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**EFFECT OF SUPPLIER RELATIONSHIP MANAGEMENT AND REGULATORY
POLICIES ON THE ORGANIZATIONAL PERFORMANCE OF COMMERCIAL
STATE CORPORATIONS IN KENYA**



**A RESEARCH PROPOSAL SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS
ADMINISTRATION OF STRATHMORE UNIVERSITY**

DECEMBER 2020

DECLARATION

I, the undersigned, declare that this project is my original work and has not been submitted for examination in any other institution.

Sylvia Kurgat

MBA/110235/2018

Sign: *Sylvia Kurgat*

Date: 06/01/2021

Approval

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



Dr. Freshia Waweru

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Sign: *Fwaweru*

Date: 06/01/2021

ACKNOWLEDGEMENTS

I recognize the great assistance and support from my supervisor, Dr Freshia Waweru. I also thank my fellow MBA classmates for the encouragement, guidance and moral support.



DEDICATION

I dedicate this research work to my family and friends who have been instrumental in offering moral support towards making this study a success.



ABSTRACT

Empirical research has shown that state corporations in Kenya are facing serious challenges, especially in procurement, where millions of shillings have been paid to the unscrupulous supplier. Despite the increasing performance problems among commercial state corporations such as Kenya Airways, Mumias Sugar Company, and National Bank of Kenya, there has been a dearth of literature examining the commercial state corporations. The current research sought to establish the effect of supplier relationship management on the performance of state corporations in Kenya with specific reference to supplier communication, supplier segmentation, and supplier collaboration. The study was premised on the lean sigma theory and the theory of constraints. The study adopted a descriptive research design with the unit of observation for the research being the 34-commercial state corporations. The research targeted three senior managers within state corporations. The study sample size was 102 managers drawn from the state corporations. The study administered a structured research questionnaire with a five-point Likert scale for data collection. The study conducted a pre-test of the research instrument, with 10% of the sample respondents. The collected research data was analyzed using statistical techniques. The descriptive and inferential results were presented graphically and in a tabular manner, followed by a detailed discussion on the outcomes. The study ensured that all ethical considerations are observed in the course of the research work, and areas for further research were advanced. The study was able to obtain a 74% response rate, with most of the participants, 46% being procurement managers. The study established that there is a significant and positive relationship between supplier relationship management and organization performance. The study revealed there is a positive and significant moderating effect of regulatory policies on the relationship between supplier relationship management and organization performance. The research concluded that supplier communication and supplier segmentation had a positive and significant influence on organizational performance. The study concludes that supplier collaboration had an insignificant influence on organizational performance. The research recommends that policymakers should come with standardized guidelines and enforcement frameworks to guide supplier relationship management in Kenyan commercial state corporations. The study further recommends that managers within the corporations should rely on market data and supplier information to guide supplier communication and segmentation practices.

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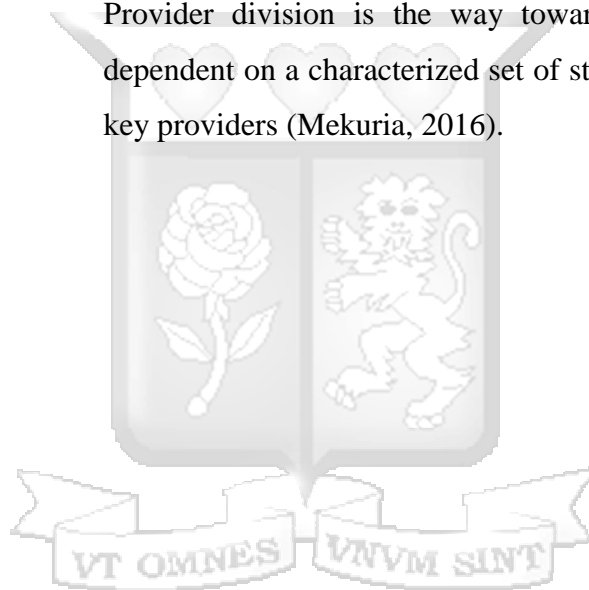
ABBREVIATIONS AND ACRONYMS

GOE	Government-Owned Entities
KENGEN	Kenya Electricity Generating Company
PPDPA	Public Procurement and Disposal of Public Assets Authority
SC	State Corporations
SME	Small and Medium Enterprises
SOE	State-Owned Enterprises
SRM	Supplier Relationship Management
TOC	Theory of Constraints



DEFINITION OF TERMS

Performance	This is the analysis of a company's performance against its objectives and goals (Mbo & Adjasi, 2013).
Supplier collaboration	Supplier collaboration refers to members in a supply chain dependence on mutual trust, timely sharing, accurate information which is required for a responsive supply chain (Botes, Niemann, & Kotzé, 2017).
Supplier communication	This is the process of information sharing and increased access to value chain data between business partners which enables them to monitor the supply chain in real-time (Kasisi, 2015).
Supplier segmentation	Provider division is the way toward classifying providers dependent on a characterized set of standards to recognize the key providers (Mekuria, 2016).



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

World over, state corporations, variously known as parastatals, State-Owned Enterprises (SOE), Government Owned Entities (GOEs) or public enterprises, assumes a focal job in any nation's financial turn of events (Njiru, 2013). Gupta, Kumar, and Sarangi (2012) examined the execution of state companies in Indian cities and indicates that the performance of the firms has been decreasing due to poor marginal supply management and lack of internal efficiency within the firms. Resom (2018) studied flexibly chain the board practices and execution of Ethiopian state corporations and noted that the firms have been facing several challenges in the procurement units, which can be enhanced through better strategic supplier partnership, logistics integration, and supporting better quality information sharing.

Government-owned enterprises have a critical part in the economy of a country, and their performance is critical to economic development (Mwangi, 2014). Parastatals can be likened to an engine in shaping the financial, social, and political improvement of a state. It is only through their positive performance that the government will realize developmental goals in the country (Corina, Liviu, & Roxana, 2011). The operation of government parastatals has, in this manner, involved open alarm and measures have taken to ensure the performance of this government parastatal (Njiru, 2013).

Performing organizations are the bedrock of a country's economic growth hence Kenya's state-owned commercial initiatives have a critical role in accelerating financial development and development, indigenizing the economy, building the capability of the state, improving the conveyance of open administrations, creation of employment opportunities and building of international partnerships (Jepngetich, 2013). Since their establishment, some of these state-owned commercial endeavors have neglected to meet their financial goals and hence missed opportunities for development (Miringu & Muoria, 2011). Odindi, Magutu, and Nyaoga (2018) studied the exhibition of state organizations in Kenya and indicated that unethical practices such as fraud, collusion, corruption, and manipulation limited the performance of the firms. The study further indicates that lack of accountability and transparency in procurement reduces firm performance

Okong'o (2016) concentrated because of key acquirement on the presentation of Kenya Power Company Limited and established strategic procurement positively affected the exhibition of public enterprises, such as reduced costs, improvements in quality of goods and services in the organization. World Bank Report (2013) indicates that the state corporations in Kenya account for about 80% of financial development. This is in line with the objectives of state commercial corporations, which are created to spur growth within a country. Since their establishment, state-owned commercial enterprises have had notable successes, failures, and missed opportunities in development. For instance, some of the state-owned commercial enterprises have consistently been making profits, while others are performing poorly (Yusuf & Wanjau, 2014).

Notably, 34% of the 55 state-owned commercial enterprises in Kenya made losses in 2013/2014. A portion of the state-possessed ventures that made losses during the period 2013/2014 include National Cereals & Produce Board, IDB Capital Limited Kenya Industrial Estates Ltd, Kenya Airways, Mumias Sugar Company, and Kenya National Trading Corporation (Muli, 2014). The performance of the public sector has faced challenges both worldwide and in Kenya (Ndubai, 2016). Linyiru (2015) indicates that just a couple of monetarily situated organizations have detailed benefits making this is a financial issue that policymakers are as yet wrestling with. The quality appraisal and administration conveyance improvement technique report by the Kenya School of Government (2016) uncovered low representative execution and profitability, which had prompted a decrease in the consumer loyalty level in the Kenyan Public Sector from 73% in the year 2014/2015 to 65% in the year 2015/2016.

Nyamasege and Biraori (2015) also directed an investigation on the components influencing the adequacy of flexibly chain the executives rehearses in the Kenyan open division. The examination confirmed that an absence of provider relationship the executive's techniques brought down the viability of flexibly chain the board capacities. The examination, in this manner, suggested that there needed to be an application of supplier collaboration strategies in the ministry. Jepngetich (2013) indicates that commercial state corporations have witnessed a growth in their financial performance as a result of the introduction of ISO 9001 certification. However, there is a need to adopt a robust long-term strategy to ensure firm performance.

1.1.1 Performance of Commercial State Corporations in Kenya

State Corporations are legal entities instituted by the government under the State Corporations Act Chapter 446 of the Kenyan law. They are mandated to improve service delivery to the public by correcting market fails, exploiting socio-political objectives, increasing access to education and health, income redistribution and are also in charge of developing marginal areas (GOK, 2015). They have a board of directors and other governing bodies who are concerned with undertaken operations but run exclusively under supervision of the ministries they were created (Linyiru, 2015). The last decade has seen increased investment and effort geared towards improving operation efficiency of state corporations. All the efforts are aimed at improving the productivity of state corporations which is seen as a way of accelerating growth of the Kenyan economy. The poor performance witnessed in the last five years has made the public and shareholders to lose trust in the institutions. Poor management practices, corruption, poor governance and lack of oversight and well-defined supervision by the authorities are some of the main contributors to this decline in performance of state corporations in Kenya.

Organizational performance refers to the degree to which an association accomplishes a lot of pre-characterized focuses on that are remarkable to its crucial, and objective. These objectives will incorporate both target (numerical) and abstract (critical) pointers (Maduenyi, Oke, Fadeyi, & Ajagbe, 2015). Various criteria can measure organizational performance. Research available suggests that firm performance is usually measured effectiveness, efficiency, development, and profitability (Mok, 2009). Marketing capability, innovative capability, managerial capability, customer service capability, manufacturing capability, new product development are all part of organizational capabilities (Acquaah & Agyapong, 2015). Overall, firm performance has at least seven measures, namely: -profitability, growth in sales, market share, consumer loyalty, worker fulfillment, natural execution, and social execution (Santos & Brito, 2012).

Dawal et al. (2015) postulated that budgetary and cost pointers ought to be supplemented by non-money related estimates identified with quality, conveyance, and adaptability and be coordinated with the executives' key goals. Roberts, Neumann, and Cauvin (2017) supported the use of financial metrics to measure performance. Carroll, Johansen, and Mouritsen (2011) used piece of the pie, rate of profitability, development of deals, the overall revenue on deals, growth of market share, and growth of return on investment as the financial metrics for measuring organizational

performance. Odalo, Njuguna, and Achoki (2016) measured organizational performance in terms of the market share using sales per year, level of profitability, and return on assets.

Conferring to Public Procurement and Disposal of Public Assets Authority (PPDPAA) (2008), performance is a function of effectiveness and efficiency that is defined as achievement of the set objectives and responsibilities from the perspective of the judging party. Performance measures used by most organizations include money related execution; benefits, return on resources, rate of profitability, piece of the overall industry; and economic value added (Njiru, 2013). According to the Republic of Kenya's performance contract guideline (2014/2015), institutions are usually expected to select practical indicators in their performance contract that ensured that performance is measured using international best practices (Robert, 2015). Performance indicators for the state corporations are usually classified under six categories. They consist of finance and stewardship, administration conveyance, non-budgetary activities, dynamic or subjective, and defilement annihilation (RPTPR, 2013). The study adopted the above measurements of organizational performance within state corporations.

Performance of Commercial State Corporations has been a subject of much concern. In Kenya, state firms empower existing structures ensuring that they attain both social and commercial objectives of the government. This study aims at evaluating the performance of State Corporations through measuring their effectiveness in managing the relationships with their suppliers. The demand for reforms in the public institution has seen government embark on reforming State Corporations and other government entities that are meant to bring out efficiency and effectiveness and decent provision of services to the public (Gathai, Ngugi, Waithaka, & Kaminga, 2012). State corporations in Kenya are faced with challenges of ineffectiveness, which has hindered their performance (Okech, 2017). Much of this ineffectiveness can be attributed to the bureaucratic system in the public sector, together with frequent political interferences, the multiplicity of management, poor supervision, malpractices, and overstuffing (Njoroge & Kwasira, 2015). According to Omoro, Aduda, and Okiro, (2015), commercial state corporations are entities that are solely or majorly owned by the government or agents of the government for commercial purposes. Thirty-four commercial state corporations were the focus of the current research (State Corporation Advisory Committee of Kenya, 2017).

1.1.2 Supplier Relationship Management

According to Mentzer, Stank, and Esper (2008), provider relationship the board is characterized as a far-reaching way to deal with dealing with an undertaking's cooperation with the associations that gracefully the products and ventures it employs. Bratić (2011) found that SRM involves deciding how organization purchasers' interface with providers. It is a perfect representation of the client relationship with the executives. Cultivate (2008) expressed that there are a few advantages that organizations get from effectively overseeing SRM. This incorporates diminished expenses and expanded productivity past conventional sourcing and classification the executives' endeavors by setting up long haul connections and building up correspondence forms.

As per Oketch (2014), the open segment in Kenya is encircled by various charges of extortion, defilement, and wasteful aspects realized by feeble controls in the acquisition procedure. Obtainment and resource removal in government elements have been baffled by administrations just as defilement, rendering the procedure wasteful and bringing about loss of gigantic measures of funds from government coffers (Otieno, 2015). There have been various endeavors to change and manage Public Procurement, and this has seen the rise of enactment, for example, the Public Procurement and Disposal Act of 2005, which was later overhauled in 2009 to set up the important methods for securing just as the leeway of unserviceable, inoperable and save hardware by government establishments (Mbae, 2014). However, state corporations are expected to formulate and implement their procurement manuals that will guide SRM practices.

Supply Relationship Management (SRM) has gained considerable focus in business as a key success factor for firm competitiveness (Palomero & Chalmeta, 2014). Whereas in the past, SRM was considered simply a function under operations and restricted to materials management, it has grown into an all-encompassing strategic discipline (Kant, 2015). This change has been necessitated by various factors: globalization has increased the competitive space, clients are now more difficult in relation of variety, price, and quality of products, the opportunities afforded by technology, and the global recession (Panda & Mohanty, 2013). Practices for instance, coordination, joint exertion, obligation, correspondence, trust, division, versatility, and dependence, are comprehensively seen as fundamental to significant supplier associations (Daniel, 2012).

Tathee (2007) viewed supplier communication as the process of information sharing and increased access to value chain data between business partners, which enables them to monitor the supply

chain in real-time. Simatupang and Sridharan (2005) indicate that supplier communication encompasses information sharing, data acquisition, data storage, processing, performance feedback, and cost-related data review. Kamau (2013) notes that communication within the supply relationship management is a positive predictor of organization performance within large manufacturing firms in Kenya.

Supplier collaboration among members in a supply chain depends on mutual trust, which is required for effective information flow. Timely sharing of complete and accurate information in a useful format enables a responsive supply chain (Baratt & Oke, 2007). The availability of information to all members is what makes the supply chain visible. Visibility is key to a supply chain as it reduces the risks of the wrong decision –making, bullwhip effect, and huge inventory holding, all of which negatively affect the profit margins of the entire supply chain (Prajogo & Olhager, 2012).

Provider division speaks to a stage between provider determination and provider relationship the executives and decides unmistakable gatherings of providers dependent on their likenesses (Rezaei and Ortt, 2013). An organization's capacity to deliberately fragment providers so as to understand the advantages of both the safe distance just as the accomplice models might be the way to future upper hand in gracefully chain the executives (Palomero & Chalmeta, 2014). According to Gadde (2010), numerous associations presently need to separate among their providers to deal with the assortment, intricacy, and heterogeneity in the flexibly base.

1.1.3 Regulatory policies

The first environmental regulations were enacted in the 1970's and since then, there has been an avalanche of studies exploring the influence of government regulations on business performance (Bruton, Ahlstrom, and Li, 2010; Zhang and Thomas, 2009). Most companies are tasked with managing and balancing between external constraints and business performance. Governments around the world have been at the fore-front of institutional capacity building through enacting of policies designed to achieve superior economic growth and improve competitiveness in the global community, especially in developing and emerging economies in Asia and Africa (Michailova, McCarthy, Puffer, Chadee, & Roxas, 2013). The above researches attest to the positive influence of government policies on enacting a positive environment for businesses while contradictory studies, (Michailova, McCarthy, Puffer, Chadee, and Roxas, 2013; Peng and Jiang, 2010) point to the effect of weak institutional building on poor business performance. The formal institutional

environment is manifested by rule of law, regulatory quality and corruption and has a significant effect on firm performance (Peng & Jiang, 2010). These elements have a significant effect on property rights and business relationships, thereby defining the nature of the free market (Prajogo & Olhager, 2012).

Regulatory policies refer to the rigidities faced by different organizations across various fields. While all firms face some form of regulation, the degree of regulation varies depending on the industry and products being regulated. Regulatory policies have a significant effect on how businesses transact, since all businesses have the responsibility to adhere by the pre-determined regulations. They affect the application process for permits or licenses (Wang & Zhang, 2020) procurement procedures used to source, transport, process raw materials and dispose of by products, dictate business to business relationships and as such have a significant effect on budgetary allocation within the firm. Bureaucratic limitations lead to increased cost of doing business as well as time spent to complete ongoing transactions, thereby leading to low performance output (Umar, et al., 2019). In addition to bureaucracy, businesses are facing increased pressure from various stakeholders including customers, employees, shareholders, suppliers and the communities in which they operate, prompting the biggest companies in the world to address the implications of their supply chain (Sarkis, Gonzalez-Torre, & Adenso-Diaz, 2010). This has been witnessed in Apple, Nike and Adidas who were held responsible for the unsustainable behavior of some of their partners in the supply chain (Wilhelm, Blome, Bhakoo, & Paulraj, 2016).

State organizations acquire goods and services essential for objective realization through the public procurement process (Arrowsmith, 2010). Thai (2001) defines public procurement as the acquisition of goods or services by the government or associated agencies with the use of resources from the state budget, local authority budgets, state foundation funds, loans guaranteed by the state or foreign aid received from the state's economic engagements. It is concerned with how government agencies spend taxpayer's money to ensure the realization of economic and social development in a region or state. Public procurement is particularly prominent in developing economies where there are numerous ongoing infrastructure and social programs (World Bank, 2016). Since the state has the role of meeting a variety of the needs of the citizens, it is necessary to institute an effective public procurement framework which would result in better resources management and enhanced service delivery. Regulatory policies determine the contracting

process, the length and type of contracts, and defines the contract and supplier management issues (Amemba, Nyaboke, Osoro, & Mburu, 2013). In the increasing competitive environment, regulatory policies also have a direct effect on which companies can operate in the public procurement process, in most instances, these policies have favored the participation of large corporations over new unestablished startups (Bolton, 2006). This study will address the effect of regulatory policies that affect the relationship between state corporations and their suppliers.

1.2 Statement of the Problem

Abate (2018) notes that failure to effectively manage the supply chain and procurement processes within a firm can result in detrimental financial challenges and failures within the organization. Chemoiywo (2014) indicates that failure in the procurement processes has been highlighted as one of the key predictors of failure within public institutions in Kenya. Gathai, Ngugi, Waithaka, and Kaminga (2012) found out that poor implementation of procurement policies led to wastage of public funds and performance in state corporations. In spite of the pattern toward privatization in the course of recent years, state enterprises (SCs) are as yet noteworthy financial players (Njiru, 2013). Universally, SCs represent 20% of the speculation, 5% of business, and up to 40% of yield in certain nations (GoK, 2015). In 2011/12, eleven (11) business SCs made misfortunes; this speaks to 21% of all business arranged Government Owned Entities (RPTPR, 2013). Parliament Report (2015) indicated that SCs in Kenya had lost money to the tune of Ksh. 2 billion in the financial year of 2015-2016 through the fraudulent payment of suppliers. Transparent International (2014) noted that state corporations in Kenya are facing serious challenges, especially in procurement, where millions of shillings have been paid to the unscrupulous supplier through corruption and balm greasing.

Babatunde, Gbadeyan, and Bamiduro (2016) found out that information sharing, inventory management, and supplier relationship management positively influenced market performance among petroleum firms in Nigeria. Kasisi (2015) found that supplier collaboration majorly contributes to organizational performance. Nyamasege and Biraori (2015) noted that communication and collaboration were key to improved effectiveness. Kosgei and Gitau (2016) found that trust and mutual goals within the supply chain will result in better firm performance. Owuoth & Mwangangi (2015) note that the existence of comprehensive procurement regulations are key to enhancing state firm's performance. There has been a problem with public sectors not complying with regulations designed to enhance procurement performance. A national treasury

survey found that only 30 per cent of state corporations in Kenya comply to procurement regulations, resulting in losses of more than Sh70 billion annually due to fraudulent manipulations of the procurement process (Wanzala & Moronge, 2015). This is caused by poor management capabilities, corruption and inefficiencies in the procurement and supply chain process. The procurement performance is hindered through insufficient exploitation of contractual terms thus resulting in low value realization (Geoffrey & Anaya, 2019).

State corporations play a key role in the development of the state through provision of essential services and products to the citizenry, resulting in economic and social development. The government may have put a lot of effort into ensuring that state corporations improve on their performance but over the years, their performance has been noted to deteriorate due to a number of challenges notably bad governance, political interference and lack of corporate culture (Mwaura, 2007). Supply Relationship Management (SRM) has gained considerable focus in business as a key success factor for firm competitiveness (Palomero & Chalmeta, 2014). Despite the increasing performance problems among commercial state corporations such as Kenya Airways, Mumias Sugar Company, Uchumi Supermarkets, and the National Bank of Kenya, there has been inconclusive evidence on the link between supplier relationship management and organizational performance. (Owuoth and Mwangangi (2015) found a relationship between lack of compliance to procurement regulations and poor firm performance. Ngari (2010) found that policies instituted by regulatory authorities resulted in improved competitiveness among state firms. Inefficiencies has resulted in retrenchments, loss of profit, shutdowns, and corporations being put under receivership.

The available literature on supplier relationship management has not focused solely on commercial state corporations, further, most of fail to factor in the relationship between regulatory policies and the supplier chain management practices instituted by the firms. This creates an empirical gap that motivates this research. This study, therefore, examined the relationship between supplier relationship management, regulatory policies, and organization performance of commercial state corporations in Kenya.

1.3 Objective of the Study

The main objective of the study is to establish the relationship between supply relationship management; regulatory policies and organizational performance of commercial state corporations in Kenya.

1.3.1 Specific Objectives

- i. To determine the compliance status to regulatory policies on supplier relationship management of commercial state corporations.
- ii. To establish the effect of supplier relationship management on the organizational performance of commercial state corporations in Kenya.

1.4 Research Questions

The study sought to answer the following research question:

1. What is the compliance status of regulatory policies on supplier relationship management of commercial state corporation?
2. What is the effect of supplier relationship management on the organization performance of commercial state corporations in Kenya by seeking to establish?
 - i. What is the effect of supplier communication on the organizational performance of commercial state corporations?
 - ii. What is the effect of supplier segmentation on the organizational performance of commercial state corporations?
 - iii. What is the effect of supplier collaboration on the organizational performance of commercial state corporations?

1.5 Scope of the Study

The scope of the research was limited to a review of the state commercial corporations in Kenya. The contextual scope of the research examined supplier relationship management concerning supplier communication, supplier collaboration, and supplier segmentation and its effect on the organization's performance of state commercial corporations in Kenya. The theoretical scope of the study focused on institutional theory and the theory of supply chain constraints. The sample scope of the study focused on the 34 Kenyan state commercial corporations, which formed the

study population. The study was conducted in April 2020 across all the 34-state commercial corporations in Kenya.

1.6 Significance of the Study

To the Inspectorate of State Corporations

With the increasing evidence of failure in several state corporations, scholarly work must be up to date in identifying the critical practices that can foster the corporation's performance. To the inspectorate of state corporations, the results of the study can be pivotal in shaping the formulation of new guidelines of fostering supplier relationship management within the commercial state corporations.

To the Management

To the procurement managers and managing directors of the commercial state corporations, the results of the study will help enhance their decision making on SRM practices that can be instrumental in enhancing firm performance. The findings will also be key in strengthening the organization's performance of commercial corporations by focusing on how the managers can rely on leverage on the regulatory policies to improve the performance of the firms.

To Academicians and Scholars

To academicians and scholars, the findings of the research will help in enhancing acting as reference material for future research work. The findings will also be critical in expounding on the available knowledge on the performance of commercial state corporations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The second chapter of the research study focused on the review of relevant literature in line with the study premises. The chapter specifically presented the hypothetical audit, an observational survey of past writing, and a synopsis of the examination hole. The part further laid out the conceptualization and operationalization of the research variables.

2.2 Theoretical Review

A theoretical framework is an assortment of interrelated ideas. It guides examination to figure out what things to quantify, and what measurable connections to search for (Defee, Williams, Randall, & Thomas, 2010). A theory has been defined as a natural or broad explanation of a phenomenon that has been observed and modified over time (Denzin, 2017). The study was premised on the lean sigma theory Bill Smith and Bob Galvin (1986), and the theory of constraints developed by by Dr. Goldratt (Goldratt, 2004). The two theories were essential in determining how the relationships employed by firms in managing the supply chain are moderated by external factors to influence objective realization among state firms.

2.2.1 Lean Six Sigma Theory

Lean six sigma theory is a method for improving efficiency through complexity and cost reduction. The theory was developed by Bill Smith and Bob Galvin (1986). Lean six sigma standards follow successive advances that focus on the decrease of expenses and an expansion in benefits just as recognizing open doors for expanding coordinated effort (Pyzdek & Keller, 2014). Sehwal and DeYong (2003) assert that this theory can be used as a diagnostic device to characterize both encouraging and thwarting variables that keep partnerships from accomplishing their budgetary and operational objectives.

The theory depends on a collective collaboration to improve execution by deliberately evacuating waste, joining lean assembling/lean undertaking, and Six Sigma to dispense with the eight sorts of waste: transportation, stock, movement, pausing, overproduction, over-preparing, deformities, and aptitudes (Devane, 2004). Salah, Rahim, and Carretero (2010) suggest that the Lean Six Sigma approach gives the establishment whereupon an organization's exhibition is assessed utilizing the authoritative plan, item quality, gracefully chain the executives, and coordination. According to

Palagyi, Hamelynch, Mehta, and Roussel (2003), the use of Lean six sigma gives methods to assess quantify and improve regions inside an organization that is wasteful or has helpless results, for example, costs untimely delivery of products and delivery of damaged goods. The lean six sigma approach has been criticized for its failure to achieve management commitment, lack of communication, training, and limited resources in the deployment within organizations (Saja, Jiju, Sarina, Halim, & Ton van der, 2014).

The theory of lean sigma six was useful in the study in the measurement of the organization's supply chain management and logistics through the adoption of supplier collaboration, communication, and segmentation processes. The theory forms the basis of examining the three predictor variables on how they can be applied with the aim of reducing bottlenecks and inefficiencies in the supply chain of the firm while at the same time fostering effectiveness, innovativeness, product quality and reducing wastage in the supply chain.

2.2.2 Theory of Constraints

The Theory of Constraints was first brought up as a management philosophy in 1984 by Dr. Goldratt (Goldratt, 2004). The management philosophy was designed to help businesses to achieve high-performance levels by providing a mechanism for gaining better control of their initiatives. The theory of constraint has been used as an organized way of identifying constraints hindering the success of systems and processes and to effect necessary changes to remove the constraints (Asseman, et al., 2014).

Asseman et al. (2014) argued that the rate of goal achievement by a objective arranged framework is constantly restricted by one or more constraints, which may be internal or external. A constraint is defined as anything that prevents or hinders the system from achieving its goal (Mathu, 2014). The theory of Constraints (TOC) is therefore taken to be a systematic management approach where organizations focus on actively managing bottlenecks that affect or hinder the progress of the firm towards the goal of maximizing profits and using its resources effectively (Levalle & Nof, 2015). Managing risks through the constraints means that risk is dealt with upstream, which enhances the vision of the organization by leaving more mental energy to make goals and vision real instead of getting shocks constantly (Asseman, et al., 2014).

Successful implementation of TOC and management through the theory calls for a all-encompassing methodology in a wide range of foundations such as logistics, operations,

warehousing (Mathu, 2014). The Theory of Constraints in the supply relationship management looks at the issues of collaboration within the value chain and supply chain connectivity. Application of TOC offers the following benefits; product cost reduction, quality improvement, design improvement, profitability improvement, higher creation framework adaptability, and managerial ease and simplicity (Rahman, 2002). The theory was relevant in examining the organization's performance of commercial state corporations through an examination of various management practices towards SRM practices.

2.3 Empirical Review

The review of empirical literature focuses on the systematic review of studies based on the themes of the research. The review of the empirical studies helped in the identification of the various studies gaps that have motivated this study.

2.3.1 Regulatory Policies and Organization Performance

Michailova, McCarthy, Puffer, Chadee, and Roxas (2013) conducted a study on the institutional environment, innovation capacity and firm performance in Russia. The study adopted a structural equation modeling in examining 787 firms using structured research data. Findings indicate that the regulatory quality, the rule of law and corruption within state firms strongly influence the innovation capacity and performance of the firms. The study indicates that policies and procedures for reporting influence firm performance. The study focuses on firms within Russia, while the current study will examine the performance of commercial corporations in Kenya. In an examination of public procurement practices in Ethiopia Legesse (2017) found out that identification of suppliers, selection of procurement methods, procurement planning, accordance with procurement rules and regulations as well as effective budgetary use influences procurement performance within state corporations. This study, however, does not examine how supplier relationship management influences the performance of commercial corporations.

Chemoiywo (2014) studied the association between public procurement procedures and supply chain performance in state corporations in Kenya. The research employed a descriptive research design with primary data being collected using quantitative questionnaires. The findings indicate that compliance with public procurement procedures significantly improved supply chain performance. The study indicates that transparency and accountability in procurement enhanced

supply chain performance through reducing costs and lags in the supply chain. The study, however, did not take into consideration supplier relationship management which this study will examine.

In a study in the devolved units in Kenya, Munywoki (2016) examined public procurement regulations and procurement performance in Nairobi County. The results indicate that compliance, top management commitment and public procurement legislation improved procurement performance within the county. The study also indicates that having appropriate ICT and information systems were key to improving procurement performance. The study was limited to procurement performance while the current study will examine the performance of commercial state corporations. Similarly, in a study focusing on KenGen Kenya, Mukura, Shalee, Kanda, and Ngatia (2016) examined the role of public procurement oversight authority on procurement regulations and determined that monitoring practices, review of procurement policies and ensuring compliance and implementation of procurement regulations influence the procurement practices within KenGen. The study focused on a single firm and did not examine all the state corporations which are the focus of this research.

Kamau, Rotich, and Anyango (2017) examined the effect of budgeting process on-budget performance of Kenyatta National Hospital. The study employed a descriptive research design with 72 staff members being sampled for this study. The study utilized both qualitative and quantitative research data. The study indicates that budgetary participation, budgetary sophistication and budgetary feedback significantly influenced budget performance within the hospital. The study examined budgetary performance while current research examines the organization performance of commercial state corporations in Kenya.

2.3.2 Supplier Communication and Organization Performance

Woo, Kim, Chung, and Rho (2016) conducted a study on supplier's communication capability and external green integration for green and financial performance in the Korean construction industry. The study adopted structural equation modeling with research data being collected from 103 construction suppliers. Results show that suppliers with higher information sharing were able to improve their environmental collaboration, green cost reduction and contributed to added competitive edge. The study further indicates that buyer-supplier relationships were positively associated with positive financial performance. Similarly, in a study on buyer-supplier relationships and collaboration Narayanan, Narasimhan, and Schoenherr (2015) indicates that trust

and agility in the supply chain were positively related to improved performance of buyer-supplier relationships. The research further indicates that collaboration has a positive impact on overall firm performance.

Gizaw (2016) studied the effect of supply chain integration performance in Ethiopian trading enterprises. The study employed an explanatory research design, with 108 respondents sampled for the research. The research further relied on questionnaires to collect research data. The findings of the research indicate that internal integration, customer integration, information integration, and supplier integration were key predictors of firm performance. The study indicates that expanded supply chain integration will lead to the effective operational performance of trading firms. Ecel, Ntayi, and Ngoma (2013) conducted a study on the relationship between supplier development and export performance of oil-seed agro-processing firms in Uganda. The research employed a cross-sectional quantitative survey with a field study conducted across 50 firms in Uganda. The study relied on a quantitative analysis of research. The findings of the study revealed a significant and positive relationship between supplier development and export performance. The research indicates that supplier evaluation and feedback, opportunism, process-oriented advice and intensive information exchanges were key to export performance. The research focuses on export performance while current research will analyze the performance of state corporations in Kenya.

Njagi and Shalle (2016) examined the role of supplier relationship management on procurement performance in the manufacturing sector in Kenya. The study adopted a case study survey focusing on 450 employees drawn from East African Breweries. The study relied on structured questionnaires to collect data with correlation analysis, descriptive and inferential analysis being utilized. The results of the study indicated that there is a positive relationship between supplier relationship management and procurement performance. The findings indicate that supplier integration and ICT integration had the lowest effect on procurement performance.

In another focusing on commercial firms in Kenya Shale (2015) examined the role of fleet management optimization on supply chain performance in oil industry in Kenya in Hass petroleum oil refinery examined the effect of cost reduction on supply chain performance, ICT integration, effect of top management support and the effect of lead time on supply chain performance in oil sector in Kenya. The study determined that cost reduction, ICT integration, top management support, and lead time all affected management optimization. The study recommended that the

organizations needed to have a seamless flow of information in order to achieve management optimization. The study, however, failed to take into consideration SRM components such as supplier segmentation and collaboration and their effect on performance.

2.3.3 Supplier Segmentation and Organization Performance

Asiedu (2016) conducted a study on the impact of market segmentation practices on bank performance in Colombia. The research employed an exploratory research design with both primary and secondary data in the data collection. The study relied on both descriptive and inferential statistics in the analysis. Findings show that segmentation practices have immensely impacted the performance of the selected banks in Colombia. The study indicates that segmentation has led to the lowering of costs, expansion of markets, customer retention, communication, and improved bank profitability. The study was limited to commercial banks in Colombia, while the current study examines the performance of Kenyan corporations.

Mekuria (2016) studied the role of supplier relationship management in the perceived organizational performance of Ambo Mineral Water Company in Ethiopia. The study employed a cross-sectional research design with both descriptive and inferential statistics being adopted. The results show that supplier segmentation has a positive and strong relationship with organizational performance ($r=0.898$). The study indicates that firms have relied on strategic suppliers, have a well-defined ranking of suppliers, and concentrates on supplier categorization. The study focused on a single parastatal in Ethiopia and did not take into consideration supplier communication and collaboration. In Somalia, Waris (2018) found that strategic supplier partnership significantly affects the organizational performance of manufacturing companies in Mogadishu Somalia (r -square=0.274, Sig=000). The research further shows that manufacturing firms need to strategically analyze each supplier to determine which suppliers are best positioned to provide the greatest return to the company through closer collaboration and segmentation. The study was, however, not constrained to the performance of commercial state corporations.

Muema (2016) conducted a study on supplier relationship management strategies and procurement performance of Sports Kenya. The study adopted a descriptive research design with questionnaires being applied in the data collection. The findings of the research show that supplier segmentation strategy contributes most to the procurement performance followed by supplier performance management strategy. The study shows that firms have classified suppliers based on defined

criteria, the organization ranks suppliers, have partner suppliers, transactional suppliers, and transitional suppliers who foster the procurement performance. In similar vein, Mwangi (2016) examined supplier relationship management and the operational performance of sugar firms in Kenya. The study findings show that trust-based relationships, information sharing, and supplier collaboration positively impacts the operational efficiency of sugar firms. The study further indicates that segmentation and supplier-buyer relationship structure improved firm efficiency. The study, however, did not focus on the overall commercial state corporations' firms.

Mungai (2019) examined the effect of strategic procurement practices on the performance of commercial banks in Kenya, focusing on KCB. The study adopted descriptive research design sampling 130 employees drawn from the bank. The study utilized quantitative analysis techniques on the collected research data. The results show that supplier relationship management led to the improvement of internal customer satisfaction and improvement of the quality of goods procured. The study established that the bank considers strategic sourcing a strategic tool towards achieving growth and strategic sourcing led to improved workflow.

2.3.4 Supplier Collaboration and Organization Performance

Chin, Tat, and Sulaiman (2015) examined green supply chain management, environmental collaboration, and sustainability performance. The study focused on Malaysian manufacturing companies with extant literature being reviewed in the research. The findings indicate that green supply chain management practices were positively related to firm performance. The study also shows that environmental collaboration was able to improve sustainability performance. Botes, Niemann, and Kotzé (2017) conducted a study on buyer-supplier collaboration and supply chain resilience in the petrochemical industry in South Africa. The study adopted a case study research design with research data being collected using semi-structured interview questions. The findings of the study indicate that collaboration in the supply chain does not directly influence the supply chain resilience. The study notes that supply chain flexibility, velocity, visibility can be instrumental in fostering supply chain resilience.

Abate (2018) in a study in Ethiopia shows that supply chain integration positively improved operational performance. The research indicates internal integration ($r = .593$), customer integration ($r = .773$), and supplier integration ($r = .719$) had positive effect on operational performance. The study further indicates that the creation of a platform for frequent interaction,

provision of training on the new production process, and flexible production techniques can enhance operational performance. The study was however, not limited to commercial state corporations in Kenya.

In a study within the Kenyan SME sector, Gudda and Bwisa (2013) determined that there was a relationship between clustering and collaboration on product innovativeness. Further, the study concluded that efforts in designing different supportive actions for different cluster manufacturing SMEs based on their product knowledge gaps within the wider innovation policy initiatives could be adopted. The study did not examine the general performance of the firms and was not based on state corporations, which are the current scope of this research. Nyamasege and Biraori (2015) also conducted a study on the factors affecting the effectiveness of supply chain management practices in the Kenyan public sector in the national treasury. The study used a descriptive case research design with a sample size of 60 management staff working in the ministry. The study determined that the lack of supplier relationship management strategies lowered the effectiveness of supply chain management functions. The study, therefore, recommended that there needed to be an application of supplier collaboration strategies in the ministry. The study focused on a single ministry, while current research will examine SRM in all state commercial corporations. In beverage firms, Gichuru, Iravo, and Arani (2015) determined that information sharing and resource sharing were key to improving performance. The study indicates that collaboration among suppliers was integral to fostering the performance of the firm. The study, however, does not take into consideration SRM components such as supplier communication and segmentation.

2.4 Summary or Research Gaps

Table 2.1 Summary of Research Gaps

Author	Title	Findings	Research Gap
Mungai (2019)	Effect of strategic procurement practices on the performance of commercial banks in Kenya	The study established that the bank considers strategic sourcing a strategic tool towards accomplishing development and vital sourcing prompted improved work process	The study was limited to commercial banks, while current research examined the performance of commercial state corporation
Waris (2018)	Effect of supply chain management and organizational performance of manufacturing companies in Mogadishu-Somalia	The findings indicated that strategic supplier partnership significantly affects the organizational performance of manufacturing companies	The study was, however, not constrained to the performance of commercial state corporations
Abate (2018)	Effect of supply chain integration on the operational performance of the food manufacturing industry in Ethiopia	The research indicates that internal integration, customer integration, and supplier integration positively affected operational execution	The study was, however, not limited to commercial state corporations in Kenya
Gizaw (2016)	Effect of supply chain integration performance in Ethiopian trading enterprises	The study indicates that expanded supply chain integration will lead to the effective operational performance of trading firms	The study was focused on SMEs in Ethiopia while current study reviews state corporations in Kenya
Woo, Kim, Chung, and Rho (2016)	Supplier's communication capability and external green integration for green and financial performance in the Korean construction industry	The study further indicates that buyer-supplier relationships were positively associated with positive financial performance	The study was limited to Korean construction firms, while the current study examines the performance of Kenyan state corporations.
Gichuru, Iravo, and Arani (2015)	Effect of collaborative supply chain practices on the performance of food and beverage companies	The study indicates that collaboration among suppliers was integral to fostering the performance of the firm	The study, however, does not take into consideration SRM components such as supplier communication and segmentation

2.5 Conceptual Framework

In this exploration, the calculated structure is the brief portrayal of the wonder under examination joined by a visual delineation of the factors under investigation (Mugenda & Mugenda, 2011). The conceptual framework hypothesizes the interaction between various components of supplier relationship management and the performance of commercial state corporations.

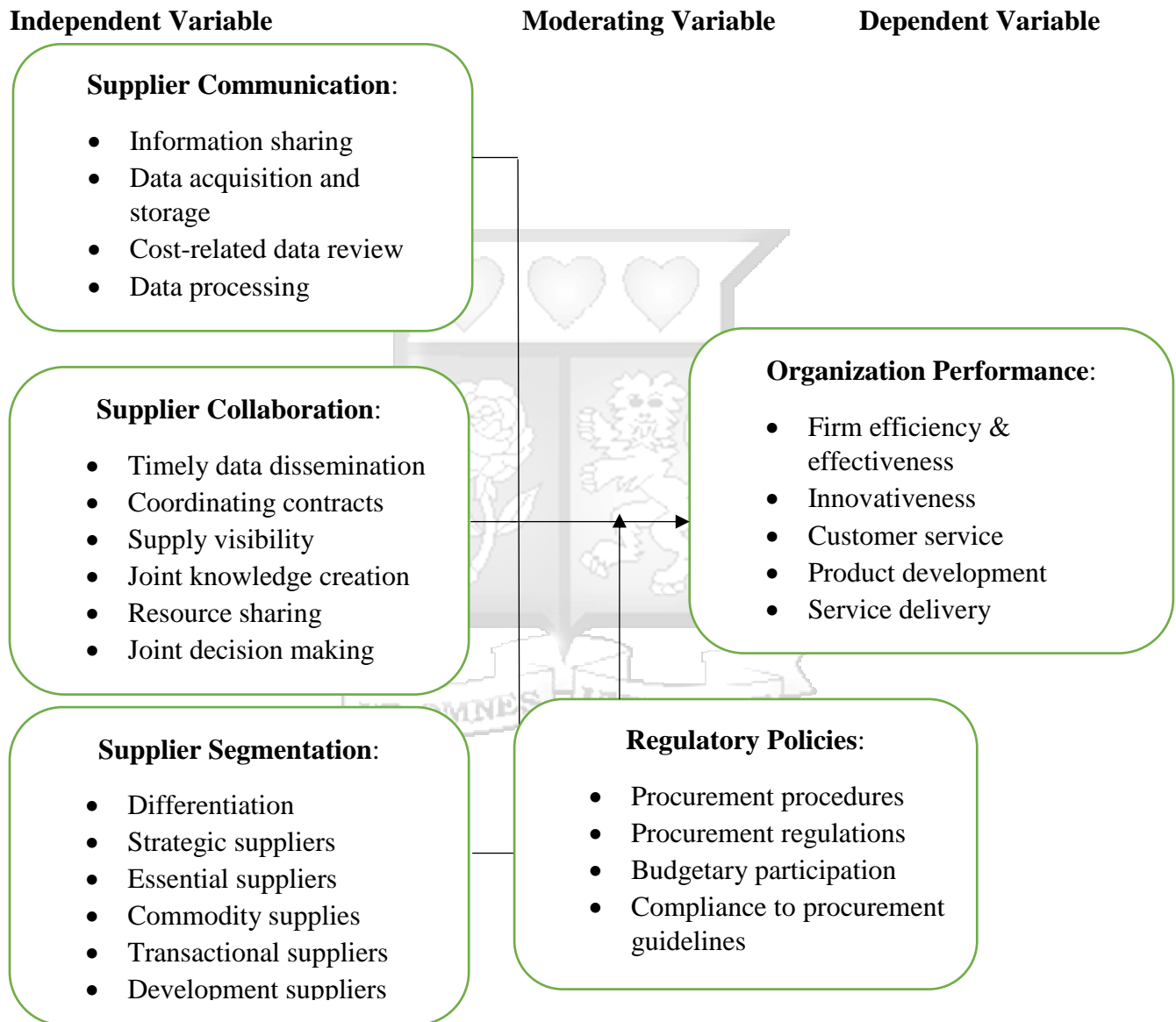


Figure 2.1 Conceptual Framework

The conceptual framework hypothesizes the interaction between supplier relationship management and the performance of commercial state corporations in Kenya. The SRM components for the study were supplier communication, supplier segmentation, and supplier

collaboration. The dependent variable organization performance was measured using quantitative metrics. The research variables are operationalized, as shown in Table 2.2 below.

Table 2.2 Operationalization of Variables

Variable	Indicators	Data collection tool	Data analysis	Supporting Literature
Supplier communication	<ul style="list-style-type: none"> Information sharing Data acquisition and storage Cost-related data review Data processing Feedback systems 	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Woo, Kim, Chung, and Rho (2016); Njagi and Shalle (2016); Shale (2015)
Supplier segmentation	<ul style="list-style-type: none"> Timely data dissemination Coordinating contracts Supply visibility Joint knowledge creation Resource sharing Joint decision making 	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Mekuria (2016); Waris (2018); Mwangi (2016); Mungai (2019)
Supplier collaboration	<ul style="list-style-type: none"> Differentiation Strategic suppliers Essential suppliers Commodity supplies Transactional suppliers Development suppliers 	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Chin, Tat, and Sulaiman (2015); Botes, Niemann, and Kotzé (2017); Nyamasege and Biraori (2015); Gichuru, Iravo, and Arani (2015)
Regulatory policies	<ul style="list-style-type: none"> Procurement procedures Procurement regulations Budgetary participation Compliance to procurement guidelines 	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Kamau, Rotich, and Anyango (2017); Mukura, Shalee, Kanda, and Ngatia (2016); Munywoki (2016)
Organization performance	<ul style="list-style-type: none"> Firm efficiency & effectiveness Innovativeness Customer service Product development Service delivery Employee productivity 	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Maduenyi, Oke, Fadeyi, and Ajagbe (2015); Santos and Brito (2012); Mok (2009)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section introduced the philosophy that the specialist received in this investigation, clarifying the exploration structure and referring to explanations behind picking a specific system. It depicts the subjects, inspecting, and information assortment methods, the research instruments and design that was used both in the collection or research data were presented. The chapter further highlighted how the data collected was analyzed.

3.2 Research Philosophy

A philosophical argument leads a researcher to pick the research design. The philosophical argument represents a vision that influences the technique. This research adopted the positivist philosophy that believes that the truth is steady and can be portrayed from a target perspective without meddling with the phenomenon being observed (Creswell, 2008). This research borrowed heavily from a positivist research approach. The positivism research philosophy allowed for the adoption of a quantitative approach with structured instruments being considered in the analysis. Further, the philosophy allows for testing/answering of the research questions using quantitative techniques.

3.2.1 Research Design

Research design is the outline that the researcher aims to follow, the strategy, framework, or plan for conducting the research (Oso & Onen, 2009). This examination received a distinct exploration plan. As per Cooper and Schindler (2012), spellbinding examinations are increasingly formalized and commonly organized with plainly expressed theories or insightful inquiries. Descriptive survey research, according to Kim (2014), sought to get data that depicts existing marvels by getting some information about their usage, disposition, conduct, or qualities. The descriptive research allowed for the snapshot review of the SRM practices and the organization performance within commercial state corporations in the present's environment. Further, the design supported utilization of quantitative techniques in collection and analysis of research data.

3.3 Population and Sampling

3.3.1 Target Population

A target population is a very much characterized set of people, parts, events, social occasions of things, or family units that are being examined to sum up the outcomes (Mugenda & Mugenda, 2011). The unit of analysis of the research was the business state organizations in Kenya. Thirty-four business state organizations are operational in Kenya (State Corporation Advisory Committee of Kenya, 2017). The unit of observation within the firm was the supply/procurement managers, human resource managers, and financial managers within the commercial state corporations. The population for this study was 102 staff members.

3.3.2 Sampling Design and Sampling Size

Sampling techniques are strategies or statistical techniques used to select individual observations that are intended to offer some knowledge about a population of study and purposes of statistical inference (Oso & Onen, 2009). A sample frame is a rundown of populace components from which the example is attracted to speak to the objective populace (Saunders, Lewis, & Thornhill, 2009). It is also known as the working sample. The sample frame for the research was the top managers within the state commercial corporations. A sample is a proportion of the subjects of the study used to represent the whole population (Cooper & Schindler, 2012). In examining, a few components are chosen from the real populace as a portrayal yet ought to be sufficiently huge to recognize a huge impact (Kerlinger & Lee, 2000). The study conducted a census survey of all the population samples that were selected. The sample respondents for the study were 102 respondents.

3.4 Data Collection Instruments

The data collection instruments are the various apparatuses used to quantify the factors of the investigation (Mugenda & Mugenda, 2011). The study utilized organized surveys to gather information. The selection of questionnaires is based on the nature of the quantitative data to be collected. Questionnaires are preferred as a method of data collection since they can be used to cover wide geographical areas, as witnessed in the case of state-owned commercial enterprises that are located across the country. Questionnaires are also relatively cheap and enable the researcher to avoid interview biases (Saunders, Lewis, & Thornhill, 2009). The questionnaire was developed from the literature reviewed in the study and informed by the conceptualizing of the research variables. The first section of the questionnaire captured background information, second section captured statements on organization performance and the third section captured statements on

supplier communication. The instrument fourth section captured statements on supplier segmentation, fifth section the supplier collaboration while the last section had statements on the regulatory policies.

3.5 Data Collection Procedures

The researcher collected data from sample respondents using self-administered structured questionnaires. Questionnaires were administered through drop and pick with the help of research assistants since the research was covering a wide area. The questionnaires were used as it is increasingly practical, liberated from predisposition, and the respondents can have sufficient opportunity to react. The study further incorporated google forms in the data collection process. The study ensured the research assistants are trained before taking part in the data collection process. The study also ensured that ethical clearances and research permits are sought before the research data is collected.

3.6 Research Quality

The pilot test is utilized to distinguish and cure any potential mistakes in the poll configuration before controlling the fundamental review. Mugenda and Mugenda (2011) recommend that between 1 and 10 percent of the actual sample size as adequate for conducting the pretest of the research instrument. The pilot test was conducted across 5-distribution and supply firms within Nairobi City County enable the research to undertake both reliability tests and validity tests of the research instrument.

3.6.1 Reliability Test of Research Instruments

Reliability indicates the extent to which the researcher will get the same outcomes even with recurring measures (Creswell, 2008). Data gathered in the pilot test phase was assessed for relevance and consistency of results to lessen errors. The most common measure of the reliability of a research instrument is the Cronbach Alpha, and it was used for this study (Cooper & Schindler, 2012). Its coefficient has values ranging from 0 to 1. A coefficient closer to 1 indicates that there is higher internal reliability of the research items, while values close to zero indicate that the research item/instrument is not reliable (Mugenda & Mugenda, 2011).

Table 3.1 Reliability Statistics

Variable	N	Cronbach Alpha
Organization performance	10	.770
Supplier communication	10	.810
Supplier segmentation	10	.748
Supplier collaboration	10	.795
Regulatory policies	10	.820

This study evaluated the reliability of the research instrument by using Cronbach's Alpha value of greater than or equal to 0.7. The study pretested the research instrument between March-April 2020. The pilot results indicated that all the study variables had Cronbach scores of above 0.7 hence were adopted for the research.

3.6.2 Validity Test of Research Instruments

The validity of instruments depends upon the limit and capacity of the respondents to profit of the information required (Saunders, Lewis, & Thornhill, 2009). A pre-preliminary of the study was coordinated to set up its authenticity (Oppenheim, 2010). The examination used substance authenticity. Content authenticity suggests the substance or noteworthiness of every estimation thing which must be developed before any assessment data examination (Golafshani, 2013). The master judgment further was utilized to improve content legitimacy through distinguishing shortcomings and attempting to address the same through observations of the supervisor and a supply chain management consultant (Cooper & Schindler, 2012).

3.7 Data Analysis and Presentation

Data analysis involved the arrangement of the obtained data, editing, cleaning, and coding of data than the same was entered into the Statistical Package for Social Sciences (SPSS) for analysis. The study utilized both descriptive and inferential analytical techniques. The descriptive analysis were utilized in presenting the summary of the responses obtained from Likert scale and background questions using mean, standard deviations, frequencies, and percentages. Correlation analysis was carried out to evaluate the extent of association between the variables in the study. Regression analysis helped in determining the strength of relationship between factors. The regression equation was as follows for the objective (ii) focusing on the connection between supplier relationship management and performance of commercial state corporations;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where;

Y = Dependent variable (organizational performance of state commercial corporations)

α = the model intercept

β_1-3 = Coefficient of independent variables

X1 – supplier communication

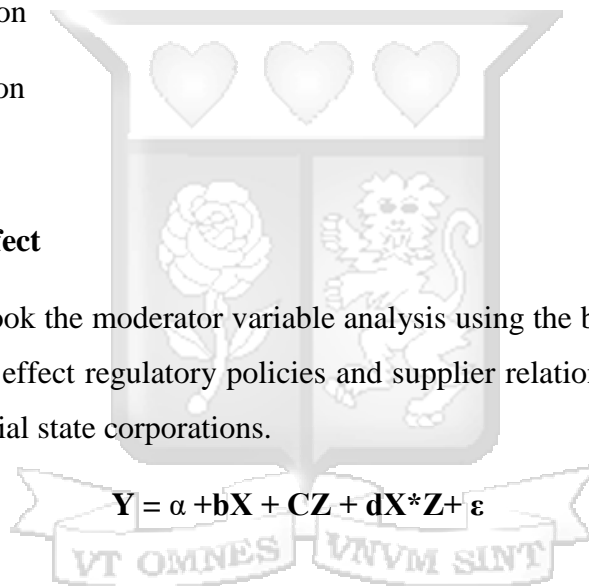
X2 – supplier segmentation

X3 – supplier collaboration

ε = Error Term

Test for Moderation Effect

The study further undertook the moderator variable analysis using the below regression model to determine the composite effect regulatory policies and supplier relationship management on the performance of commercial state corporations.



$$Y = \alpha + bX + CZ + dX*Z + \varepsilon$$

Where;

Y= performance of commercial state corporations

X= Aggregate effect of supplier relationship management on the performance of commercial state corporations

Z= Hypothesized moderation effect of regulatory policies on supplier relationship management and performance of commercial state corporations

dX*Z = The composite effect of regulatory policies on supplier relationship management and performance of commercial state corporations

ε = Error term

b,c,d = Coefficients of the predictor variables

3.7.1 Normality Tests

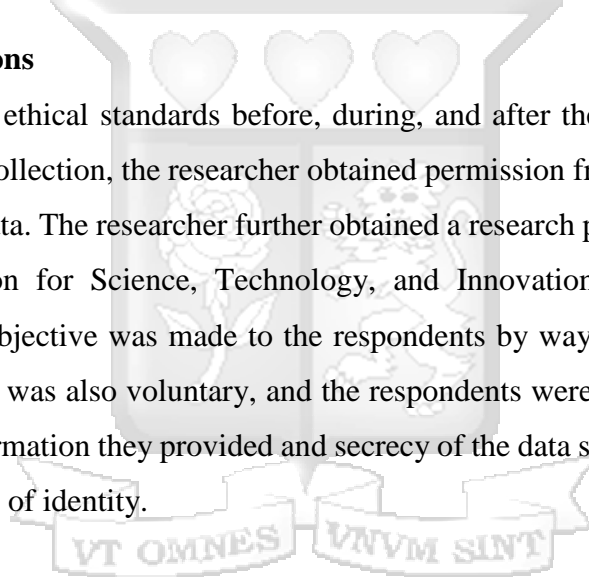
The normality test for independent variables was conducted on the data since it is not possible to obtain accurate and reliable conclusions about reality when the assumption that the population from which the sample is extracted is distributed normally (Ghasemi & Zahediasl, 2012). The study utilized the normality curve of the regression residuals to tests for normality violations.

3.7.2 Multicollinearity Tests

Multicollinearity is a problem that occurs when there is a great extent of the correlation between independent variables in a study. The consequence of the occurrence of severe multicollinearity is that the R square was very high. Multicollinearity was tried utilizing the change expansion factors between the independent variables (Saunders, Lewis, & Thornhill, 2009).

3.8 Ethical Considerations

The researcher observed ethical standards before, during, and after the study was done. Before piloting and actual data collection, the researcher obtained permission from the University, giving the go-ahead to collect data. The researcher further obtained a research permit to collect data from the National Commission for Science, Technology, and Innovation (NACOSTI). Complete disclosure of the study objective was made to the respondents by way of an introduction letter. Participation in the study was also voluntary, and the respondents were made aware. Guaranteed nondisclosure of the information they provided and secrecy of the data source as the questionnaire did not require disclosure of identity.



CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The fourth chapter presented the analytical findings of the study grouped in line with the research instrument. The statistical analysis used both unmistakable and inferential examination methods. The section contains background information, descriptive results, regression results, and moderator variable analysis.

4.2 Background Information

The background section of this study focussed on the presentation of the response rate and the demographic profile of the research participants.

4.2.1 Response Rate

The study collected research data from the 34 fully operational commercial state corporations. The study was conducted between May and June 2020. The study distributed 102 survey questionnaires through drop and pick method and Google forms and was able to obtain 75 responses, which represented a 74% response rate. Cooper and Schindler (2012) are of the view that a response rate of 50%-60% is deemed suitable for quantitative surveys, while a response above 70% is acceptable for statistical analysis. Hence the responses obtained were taken as adequate for this research.

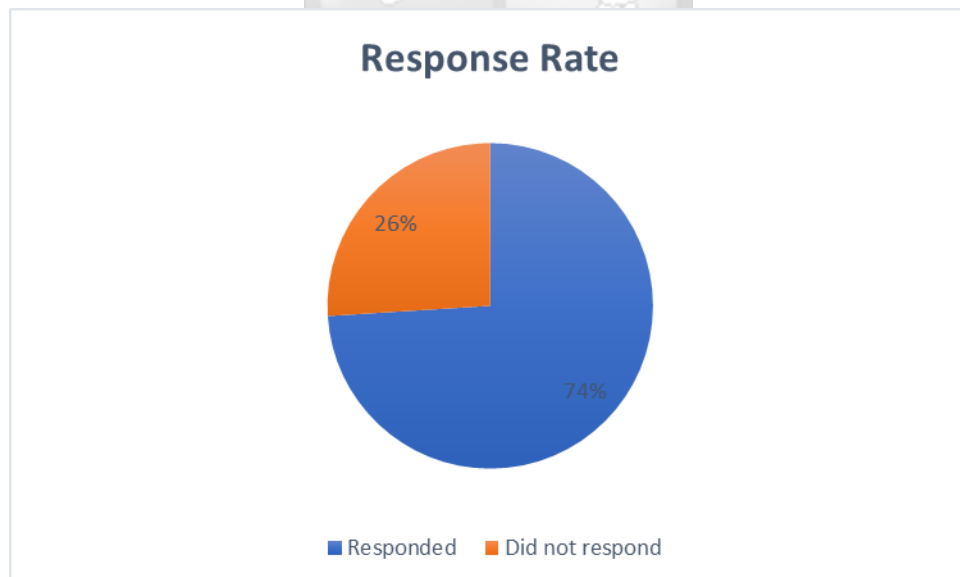


Figure 4.1 Response Rate

4.2.2 Demographic Information

4.2.2.1 Length of Service

The study examined the length in years that respondents have been working within state corporations, and the results are as shown below.

Table 4.1 Length of Respondents Work Experience

	Frequency	Percent
Less than two years	7	9.3
3-6 years	31	41.3
7-9 years	24	32.0
Over 10 years	13	17.3
Total	75	100.0

The investigation results show that a large portion of the members 41% had laboured for 3-6 years, 32% had laboured for 7-9 years, while only 9% had worked for less than two years within commercial state corporations in Kenya. The above findings are of importance to the study as they imply that participants who took part in the research have a wealth of working experience within the state corporations which is key to providing relevant information to the study.

4.2.2.2 Department of Respondents Work

The study examined the department that participants work within. Findings show that most of the respondents, 46% worked within the procurement department. In comparison, 27% worked within the finance and human resource department, respectively. The results imply that participants of the study held positions within the corporations that avail to them the requisite information that can be key to offering reliable responses to the study questions.

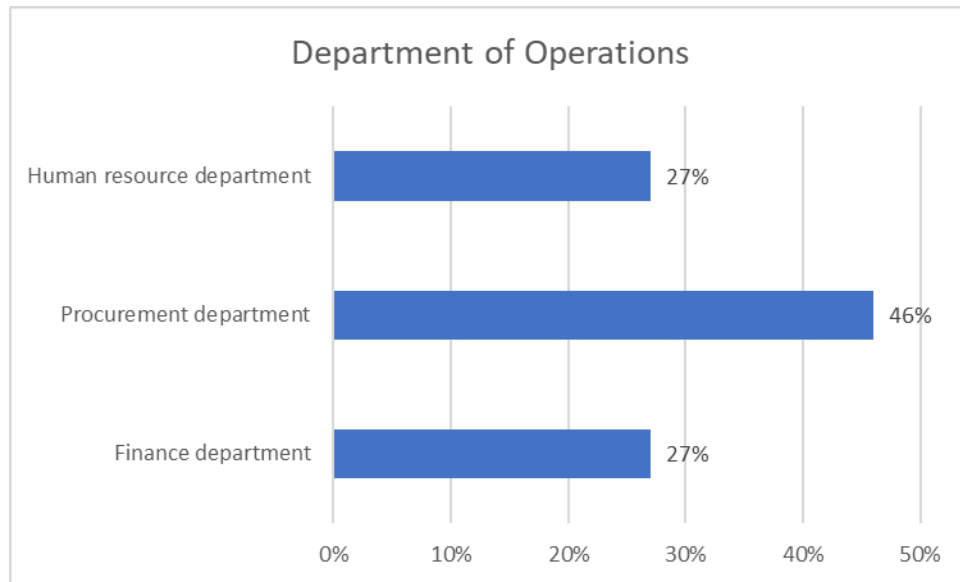


Figure 4.2 Respondents Department of Operations

4.3 Descriptive Analysis of Supplier Relationship Management and Organization Performance

The study collected research data using 5-point Likert scale questionnaires, and the responses are presented for each variable using means and standard deviation. The interpretation of the means relied on the following guide; the mean value of (5.00-4.21) indicates strong agreement, (4.20-3.41) demonstrates agreement, (3.40-2.61) shows disagreement, (2.60-1.81) demonstrates strong disagreement and (1.80-1.00) demonstrates neither agreement nor disagreement.

4.3.1 Compliance Status to Regulatory Policies

The first objective of the study sought to determine the compliance status to regulatory policies on supplier relationship management of commercial state corporations. The study presented the research participants with statements on the procurement procedures, procurement regulations, budgetary participation and compliance to procurement guidelines. The responses obtained from the participants are presented below.

Table 4.2 Descriptive Results for Regulatory Policies

Statement	Mean	Dev
Procurement procedures which guide supplier selection exist with the organization	4.0133	.77970
Measures to ensure adherence to procurement regulations in the supply practices have been put in place by the organization	4.0133	.93712
There is continuous review of the budgetary allocations to ensure minimal wastage of funds	3.9867	.96553
Regular review of the adopted budget to ensure effective utilization of public funds are conducted by the organization	4.0400	.99240
The internal firm processes comply with the public procurement policies	3.8800	1.06492

The study responses indicate agreement that the organization conducts a regular review of the adopted budget to ensure the effective utilization of public funds (mean 4.0400). The research also indicates agreement that the organization has put in place procurement procedures that guide supplier selection as indicated by mean = 4.0133. The responses obtained also indicate agreement (mean = 3.9867) that the organization is continually reviewing the budgetary allocations to ensure minimal wastage of funds. The results also showed agreement that the organization ensures that the internal firm processes comply with the public procurement policies as denoted by the mean 3.8800 and high standard deviation of 1.06492. In general, the results show that state corporations ensure they are in compliance with various regulatory compliances in the undertaking of their procurement processes.

4.3.2 Supplier Relationship Management

The study second objective sought to establish the effect of supplier relationship management on the organization performance of commercial state corporations in Kenya. The study reviewed the state corporations' level of supplier communication, supplier segmentation and supplier collaboration. The responses obtained were analyzed using means and standard deviation and findings are presented in this section.

4.3.2.1 Supplier Communication of State Corporations

The first construct of supplier relationship management was the level of supplier communication. The study sought to obtain the respondent's perspectives on the various aspects of supplier communication within commercial state corporations, and the results are as shown below.

Table 4.3 Descriptive Results for Supplier Communication

Statement	Mean	Dev
Information is shared between the firm and suppliers within the supply chain	4.0933	.97500
Data acquisitions and storage processes within the supply chain have been adopted by the organization.	3.9867	.96553
The firm has adopted cost-related data review processes in the value chain	4.0133	.96553
Data processing within the commercial state corporations is in place.	4.0400	.95068
A robust feedback system process is in place.	3.7600	.75050
Market-data input for planning logistics strategy is regularly solicited by the organization	3.6800	1.08004
Decisions are made using process-based supply performance feedback data	3.7733	.79820

The research results indicated agreement among respondents that there is data sharing between the firm and providers within the supply chain (Mean = 4.0933, Dev= .975). The findings also show agreement that the firm has adopted cost-related data review processes in the value chain (mean = 4.0133). With a high variation in the responses (SD= 1.08004), the respondents agreed (mean = 3.6800) that the company regularly solicits market-data input for planning logistics strategy. The result also showed agreement that the corporation has put in place a robust feedback system process.

4.3.2.2 Supplier Segmentation

The second construct of supplier relationship management was the level of supplier segmentation. The study obtained respondents' perspectives on the various aspects of supplier segmentation within commercial state corporations, and the results are shown below.

Table 4.4 Descriptive Results for Supplier Segmentation

Statement	Mean	Dev
Company's suppliers are grouped based on their financial capacity	3.8667	.97722
Suppliers are segmented based on their quality within the value chain	4.0533	.78660
Suppliers segmentation is based on the supplier efficiency obtained from the relationship	3.7067	1.06255
The cost-effectiveness of the partnership is used to segment organization's suppliers	3.5867	1.29545
The company segments suppliers based on the nature of products or services required	3.7733	1.20330
The company has segmented the supply chain based on development and strategic suppliers	3.7067	1.17143

The results showed agreement that the company suppliers are segmented based on their quality within the value chain. The research also showed agreement that the company groups the suppliers based on their financial capacity. The findings also note agreement among respondents, albeit high variation in responses that the segmentation of suppliers within the firm is categorized based on the cost-effectiveness of the partnership (mean = 3.5867, SD = 1.29545). The study results also note agreement that the company suppliers are segmented based on the supplier efficiency obtained from the relationship (mean = 3.7067).

4.3.2.3 Supplier Collaboration

The third supplier relationship management constructs examined the respondent's perspectives on the various aspects of supplier collaboration within commercial state corporations, and the results are shown below.

Table 4.5 Descriptive Results for Supplier Collaboration

Statement	Mean	Dev
Logistics information applications for order processing within the supply chain are integrated.	3.7600	1.10086
The company supply chain information system is integrated with the corporate strategy	3.8667	.96329
A logistics alliance that operates under the principles of shared returns has been established	3.6933	1.01307
A written agreement is required to be an integral part of all supply chain alliances	3.8000	1.10282
The corporation collaborates with its suppliers on demand forecasting through collaborative planning and forecasting	3.8400	.91593
There is joint knowledge creation and sharing within the supply chain	3.8400	.95917

On the company's supply chain information system is integrated with our corporate strategy, there was agreement among participants. The research also indicates agreement (mean = 3.8400) that the corporation collaborates with our suppliers on demand forecasting through collaborative planning and forecasting. Results showed agreement that the organization company has established a logistics alliance that operates under the principles of shared returns (mean = 3.6933, SD = 1.01307). The responses obtained indicated agreement that the organization company requires a written agreement to be an integral part of all supply chain alliances (mean = 3.800) with a high variation in responses (SD= 1.10282). The results noted agreement that there joint knowledge creation and sharing within the supply chain.

4.3.3 Organization Performance

The dependent variable of the study was organization performance, and the results below indicate personnel responses on the various statements on the variable.

Table 4.6 Descriptive Results for Organization Performance

Statement	Mean	Dev
An increase in the effectiveness of delivery of company's mandate has been noted	4.1733	.81163
Internal service and technological innovativeness have been adopted	4.2000	.85424
Customer service complaints and feedback handling systems have been implemented	4.2000	.75337
New product development and delivery systems are undertaken	4.1867	.78316
Service delivery targets are met	4.1333	1.04407
Positive employee productivity measures are in place.	4.0533	.97111

The study reviewed the participants views on the firm efficiency and effectiveness, innovativeness, customer service, product development and service delivery. The findings indicate agreement that the company has seen an increase in the effectiveness of delivery of its mandate. The findings also indicate agreement that the firm undertakes new product development and delivery systems, as indicated by mean = 4.1867. The research results also show agreement that the firm has implemented customer service complaints and feedback handling systems as denoted by the mean = 4.2000. The results showed agreement that the organization has put in place measures to support positive employee productivity. The findings implied that state corporations have to a large extent have attained the stated organization performance metrics as indicated by the level of agreement across the statements presented.

4.4 Tests for Linear Regression Assumptions

Before undertaking the inferential analysis, the research sought to determine if the data obtained violated any underlying regression assumptions. The research adopted both collinearity testing and normality testing. The tests were conducted in line with the study objectives with each of the independent variable being considered in the collinearity tests while the normality plot was conducted on the residuals of the regression model testing the relationship between supplier relationship management and organization performance.

Multicollinearity was conducted to establish if there was any dependency between the independent variables of the study (Saunders, Lewis, & Thornhill, 2009). The rule of thumb is that VIF factors yielded should not exceed 10.

Table 4.7 Collinearity Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Supplier Communication	.757	1.321
Supplier Segmentation	.513	1.951
Supplier Collaboration	.579	1.728
2 (Constant)		
Supplier Communication	.683	1.463
Supplier Segmentation	.475	2.107
Supplier Collaboration	.558	1.791
Regulatory Policies	.586	1.707

a. Dependent Variable: Organization Performance

The findings indicate that in the first model, all the variables had a VIF factor below 10; supplier communication (VIF=1.321), supplier segmentation (VIF=1.951), and supplier collaboration (VIF=1.728). The second model also indicated all the variables had VIF values that were below 10; regulatory policies (VIF=1.707). This indicates that in both cases, the study did not violate the collinearity assumption.

The research conducted normality tests to establish if the observations included in the regression analysis are from a normally distributed population. The below curve shows that the data is normally distributed since the data points are close to the diagonal line (normality line).

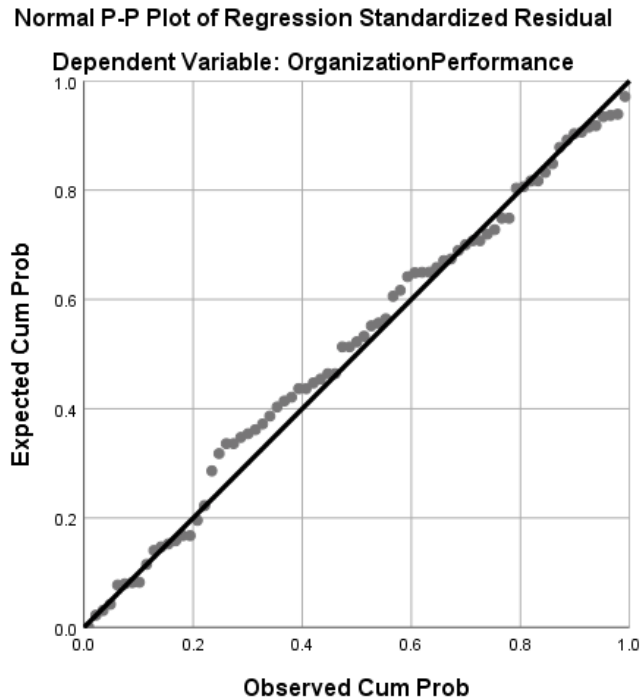


Figure 4.3 Normality Plot

4.5 Inferential Analysis

The study adopted two main inferential analysis techniques. The correlation tests were conducted to determine the association between study variables, while regression analysis was aimed at determining the magnitude of the variable relationship.

4.5.1 Correlation Analysis

The study adopted the Spearman correlation analysis technique since its more relevant when the data is from a Likert scale instrument.

Table 4.8 Correlation Results

			Organization Performance	Supplier Communication	Supplier Segmentation	Supplier Collaboration	Regulatory Policies
Spearman's rho	Organization Performance	Correlation Coefficient	1.000	.449**	.285*	.290*	.195
		Sig. (2-tailed)	.	.000	.013	.012	.094
		N	75	75	75	75	75
Supplier Communication	Supplier Communication	Correlation Coefficient	.449**	1.000	.468**	.404**	.435**
		Sig. (2-tailed)	.000	.	.000	.000	.000
		N	75	75	75	75	75
Supplier Segmentation	Supplier Segmentation	Correlation Coefficient	.285*	.468**	1.000	.582**	.512**
		Sig. (2-tailed)	.013	.000	.	.000	.000
		N	75	75	75	75	75
Supplier Collaboration	Supplier Collaboration	Correlation Coefficient	.290*	.404**	.582**	1.000	.534**
		Sig. (2-tailed)	.012	.000	.000	.	.000
		N	75	75	75	75	75
Regulatory Policies	Regulatory Policies	Correlation Coefficient	.195	.435**	.512**	.534**	1.000
		Sig. (2-tailed)	.094	.000	.000	.000	.
		N	75	75	75	75	75

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The findings show that there is a positive and significant association between supplier communication and the performance of commercial state corporations (Rh = .449, Sig = .000<.05). These results are supported by Woo, Kim, Chung, and Rho (2016), who posited that improving information sharing and feedback systems in the supply chain are integral to a firm’s financial performance. The results also established that supplier segmentation had a positive and significant

association with the organization's performance has indicated by ($R_h = .285$, $Sig = .013 < .05$). These findings are in agreement with Asiedu (2016), who concluded that undertaking supplier segmentation practices are significantly associated with improved firm performance.

The research results also show an optimistic and significant effect of supplier collaboration on the organization performance of commercial state corporations ($R_h = .290$, $Sig = .000 < .05$). The findings are in line with Gichuru, Iravo, and Arani (2015), who also revealed that collaborative practices in the supply chain are critical drivers of firm performance. The research also examined if regulatory policies affect hierarchical execution. The outcomes show that there is a positive and insignificant association between regulatory policies and organization performance ($R_h = .195$, $Sig = .094 > .05$). These results are not in conjunction with earlier literature by Michailova, McCarthy, Puffer, Chadee, and Roxas (2013) that found that regulatory practices and quality were significant predictors of firm performance.

4.5.2 Regression Analysis

The main purpose of this investigation was to determine the relationship between supplier relationship management and organization performance of commercial state corporations in Kenya.

Table 4.9 Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.544 ^a	.296	.265	3.21367

a. Predictors: (Constant), Supplier Collaboration, Supplier Communication, Supplier Segmentation

The results above indicate a coefficient of determination of .296. This implies that holding different variables consistent, the supplier relationship management practices can determine 29.6% of the variations in the performance of commercial state corporations. Mekuria (2016) similarly concluded that supplier relationship management is a positive predictor of firm performance. This is also echoed by Muema (2016), who indicated that supplier relationship management strategies are huge drivers of obtainment execution in state associations.

Table 4.10 ANOVA Summary

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	295.494	3	98.498	9.537	.000 ^b
	Residual	702.283	71	10.328		
	Total	997.778	74			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Supplier Collaboration, Supplier Communication, Supplier Segmentation

The ANOVA examination was directed to build up the measurable centrality of the regression model utilized in the study. The findings indicate an f -calculated = 9.537 > F - (critical f ; 1.162). The study also indicated a $Sig = .000 < .05$. This signifies that the regression model adopted in the study was statistically significant; thus, it can be concluded that there is a statistically significant connection between supplier relationship the organization performance of commercial state corporations.

Table 4.11 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.969	2.718		4.404	.000
	Supplier Communication	.393	.099	.463	3.965	.000
	Supplier Segmentation	.136	.118	.166	1.956	.002
	Supplier Collaboration	-.036	.122	-.039	-.292	.771

a. Dependent Variable: Organization Performance

Based on the above results the regression equation becomes;

$$Y = 11.969 + .393x_1 + .136x_2 + -.036x_3 + 2.718$$

The coefficient of the regression β_0 (**11.969**) is statistically significant since (p -value = .000 < .05). The study also shows that the coefficient of supplier communication is .393 and is statistically significant since (p -value = .000 < .05). This goes to show that a change in supplier communication by one unit will result in a .393 change in the association's exhibition. The discoveries moreover indicate a coefficient of supplier segmentation .136, which is statistically significant (p -value =

.002<.05). This implies that a unit change in supplier segmentation will lead to a .136 change in the organization's performance. The results also show a coefficient of supplier collaboration -.036, which is not significant since (p-value = .771>.05). This indicates no predictive influence of supplier collaboration on organizational performance when considered against other supplier relationship management practices considered in this regression model.

4.6 Moderated Variable Analysis

The study further sought to establish the moderating effect of compliance status of regulatory policies on the relationship between supplier relationship management and organization performance of commercial state corporations in Kenya. The study utilized hierarchical regression to examine the changes in the coefficient of the regression analysis.

Table 4.12 Moderated Regression Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.544 ^a	.296	.265	3.21367
2	.578 ^b	.334	.294	3.15034

a. Predictors: (Constant), Supplier Collaboration, Supplier Communication, Supplier Segmentation

b. Predictors: (Constant), Supplier Collaboration, Supplier Communication, Supplier Segmentation, Regulatory Policies

The regression output indicates an $R^2 = .334$. This implies that the joint effect of compliance with regulatory policies and supplier relationship management will yield 33.4% variations in the performance of commercial state corporations. This implies that for every policy introduced to regulate suppliers, it yields 33.4% of the total impact in any state corporation in Kenya. This therefore resonates with the findings of this that there could be other contributions to the effect that policies alone cannot yield a 100% impact in state corporations.

Table 4.13 Moderated ANOVA Summary

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	295.494	3	98.498	9.537	.000 ^b
	Residual	702.283	71	10.328		
	Total	997.778	74			
2	Regression	332.825	4	83.206	8.384	.000 ^c
	Residual	664.953	70	9.925		
	Total	997.778	74			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Supplier Collaboration, Supplier Communication, Supplier Segmentation

c. Predictors: (Constant), Supplier Collaboration, Supplier Communication, Supplier Segmentation, Regulatory Policies

The findings indicate an f -calculated = 8.384 > F - (critical f ; 1.162). The study also indicated a Sig = .000 < .05. This signifies that the regression model adopted in the study was statistically significant; thus, we can conclude that there is compliance to regulatory policies which bear a statistically significant positive directing impact on the connection between supplier relationship management and organization performance of commercial state corporations.

Table 4.14 Moderated Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.969	2.718		4.404	.000
	Supplier Communication	.393	.099	.463	3.965	.000
	Supplier Segmentation	.136	.118	.166	1.956	.002
	Supplier Collaboration	-.036	.122	-.039	-.292	.771
2	(Constant)	12.986	2.716		4.782	.000
	Supplier Communication	.457	.103	.538	4.452	.000
	Supplier Segmentation	.203	.120	.248	1.684	.097
	Supplier Collaboration	.006	.122	.007	.048	.962
	Regulatory Policies	-.261	.134	-.255	-1.939	.057

a. Dependent Variable: Organization Performance

The coefficient of the regression β_0 (**12.986**) is statistically significant since (p-value = .000<.05). The study also shows that the coefficient of compliance with regulatory policies is -.261 and is statistically insignificant since (p-value = .057>.05).

4.7 Chapter Summary

The research aimed at collecting research data from commercial state corporations in Nairobi County and the study obtained a 74% response rate. The research showed the varying extent that the commercial state corporations have been able to maintain some level of compliance to regulatory policies, effected supplier relationship management and maintaining organization performance. The correlation tests indicated there being a positive association between supplier communication, supplier segmentation, supplier collaboration and organization performance. The study established that regulatory policies had an insignificant positive effect on organization performance of state corporations. The study indicated that 29.6% of the changes in organization performance of state corporations can be determined by the supplier relationship management practices. The regression coefficients indicated supplier communication and segmentation have a

significant positive influence on organization performance. The findings also showed that supplier collaboration and regulatory policies have no significant influence on organization performance.



CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary, discussion of the results, the conclusions of the study as well as the recommendations drawn from the findings. The chapter also presented areas for further research work.

5.2 Summary

The performance of commercial state corporations has been of interest to academicians and policymakers due to the public interest they carry in their operations. Within the Kenyan context, these institutions have been affected greatly by fraud, political interference, and mismanagement, which has resulted in decades of running down of the state corporations. Despite increased empirical evidence on their performance, there has been inconclusive evidence on the effect of supplier relationship management and regulatory policies on their performance. This study sought to fill this gap by examining the effect of supplier communication, supplier segmentation, supplier collaboration, and regulator policies on their performance.

The research was premised on the lens of the lean six sigma theory, which anchored supplier relationship management and the theory of constraints, which informed the organization's performance of the commercial corporations. The study methodology was informed by a positivist approach with a descriptive research design being selected. The unit of observation was drawn from three departments within the 34 commercial state corporations. The research adopted a census survey. The study utilized a structured 5-point Likert scale questionnaire in the data collection. The study utilized a multi-approach in the data collection to foster response rate due to the lockdown was in effect within the Nairobi Metropolitan area during the data collection period. The study was able to obtain a 74% response rate from which at least 46% of the respondents were drawn from the procurements departments, while 27% were drawn from the human resource and finance department, respectively.

The study utilized spearman correlation analysis, and the results show that supplier collaboration, supplier communication, and supplier segmentation had a positive effect on the organization's performance of state corporations. The research also indicated that regulatory policies did have an insignificant association with the performance of the state corporations. The regression results indicate that the supply relationship management practices can determine 29.6% of the variations

in the performance of commercial state corporations. The test for moderation shows that 33.4% variations in the performance of commercial state corporations can be jointly determined by supplier relationship management and regulatory policies.

5.3 Discussion

5.3.1 Supplier Communication

The research indicated that participants demonstrated an agreement that there is information sharing between the corporations and their suppliers. Woo, Kim, Chung, and Rho (2016) also suggested that sharing information and fostering supplier communication capabilities is vital to organizational performance. The study results also showed that commercial corporations are undertaking data processing as well as adoption cost-related data review processes in the value chain. Narayanan, Narasimhan, and Schoenherr (2015) also note that agility and improving communication processes are vital in the supplier relationship. Similar views are held by Gizaw (2016), who revealed that improving communication integration, information integration, and supplier integration is key to operational performance. The findings further showed that commercial corporations have invested in data acquisitions and storage processes within the supply chain as well as instituting a robust feedback system process. Njagi and Shalle (2016) also did indicate that improving technology-integration in supplier communication is vital to performance. The study shows agreement among respondents that the company regularly solicits market-data input for planning logistics strategy. The results also indicate a consensus among participants that the company makes decisions using process-based supply performance feedback data. Overall, the study results found a positive and significant influence of supplier communication on the organization performance of state corporations. The findings are in line with earlier literature by Ecel, Ntayi, and Ngoma (2013), who pointed out that improving process-oriented investments, information exchanges, and adopting a feedback system is vital to performance. Shale (2015) had similar observations that ICT integration and seamless flow of information optimize management actions, which can amplify firm supply performance.

5.3.2 Supplier Segmentation

With regards to the supplier segmentation practices within the firm, the results show consensus among participants that suppliers are segmented based on their quality within the value chain. The study showed that suppliers within the corporation are grouped based on their financial capacity.

These results agree with Asiedu (2016), who pointed out that the segmentation of suppliers fosters efficiency and lowering of costs, which is critical to the firm's bottom-line. The research indicated agreement that suppliers are also segmented based on the supplier efficiency obtained from the relationship as well as categorized based on the cost-effectiveness of the partnership. Mekuria (2016) similarly observed that relying on strategic suppliers, ranking suppliers, and categorizing suppliers based on their benefits significantly improves the organization's performance.

The findings also show that state corporations have segmented the supply chain based on development and strategic suppliers. The above sentiments are echoed by Waris (2018) in a study in Somalia that revealed that strategic supplier segmentation is a significant predictor of firm performance. The study results further point out an agreement among respondents that the company segments suppliers based on the nature of products or services required. The regression results affirmed that supplier segmentation has a significant and positive influence on the performance of the firm. This is consistent with earlier evidence by Mwangi (2016) who noted that organizations that build supplier trust, strategic segmentation will foster collaboration, which is key to achieving operational performance. Mungai (2019) also established that supplier relationship vis strategic sourcing is critical to organizational performance.

5.3.3 Supplier Collaboration

Concerning supplier collaboration efforts, the study points out that there is the integration of logistics information applications for order processing within the supply chain. The responses also showed agreement that the corporation's supply chain information system is integrated with the corporate strategy. The results border the findings of Abate (2018), who revealed that creating a platform for supplier interaction and fostering collaboration practices is vital to operational performance within firms. Findings also demonstrated that state corporations had established a logistics alliance that operates under the principles of shared returns. Gudda and Bwisa (2013) suggested that clustering suppliers based on firm policy initiatives are vital to drawing significant benefits that can drive organizational performance.

The study also shows that companies require a written agreement to be an integral part of all supply chain alliances. The findings revealed that corporation collaborates with their suppliers on demand forecasting through collaborative planning and forecasting. Participants were also in agreement that there is joint knowledge creation and sharing within the supply chain. The results show that

state corporations have been in the frontline in creating a supplier collaboration effort. This is in tandem with views held by Nyamasege and Biraori (2015) that it is vital for the public sector in Kenya to improve their supplier relationship management to reap the benefits of the supply chain functions. Gichuru, Iravo, and Arani (2015) also suggested that resource sharing and collaboration among suppliers is pertinent to achieving performance within Kenyan firms. Contrary, to the above results this study showed there is a negative and insignificant influence of supplier collaboration on performance of the corporations. This implied that there is lack of adoption of supportive collaborations practices within the supply relationship management of commercial state corporations which results in lack of a significant predictive power of the variable.

5.3.4 Regulatory Policies

The participants indicated that the corporations have put in place procurement procedures that guide supplier selection as well as measures to ensure adherence to procurement regulations in the supply practices. Munywoki (2016) notes that procurement legislation is essential to ensuring clear policies are put in place within the state entities. Chemoiywo (2014) concluded that procurement procedures and practices have significantly improved supply chain performance. The results also show that corporations regularly conduct reviews of the adopted budget to ensure the effective utilization of public funds. The findings indicated agreement that the corporations constantly review the budgetary allocations to ensure minimal wastage of funds. Kamau, Rotich, and Anyango (2017) also suggested that fostering budgetary participation, review, and feedback will help organizations meet their budgetary limits. The study findings also show an agreement among participants that the organization ensures that the internal firm processes comply with the public procurement policies. Mukura, Shalee, Kanda, and Ngatia (2016) also noted that state corporations have been monitoring and reviewing the procurements policies to ensure compliance with the regulations. The study results showed that regulatory policies do not have a significant effect on performance of state corporations. This can be attributed to the lack of standardized policies and enforcement mechanisms on how organizations should run their supplier relationship management practices within the public sector.

5.4 Conclusions

The study demonstrates that there is a positive and critical connection between supplier relationship management and the organization's performance of commercial state corporations. The findings revealed that supplier communication was a significant predictor of improved

organization performance. The study concludes that enhancing the sharing of information, relying on data in supplier evaluation and selection as well as maintaining a feedback system is critical to driving performance within commercial state corporations.

The research further concludes that there is a statistically positive and significant influence of supplier segmentation on organizational performance. The study revealed that the segmentation of suppliers based on their financial capacity, cost-effectiveness, nature of products, and strategic value is crucial for the exhibition of business state organizations.

The study concluded there is no significant influence of supplier collaboration on the organization performance of state corporations in Kenya. The research further concludes there is no significant influence of compliance to regulatory policies on the interaction between supplier relationship management and organization performance of commercial state corporations.

5.5 Recommendations

In light of the ongoing pandemic that has resulted in disrupted supply chains, now more than ever, organizations are expected to be at the forefront in streamlining their supply chains through better supplier relationship management. The results of this study are critical to expanding the available knowledge for both managerial and policy implications, as highlighted in this section.

5.5.1 Policy Recommendations

Commercial state corporations in Kenya have, in recent years have been plagued by misappropriation of public funds as well as a loss-making streak. Despite numerous regulations being put in place to aid the revitalization of commercial state corporations in Kenya, there is little that has been achieved. To streamline their supplier relationship management, this research recommends that the inspectorate of state corporations and the line ministries should formulate new procurement regulations and guidelines. This will go a long way in aiding commercial organizations in achieving efficiency in their supply chains.

Furthermore, the study recommends that policymakers should come up with an enforcement framework that will ensure state corporations abide by the set procurement guidelines and ensure there are protocols in place to support monitoring and evaluation of their supply chain. Concerning supplier relationship management practices, this research recommends that policymakers should create an overarching manual to guide all state corporations in designing a standardized SRM

across all institutions. This will ensure that all commercial state entities abide by the same set of principles and guidelines, and this can be pivotal to better performance within the organizations.

5.5.2 Managerial Recommendations

The study recommends that state corporations should ensure there is continuous information sharing with suppliers to demonstrate their worthiness and strategic importance to the organization. Having clear communication channels will ensure there is trust with the suppliers, which can be vital in the management and selection of suppliers who can support the attainment of the organization's goals. The study further recommends that organizations should invest in technological infrastructure that can support the utilization of data analytics in planning supply strategies as well as decision making within the supply chain.

The research further recommends that state corporations should develop a comprehensive matrix that can be employed in supplier selection and segmentation of suppliers based on their efficiencies and contribute to the organization. The study also points out the need for the state organizations to employ cost-based measures in the segmentation of suppliers to guarantee there are efficacy and efficiency in the supply chain. The study findings exposed that supplier collaboration has no significant influence on the performance of state corporations. Based on this, the research endorses that commercial state corporations should revitalize their supplier collaboration through the adoption of seamless information sharing and undertaking collaborative planning, which can be critical to mutually beneficial alliances. The study further recommends that commercial state corporations should rely on available supply chain data in developing and executing collaborative strategies that can yield better economic results to the organization.

5.6 Areas for Further Research

The study results indicate that regulatory policies are not a significant predictor of organizational performance in commercial state corporations. This study endorses that further research work should be conducted to explore the effectiveness of procurement regulations within state corporations in Kenya.

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APPENDICES

Appendix I: Institution Ethical Approval



Strathmore
UNIVERSITY

2nd April 2020

Ms Kurgat, Sylvia
sylvia.kurgat@strathmore.edu

Ms Kurgat,

RE: Effects of Supplier Relationship Management on the Organization Performance of Commercial State Corporations In Kenya.


This is to inform you that SU-IERC has reviewed and **approved** your above research proposal. Your application approval number is **SU-IERC0757/20**. The approval period is **2nd April 2020 to 1st April 2021**.

This approval is subject to compliance with the following requirements:

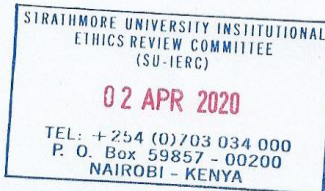
- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
- iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://oris.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,


for: Dr Virginia Gichuru,
Secretary; SU-IERC

Cc: Prof Fred Were,
Chairperson; SU-IERC



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Appendix II: NACOSTI Permit



REPUBLIC OF KENYA

Ref No: 433339



NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION

Date of Issue: 28/March/2020

RESEARCH LICENSE



This is to Certify that Miss.. Sylvia Chebichii Kurgat of Strathmore University, has been licensed to conduct research in Kisumu, Machakos, Mombasa, Nairobi on the topic: EFFECT OF SUPPLIER RELATIONSHIP MANAGEMENT ON THE ORGANIZATION PERFORMANCE OF COMMERCIAL STATE CORPORATIONS IN KENYA for the period ending : 28/March/2021.

License No: NACOSTI/P/20/4575

433339

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION

Verification QR Code



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Scan the QR Code using QR scanner application.

Appendix III: Questionnaire

1) How long have you worked within the commercial state corporations?

Less than 2 years [] 3-6 years [] 7-9 years [] Over 10 years []

2) Which department do you operate within the organization?

Finance department []

Procurement department []

Human resource department []

PART B: Organization Performance of Commercial State Corporations in Kenya

Please tick the level of agreement of the following statements, as shown in the table.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

No	Organization Performance	1	2	3	4	5
1.	The company has seen an increase in the effectiveness of delivery of its mandate					
2.	The company has adopted internal service and technological innovativeness					
3.	The firm has implemented customer service complaints and feedback handling systems					
4.	The firm undertakes new product development and delivery systems					
5.	Their firm ensures that it meets the service delivery targets					
6.	The organization has put in place measures to support positive employee productivity					

PART C: SUPPLIER COMMUNICATION OF COMMERCIAL STATE CORPORATIONS IN KENYA

Please tick the level of agreement of the following statements, as shown in the table.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

No	Supplier Communication	5	4	3	2	1
1.	There is information sharing between the firm and suppliers within the supply chain					
2.	The company has adopted data acquisitions and storage processes within the supply chain					
3.	The firm has adopted cost-related data review processes in the value chain					
4.	There is data processing within the commercial state corporations					
5.	The corporation has put in place a robust feedback system process					
6.	The company regularly solicits market-data input for planning logistics strategy					
7.	The company makes decisions using process-based supply performance feedback data					

PART D: SUPPLIER SEGMENTATION OF COMMERCIAL STATE CORPORATIONS

IN KENYA

Please tick the level of agreement of the following statements, as shown in the table.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

No	Supplier Segmentation	5	4	3	2	1
1.	The company groups the suppliers based on their financial capacity					
2.	The company suppliers are segmented based on their quality within the value chain					
3.	The company suppliers are segmented based on the supplier efficiency obtained from the relationship					
4.	The segmentation of suppliers within the firm are categorized based on the cost-effectiveness of the partnership					
5.	The company segments suppliers based on the nature of products or services required					
6.	The company has segmented the supply chain based on development and strategic suppliers					

PART E: SUPPLIER COLLABORATION OF COMMERCIAL STATE CORPORATIONS IN KENYA

Please tick the level of agreement of the following statements, as shown in the table.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

No	Supplier Collaboration	5	4	3	2	1
1.	Logistics information applications for order processing within the supply chain are integrated.					
2.	The company supply chain information system is integrated with our corporate strategy					
3.	The company has established logistics alliances that operate under the principles of shared returns					

4.	The company requires a written agreement to be an integral part of all supply chain alliances					
5.	The corporation collaborates with our suppliers on demand forecasting through collaborative planning and forecasting					
6.	There is joint knowledge creation and sharing within the supply chain					

PART F: REGULATORY POLICIES OF COMMERCIAL STATE CORPORATIONS IN KENYA

Please tick the level of agreement of the following statements, as shown in the table.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

No	Regulatory policies	5	4	3	2	1
1.	The organization has put in place procurement procedures which guide supplier selection					
2.	The organization has put in place measures to ensure adherence to procurement regulations in the supply practices					
3.	The organization is constantly reviewing the budgetary allocations to ensure minimal wastage of funds					
4.	The organization conducts a regular review of the adopted budget to ensure effective utilization of public funds					
5.	The organization ensures that the internal firm processes comply with the public procurement policies					

Thank you for your Time

Appendix IV: List of Commercial State Corporations

1. Agro-Chemical and Food Company
2. Kenya Meat Commission
3. Muhoroni Sugar Company Ltd
4. Nyayo Tea Zones Development Corporation
5. South Nyanza Sugar Company Limited
6. Chemilil Sugar Company Ltd
7. Nzoia Sugar Company Ltd
8. Simlaw Seeds Kenya
9. Simlaw Seeds Tanzania division
10. Simlaw Seeds Uganda division
11. Kenya National Trading Corporation (KNTC)
12. Kenya Safari Lodges and Hotels Ltd
13. Golf Hotel Kakamega
14. Kabarnet Hotel Limited
15. Mt Elgon Lodge
16. Sunset Hotel Kisumu
17. Jomo Kenyatta Foundation
18. Jomo Kenyatta University Enterprises Ltd.
19. Kenya Literature Bureau (KLB)
20. Rivatex (East Africa) Ltd
21. School Equipment Production Unit
22. University of Nairobi Enterprises Ltd.
23. University of Nairobi Press (UONP)



24. Development Bank of Kenya Ltd.
25. Kenya Wine Agencies Ltd (KWAL)
26. KWAL Holdings
27. New Kenya Co-operative Creameries
28. Yatta Vineyards Ltd
29. National Housing Corporation
30. Research Development Unit Company Ltd
31. Consolidated Bank of Kenya
32. Kenya National Assurance Co. (2001) Ltd
33. Kenya Reinsurance Corporation Ltd
34. Kenya National Shipping Line

Source: Presidential Taskforce on Parastatal Reforms (2015)

