relationship specific investments as susceptible to resourcefulness when commitments are not tangible or approaching from buying firms (Krause et al., 2000). In this way, supplier development efforts from a buying firm for a purpose to develop the performance or capabilities are more significant to analyse the influence on the its performance and competitive strategy within the buyer-supplier relationship domain (Krause et al., 2000, 1998; Wagner, 2006).

For the purpose, Wagner and Krause (2009) stated that to understand the performance improvements in cost, quality and delivery and advantage from increased supplier capabilities, the buyers and suppliers need to jointly involve in relationship focused investments. They may also contribute resources for the development, i.e., information sharing and investing in physical and human assets (Hunter et al., 1996; Dyer and Nobeoka, 2000).

Wagner and Krause (2009) highlighted the research gap in supplier development and explained that research has been lacking because of missing distinction in between supplier development objectives and performance achievements. The relatively less research does not clarify the various goals for supplier development efforts that can be affected on the relationship between buyers and suppliers. For the purpose, Wagner and Krause (2009) presented the important study of supplier development goals.

They presented a study where the difference between goals which are short-term in nature and immediate (delivery, order cycle times, and quality) and long-term goals in nature (strengthening a supplier's managerial, product development, and processes competences) are highlighted (Wagner and Krause, 2009).

Further, supplier development goals will emphasize and focus on the measurable results of suppliers. On the other hand, a combined value creation needs much more efforts from buyers and suppliers; harmonised and combined capabilities, and a long-term focus on suppliers' performance and capabilities (Wagner and Krause, 2009).

Supplier evaluation and feedback may be the significant activities to develop suppliers while training them, by sharing and transferring employees from one to another, and some other related activities (Monczka et al., 1993; Wagner, 2006).

Supplier development activities can be categorised into transaction-specific and organisational structure of supplier development. The factors of supplier development infrastructure affect the performance of buyers and suppliers (Humphreys et al., 2004). In this vein, transaction-specific supplier development is the basic practice for buying organisations to develop suppliers' performance and capabilities (Krause, 1999).

Moreover, supplier development includes direct investment in assets focused to buyer and supplier perspective and training with transaction-specific knowledge (Joshi and Stump, 1999). Krause (1999) explains that buyer's direct involvement to develop suppliers' performance is a key approach for the development and improved quality performance.

The clarity of long-term strategic goals determines the effectiveness of supplier development. Supplier development efforts should focus on future capabilities in technology and product development rather than on current quality and cost (Watts and Hahn, 1993). Effective communication plays a key role between buyers and suppliers to motivate them (Newman and Rhee, 1990; Giunipero, 1990); it enhances the mutual understanding of both parties and reassures the conflict resolution (Spekman, 1988). A long term commitment of buying firm assures a relationship with suppliers where suppliers willingly can make changes in their operations to fulfill the requirements of buyer (Lascelles and Dale, 1989). Supplier evaluation is another important strategy to improve buyer-supplier performance.

For the purpose, buyers should select suppliers carefully and evaluate them regularly. Supplier evaluation results could provide valuable information about general areas of weakness where performance improvements were needed. When suppliers follow further developments of its performance and capability by itself to improve competence, a rational and tactical match come into exist between buyer and supplier management which increases possibilities of success in the cooperation (Stuart and McCutcheon, 1995).

Trust between buyer and supplier is needed to improve the performance and capabilities of supplier and specially when they jointly investing into a business. Transaction-specific investments help to increase the buyer's reliance on the particular trading association and expose them to larger risk and uncertainty (Krause, 1999). Buyers must safeguard themselves against the hazards of opportunism of suppliers. Buyer trust in the supplier would enhance the effect of buyer assets specificity on joint action in buyer-supplier relations (Humphreys et al., 2004).

Hahn et al. (1990) proposed a theoretical model for supplier development and document industry practice. Krause et al. (2000) characterise following useful supplier development strategies:

- **Competitive pressure**: Multiple suppliers are more important to develop competitive pressure which help and motivate other suppliers to enhance quality and maintain improved performance (Tezuka, 1997).
- **Evaluation and certification systems**: Supplier evaluation and certification system ensures the suppliers' performance and organisation's expectation of performance. It motivates suppliers to improve performance consecutively (Krause et al., 2000; Carr and Pearson, 1999).
- Incentives: Buying firm can offer incentives to motivate suppliers to develop their performance and capabilities which include achieved cost savings sharing, increased volumes consideration, future aspects for business, and recognising them through awards (Monczka et al., 1993; Krause et al., 1998).
- Direct involvement: Organisations follow a pre-emptive method to develop suppliers' performance through direct involvement (Krause et al., 2000; Monczka et al., 1993).

Direct involvement can be investments in operations or manufacturers can acquire supplier firm (Dyer, 1996). According to Krause et al. (1998), buying firms follow an evolutionary path to develop suppliers' performance. In the adoption of Total Quality Management (TQM), respondents specified that they had implemented many or all of the TQM involvements, i.e., focus on customer requirements, supplier partnerships, cross-functional teams, use of scientific methods for performance measurement, and use of quality tools. Moreover, external suppliers focus helps companies to conduct a thorough supply base evaluation of acknowledgment to develop material quality, lower development costs, reduce purchase prices, and improve supplier responsiveness. After the supply base evaluation, organisations emphasis on amalgamation of purchased volumes with fewer suppliers to remove the supplier's incapability of meeting expectations. To further improve the performance and capabilities of their supply bases, respondent firms engaged in supplier development (Krause et al., 1998).

It is worth noting that Firms with supplier development programs enjoy global competitive advantage as a result of long-term relationship with its suppliers (Khuram, Ilkka, Elina Shpend, 2016).. Firms are more industrious if providers change programs not solely to continue long haul association with their providers but also to grow deliberately overall upper hand. Supplier participation makes purchasers more effective empowering products to be bought and bring down costs and furthermore makes a purchaser focused by searching for his center competency. Supplier development practices are an important component of Supply chain Management which plays a very key rote for bringing improvement in buyer- supplier performance.

2.3.4 Supplier Involvement

Supplier involvement refers to the resources (capabilities, investments, information, knowledge, ideas) that suppliers provide, the tasks they carry out and the responsibilities they assume regarding the development of a part, process or service for the benefit of a buyer's current and/or future product development project (Handfield, 1999).

Supplier involvement is the extent to which an organization can jointly work with its suppliers in areas such as; internal processes like product design and development involving some degree of risks therefore the buying organization must have solid fundamental relationship with a supplier before implementing supplier involvement initiatives (Feng and Wang, 2013).

Over the past two decades, several studies have shown that product development has become an increasingly important vehicle in developing and maintaining a strong position in an increasingly competitive business arena (Cooper and Kleinschmidt, 1987; Schoonhoven et al., 1990; Gupta and Wilemon, 1990; Brown and Eisenhardt, 1995; Smith and Reinertsen, 1998). Consequently, the demands on product development performance, in terms of speed, performance and cost, have become more stringent. Companies are constantly subject to pressures to deliver superior value to their customers. This requires a set of processes to coordinate, improve and reconfigure their critical capabilities and resources. Increasingly, many of these capabilities and resources reside outside the boundaries of the focal firm.

Earlier and more extensive involvement of suppliers in product development is argued to be one of the ways to enhance product development performance in terms of productivity, speed and product quality (Clark, 1989; Gupta and Souder, 1998; Ragatz et al., 2002; Primo and mundson, 2002). Suppliers have been shown to provide a source of innovative ideas and critical echnologies (Håkansson, 1987; Bonaccorsi and Lipparini, 1994; Nishiguchi and Ikeda, 1996). At the same time, however, several studies have demonstrated that managing supplier involvement in product development poses quite some challenges (Birou, 1994; Hartley et al., 1997).

Involving suppliers in product development has been argued to contribute to short-term project performance by improved product quality and a subsequent reduction in development time, and in development and product costs (Clark, 1989; Birou, 1994; Hartley, 1994; Ragatz et al., 1997, 2002; Primo and Amundson, 2002). In empirical studies, actual results of supplier involvement are indeed associated with improved quality, enhanced speed and a decrease in development costs (Imai et al., 1985; Clark, 1989; Wheelwright and Clark, 1992; Nishiguchi, 1994).

Besides these typical project related and short-term benefits, some authors have pointed at long-term and/or strategic benefits.

First of all, a long-term relationship in which experience is accumulated between two partners can result in a more efficient and effective collaboration in future projects (Dyer and Ouchi, 1993; Ragatz, 1997; Sobrero and Roberts, 2002). Parties need to adapt to each other as they learn more about each other's processes, true requirements and capabilities over time (Dyer and Ouchi, 1993).

Consequently, the supplier can provide better-targeted suggestions, which allow for improvement of design and performance of parts and entire products. Supplier involvement may therefore also improve the ability of the manufacturer to differentiate products in the market and to derive a competitive advantage (Rubenstein and Ettlie, 1979; Von Hippel, 1988; Gadde and Snehota, 2000).

A second long-term benefit is concerned with the creation of permanent access to suppliers (new) technologies, which may be of strategic importance for future product development activities (Monczka et al., 1998; Bonaccorsi, 1997; Wynstra et al., 2001)

A third benefit suggested in the literature is the alignment of technology strategies with (key) suppliers through roadmaps and the like. Handfield et al. (1999) and Monczka et al. (2000) argue that to be able to exploit new market opportunities in the future, companies need to match future product and technological needs with the technological opportunities that become available in supplier markets. Technology roadmaps provide the opportunity to identify broader technological trends, but also enable an efficient discussion about the timing and direction of specific technological investments. Finally, the transfer of specific solutions developed during the collaboration to other projects can be seen as a fourth long-term benefit (Sobrero and Roberts, 2001).

Supplier involvement has some inherent limitations in that it may lead to high dependence on the supplier, especially if the supplier has a market leading status in terms of high technological capabilities meaning that the supplier can commit to the buyer's unique specifications hence the high risk of information asymmetry (Melander, Rosen and Lakemond 2014). In some cases, the supplier may be over-empowered limiting the buyer possibility of exercising a joint development effort control thus the buyer may risk losing his Intellectual Property rights (IP) to the supplier's hand. To avoid the instances of buyers excessive control needs to the supplier which can suppress supplier's freedom and capability to be innovative, both the parties need to cultivate mutual trust and strike a balance between control and empowerment in buyer- supplier relationship. Despite the aforementioned risks, Melander et al., (2014) highlighted some benefits of supplier involvement which includes; greater responsiveness, shorter lead/cycle times, reduced costs (in production, development and marketing) and better change control.

On the inter-organizational level, supplier involvement is responsible for creating an interactive platform for information exchange and knowledge sharing and also encouraging collaborative problem-solving mindset and conduct among staff.

Past studies have found a positive correlation between supplier involvement on organization performance and quality improvement in many companies across various industries especially manufacturing companies. This is because manufacturing companies mostly rely on their production capacity, advanced and rigorous technologies to sustain their competitive advantage.

2.4 Organisational Performance

Performance of an organization is a primary step that enables it to know its weaknesses and strengths hence come up with corrective measures. Performance can be measured in financial or an operational point of view.

As per Inayatullah, Narain and Singh. (2012) operational execution of an organization incorporate productivity in the authoritative procedures measured as far as the cost of exchanges, quality, cost of the stock and services and time. Other operational indicators of performance are receptiveness and straightforwardness of the procurement system in terms of fairness of participants as well as capacity to get and utilize new technologies and capability to react fast to variations in schedules. This study adopted operational performance indicators in terms of level of efficiency, timeline in service delivery, cost reduction and quality products.

One performance measure is quality which is measured in a number of ways including: parts per million, customer defects per supplier and field failure rates by purchase item and by supplier (Lysons et al., 2009). Another measure is responsiveness/ time / delivery which measures the amount of time in weeks or months from concept to first shipment or delivery of final product to the market with the objective of continuous reduction of time to the market. The measures here include: on time delivery, cycle time reduction, responsiveness to schedule changes, mix changes and design or service changes and achieving new product introduction (Lysons et al., 2009; Handfield et al., 2008).

There is need to also measure performance of production since it has a major impact on product cost, quality, speed of delivery, and on delivery reliability and flexibility (Lack et al., 1995).

Another measure of production performance is range of product and services offered. According to Mapes et al., (1997), a company that manufactures a wide range of products is likely to introduce new products at a slower rate than companies with a narrow product range.

According to Fisher (1997), the selection of a right supply chain strategy depends upon the nature of product variety and innovation. This also implies that the range of products and services acts as an important strategic metric, and hence, it should be considered in performance evaluation. Capacity utilization equally measures performance of the organisation and according to Wild (1995) all the operations planning takes place within the framework set by capacity decisions.

From the above statement, the role of capacity in determining the level of all supply chain activities is clear. This highlights the importance of measuring and controlling the capacity utilization. Capacity utilization directly impacts on the speed of response to customers' demand and thus measuring capacity, gains in flexibility, lead-time and deliverability will be achieved (Slack et al. 1995).

Delivery of goods and services is another measure of performance in a supply chain management and organisation as a whole and since it directly deals with customers it is referred to as ``driver of customer satisfaction" (Gunasekaran, 2001). Some of the measure of delivery include: on-time delivery, delivery-to-request date; delivery-to-commit date; and order fill lead-time.

Supply performance measurement must be linked to customer satisfaction (Lee and Billington, 1992). There is therefore need for measurement of integration of the customer specification in design, to set the dimensions of quality, for cost control, and as a feedback for the control of process. The following are some of the related performance metrics: flexibility, customer query time (time it takes for a firm to respond to a customer inquiry with the required information), reduction in warranty claims, and number of customer complaints and percentage of orders with complaints, customer satisfaction, and order entry accuracy (Pohlen, 2003; Handfield et al., 2009; Lapide, 2013). The financial performance of an organisation can be assessed by customer sales growth and profitability which parameters look at the sale and profits generated each year with sales expected to grow each year or remain constant at the worst (Makori,2013).

The Return on investment (ROI) is another measure used to gauge organisational performance. Return on investment is worked out on operating profits in excess of capital employed (Pohlen, 2003; Lapide, 2013).

Performance can be measured through inventory performance or fill rate which can be measured in terms of: number of Stock-keeping units, order cycle time, percentage of quality rejections, average safety inventory, percentage fraction of time out of stocks, percentage of seasonal inventory and inventory turn-over (Pohlen, 2003; Lapide, 2013).

Transportation performance can be measured through: total transportation costs, number of vehicles operated, percentage of outbound shipments, average outbound shipment size, percentage of inbound shipments, percentage average inbound shipment size, fraction of transportation mode, percentage on timely delivery, percentage of accidents , average kilometers vehicles running full load or empty per day (Lyson et al., 2006). Cash conversion cycle and percentage of internal and external complaints for data unavailability also measure optimization (Lapide, 2013).Cash to cash cycle measures the time it takes from point of purchase of raw material to conversion of raw materials and to sales and final collection of cash from sales (Makori,2013).

Other performance measures include price and cost with common price performance looking at actual purchase price against planned purchase price (CIPS, 2012) and cost looking at cost changes and cost avoidance. A cost change is the increase or decrease in cost resulting from a change in purchasing strategy while cost avoidance represents the difference between a price paid and a potentially higher price which might have occurred if a purchase had not been obtained at a lower price (Handfield et al., 2009).

According to MacPherson et a1. (2004) organizations view their performance in terms of effectiveness in the achievement of its vision, Mission, goals and objectives while some view their performance in terms of efficiency in deployment of the organizational resources, that is, human, financial and physical resources. In order for any organization to be viable and competitive, it needs to use its resources optimally thus avoiding wastage.

2.5. Relationship between Supplier Relationship Management and organizational Performance.

According to Kilpatrick and Ron (2000) the short-term objective of Supplier Relationship

Management is to decrease stock and process duration and to expand profitability while its long term destinations are to build benefits for all partners of the store network and the piece of the overall industry. Of late, purchasing is a vital capacity and a key factor towards aggressive situating of the firm. Organizations with collaborative business relationships have an upper hand of responding to the new business environment by focusing on their core businesses and reducing business costs.

Supplier Relationship Management thus plays an essential role in optimization of organisational performance in an organization through the reduction of costs. Tracking operational performance for continuous improvement is necessary in measuring and following how well an organization is addressing challenges from all aspects of the business and their key performance indicators.

Bally et al., (2008) explains that an organization which practices Supplier Relationship Management has an improved supply chain performance. Liker and Choi (2004) noted that a commercial or humanitarian organization that practices Supplier Relationship Management has increased quality, improved efficiency and high performance. Organizations which wish to be competitive should build and keep up long term associations with their central providers by dealing with the supplier execution, sharing data and utilizing data innovation in Supply Chain Management. Realization of the Supplier Relationship Management process is dependent on procurement function skill in managing expenditure for the organization.

2.6. Conceptual Framework

Table 2: Source; conceptualized by researcher, 2020

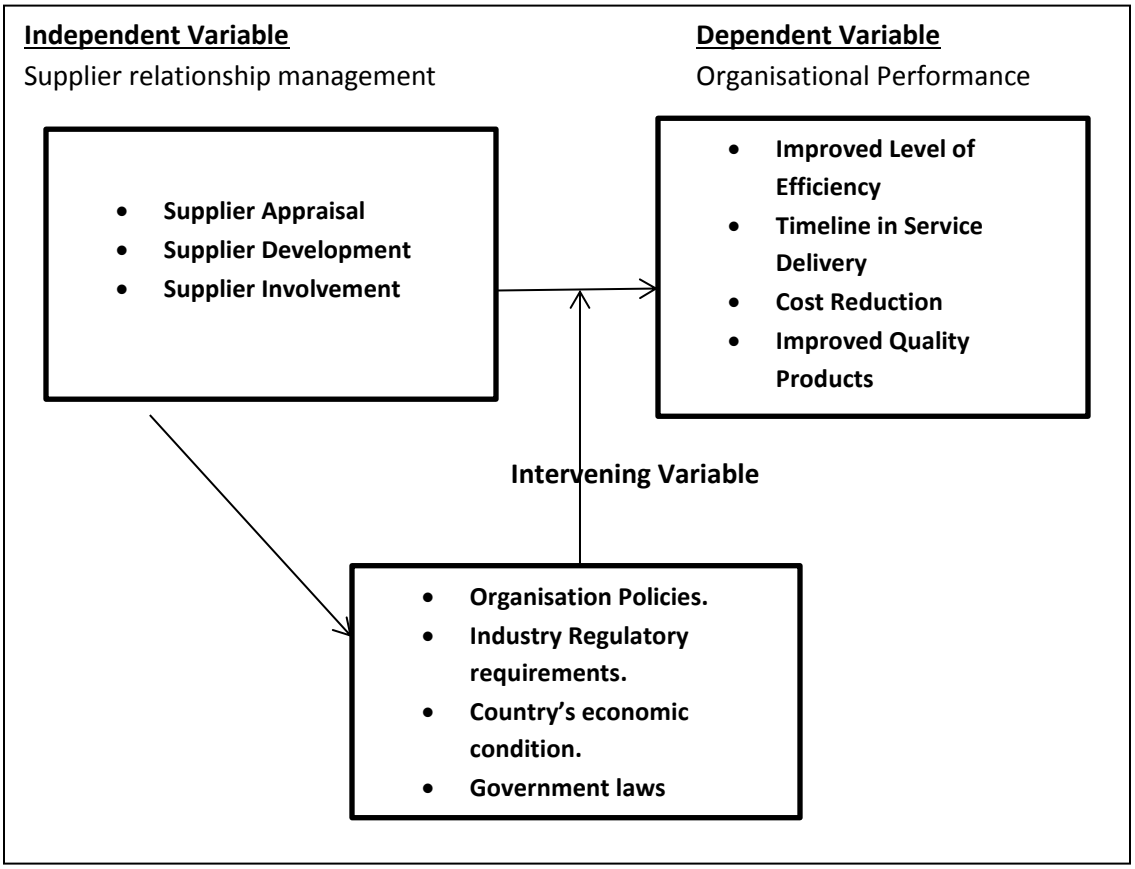

Table 2 above describes the relationship between the variables of the study. Accordingly, organisational performance is the dependent variable while Supplier Relationship Management is the independent variable. For purposes of this study, supplier relationship management variables include supplier appraisal which is the evaluation process of finding out whether a supplier meets buyers' requirements reliably after a prospective vendor applies for placement in the buyers list of pre-qualified suppliers.

Saleemi (2007) proposes eight perspectives of evaluating a potential supplier that includes; production capacity and facilities, finance, human resource, performance, quality, environmental and ethical factors.

Secondly is the supplier development which is a strategy of working with particular providers on a balanced premise to upgrade their execution and capacities with respect to the upside of the acquiring affiliation. Supplier development activities are described as the most important effort that an organization undertakes to develop suppliers for long term partnership and relationship enhancement and also to gain competitive advantage.

The third variable is Supplier involvement is the extent to which an organization can jointly work with its suppliers in areas such as internal processes like product design and development involving some degree of risks.

The dependent variable for this study is the organisational performance which is determined by Level of Efficiency, timeline in Service Delivery, cost Reduction and quality Products. The intervening variables that may affect the variables in yielding the desired organisational performance are organisation Policies that relate to procurement practices, Government Regulatory requirements that govern the way organisations perform their business activities and includes taxation, licenses and cultural norms. Another variable is the Country's economic conditions. Economic conditions refer to the present state of the economy in a country or region. These conditions change over time along with the economic and business cycles, as an economy goes through periods of expansion and contraction. Economic conditions are considered to be sound or positive when an economy is expanding and are seen as adverse or negative when an economy is contracting hence having an impact on organisational performance.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the research methodology that was used in the study. It entails the research design, population of the study, sample and sample design, data collection procedures and instruments as well as data analysis and presentation.

3.1 Research Design

A research design can be regarded as an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevancy with the research purpose. It is the conceptual structure within which research is conducted. A research design is defined as the scheme, outline or plan that is used to generate answers to the research problems. (Orodho, 2000).

According to Kothari (2003), a research design constitutes the blueprint for collection, measurement and analysis of data. Research design refers to the method used to carry out research; Research design provides the glue that holds the research project together. It is used to structure the research, to show how all of the major parts of the research project, the samples or groups, measures, treatments or programs, and methods of assignment work together to try to address the central research questions (William M.K. Trochim 2006)

According to S.Sarantakos (1993), this is the most significant element of the research process where the whole research is designed, options considered, decisions made and details of the research laid down for execution.

3.2.1 Research Strategy.

For the purpose of this study, both primary and secondary data sources were used. The study used a case study research strategy; this was an empirical inquiry that investigated a phenomenon within its real-life context.

The case study strategy was chosen because it allowed the researcher to conduct an in-depth investigation of this organization in order to explore the actual causes of underlying problem.

3.2.2 Research Classification.

The researcher used descriptive research in order to achieve the objectives of the study. Kothari and Garg (2014) observed that descriptive design is a fact finding enquiry of different kinds, where the researcher has no control over the variables under study and can only report what is happening or what has happened. Descriptive research design is therefore appropriate for this study because it enabled the researcher to describe the situation and also establish the relationship if any between the variables.

The study also used a Cross sectional research design. This helped researchers observe the specific point at the same time it was less costly, less time consuming and was simple to use (Fazal Rehman 2000).

3.2.3. Research duration

The study considered a period of 2015-2018 because this is the time when Hashi Energy experienced a lot of challenges. The study also collected data between the months of September and October, 2020. Thereafter, analysis and final writing of the dissertation was carried out.

3.2.4 Research Approach.

Research approach is a plan and procedure that consists of the steps of broad assumptions to detailed methods of data collection, analysis, and interpretation. It is, therefore, based on the nature of the research problem being addressed. The study employed both qualitative and quantitative approaches to solicit information from respondents. Mixed method approach also called methodological pluralisms is where the researcher combines quantitative and qualitative research techniques, methods, approaches, concepts or language in a single study to understand the research problem.

Quantitative research employs numerical indicators to ascertain the relative size of a particular phenomenon and involves counting and measuring events as well as performing the statistical analysis of a body of numerical data. (Smith, 1998).

Qualitative approaches allow a researcher to solicit information that cannot be expressed in textual format, makes it possible to obtain non-numerical information about the phenomenon under study to aid establish patterns, trends and relationships from the information gathered and provides opportunity for the researcher to interact with the research subjects in their own language and on their own terms. (Kirk and Miller, 1986.)

3.3 Study Population.

The study population comprised of 105 Hashi staff, and included among others, 12 top management staff, 30 Procurement and contracts management staff, 33 Operations staff and 30 staff from finance department. (Hashi Energy Human Resource Records, 2019).

The main reason for the choice of the respondents in the above categories was that these categories of respondents exhibited an elaborate Supplier Relationship Management philosophy. It is also believed that they also understand better the effect of Supplier Relationship Management on the organisational performance. The participants for the study included those whose experience with Hashi Energy operations was not less than at least 1 year.

According to Mugenda and Mugenda (2003) target population is the total group of individuals from which the sample might be drawn, and for this particular study, the study population is hereby tabulated as below.

Table 3.1: Study Population

Population category	**Target Population**
Top Management	12
Procurement and Contracts Management	30
Operations Staff	33
Finance Department	30
Total	**105**

Source, Human resource department, Hashi Energy Uganda Limited, 2020.

3.4. Sample size.

It may be practically impossible to get data from an entire study population (Sekaran, 2003). It is therefore better to use a representative sample of the population under study.

Sampling is the procedure a researcher uses to gather people, places or things to study. It is the process of selecting a number of individuals or objects from the population such that the selected group contains elements representative of the characteristics found in the entire group (Orodho & Kombo, 2002). Sampling is the process of selecting some part of the aggregate or totality on the basis of which a judgment or inference about the aggregate or totality is made. Sampling strategy should stem right from the conceptual framework: be able to generate a thorough database on the phenomena under study, allow the possibility of drawing clear inferences and credible explanations, and be ethical and feasible.

The sample size for the study population of 105 was determined basing on statistical tables of Krejcie, and Morgan, D.W. (1970) cited in Amin (2005); calculated using the formula below:

$$S = X^2NP(1 - P) – d^2(N – 1) + X^2 P(1 -P)$$

S = required sample size

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

N = the population size

P = the population proportion (assumed to be 50 since this would provide the maximum sample size)

D = the degree of accuracy expressed as a proportion (.05)

Source; Krejcie & Morgan 1970

Table 3.2 showing total population, Sample size, and sampling technique.

Population category	**Population (N)**	**Sample size (S)**	**Sampling Technique**
Top Management Staff	12	10	Purposive sampling
Procurement and Contracts Management	30	28	Simple random sampling
Operations Staff	33	28	Simple random sampling
Finance	30	28	Simple random sampling
Totals	**105**	**94**	

3.4.2. Sampling Methods, Techniques and Procedure

When you conduct research about a group of people, it's rarely possible to collect data from every person in that group (Amin, 2005) instead, you select a sample (Mugenda and Mugenda, 1999). The sample is the representative group of individuals who participated in the research. To draw valid conclusions from your results, you have to carefully decide how to select a sample that is representative of the group as a whole (Amin, 2005, Mugenda and Mugenda, 1999).

The study used Probability and non-probability sampling methods. Non probability sampling involved non-random selection based on convenience.

On the other hand, probability sampling involved random selection and allowed the researcher to make statistical inferences about the whole group. For the sampling techniques, the researcher employed two sampling techniques: Random sampling and purposive sampling. Random sampling is a strategy that adds credibility to a sample when the potential purposeful sample is larger than one can handle whereby it uses small sample sizes, thus the goal is credibility, not representativeness or the ability to generalize (Patton, 2001). Random sampling also known as probability or chance sampling offers all units in the population equal chances of inclusion in the sample and ensures the law of statistical regularity which states that if on average, the sample chosen is random and has the same composition, and characteristics as the universe population (Kothari, 2004). Random Sampling was used to select the members of the user department to be interviewed. Purposive sampling technique on the other hand was used to select the top management staff. Purposive sampling involves identifying and selecting individuals or groups of individuals that are knowledgeable about or experienced with a phenomenon of interest (Cresswell and Plano Clark, 2011).

3.4.1.1 Characteristics of Respondents

The various characteristics were explored in this study and included, duty station, department of deployment, years of service at Hashi and Highest Level of academic Qualification, as discussed below:

3.4.1.2 Responses on duty station

The study considered the position of respondents at work to be relevant in examining the relationship between Supplier Relationship Management and the Organizational performance in the Petroleum industry in Uganda, a case study of Hashi Energy Uganda Limited. Therefore the results are indicated in table below

Table 3.3 Duty station

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Kampala	29	39.7	39.7	39.7
	Kyengera	13	17.8	17.8	57.5
	Mbale	20	27.4	27.4	84.9
	Masaka	11	15.1	15.1	100.0
	Total	73	100.0	100.0	

Source: Primary data, 2020

According to the table above, 39.7% of the respondents work from Kampala, 17.8% work from Kyengera, 27.4% work from Mbale, and 15.1% work from Masaka. The nature of duty station was considered important.

3.4.1.3 Responses on department of deployment

The study considered the position of respondents at work to be relevant in examining the relationship between Supplier Relationship Management and the Organizational performance in Petroleum industry in Uganda, a case study of Hashi Energy Uganda Limited. Therefore the results are indicated in table below.

Table 3.4 Department of deployment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Top Management	7	9.6	9.6	9.6
	Procurement and contracts Management	23	31.5	31.5	41.1
	Operations	23	31.5	31.5	72.6
	Finance	20	27.4	27.4	100.0
	Total	73	100.0	100.0	

Source: Primary data, 2020

According to table above, 31.5% were working under Procurement and contracts Management and Operations respectively, 27.4% worked under Finance and 9.6% worked under Top Management in Hashi Energy. The study revealed that respondents were more conversant with Supplier Relationship Management and Organizational performance of Hashi Energy, hence providing relevant information which is adequate for the success of this study.

3.4.1.4 Responses on years of Service at Hashi

The study also considered the age characteristic to be very essential in examining the relationship between Supplier Relationship Management and the Organizational performance in Petroleum industry in Uganda, a case study of Hashi Energy Uganda Limited. The results are indicated in table below

Table 3.5 Years of Service at Hashi

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than one year	7	9.6	10.0	10.0
	Between 1 to 5 years	40	54.8	57.1	67.1
	More than 5 Years	23	31.5	32.9	100.0
	Total	70	95.9	100.0	
Missing	System	3	4.1		
Total		73	100.0		

Source: Primary data, 2020

According to table above, 54.8% had spent between 1 to 5 years working with Hashi Energy, 31.5% had spent more than 5 years, and 9.6% had spent less than 1 and 4.1% were missing system. The study revealed that the respondents had spent a good time working with Hashi Energy, hence having being familiar with Supplier Relationship Management and the Organizational performance, thus providing relevant information to the study.

3.4.1.5 Responses on education Level

The study considered education level to be relevant in examining to examine the relationship between Supplier Relationship Management and the Organizational performance in Petroleum industry in Uganda, a case study of Hashi Energy Uganda Limited. Therefore the results on the education of respondents are as indicated in table below.

Table 3.6 Highest level of academic qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Master's degree	16	21.9	23.5	23.5
	Bachelor's degree	38	52.1	55.9	79.4
	Diploma	13	17.8	19.1	98.5
	Other	1	1.4	1.5	100.0
	Total	68	93.2	100.0	
Missing	System	5	6.8		
Total		73	100.0		

Source: Primary data, 2020

From table above, 52.1% of the respondents had attained Bachelor's degree, 21.9% were Master's degree, 17.3% were Diploma holders, 1.4% had other and 6.8% were Missing system. The study revealed that the respondents' understanding of the relationship between Supplier Relationship Management and the Organizational performance in Petroleum industry varied greatly due to their varying approach according to the different level of understanding of Trade sales performance, the respondents hence providing relevant information for the study.

3.5 Data sources.

The researcher used both primary and secondary data sources for this study. The Primary data was obtained from the respondents from the selected departments of Hashi Energy Uganda limited. On the other hand, the secondary data sources were obtained from the internal records and journals of Hashi Energy.

3.6 Data Collection Methods

Data collection is defined as the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer queries, stated research questions, test hypotheses, and evaluate outcomes. (Nemanja. J. 2009). The researcher shall use the following methods for collection of data for this study.

3.6.1 Survey.

This study focused on collecting primary data which was obtained directly from the respondents by use of questionnaires and interviews. The researcher prepared a set of questions pertaining to the field of enquiry. The questionnaire were in the form of Likert scale where respondents were required to indicate their views on a scale of 1 to 5 representing; [1]- Strongly Disagree, [2] - Disagree, [3] – Not Sure,[4]- Agree [5]-Strongly Agree.

The Questionnaires were used because was cheap to administer to the respondents that were scattered over several branches of the organization within a short period of time. Questionnaires allowed the respondents to feel free to give information and secondly, the respondents answered the questions at their own time.

Questionnaires are a popular means of data collection because they are inexpensive and can provide a broad perspective. They can be conducted face-to-face, by mail, telephone, or Internet, in which case, they can include respondents from anywhere in the world (Amin, 2005).

3.6.2 Face to face interviews

This technique was used to collect primary data from Top Management officials. Interview method basically relies on face-to-face interviews with the respondents in a bid to generate detailed and first-hand information. For this study, this involved the researcher personally interacting with the selected respondents with a set of pre-determined questions that they were required to respond to the questions on a one-on-one basis. Interviews allowed the researcher to probe and prompt the answers as they arose from the key informants for deeper study findings.

3.6.3 Documentary Review

The document review was chosen to review a number of records and documents sources that existed at Hashi Energy offices for secondary data collection. These documents were reviewed with an aim of collecting data and information that would verify what was reported by questionnaires and interviews.

3.7 Data collection techniques/ instruments

3.7.1 Interview Guide:

In-depth interviews were conducted using the interview guide to the top management. The interview guide was both unstructured and semi-structured. This tool enabled the researcher to collect accurate information from the officials who are selected to participate as key informants because; they were believed to have a wealth of experience and knowledge in supplier relationship management processes and practices within Hashi. The instrument was used to ensure that reliable information is gathered due to its ability to facilitate a deeper investigation into the topic under study. This technique helped the researcher to explain or clarify questions and find out the likeness.

3.7.2 Questionnaire

This tool allowed the collection of quantified data from a large number of respondents. The researcher prepared a set of questions pertaining to the field of enquiry. The designed questions were mostly close ended although some were open ended questions.

The questionnaire was used because it is cheap to administer to the respondents that were scattered over a large area of the organization, within a short period of time. This tool also allowed respondents to feel free to give information and respondents answered the questions at their own time, sometimes without the influence of the researcher (Amin, 2005). The questionnaire was designed using the Likert scale format from Strong disagree to Strong agree.

3.7.3 Document Review Guide

The study used the document review guide to review a number of sources that existed within Hashi, for secondary data collection. The review was done on existing working documents of Hashi Energy Limited work files, Hashi Energy data sheets and artifacts. These were reviewed with an aim of collecting data and information that would verify what was reported through questionnaires and interviews.

3.8 Data quality control.

3.8.1 Validity

Vogt (2007) defines validity as the truth or accuracy of the research. Saunders et al (2009) adds that it is the extent to which the data collection instrument measures as well as the appropriateness of the measures coming to accurate conclusions. Validity tests were conducted for content, criterion & construct validity test how well the instrument is representative, captures relationships between the variables as well as measures the concepts (Saunders et al, 2009, Vogt, 2007; and Sekaran & Bougie, 2010).

The researcher prepared research instruments and subjected them to validity tests before finally subjecting them to the respondents. The draft questionnaire was subjected to expert judgment including the supervisor of the researcher to verify the validity of the questions. The researcher used Content Validity Index (CVI). Bhattacherjie (2012) pointed out that CVI is concerned with assessing how well a set scale of items matches the relevant content domain of the construct that it intends to measure. The researcher distributed an initial draft questionnaire to 5(five) subject matter specialists in Procurement as well as operations department who were requested to validate the contents of the draft tool whose results were subjected to a CVI calculation whose formula is:

$$CVI = \frac{\text{Total Number of items rated by all respondents as valid}}{\text{Total Number of items in the Instrument}}$$

The researcher ensured that the draft tool content complied with the recommended content validity index of 0.7 and above according to Amin, (2005) which qualified the instrument for the study. Consideration of comments of the subject matter specialists on the contents of the instrument were done and improvements made accordingly.

3.7.1 Reliability

Ahuja (2001) and Amin (2005) define reliability as the ability of instruments to collect the same data consistently under similar conditions. Reliability is further defined by Vogt (2007) as the consistency of either measurement or design to give the same conclusions if used at different times or by different scholars. The first step in ensuring reliability was by providing clear operational definitions of the variables under study. Thereafter, upon establishing the mentioned CVI, the researcher cleaned the draft questionnaire and pretested it on ten respondents using the "test-retest" technique with a time frame of four weeks. This facilitated the easy understanding of the tool by the proposed respondents in line with the assertion by Mugenda and Mugenda (1999) and enabled the researcher to establish if the tool was be able to solicit similar responses at different times thus proving reliability. From this, the researcher was able to make improvements on the tools (Bhattacherjie, 2012) thus improving reliability. Thereafter, internal consistency (how items correlate amongst themselves) was measured through internal consistency reliability (Sekaran & Bougie, 2010) as well as split-half reliability using Cronbach's alpha, basing on the fact that the questionnaire had closed ended question and using a Likert scale as indicated below:

Table 3.3: showing the Likert scale

5	4	3	2	1
Strongly agree	Agree	Not sure	Disagree	Strongly Disagree

This measured the degree at which the tool consistently measured the different scenarios but providing the same results over time (Gay, 1996). In this case, the researcher undertook this by pretesting of the instruments using Mogas Oil as an organization synonymous with Hashi Energy. This helped to established after pilot testing that, all items in the questionnaire had a Cronbach Alpha.

3.7.2 Data collection procedure

Using an introduction letter from Nkumba University, the researcher obtained approval from Hashi Energy Uganda limited to conduct the study. The researcher intended to pilot the questionnaire on a sample of ten respondents and the interview guide on two respondents. The researcher then used the comments from these respondents to improve the questionnaire and interview guide. The researcher contacted various authorities/respondents to whom the letter was addressed and together with the authorities made appointments as to when the study would be carried out to enable proper planning. On the agreed dates, the researcher went to the organization (Hashi Energy Uganda limited) to meet the respondents and collect the data. The researcher ensured that during the data collection, questions were discussed in the presence of the respondents so that he/she understands well; and where necessary make adjustments to reduce the chances of non-compliance and non-reliability of the tool.

The data collection was carried out for a period of three weeks. In the event of any incompleteness of the data collecting exercise, the researcher rescheduled the appointments on consultation with the respondents. After data collection, data analysis was done and the dissertation report written, which made the final activity of the research process.

3.8 Data Analysis

Mbaaga (2000) states that data analysis is the process of bringing order, structure and meaning to the data gathered to create information out of it. The findings of the study were analyzed using both quantitative and qualitative methods. This involved uncovering structures, extracting important variables, detecting any irregularity and testing any assumptions (Kombo & Tromp, 2006). The study further used triangulation method of analysis so as to come up with appropriate conclusions and recommendations.

3.9.1. Quantitative data analysis

The quantitative data analysis consisted of numerical values from which descriptions were made (Kombo & Tromp, 2006). Quantitative data was organized, numbered and coded then entered using Statistical Package for Social Scientists (SPSS) to derive computed variables, using the significance level of 1%.

It is important however to note that the correlation of variables does not suggest or prove causation as "two casually unrelated variables can be correlated because they relate to a third variable" (Hussey & Hussey, 1997). Regression analysis which is "used when the researcher is interested in finding out whether an independent variable predicts a given dependent variable" (Mugenda & Mugenda, 1999) was used to establish which of the supplier management practices is more responsible for organisational performance. The study used both descriptive and inferential statistics to analyze data.

3.9.2. Qualitative data analysis

This involved cleaning up of data from the questionnaires categorizing them into themes and patterns and making a content analysis to determine the adequacy of the information credibility, usefulness and consistency (Mugenda & Mugenda, 1999). Data was analyzed before, during and after data collection and the tentative themes were defined in a manner that enabled provision of answers to the research questions. This process was concluded with writing up summaries of observations.

3.10. Measurement of variables

By measurement, we refer to the formulae or scale that was used in the study in relation to the variables (Kothari, 2004). The study variables were measured using nominal and ordinal types of measurements. The questionnaires specifically for respondents were measured on a five interval Likert Scale, the level of agreement was ranked as strongly agree, which reflected more agreement than just agreement or strongly disagree compared to just disagree. Ordinal Scale as a measurement of variables did not only categorize the elements being measured but also ranked them into some order. The numbers in the ordinal scale represented relative position or order among the variables (Mugenda & Mugenda, 1999); (Amin, 2005). The nominal scale of measurement was applied to cases which had common characteristics such as sex, age, employment title among others and mainly helped the researcher in preparation and presentation of descriptive findings. In nominal measurement of variables, numbers were assigned for purposes of identification. On the other hand, interval scales of measurement were used to capture personal data of respondents.

CHAPTER FOUR

SUPPLIER APPRAISAL AND ORGANIZATIONAL PERFORMANCE

4.0 Introduction

Arsan (201I) argues that supplier appraisal has increased in importance exponentially, as it has become a corporate weapon to realize organizational competitiveness. Thus the function performance is of paramount importance to organization to achieve its goals. Organizations focus on winning competitive advantage in the industry through cost reductions. Therefore, they conduct supplier appraisal to ensure that they achieve best quality output and reduce costs associated with failure to meet quality. This creates a strong relationship between supplier appraisal and organizational performance.

Jessop and Compton (2006) describe supplier appraisal as the assessment of a potential supplier's capability to meet delivery schedules, control quality, meet quantity requirements, price, and other terms and conditions to be entrenched in a contract. They further suggest that supplier appraisal is carried out in the pre-contractual phase as a best procurement practice as it helps to give a sense of certainty on supplier's ability to perform.

PPOA (2009) equitably refers supplier appraisal to prequalification of suppliers where prequalification should be done against a pre-set criteria and in various ways; bidders first bid to prove their qualification and are then short-listed for tendering; Qualification as part of the bidding; where bidders are presenting documentary evidence in their bids but in such cases, the evaluation of the qualification of the bidders is done separately(technical and financial evaluations); Post-Qualification: where bidders presents statements, of qualification as required by the bidding documents on their qualification and these statements are verified by the procuring entity after evaluation and recommendation of the contract award but before the contract is awarded. This chapter aims at examining the extent to which supplier appraisal affects organizational performance of Hashi Energy Uganda Limited.

4.1 Assessing the suitability of suppliers

The respondents were asked whether Hashi Energy assesses the suitability of suppliers before contracts are given. The results are indicated in table 4.1 below:

Table 4. 1: Hashi Energy assesses the suitability of suppliers before contracts are given

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	2	2.7	2.8	2.8
	Agree	39	53.4	54.2	56.9
	Strongly Agree	31	42.5	43.1	100.0
	Total	72	98.6	100.0	
Missing	System	1	1.4		
Total		73	100.0		

Source: Primary data

According to the table above, majority of the respondents 95.9% generally agreed that Hashi Energy assesses the suitability of suppliers before contracts are given. This implies that Hashi Energy focuses on supplier competency, capacity, commitment, control, cash resources and financial stability, cost, consistency, culture, clean and communication. However, 2.7% of the respondents were not sure and 1.4% were missing system. On interview about assessing the suitability of a supplier, one of the respondents argued that;

> *Recognition of success of the supplier is important on more than an emotional level. This helps the organization to get high quality performing suppliers thus creating effectiveness and future improvement.*

Another respondent argued that;

> *Hashi Energy ensures that the supplier has all the requirements other than just those concerning material and service, such as requirements that prove the supplier's capability and suitability to live up to a company's long-term requirements and needs.*

It is vital to assure that the supplier can guarantee sustained continuity of supply and to be aware of its performance, strengths and weaknesses. Before conducting an assessment, a checklist of matters to be investigated should be carefully prepared.

4.2 Availability of frequent visits to supplier facilities and field

The respondents were asked whether there are frequent visits to supplier facilities and field research before supplier pre-qualification. The results are indicated in table 4.2 below:

Table 4. 2: There are frequent visits to supplier facilities and field research before supplier pre-qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	35	47.9	47.9	49.3
	Strongly Agree	37	50.7	50.7	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.6% generally agreed that there are frequent visits to supplier facilities and field research before supplier pre-qualification. This implies that Hashi Energy conducts relevant research on a potential supplier. However, 1.4% of the respondents were not sure. On interview as to why frequent visits are done, one of the respondents stated that;

> *Hashi Energy frequently visits supplier facilities so as to capture potential issues before they become real issues. If supplier's performance begins to deteriorate, the warning signs may be hard top spot without a good supplier appraisal system. Such a system can mitigate risks in the organization thus facilitating organization performance.*

Another respondent stated that

> *Visits to supplier method is used by Hashi Energy when assessing new supplier of high value, high risk items. These visits help to verify the information provided by the supplier.*

Beil (2009) noted that a field research method is important when appraising suppliers of high-risk/high value items. This involves researching to know whether the supplier is certified by the relevant standards and quality of the organizations. 4.3 Benchmarks suppliers against best practice The respondents were asked whether Hashi Energy benchmarks suppliers against best practice. The results are indicated in table 4.3 below:

Table 4. 3: Hashi Energy benchmarks suppliers against best practice.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	34	46.6	46.6	47.9
	Strongly Agree	38	52.1	52.1	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.7% generally agreed that Hashi Energy benchmarks suppliers against best practice. This implies that Hashi Energy determines that the supplying organization has the same culture and ambitions as the buying organization. However, 1.4% of the respondents were not sure. On interview about why Hashi Energy benchmarks its suppliers, one of the respondents stated that;

> *Benchmarking helps to assess whether the management team at both organizations are on the same wavelength.*

Another respondent stated that

> *Hashi Energy focuses on suppliers who have listed the name and location of the production facility, whose facilities have complied with ISO 9001 standards, which are socially compliant. Hashi Energy makes sure that the supplier has production experience documentation and the age of the equipment is assessed*

The buyer should therefore focus on the supplier's commitment to innovation, responsibility, ethics, quality consciousness, and communication since this will be crucial indicators supplier's commitment to working in relationships. Evaluation of this will indicate whether there will be compatibility of the values, beliefs and attitudes to quality of those of buyer and supplier.

4.4 Use of third party appraisal methods

Third party is a formal business valuation conducted by an individual advisory firm. The respondents were asked whether Hashi Energy uses third party appraisal methods through agencies to appraise their suppliers. The results are indicated in table 4.4 below:

Table 4. 4: Hashi Energy uses third party appraisal methods through agencies to appraise their suppliers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	35	47.9	47.9	47.9
	Strongly Agree	38	52.1	52.1	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that Hashi Energy uses third party appraisal methods through agencies to appraise their suppliers. This implies that Hashi Energy uses independent management consultants acting on behalf of the purchaser. On interview, one of the respondents said that;

> *Hashi Energy uses third-party appraisal method so as "to build a collaborative advantage in which multiple organizations together achieve something that individual organizations could not achieve alone*
>
> *The management consultants responsible for assessing and accrediting the competence of organization in the fields of measurement, testing, inspection and certification of systems and personnel*; another respondent said

It should be noted that; due to frequent transaction with manufacturer directly, reducing the intermediate level, the distribution costs are greatly reduced and the products quality is ensured. Wei (2007) explains that relying on the professional services and complete varieties, they also provide procurement convenience for customers, for example, due to the huge supplier's data, third-party can provide more procurement channels, which means it is more likely to get lower prices.

4.5 Supplier evaluation

According to Dobos et al., (2012), supplier evaluation is a management activity with the primary aim of acquiring information to analyze and to manage supplier relationships and supply situations. The respondents were asked whether Supplier evaluation is based on financial, production and human resource capabilities. The results are indicated in table 4.5 below:

Table 4. 5: Supplier evaluation is based on financial, production and human resource capabilities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	33	45.2	45.2	45.2
	Strongly Agree	40	54.8	54.8	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that Supplier evaluation is based on financial, production and human resource capabilities. This implies that Hashi Energy focuses on the overall firm performance and, more particularly, on finished product features such as cost, design, new product development, quality, among other effects. On interview, one of the respondents argued that;

> *Hashi Energy uses the traditional approach of supplier selection which is used to consider multiple suppliers and one main selection criterion, the price. However, the market has moved towards contracting a single supplier selected by means of a multiple criteria*

Another respondent stated that;

> *Hashi Energy evaluates potential supplier's human resources, quality systems, finance, production capacity and facilities, organizational structure, Information Technology, environmental and Ethical considerations.*

This trend makes the importance of objective evaluation of supplier performance higher since a long-term supplier strategy is not only important for an organization's development and profitability but is also a crucial part of the overall business strategy (Nordling et al., 2010).

4.6 Desk appraisal method

The respondents were asked whether The Company relies on desk appraisal method using suppliers published and unpublished information to evaluate their past performance. The results are indicated in table 4.6 below:

Table 4. 6: The Company relies on desk appraisal method using suppliers published and unpublished information to evaluate their past performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	27	37.0	37.0	37.0
	Strongly Agree	46	63.0	63.0	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that the Company relies on desk appraisal method using suppliers published and unpublished information to evaluate their past performance. This implies that Hashi Energy uses the published and unpublished data to appraise suppliers. On interview, one of the respondents stated that;

Hashi Energy truck and record of the supplier in terms of delivery and quality documents. Another respondents said that;

> *Hashi Energy uses data to evaluate and compare performance of new suppliers, and for continuous improvement, and appraisal on a two-way basis can highlight the buyer's deficiencies, which is the source of common problems within many supplier relationships*

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

4.7 Assessing supplier's capability

The respondents were asked whether Hashi Energy assesses supplier's capability in controlling quality of supplies before contracts are given of supplies before contracts are given. The results are indicated in table 4.7 below:

Table 4. 7: Hashi Energy assesses supplier's capability in controlling quality of supplies before contracts are given

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	30	41.1	41.1	41.1
	Strongly Agree	43	58.9	58.9	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that Hashi Energy assesses supplier's capability in controlling quality of supplies before contracts are given of supplies before contracts are given. This implies that Hashi Energy ensures that suppliers provide documentary evidence to certify their qualifications. On interview, the respondents stated that;

> *The procuring entity ascertains that the supplier has the necessary qualifications, experience, capability, resources, equipment, legal capacity to enter into a contract for the procurement, not insolvent, in receivership, bankrupt or in the process of being wound up, is not subject of legal proceedings and is not debarred from participating in procurement proceedings.*

Another respondents said that;

> *Hashi Energy assesses and ensures that a supplier has robust systems and procedures in place for monitoring and managing its outputs*.

According to Handfield et al., (2008) an important part of evaluation processes touches on a supplier's quality management systems and philosophy. It should be noted that the success of the buying organization is highly dependent on how well the suppliers perform. It is also important that the supplier and the buyer have the same idea of what satisfactory quality is.

4.8 Involving in evaluating the eligible contractors

The respondents were asked whether the top management in Hashi Energy is involved in evaluating the eligible contractors by comparing the shortlisted ones. The results are indicated in table 4.8 below:

Table 4. 8: The top management in Hashi Energy is involved in evaluating the eligible contractors by comparing the shortlisted Ones

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	29	39.7	39.7	39.7
	Strongly Agree	44	60.3	60.3	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that the top management in Hashi Energy is involved in evaluating the eligible contractors by comparing the shortlisted Ones. This implies that Hashi Energy is involved in the category of evaluating the suppliers as to their suitability, narrowing the list to the critical few. In regards to this, one of the respondents said that;

> *The top management in Hashi Energy's engagement starts at the beginning of the procurement process, through contractor selection, negotiation and contract award*

For effective results Engagement strategies for relationship management with relevant stakeholders would need to be developed early.

Another respondent stated that;

> *In order to maintain the core competitiveness, enterprises entrusts the non-core business to external professional companies. This can reduce operating costs, improve service quality and increase customer satisfaction.*

It should be noted that; outsourcing is gaining increasing popularity, which makes selecting an appropriate service provider is getting more and more important. Hall (2003) points out that, the quality of service that third parties provide directly affects the success of outsourcing

CHAPTER FIVE

SUPPLIER DEVELOPMENT AND ORGANIZATIONAL PERFORMANCE OF HASHI ENERGY

5.0 Introduction

According to CIPS, Supplier development has been defined as the process of working with certain suppliers on a one-to-one basis to improve their performance for the benefit of the purchasing organization. It involves embracing supplier expertise and aligning it to the buying organization's business need, and, where appropriate, vice versa (Bosibori, 2014). According to Wagner and Krause, (2006), supplier development is one of three choices that could be employed to manage problems buying organizations may experience in their supply networks. Problems arising within the supply chain may include a current supplier performing below expectation; a non-competitive supplier base; current suppliers unable to support a firm's strategic growth; or capable suppliers not available in a certain market (Ahmed & Hendry, 2012)

Gonzalez and Quesada (2004) rightly pointed out that supplier development is the most influential management process for achieving product quality and customer satisfaction. To achieve this objective, organizations should put more emphasis on their ability to create and enhance its own capability in a strategically important aspect such as supplier development.

Supplier development was defined as any effort of a buying firm on a supplier to increase the performance and capabilities of the supplier to meet the buying firm's short and long-term supply need. Suppliers are a crucial part of any supply chain; in today's world of complex and integrated supply chain systems, the relationship between customer and supplier is more critical than ever. The days of trying to squeeze every penny of savings out of the supplier are gone as procurement teams are beginning to embrace supplier relationships as a key to business success. This chapter aims at investigating the relationship between supplier development and organizational performance of Hashi Energy.

5.1 Developing supplier's technological capacity

Innovation is vital to the competitive success of individual companies and whole industry sectors. The respondents were asked whether Hashi Energy develops its supplier's technological capacity. The results are indicated in table 5.1 below:

Table 5. 1: Hashi Energy develops its supplier's technological capacity.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.4	1.4	1.4
	Not Sure	2	2.7	2.7	4.1
	Agree	26	35.6	35.6	39.7
	Strongly Agree	44	60.3	60.3	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 95.9% generally agreed that Hashi Energy develops its supplier's technological capacity. This implies Hashi Energy does not simply tell the supplier to improve, but increasingly adopt a hands-on approach to improvement. However, 2.7% of the respondents were not sure and 1.4% disagreed. On interview, one of the respondents said that;

> *Hashi Energy Works directly with the supplier to identify and resolve problems. Help may come in the form of process engineering support, financial support, or even support from within the supplier community itself.*

Another respondent stated that;

> *Hashi Energy has a skill set to watch a supplier's production line, talk to the supplier's production people, and subsequently understand the problem. It then Works with the supplier to determine the root cause of the problems they are facing and provides potential solutions.*

In order to reduce cost and enhance speed and flexibility, firms are decentralizing some activities, placing the responsibility for implementing secondary functions on third parties as suppliers, while the companies specialize in capabilities that effectively generate value for their business (Krause & Scannell, 2002).

5.2 Financial empowerment

The respondents were asked whether the organization financially empowers its suppliers. The results are indicated in table 5.2 below:

Table 5. 2: The organization financially empowers its suppliers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.4	1.4	1.4
	Not Sure	1	1.4	1.4	2.7
	Agree	28	38.4	38.4	41.1
	Strongly Agree	43	58.9	58.9	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 97.3% generally agreed that the organization financially empowers its suppliers. This implies that Hashi Energy offers loans to its suppliers. However, 1.4% of the respondents disagreed and were not sure respectively. On interview, one of the respondents confirmed that;

> *Hashi Energy extends financial support to specific suppliers who may experience financial difficulties so as to empower them to meet their financial obligations. This is in the form of down payments, loans, equipment donations etc. which helps a supplier in acquiring operational capacity which they may not have been capable of.*

One of the respondents reported that;

Hashi Energy pays its suppliers on time

Another respondent stated that;

Hashi Energy offers solutions to support its suppliers that have purchase orders or contracts to access funding and accessible interest rates

It should be noted that A supplier who is properly and adequately financially supported, increases the buying organizations ability to deliver high-quality and innovative products to its customers and thus reduces buyers operational risks. Supplier's financial support is critical in determining the supplier's ability to remain financially solvent (Wangner, 2006).

5.3 Collaboration with suppliers

The respondents were asked whether there is collaboration with suppliers in the company for long term relationship. The results are indicated in table 5.3 below:

Table 5. 3: There is collaboration with suppliers in the company for long term relationship

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	34	46.6	46.6	46.6
	Strongly Agree	39	53.4	53.4	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that there is collaboration with suppliers in the company for long term relationship. This implies that Hashi Energy work hand in hand with its suppliers to enhance high-performance. During interviews one of the respondents argued that;

Hashi Energy works directly with factory managers to equip suppliers with skills, knowledge and systems to take ownership of corporate social responsibility issues which are more effective in addressing persistent issues such as labor standards violations, environmental degradation, and poor health and safety protections.

A report published by the intelligence unit of the Economist (the financial British magazine), shows that *"to increase productivity, construction companies must invest in collaboration, by joining the culture of shared risks and rewards*. According to that report, any possible barriers between both ends of a business should give way to "building long-term relationships that will allow identifying improvement opportunities".

Therefore, Supplier collaboration is a vital stabilizer in helping supply chains operate efficiently and effectively. Having greater visibility into supplier risks results in faster recovery times from disruptive events, as well as gives both sides the ability to collaborate on risk avoidance strategies**.** By continually having an open dialogue with your suppliers, companies can address issues within the supply chain and react quickly.

5.4 Helping suppliers in developing their production capacities

The respondents were asked whether the Company helps suppliers in developing their production capacities. The results are indicated in table 5.4 below:

Table 5. 4: The Company helps suppliers in developing their production capacities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	33	45.2	45.2	46.6
	Strongly Agree	39	53.4	53.4	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.6% generally agreed that the Company helps suppliers in developing their production capacities.

This implies that Hashi Energy maintains a strong and regular communication with its suppliers. However, 1.4% of the respondents were not sure. On interview, one of the respondents

> *Hashi Energy informs its suppliers about its processes, such as releases of new products* and promotions, and listen to their concerns.

One of the respondents reported that;

> *Hashi Energy Keeps its suppliers regularly informed and up to date, on its strategy and plans so that they know where they fit in and how they can help, plan for and benefit from those plans.*

Another respondent stated that;

> *Hashi Energy updates its suppliers on strategic changes or new products early on*

Therefore, Suppliers should have up-to-date and capable products, as well as process technologies to produce the material needed. Because different manufacturing and service processes have various strengths and weaknesses, the buying organization must be aware of these characteristics upfront. When the buying organization expects suppliers to perform component design and production, it should also assess the supplier's design capability.

5.5 Providing legal advice services

The respondents were asked whether the Company provides legal advice services to the suppliers. The results are indicated in table 5.5 below:

Table 5. 5: The Company provides legal advice services to the suppliers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	31	42.5	42.5	42.5
	Strongly Agree	42	57.5	57.5	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that the Company provides legal advice services to the suppliers. This implies that Hashi Energy provides written contracts to its suppliers. On interview, one of the respondents reported that;

> *Hashi Energy advises its suppliers in taking decisions regarding the foundation of the company.*

Another respondent stated that;

> *Hashi Energy Prepares corporate contracts (lease, sale, supply, transportation, insurance, etc) for its Suppliers.*
>
> *Hashi Energy further advices suppliers on the necessary steps in order to develop certain business activities*; One of the respondents reported that.

It should be noted that, Procurement managers typically assess suppliers and then select a winning bid based on the commercial and technical terms they offer. Only then, after this main stage of the negotiation has been completed, do the purchaser and the supplier discuss the contract. At this point, lawyers frequently have little time to negotiate the contract, because the purchase must be completed quickly, and the chosen supplier has no incentive to be accommodating. The contract negotiations can drag on for months, causing the procurement organization to lose sight of the business goal. In urgent cases, it can compel the parties to execute the purchase even though an agreement has not yet been formalized.

5.6 Regular Organizing training

The respondents were asked whether Hashi Energy organizes training of its suppliers regularly. The results are indicated in table 5.6 below:

Table 5. 6: Hashi Energy organizes training of its suppliers regularly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.4	1.4	1.4
	Not Sure	1	1.4	1.4	2.7
	Agree	35	47.9	47.9	50.7

	Strongly Agree	36	49.3	49.3	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 97.2% generally agreed that Hashi Energy organizes training of its suppliers regularly. This implies that Hashi Energy selects the type of training suitable for specific groups of suppliers. However, 1.4% of the respondents disagreed and were not sure respectively. It should be noted that, the right type of training could then lead to an increase in performance for the supplier which would in turn encourage an increase in buyer-supported training. During interviews, one of the respondents stated that:

> *Supplier training programs are designed by the buyer focused on enhancing and improving supplier technical capability in terms of key competencies like quality, production processes and management best practices to enhance firm's productivity*.

Another respondent said

> *Training can be done by identifying the relevant types of training buyer-supported training programs could increase.*

Available literary works suggests that buyers or buying organizations have used trainings as a way of supporting their suppliers with some buyers giving more support than others (Nadia et al 2011).

Thus, there is a need to identify the types of training that suppliers themselves prefer and it is also important that suppliers looking to develop their capabilities have access to the type of training that they require which may or may not be provided by their buyers.

5.7 Sharing responsibility

The respondents were asked whether in most aspects of the relationship, the responsibility for getting things done is shared. The results are indicated in table 5.7 below:

Table 5. 7: In most aspects of the relationship, the responsibility for getting things done is shared

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.4	1.4	1.4
	Agree	42	57.5	57.5	58.9
	Strongly Agree	30	41.1	41.1	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.6% generally agreed that in most aspects of the relationship, the responsibility for getting things done is shared. This implies that Hashi Energy shares the risks and rewards of a cooperative relationship that focuses on continuous improvement with its suppliers. However, 1.4% of the respondents disagreed. On interview, one of the respondents said that;

> *Hashi Energy offers suppliers a fair opportunity to earn its business through open communication.*

Another respondent said that;

> *Hashi Energy acts honestly to keep suppliers interested in doing business with it.*

Sharing of responsivity leads to superior performance because it creates long-term collaboration based on trust between the buyer and the supplier. It should be noted that; Supplier development can include more formalized and structured relationships with the core supplier, economic and intangible support of the supplier's operation and management and workforce training. To be certain, buyers do have a critical role to play in enabling supplier ownership; however, it is only suppliers who can develop solutions that best meet their business priorities and are thus best positioned for real success.

5.8 Joint planning with suppliers

The respondents were asked whether Hashi Energy makes its supply plans for the next seasons together with its suppliers in Uganda. The results are indicated in table 5.8 below:

Table 5. 8: Hashi Energy makes its supply plans for the next seasons together with its suppliers in Uganda

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	34	46.6	46.6	47.9
	Strongly Agree	38	52.1	52.1	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.7% generally agreed that Hashi Energy makes its supply plans for the next seasons together with its suppliers in Uganda. This implies that Hashi Energy work closely together with its suppliers, sharing the risks and rewards of a cooperative relationship that focuses on continuous improvement. However, 1.4% of the respondents were not sure. On interview, one of the respondents argued that:

> *Joint planning with suppliers leads to superior performance because it creates long-term collaboration based on trust between the buyer and the supplier.*

Another respondent stated that

> *Joint planning implies a radical change in the way people work, including teamwork, mutual decision making, and collaborative activity.*
>
> *In joint planning the partners operate open-book arrangements in which the buyer requires the supplier to share component cost information*; another respondent said

It should be noted that; under such an arrangement, the buying firm and the supplier are expected to work together to satisfy specific clients' needs and expectations, to achieve better cost control, and to reduce inventory. Many attempts at partnering have failed; there is evidence to suggest that organizations have not achieved the desired benefits from joint sourcing (McIvor & McHugh, 2000).

5.9 Undertaking periodic audits

The respondents were asked whether Periodic supplier audits are undertaken to correct compliance errors in Hashi. The results are indicated in table 5.9 below:

Table 5. 9: Periodic supplier audits are undertaken to correct compliance errors in Hashi

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	31	42.5	42.5	42.5
	Strongly Agree	42	57.5	57.5	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that Periodic supplier audits are undertaken to correct compliance errors in Hashi. This implies that inspection of a process or quality system, to ensure compliance to requirements is done. On interview, one of the respondents stated that;

> *Hashi Energy checks the adequacy and effectiveness of the process controls established by procedures, work instructions, flowcharts, and training and process specifications.*

Another respondent stated that

> *Hashi Energy evaluates an existing quality management program to determine its conformance to company policies, contract commitments, and regulatory requirements.*
>
> *Hashi Energy examines the resources; for example equipment, materials and people applied to transform the inputs into outputs, the environment, the methods (procedures, instructions) followed, and the measures collected to determine process performance;* one of the respondents reported

With companies being held to increasingly high quality standards, supplier quality audits play a pivotal role in ensuring that the products delivered by suppliers meet pre-defined quality specifications. However, instead of trying to audit all suppliers at once, it is much more efficient to classify suppliers by risk, and then prioritize audit activities accordingly.

5.10 Testing hypothesis

The study asked to find out whether there is a relationship between relationship between supplier development and organizational performance of Hashi Energy

Table 5. 10: Correlations

		Supplier Development	Performance
Supplier Development	Pearson Correlation	1	-.040
	Sig. (2-tailed)		.745
	N	73	68
Performance	Pearson Correlation	-.040	1
	Sig. (2-tailed)	.745	
	N	68	68

Source: Primary data

Results of the correlation analysis revealed that there is a significant and positive relationship between supplier development and organizational performance. It was revealed that, ($r=0.745$ $P<0.001$) which implies that there is a significant relationship between supplier development and organizational performance of Hashi Energy. Therefore, the total effect of supplier development on organizational performance is 0.745, increased the moderate to strong relationship to strong relationship. Supplier development had an indirect effect on organization performance improvement through capability improvement, relationship commitment, and relationship satisfaction-relationship commitment, with total indirect effect of -0.040 (significant at $p = 0.001$).

CHAPTER SIX

SUPPLIER INVOLVEMENT AND ORGANIZATIONAL PERFORMANCE OF HASHI ENERGY UGANDA LIMITED

6.0 Introduction

Supplier involvement is a form of vertical collaboration between supply chain partners in which the manufacturer involves the supplier at an early stage of the product development process (Mikkola and Skjott Larsen, 2006). Involving suppliers in cross-functional teams at the early stages of product development has strong roots in the Japanese automotive industry (Johnsen, 2009). Today supplier involvement remains quite common in automotive and consumer electronics industry (Leenders et al, 2002). Many purchasing organizations view coordination with critical supplies via supplier involvement as important enablers to product, process and supply chain structure development and as a cost reduction exercise (Millson and Wilemon, 2002).

Supplier involvement (ESI) has gained its importance in manufacturing sector in developing competitive advantage and to outperform rivals in market share while defending against competitive forces (Mikkola and Larsen, 2003). By practicing supplier involvement, suppliers in approved suppliers list will work closely together with manufacturers in sharing information, technological capabilities, knowledge, technical skills and experience. Great benefits and advantages can be obtained if suppliers are involved in the customer's product development as early as possible. Huang and Mark, (2000) proposed that the rationale is that suppliers frequently possess vital product and process technology that can lead to improvements in product design and effective supply chain processes.

In addition, adopting supplier involvement practices may offer additional benefits to organizations, including the management of supply risk in new product development and the upstream supply chain (Zshidisin and Smith, 2005).

This chapter aims at establishing how supplier involvement affects organizational performance of Hashi Energy Uganda Limited.

6.1 Helping the organization in preparation of specifications

The respondents were asked whether Suppliers have helped the organization in preparation of specifications. The results are indicated in table 6.1 below:

Table 6. 1: Suppliers have helped the organization in preparation of specifications

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	27	37.0	37.0	37.0
	Strongly Agree	46	63.0	63.0	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that Suppliers have helped the organization in preparation of specifications. This implies that suppliers help Hashi Energy to acquire the requirements of commodities. On interview, one of the respondents argued that;

> *Suppliers provide a description of materials for cost determination, process of construction, delivery, and implementation of requirements.*

Another respondent stated that

> *Suppliers of Hashi Energy provide a detailed test, sample, and inspection methods to ensure compliance with the specification*
>
> *Suppliers of Hashi Energy help in defining the requirements and then approach industry to see what is available to meet the department's/agency's needs;* one of the respondents reported

A specification describes the desired outcome or intended use of a commodity and how the commodity will perform (e.g., number of items, distance to travel, time required). It should be noted that; Planning and analysis are particularly important when developing complex requirements.

Developing specifications requires consultation and can be perceived as an evolutionary process involving close and continuous liaison between the end-user, technical officers, project officers/managers, procurement officers and the specification writer

6.2 Joint planning and meetings

The respondents were asked whether there is joint planning and meetings between the company and suppliers. The results are indicated in table 6.2 below:

Table 6. 2: There is joint planning and meetings between the company and suppliers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	29	39.7	39.7	39.7
	Strongly Agree	44	60.3	60.3	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that there is joint planning and meetings between the company and suppliers. This implies that meeting are normally organized between Hashi Energy and suppliers to discuss on how to improve performance. On interview, one of the respondents argued that;

> *Hashi Energy normally establishes two temporary planning committees to carry out the functions of the Joint Planning Committee and four Area Planning Committees whilst meeting arrangements.*

In the process of organizing these meetings,

> *Hashi Energy analyzes the potential production capability of each supplier so as to meet a specified Production plan and also to develop a new product according to the market demand;* one of the respondents reported.

Another respondent stated that

> *When organizing joint meetings Hashi Energy determines the collaborative assets does the other organization bring to planning and holding a joint annual meeting*

The production facilities and ability of the supplier to increase its capacity should also be taken into account to Judge the best one. The potential production capability of each supplier should be analyzed to meet a specified Production plan and also to develop a new product according to the market demand. Joint planning help Suppliers in planning as they need competent technical ability to provide high quality product or service, to ensure future improvements in performance and promote successful development efforts.

6.3 Careful consideration to the interdependence of its supply chain

The respondents were asked whether The Company gives careful consideration to the interdependence of its supply chain. The results are indicated in table 6.3 below:

Table 6. 3: The Company gives careful consideration to the interdependence of its supply chain

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Not Sure	1	1.4	1.4	2.7
	Agree	26	35.6	35.6	38.4
	Strongly Agree	45	61.6	61.6	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 92.7% generally disagreed that The Company gives careful consideration to the interdependence of its supply chain. This implies that all customers are treated equally and equal opportunity is extended to all customers. However, 5.4% of the respondents agreed and 1.8% were not sure.

On interview, one of the respondents argued that;

> *Hashi Energy provides both the information and context, to help it maximize purchasing decisions on both a project and program level.*

Another respondent stated that

> *Hashi Energy uses the option contract can be used to coordinate the supply chain and increase buyers' replenishment flexibility.*

Many purchasing organizations view coordination with critical supplies via supplier involvement as important enablers to product, process and supply chain structure development and as a cost reduction exercise (Millson and Wilemon, 2002).

6.4 Involving suppliers in supply chain decisions

The respondents were asked whether The Company involves suppliers in supply chain decisions. The results are indicated in table 6.4 below:

Table 6. 4: The Company involves suppliers in supply chain decisions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	30	41.1	41.1	41.1
	Strongly Agree	43	58.9	58.9	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally disagreed that The Company involves suppliers in supply chain decisions. This implies that suppliers are involved in procurement decision making. On interview, one of the respondents argued that;

> *Involving suppliers in new product development decisions and continuous improvement efforts enables the buying organizations to share knowledge and increase learning so that better solutions can be found to complex, inter-company problems that impact performance*

Another respondent stated that;

> *Supplier can have a significant impact on an organizations performance, through their contributions towards cost reduction, eliminate inconsistency in the designer's manufacturing processes, minimize high-cost material items, share technical expertise and processes within each other, enabling the constant improvement of quality, share technology capabilities, and increase responsiveness of buying companies.*

Moreover, by involving suppliers in the process, buying company can access to a wide pool of talent all focused on the needs of its customers (Leenders, et. al., 2002).

Involving suppliers in new product development decisions and continuous improvement efforts enables the manufacturers to share knowledge and increase learning so that better solutions can be found to complex, inter-company problems that impact performance (Tracey and Vonderembse, 2000).

6.5 Employing group approach

The respondents were asked whether the Company employs group approach as a way to Supplier Relationship Management. The results are indicated in table 6.5 below:

Table 6. 5: The Company employs group approach as a way to Supplier Relationship Management

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	38	52.1	52.1	53.4
	Strongly Agree	34	46.6	46.6	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.7% generally agreed that the Company employs group approach as a way to Supplier Relationship Management.

This implies that Hashi Energy focuses on joint growth and value creation with a limited number of key suppliers based on trust, open communication, empathy and a win-win orientation. However, 1.4% of the respondents were not sure. On interview, one of the respondents argued that; *Hashi Energy Shares growth, profits, risks and investments: joint objectives, efforts and resource commitments resulting in a healthy culture for continuous growth with suppliers*

On another hand, another respondent reported that;

> *The organization recognizes the value potential of key suppliers and initiates a limited number of pilot projects to build trust, experience and credibility.*
>
> *Joint initiatives now go beyond cost reduction and are organized in a more structured way, but are still rather operational/tactical by nature.*

Another respondent reported that

> *Hashi Energy focuses on organizing the resources of the procurement team in such a way as to focus externally onto the supply markets of an organization in order to fully leverage purchasing decisions."*

6.6 Access to suppliers' new technologies

The respondents were asked whether Hashi Energy has got access to suppliers' new technologies. The results are indicated in table 6.6 below:

Table 6. 6: Hashi Energy has got access to suppliers' new technologies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	45	61.6	61.6	63.0
	Strongly Agree	27	37.0	37.0	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.6% generally agreed that Hashi Energy has got access to suppliers' new technologies. This implies that Hashi Energy conducts so-called innovation workshops with its suppliers. However, 1.4% of the respondents were not sure. On interview, one of the respondents argued;

> *Once target suppliers are selected, Hashi Energy conducts so-called innovation workshops with its select suppliers. Hashi Energy invites suppliers to workshops and give them chances to share pain points they experience and/or provide opportunities they see and brainstorm ideas together to solve the situations they mention or capture opportunities they describe. The areas of problem solving and innovation do not limit to new product development – they actually cover all possible interactions that Hashi Energy and suppliers can have through business operations. The ideas generated from workshops mostly handle short-term situations and opportunities.*

Another respondent stated that;

> *The innovation ideas are mostly centered on product innovation and marketing and/or service improvement, and few fresh ideas have been generated from users as time passes by.*

Given that suppliers are usually involved in supply chains of multiple companies in the same industry, it's significantly to have closer relationships with suppliers and have them play critical roles in open innovation in our company. In this regard, it's the high time to rethink the role of suppliers in open innovation.

6.7 Involving suppliers in product development

The respondents were asked whether The Company involves the suppliers in product development. The results are indicated in table 6.7 below:

Table 6. 7: The Company involves the suppliers in product development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	27	37.0	37.0	37.0
	Strongly Agree	46	63.0	63.0	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that the Company involves the suppliers in product development. This implies that all Hashi Energy Involves suppliers in cross-functional teams at the early stages of product development. On interview, one of the respondents argued that;

> *Hashi Energy considers the need of a new product, what it has to do and how much it might cost and involves suppliers to answer these fundamental questions.*

Another respondent argued that;

> *Hashi Energy involves a supplier depending on the complexity and technology of a specific item or system.*

Another respondent reported that;

> *Supplier involvement has helped to reduce costs and development time, increase quality and provide innovation to increase market share at Hashi Energy.*

By keeping the supplier-partner's future needs in mind, decisions of suppliers regarding investments, new product, new process or system could be facilitated. Thus, the possibility of misjudgment or wrong strategy made would be reduced. Involving suppliers in product development has been argued to contribute to short-term project performance by improved product quality and a subsequent reduction in development time, and in development and product costs (Primo and Amundson, 2002).

6.8 Harnessing the knowledge of suppliers

The respondents were asked whether Hashi Energy harnesses the knowledge of its suppliers. The results are indicated in table 6.8 below:

Table 6. 8: Hashi Energy harnesses the knowledge of its suppliers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	22	30.1	30.1	31.5
	Strongly Agree	50	68.5	68.5	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.6% generally agreed that Hashi Energy harnesses the knowledge of its suppliers. This implies that Hashi Energy listens to its suppliers and considers their ideas in decision-making. However, 1.4% of the respondents were not sure. On interview, one of the respondents argued that;

> *Hashi Energy always makes its procurement plans for the next seasons together with its suppliers and alternatively suppliers always provide them with sale forecasts for the products buyer companies buy from them.*

Another respondent stated that;

> *Hashi Energy is able to develop mutually beneficial knowledge sharing relationships with suppliers by talking to them about their future requirements.*
>
> *Hashi Energy seeks the opinions of its suppliers because they have their own impressions of how the company is performing.*
>
> *Hashi Energy uses formal surveys to gather this knowledge or ask for their views on a more informal basis;* one of the respondents said.

In order to manage the collection and exploitation of knowledge in a business, company should try to build a culture in which knowledge is valued across the business. In regards to this; one of the respondents argued that;

> *One way to do this Hashi Energy needs to offer incentives to staff who supply useful market news or suggest ways customers can be better served.*

6.9 Close collaboration with suppliers

The respondents were asked whether there is close collaboration between Hashi Energy and its suppliers. The results are indicated in table 6.9 below:

Table 6. 9: There is close collaboration between Hashi Energy and its suppliers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	40	54.8	54.8	56.2
	Strongly Agree	32	43.8	43.8	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.6% generally agreed that there is close collaboration between Hashi Energy and its suppliers. This implies that Hashi Energy work hand in hand with its suppliers. However, 1.4% of the respondents 1.8% were not sure. On interview, one of the respondents argued that; *Hashi Energy works in a collaborative group. Where it works together with suppliers to create a product that is greater than any individual might achieve alone. They do not all necessarily do the same task, however, but rather may divide the work among themselves according to their interests and skills.*

It should be noted that Supplier collaboration is a vital stabilizer in helping supply chains operate efficiently and effectively. Having greater visibility into supplier risks results in faster recovery times from disruptive events, as well as gives both sides the ability to collaborate on risk avoidance strategies.

CHAPTER SEVEN

ORGANIZATIONAL PERFORMANCE OF HASHI ENERGY

7.0 Introduction

Performance is the level to which a supply chain fulfills the objectives of dependability, cost speed, quality, and flexibility (Slack, 2007). The importance of supplier selection can be drawn from its effect on firm performance and, more particularly, on final product features such as cost, design, manufacturability, quality and so on (Narasimhan et al., 2004). Narasimhan further argues that strategic evaluation of supplier performance helps buying organizations in improving their operations in a number of ways including: aiding in supplier process improvement, which in turn enhances firm's overall performance; allows for optimal allocation of resources for supplier development programs; and helps managers in re-engineering their supplier network on the basis of performance.

One performance measure is quality which is measured in a number of ways including: parts per million, customer defects per supplier and field failure rates by purchase item and by supplier (Lysons et al., 2009). Another measure is responsiveness/ time / delivery which measures the amount of time in weeks or months from concept to first shipment or delivery of final product to the market with the objective of continuous reduction of time to the market. The measures here include: on time delivery, cycle time reduction, responsiveness to schedule changes, mix changes and design or service changes and achieving new product introduction (Lysons et al., 2009; Handfield et al., 2008).

There is need to also measure performance of production since it has a major impact on product cost, quality, speed of delivery, and on delivery reliability and flexibility (Lack et al., 1995). Another measure of production performance is range of product and services offered. According to Mapes et al., (1997), a company that manufactures a wide range of products is likely to introduce new products at a slower rate than companies with a narrow product range.

This chapter aims at examining the level of organizational performance of Hashi Energy Uganda Limited.

7.1 Effective performance

The respondents were asked whether employees of Hashi are better at performing their work given the current technologies. The results are indicated in table 7.1 below:

Table 7. 1: Employees of Hashi are better at performing their work given the current technologies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	30	41.1	41.1	41.1
	Strongly Agree	43	58.9	58.9	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that Employees of Hashi are better at performing their work given the current technologies. This implies that all Hashi Energy provides its employees withal the necessary tools to work effectively. On interview, one of the respondents argued that;

> *Hashi Energy offers clear and consistent behavioral changes, processes, and systems to increase workplace productivity can be difficult.*

In response to whether Hashi Energy ensures high productivity, one of the respondents argued that

> *Hashi Energy uses technology to encourage workers to work and train virtually. If they do that, then they reap the benefits of happier, more motivated, and more productive employees.*

Another respondent stated that;

> *Hashi Energy encourages employee interest in using digital tools by showing them how these skills will benefit them and their career progression.*

It should be noted that; Technology has grown to become an immense part of our personal lives and has reshaped the average workplace.

People are interested in getting the most current technology whether it be the newest smartphone or latest car model. Therefore, knowing what shapes people can help the organization connect with them. It's a chance to link communications strategies, rewards and performance and development to better match what drives them.

7.2 Involving employees in affairs running the organization

The respondents were asked whether Employees are more involved in the affairs of running Hashi business. The results are indicated in table 7.2 below:

Table 7. 2: Employees are more involved in the affairs of running Hashi business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	28	38.3	38.3	39.7
	Strongly Agree	44	60.3	60.3	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 98.6% generally agreed that Employees are more involved in the affairs of running Hashi business. This implies that Hashi Energy involves its employees in decision-making. However, 1.4% of the respondents were not sure. On interview, one of the respondents argued that;

> *Hashi Energy has a system for employees to give their suggestions. Hashi Energy has set up leadership teams, or committees, and the people on these teams comprise any employees; she said*

In response to whether employees feel engaged in decision -making, one of the respondents argued that;

> *Employees are engaged and are made to feel that they are a part of something bigger than themselves. This makes us perform well and produce favorable results.*

Another respondent stated that;

There are even dedicated teams like employee Engagement, whose sole purpose is employee involvement and motivation. The team's only goal is to engage employees and make work more fun and meaningful.

It should be noted that; Employee involvement is the direct participation of staff in activities that help the business fulfill its mission and attain its goals**.** More importantly, it is getting the employees involved in the management and decision-making processes of the business.

7.3 Reduction level of customer service provision

The respondents were asked whether there is reduction level of customer service provision at Hashi. The results are indicated in table 7.3 below:

Table 7. 3: There is reduction level of customer service provision at Hashi

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	26	35.6	36.1	36.1
	Disagree	14	19.2	19.4	55.6
	Not Sure	23	31.5	31.9	87.5
	Agree	4	5.5	5.6	93.1
	Strongly Agree	5	6.8	6.9	100.0
	Total	72	98.6	100.0	
Missing	System	1	1.4		
Total		73	100.0		

Source: Primary data

According to the table above, majority of the respondents 55.6% generally disagreed that there is reduction level of customer service provision at Hashi. This implies that all *Hashi Energy offers* good service to customers before, during, and after a purchase. However, 31.5% of the respondents were not sure, 13.3% agreed and 1.4% was missing system. On interview, one of the respondents argued that;

Hashi Energy responds as quickly as possible to its customers, through Emails and phone calls

In response to how Hashi Energy cares for its customers, one of the respondents argued that

Hashi Energy helps its customers get the most out of their purchase and feel like they have gotten true value for their money. Hashi Energy Makes it its goal to learn everything there is to know about its product so it amazes its customers with timely recommendations for using new features and services; he further reported.

It should be noted that; a good customer service benefits the business or companies as it will eventually produce satisfied customers. However, a bad customer service might end up generating unhappy and unsatisfied customers. It may result in effecting a business in a negative way.

7.4 Appreciative clients

The respondents were asked whether their clients are appreciative of the quality of our products. The results are indicated in table 7.4 below:

Table 7. 4: Our clients are appreciative of the quality of our products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.7	2.7	2.7
	Not Sure	2	2.7	2.7	5.5
	Agree	24	32.9	32.9	38.4
	Strongly Agree	45	61.6	61.6	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 94.5% generally disagreed that their clients are appreciative of the quality of our products. This implies that Hashi Energy keeps its customers happier. However, 2.7% of the respondents disagreed and were not sure respectively. On interview on how Hashi Energy keeps its clients appreciative, one of the respondents argued that;

Hashi Energy management Calls the clients regularly. It Schedules periodical calls with the customers to share updates about how things are going and to ask how happy they are with the services

In relation to this, a respondent stated that;

Hashi Energy is genuinely committed to providing more customer service excellence than. It keeps an eye on the communication outlets and it is ready and willing to answer any questions, over any solutions, or address any issues that may arise in a timely manner.

Another respondent stated that;

Hashi Energy shares new market insights, its opinion on the matter, and opportunities that the clients might not be aware of yet.

It should be noted that; Generating valuable content shows that the organization is on top of the game and improves brand awareness. Clients will also be likely to share its content or recommend the company services to their connections based on publicly available content.

7.5 Repeated purchases

The respondents were asked whether there are no repeat purchases from our clients. The results are indicated in table 7.5 below:

Table 7. 5: There are no repeat purchases from our clients

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	23	31.5	31.5	31.5
	Disagree	20	27.4	27.4	58.9
	Not Sure	20	27.4	27.4	86.3
	Agree	8	11.0	11.0	97.3
	Strongly Agree	2	2.7	2.7	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 58.9% generally disagreed that there are no repeat purchases from our clients. This implies that Hashi Energy has the same customers.

However, 27.4% of the respondents were not sure and 13.7% agreed. On interview on how Hashi Energy ensures repeated purchases, one of the respondents argued that;

> *Hashi Energy uses Point programs to increase their repeat purchases. Customers usually generate points every time they make a purchase, give product reviews, or share anything related to the brands or products on social media. The points are later redeemed for various attractive prizes or discounts that are customized to the preferences of each customer.*

In relation to above, another respondent said that;

> *Hashi Energy grants the repeated customers status to customers who spend more often than others. It gives them privileges such as invitations to special events, quick access to company new products, or sales days that they can choose for themselves.*

One of the most effective ways to win a customer after the first purchase is targeting them again. The organization should remind its customers to buy its products again via email, social media, as well as search and display advertising.

The company should Track incomplete purchases and remind the customers of their abandoned carts. It should be noted that implementing email retargeting will be a lot easier if the organization uses a marketing automation system.

7.6 Client defections

The respondents were asked whether there are currently more client defections than ever before. The results are indicated in table 7.6 below:

Table 7. 6: There are currently more client defections than ever before

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	22	30.1	30.6	30.6
	Disagree	25	34.2	34.7	65.3
	Not Sure	15	20.5	20.8	86.1
	Agree	6	8.2	8.3	94.4
	Strongly Agree	4	5.5	5.6	100.0
	Total	72	98.6	100.0	
Missing	System	1	1.4		
Total		73	100.0		

Source: Primary data

According to the table above, majority of the respondents 65.3% generally disagreed that there are currently more client defections than ever before. This implies that Hashi Energy has repeated customers. However, 20.5% of the respondents agreed were not sure, 13.7% agreed and 1.4% were missing system. On interview on how Hashi Energy maintains its customers, one of the respondents argued that;

> *Hashi Energy establishes an advisory panel; only by knowing its clients' wants and needs it successfully grow the business and be totally customer-oriented.*

Another respondent said that;

> *Hashi Energy is gathers feedback from defecting customers and adjust its processes and products to reflect customers' concerns.*

In relation to above, another respondent said that;

> *When a customer stops buying or does not buy certain services, Hashi Energy provider calls immediately to get a feedback.*

It should be noted; customer defections should focus a service provider on those aspects of the service which are important to the customers. Customers generate increasingly more profits each year they stay with a service company. Losing a customer means losing all the revenues that he would have brought in future.

7.7 Friendly costs

The respondents were asked whether their costs are friendly to their clients. The results are indicated in table 7.7 below:

Table 7. 7: Our costs are friendly to our clients

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.4	1.4	1.4
	Disagree	1	1.4	1.4	2.7
	Not Sure	2	2.7	2.7	5.5
	Agree	31	42.5	42.5	47.9
	Strongly Agree	38	52.1	52.1	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 94.7% generally agreed that their costs are friendly to their clients. This implies that prices are friendly. However, 2.7% of the respondents disagreed and were not sure respectively. On interview, one of the respondents argued that;

> *Hashi Energy Charge Clients according to value. The cost of the product is directly related to the amount of value you deliver.*

Another respondent said that;

> *Hashi Energy Give Discounts the Right Way. Hashi Energy gives discount if clients pay everything upfront. It is encouraging early payment and removing the risk of not getting paid later on.*

In relation to above, another respondent said that;

> *Hashi Energy reduces costs, increases turnover, increases productivity, and increases efficiency to enhance profitability.*

When an organization is giving its customers exactly what they want, pricing is not an issue for them. When the value is being delivered, that outweighs price, because the value is helping them produce better results than they were previously experiencing. Also, when an organization gives customers exactly what they want, they become the organization's biggest business advocates.

7.8 Profitability level improvement

The respondents were asked whether there is profitability level improvement in the organization. The results are indicated in table 7.8 below:

Table 7. 8: There is profitability level improvement in the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not Sure	1	1.4	1.4	1.4
	Agree	33	45.2	47.1	48.6
	Strongly Agree	36	49.3	51.4	100.0
	Total	70	95.9	100.0	
Missing	System	3	4.1		
Total		73	100.0		

Source: Primary data

According to the table above, majority of the respondents 94.5% generally agreed that there is profitability level improvement in the organization. This implies that Hashi Energy has good performance management strategies. However, 1.4% of the respondents were not sure and 4.1% were missing systems. On interview on how Hashi Energy enhances profitability level improvement in the organization, one of the respondents argued that;

> *Hashi Energy recognizes and reward staff contributions with staff performance reviews, and teach employees sales skills and how to upsell products so customers make multiple purchases at one time*

In relation to above, another respondent said that;

> *Hashi Energy makes sure it has the right suppliers for the business and negotiate for better prices or discounts for buying in bulk*

It should be noted; Organizational products or services with the highest gross profit margin are the most important to the business, as they generate more money. Once an organization has identified its most profitable items it should concentrate on achieving higher sales targets for them. This may require the organization to rethink aspects of the business or to devise strategies for improvement.

7.9 Periodic supplier audits

The respondents were asked whether Periodic supplier audits are undertaken to correct compliance errors in Hashi. The results are indicated in table 7.9 below:

Table 7. 9: Periodic supplier audits are undertaken to correct compliance errors in Hashi

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	31	42.5	42.5	42.5
	Strongly Agree	42	57.5	57.5	100.0
	Total	73	100.0	100.0	

Source: Primary data

According to the table above, majority of the respondents 100% generally agreed that Periodic supplier audits are undertaken to correct compliance errors in Hashi. This implies that supplier review and evaluations are carried out. On interview, one of the respondents argued that,

> *Before an audit is carried out, Hashi Energy gathers all information and documents which have been exchanged between you and your supplier, such as contracts, delivery specifications, complaints or work instructions. These documents should be requested and filed in in advance within your supplier documentation.*

In relation to above, another respondent said that;

> *Hashi Energy compares the current situation with the desired one (based on contractually agreed conditions). The audit can be performed by the customer itself or by an external service provider.*

Audits are an important part of a customer-supplier partnership, aiming to check and improve the current quality and delivery processes. Supplier audits aim at ensuring that a functional and efficient Quality Management System (QMS) has been established, transparent documentation of optimization processes assuring the product and raw material quality, and an active communication between customers and their suppliers strengthen on the long-term a healthy business relationship. The audit provides the basis to determine solutions to improve the product and delivery quality. The supplier can then fulfill those tasks within a defined period of time.

CHAPTER EIGHT

HARMONIZING SUPPLIER RELATIONSHIP MANAGEMENT AND ORGANIZATIONAL PERFORMANCE OF HASHI ENERGY UGANDA

8.0 Introduction

This chapter concentrates on ways towards harmonization of supplier relationship management and organizational performance of Hashi Energy Uganda.

8.1 Model Summary

The model explains 55.2% of the variance (Adjusted R Square = 0.012) on organizational performance. Clearly, there are factors other than the three proposed in this model which can be used to predict organization performance. However, this is still a good model as Cooper and Schinder, (2013) pointed out that as much as lower value R square 0.10-0.20 is acceptable in social science research.

Table 8. 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.110[a]	.012	-.035	.394
a. Predictors: (Constant), Supplier involvement, Supplier Appraisal, Supplier Development				

The model explains 55.2% of the variance (Adjusted R Square = 0.012) on organizational performance. Clearly, there are factors other than the three proposed in this model which can be used to predict organization performance. However, this is still a good model as Cooper and Schinder, (2013) pointed out that as much as lower value R square 0.10-0.20 is acceptable in social science research.

This means that 55.2% of the relationship is explained by the identified three factors namely Supplier involvement, Supplier Appraisal, Supplier Development.

The rest 44.8% is explained by other factors in the organization performance not studied in this research. In summary the three factors studied namely Supplier involvement, Supplier Appraisal, Supplier Development, or determines 55.2% of the relationship while the rest 44.8% is explained or determined by other factors.

8.2 Analysis of Variance (ANOVA)

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model is as per Table 8.3 below with P-value of 0.01 which is less than 0.05. This indicates that the regression model is statistically significant in predicting factors of sustainable performance. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall Anova results indicates that the model was significant at F = 0.255, p = 0.001.

Table 8. 2: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.119	3	.040	.255	.857[b]
	Residual	9.782	63	.155		
	Total	9.901	66			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Supplier involvement, Supplier Appraisal, Supplier Development						

8.4 Multiple Regression

The researcher conducted a multiple regression analysis as shown in Table 8.4 so as to determine the relationship between the relationship between Supplier Relationship Management and the Organizational performance.

Table 8. 3: Multiple Regression

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4.627	1.383		3.346	.001	1.863	7.390
	Supplier Appraisal	-.130	.165	-.099	-.784	.436	-.460	.201
	Supplier Development	-.056	.188	-.038	-.297	.768	-.432	.320
	Supplier involvement	-.025	.222	-.015	-.114	.910	-.470	.419
a. Dependent Variable: Performance								

The regression equation above has established that taking all factors into account (organizational performance as a result of Supplier involvement, Supplier Appraisal, Supplier Development) constant at zero organizational performance will be 3.346.

The findings presented also shows that taking all other independent variables at zero, a unit increase in Supplier Appraisal, will lead to a -0.784 increase in the scores of organizational performance; a unit increase in Supplier Development will lead to a -0.297 increase in organization performance; and a unit increase in Supplier involvement, will lead to a -0.038 increase in the scores of organization performance. This therefore implies that all the three variables have a positive relationship with Supplier Relationship Management contributing most to the dependent variable.

From the table we can see that the predictor variables of Supplier involvement, Supplier Appraisal and Supplier Development got variable coefficients statistically significant since their p-values are less than the common alpha level of 0.05.

CHAPTER NINE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

9.0 Introduction

This chapter presents the summary of findings and conclusions derived and drawn from the research after having presented, analyzed and discussed the findings of the study.

9.1 Summary of findings

This study focused on to examine the relationship between Supplier Relationship Management and the Organizational performance in Petroleum industry in Uganda, a case study of Hashi Energy Uganda Limited. A sample of 73 respondents was considered when analyzing this study. The methodology used in this study was both qualitative and quantitative. The questionnaire, interview, were the major tools of data collection. SPSS (scientific package for social science) was used to analyze the data collected.

9.1.1 Supplier appraisal and organizational performance

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

9.1.2 Supplier development and organizational performance

The study deduced that indeed supplier development plays a vital role in organization performance where most respondents agreed that most of the elements of the supplier development strongly influenced the performance of the organization more so financial support, direct firm involvement and rewards but supplier training not so much but it’s also an important element. Again supplier development results to increased profitability.

Helps reduce product cost, helps to improve product quality and it helps in producing products faster than before due to improved supplier quality thus supporting the statement above that supplier development plays a vital role in organization performance.

In relation to financial support the study deduced that again financial support is an important element in supplier development because it really supports the suppliers gain a lot and producing good quality products. the study also found out that the organization Provide the supplier with equipment or tools for process improvement, it also provides technical support (personnel) to help out key supplier to improve their operations and the organization Provide the supplier with capital for new investments at their facilities which are in line with improving the supplier development program and that will eventually help both firms to benefit equally.

9.1.3 Supplier involvement and organizational performance

The study established that organization are directly involved with the suppliers and that the organization conducts site visits to the suppliers premises to assess their facilities also suppliers are selected carefully and evaluated regularly and once the suppliers are evaluated they are given feedback as soon as possible. This is a very important aspects when it comes to supplier involvement and it actually leads to organization performance which as the study deduced leads to improved profitability and so on and so forth. The study deduced an important factor that there exist a strong significant relationship between Supplier involvement and organizational performance.

9.2 Conclusion

The study aimed to examine the relationship between Supplier Relationship Management and the Organizational performance in Petroleum industry in Uganda, a case study of Hashi Energy Uganda Limited. The study found a positive and significant relationship between supplier relationship and organizational performance. The results in this research study showed a positive relationship towards supplier appraisal and performance of an organization from respondents. Majority of respondents showed that they conduct supplier appraisal to assess the performance of suppliers of goods and services to ensure effective performance of the organization.

They indicated that, supplier appraisal has contributed much on performance of Hashi Energy in terms of quality and delivery.

According to the data provided in chapter five, there is a significant relationship between Supplier development and organizational performance. The regression analysis done also indicates that there is a strong correlation between supplier development implementation and improved performance. The key dimensions found to yield best results are; supplier training, standardization of supplier product, communication with suppliers and constant auditing of the suppliers. These techniques have helped the Hashi Energy in reducing product cost, improving product quality, hastening time taken to the market and also improving on the operations flexibility of the manufacturing firm.

The researcher sought to evaluate the effect of supplier involvement on supplier performance of Hashi Energy. It was established that supplier involvement determines the performance of suppliers. Involving suppliers in new product development decisions and continuous improvement efforts enables the suppliers to share knowledge and increase learning so that better solutions can be found to complex, inter-company problems that impact performance.

9.3 Recommendations

The organization need to focus on creating long-term relationship with suppliers mainly those of core items such as stationary and technical supplies for example computer services.

There is a need to improve on communication system to facilitate information flow and reduce on costs of communication. This may be through adopting electronic means such as e-Procurement to facilitate procurement transactions.

There is a need to involve users in appraising suppliers manly those, which needs technical knowledge and there is a need to set up policies and guidelines to be followed in conducting supplier appraisal.

That Hashi Energy should continually carry out supplier development in order to encourage good governance among the suppliers

That Hashi Energy should continually train supplier on the need to embrace e-procurement that will reduce paper work and human interaction thus creating a transparent tendering system where only the suppliers that are qualified can be awarded contracts to supply.

That Hashi Energy should not offer financial support to suppliers instead they should pay suppliers within the shortest time possible.

In measuring performance firms should be aware of all the performance measures and understanding what factors influence them to be able to deal with each one of them as it demands. For instance firms should take into consideration what criteria is related to performance and capitalize on them like the employee capabilities will lead to production of quality products.

9.4 Areas for further research

This study focused on the relationship between Supplier Relationship Management and the Organizational performance in Petroleum industry in Uganda. It is recommended that a study be carried out on other factors on procurement performance. The research should also be done in other government corporation or private sector and the results compared so as to ascertain whether there is consistency on procurement performance.

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

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

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Appendix 1: Questionnaire

Introduction

Dear Respondent, my name is ----------; a student of Master in Procurement and Logistics management (MPLM) at Nkumba University, Entebbe, Uganda. I am undertaking research to generate data and information on a topic "Supplier Relationship Management and organizational performance at Hashi Energy Uganda Limited." You have been selected to participate in this study because the contribution you make to your organization is central to the kind of information required. The information you provide is solely for academic purposes and will be treated with utmost confidentiality.

Kindly spare some of your valuable time to answer these questions by giving your views where necessary or ticking one of the alternatives given.

Indeed your name may not be required. Thank you for your time and cooperation.

Instruction: You are kindly asked to fill out this questionnaire appropriately based on an option that is applicable to you.

Part A: General Information

1. Name and Title of the respondent (optional) ……...

2. Duty station. Please select your duty station from below list below.

(1) Kampala HQ

(2) Kyengera Depot

(3) Mbale Depot

(4) Masaka Depot

3. In which of the following departments of Hashi Energy do you fall?

(1) Top Management

(2) Procurement and contracts management Department

(3) Operations

(4) Other (specify)……

4. For how long have you worked with Hashi Energy?

(1) Less than 1 year

(2) Between 1 to 5 years

(3) More than 5 Years

(4) Other…….. (Specify)

5. What is your highest level of academic qualification?

(1) Master's degree

(2) Bachelor's degree

(3) Diploma

(4) Others …….. (Please Specify)

Part B: Supplier Relationship management

Listed below are the probable Supplier Relationship Management techniques that your company practices. To what extent has your company put in place these techniques? Please rank this information by ticking in the box that corresponds to your opinion/view according to the following scale

1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

Supplier Appraisal						
No	**Statement**	**1**	**2**	**3**	**4**	**5**
6	Hashi Energy assesses the suitability of suppliers before contracts are given					
7	There are frequent visits to supplier facilities and field research before supplier pre-qualification.					
8	Hashi Energy benchmarks suppliers against best practice.					
9	Hashi Energy uses third party appraisal methods through agencies to appraise their suppliers					
10	Supplier evaluation is based on financial, production and human resource capabilities					
11	The company relies on desk appraisal method using suppliers published and unpublished information to evaluate their past performance					
12	Hashi Energy assesses supplier's capability in controlling quality of supplies before contracts are given					
14	Hashi Energy assesses supplier's capability in controlling quantity of supplies before contracts are given					
14	The top management in Hashi Energy is involved in evaluating the eligible contractors by comparing the shortlisted Ones					

Part C: Supplier Development

In this section please tick in the box that corresponds to your opinion/view according to a scale of

1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree.

Supplier Development						
No	**Statement**	**1**	**2**	**3**	**4**	**5**
14	Hashi Energy develops their supplier's technological capacity.					
15	The organization financially empowers their suppliers					
16	There is collaboration with suppliers in the company for long term relationship					
17	The company helps suppliers in developing their production capacities					
18	The company provides legal advice services to the suppliers					
19	Hashi Energy organizes training of its suppliers regularly.					
20	In most aspects of the relationship, the responsibility for getting things done is shared					
21	Hashi Energy makes its supply plans for the next seasons together with its suppliers in Uganda					
22	Periodic supplier audits are undertaken to correct compliance errors in public health facilities					

Part D: Supplier Involvement

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree.

Supplier Involvement							
No	**Statement**	**1**	**2**	**3**	**4**	**5**
23	Suppliers have helped the organisation in preparation of specifications					
24	There is joint planning and meetings between the company and suppliers					
25	The company gives careful consideration to the interdependence of its supply chain					
26	The company involves suppliers in supply chain decisions					
27	The company employs group approach as a way to Supplier Relationship Management					
29	Hashi Energy has got access to suppliers new technologies,					
30	The company involves the suppliers in product development					
31	Hashi Energy harnesses the knowledge of its suppliers					
32	There is close collaboration between Hashi Energy and its suppliers.					

Part E: Performance

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree.

Organisational Performance							
No	**Statement**	**1**	**2**	**3**	**4**	**5**
33	Employees of Hashi are better at performing their work given the current technologies					
34	Employees are more involved in the affairs of running Hashi business					
35	There is reduction level of customer service provision at Hashi					
36	Our clients are appreciative of the quality of our products					
37	There are no repeat purchases from our clients					
38	There are currently more client defections than ever before.					
39	Our costs are friendly to our clients					
40	There is profitability level improvement in the organisation.					

Thank you for your cooperation

Appendix 2: INTERVIEW SCHEDULE FOR TOP MANAGEMENT OFFICIALS

1. Position held in Hashi Energy ……..
2. Department /Section……
3. What do you know about the term "Supplier appraisal?
4. Does Hashi Energy appraise its suppliers? If so, what are some of the supplier appraisal strategies being used?
5. In your view, to what extent have these strategies in your response above affected the organization's performance of Hashi Energy Uganda Limited?
6. Has supplier appraisal improved organisational performance?
7. What do you know about the term "Supplier Development?
8. Does Hashi Energy Uganda limited do any form of supplier development to her suppliers?
9. Could you explain further, to what extent have supplier development practices affected the organization's performance of Hashi Energy Uganda Ltd
10. Has supplier development improved organisational performance of Hashi Energy?
11. What do you understand about the term "Supplier involvement?
12. Does Hashi Energy, as an organisation practice supplier involvement? If so, in what way is supplier involvement being practiced at Hashi Energy Uganda Limited?
13. In your own view, has supplier involvement improved organisational performance of Hashi Energy Uganda limited?
14. In general, do you think supplier relationship management strategies have got impacts on overall organisational performance of Hashi Energy Uganda limited?

Thank you for your cooperation

Appendix-3,Table for Determining Sample Size for a Finite Population

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970