

ROLE OF SUPPLIER APPRAISAL ON MANAGEMENT OF PUBLIC PROCUREMENT AT RIFT VALLEY WATER SERVICES BOARD, NAKURU

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ABSTRACT

The study assessed the role of supplier appraisal on management of public procurement at Rift Valley Water Services Board. Supplier appraisal is recognized as the most significant tool for enhancing procurement management. These days the sheer volume of tasks that businesses undertake just to ensure their survival is phenomenal. The specific objectives of the proposed study were to identify the criteria used in appraising suppliers in management of public procurement, to determine the role of supplier development in management of public procurement, to establish the effect of supplier commitment in management of public procurement and to assess the contribution of Procuring Entity-Suppliers partnership in management of public procurement. The respondents of the proposed study were the procurement staff, user departments, pre-qualified suppliers and senior procurement personnel at Rift Valley Water Services Board, Nakuru. The target populations of the proposed study were 100 persons which include the employees of Rift Valley Water Services Board and the pre-qualified suppliers. Stratified random sampling technique was used to select respondents in each category. The study used questionnaires for collecting data as per the proposed specific objectives. The questionnaire contained both closed and open-ended questions and the data was analyzed using both descriptive statistics (mean, mode, frequencies and percentage), and inferential statistics; person product moment correlation to test the hypotheses. There was a significant relationship between the supplier appraisal, supplier development, supplier commitment, and procuring entity-supplier relationship and procurement performance. Therefore recommends for Rift Valley Water Services Board to document their experiences in implementing supplier appraisal as a best practice for other organizations to adopt.

Key Words: *supplier appraisal, management of public procurement, Rift Valley Water Services Board*

Introduction

Compton and Jessop (2006) define supplier appraisal as an assessment of a potential supplier capability of controlling quality, delivery, quantity, price and all other factors to be embedded in a contract. They suggest that appraisals are carried out at the pre- contract phase of supplier sourcing. The process of appraising a supplier may also be referred to as supplier evaluation. In an increasingly complex world especially in difficult economic situations, the right decision regarding supplier management has an important influence for organizations and their future business. For several years companies are outsourcing business, concentrating on their core competencies and reducing their manufacturing share which leads to an increasing success-critical position of suppliers (Krause, 2000).

Therefore organizations have to select and identify the best suppliers for their business. Supplier appraisal is recognized as the most significant tool enhancing procurement management. The sheer volume of tasks that businesses undertake just to ensure their survival is phenomenal and taking shortcuts and cut downs on the required activities is very tempting. Some businesses, when shortcutting business processes often neglect the very important evaluation of their suppliers, reducing supplier business reviews and appraisals, particularly when their performance appears to be, on face value, satisfactory. Supplier appraisal is an area that is continuing to receive significant attention in the water service board. Effective evaluation and selection of suppliers is considered to be one of the critical responsibilities of procurement professionals. The evaluation process often involves the simultaneous consideration of several important supplier performance attributes that include price, delivery, lead-times and quality (Modi and Mabert, 2007).

The contribution of supplier appraisals to procurement management at water service boards in Kenya such as Rift Valley Water Services Board is yet to realize its full potential in efficiency and effectiveness in procurement management as it procures goods, works and services from its pre-qualified suppliers. The proposed study was to assess role of supplier appraisals on management of public procurement at Rift Valley Water Services Board.

Statement of the Problem

Several researchers have emphasized the importance of the supplier appraisal process, (Banker and Khosla, 1995; Dobler et al., 1990). The role of supplier appraisal processes in any organization determines the quality of product and services that such organizations provide to its customers, (Lysons and Gillingham, 2003). Notably, most water services boards have outlined that they do not use supplier appraisal in identifying and selecting the appropriate potential suppliers of goods and services that enhances the achievement of the organizational objectives, (Choy and Lee, 2002). According to Lysons and Gillingham (2003), suppliers should meet the seven criteria elements namely: Finance, production capacity, human resource, quality, environment, ethical considerations and technology. Therefore, different criteria are usually considered during the supplier selection process. The inability to meet customer requirements as envisaged by the five rights of purchasing: Quality, Quantity, Source, Price and Time, suggests

the need to understand the criteria that organizations used in appraising current or potential suppliers.

Moreover, the role of such crucial exercise in an organization's procurement activities and the entire management of procurement especially at water services board will aid in solving the puzzles of understanding its importance in details. Finally, the available literature on supplier appraisal has not considered the extent to which supplier appraisals influence the partnership between the procuring entity and its suppliers. It is for this reason that this study proposes to assess the role of supplier appraisals on management of public procurement at Rift valley water services board with a view to filling the gaps of inconsistencies in the levels of customer service levels and product quality in the procurement proceedings.

General Objective

The general objective of this study was to assess the role of supplier appraisal on Management of Public Procurement.

Specific Objectives

1. To identify the criteria used in appraising suppliers on management of public procurement.
2. To determine the role of supplier development in management of public procurement.
3. To establish the effect of supplier commitment in management of public procurement.
4. To assess the contribution of Procuring entity-Suppliers partnership in management of public procurement.

Research Hypothesis

H₀₁: There is no relationship between the criteria used in supplier appraisal and efficiency of management of public procurement at Rift Valley water services board (H₀₁: $\rho = 0$, H₁₁: $\rho \neq 0$)

H₀₂: There is no relationship between supplier development and management of public procurement at Rift Valley water services board (H₀₂: $\rho = 0$, H₁₂: $\rho \neq 0$)

H₀₃: Supplier commitment does not affect the management of public procurement at Rift Valley water services board (H₀₃: $\rho = 0$, H₁₃: $\rho \neq 0$)

H₀₄: Procuring entity-supplier partnership does not affect the management of public procurement at Rift Valley water services board (H₀₄: $\rho = 0$, H₁₄: $\rho \neq 0$)

Theoretical Framework

The Procurement Cycle

It entails a series of steps that must take place to supply a production line or to replenish stock in a distribution center. Identifying the items that must be procured and determining the necessary quantities is the first step. This information is used to generate a requisition which is sent to the purchasing department. The assigned buyer requests bids and awards the purchase

order to a vendor. When the ordered items arrive, they are entered into the inventory system. The parameters for a procurement cycle may be set by a known production schedule or vary based on consumer demand or other factors. The Procurement Cycle encompasses the timeframe between the identification of a requirement and the ultimate award of a contract. Public and Project Procurement are specifically mentioned because of their similarity, the rigorous process that the procurement practitioner must follow given the nature, use of public funds and phases throughout the course of the project that must also be adhered to for positive results to be obtained (Stanley and Wisner, 2001).

Conceptual Framework

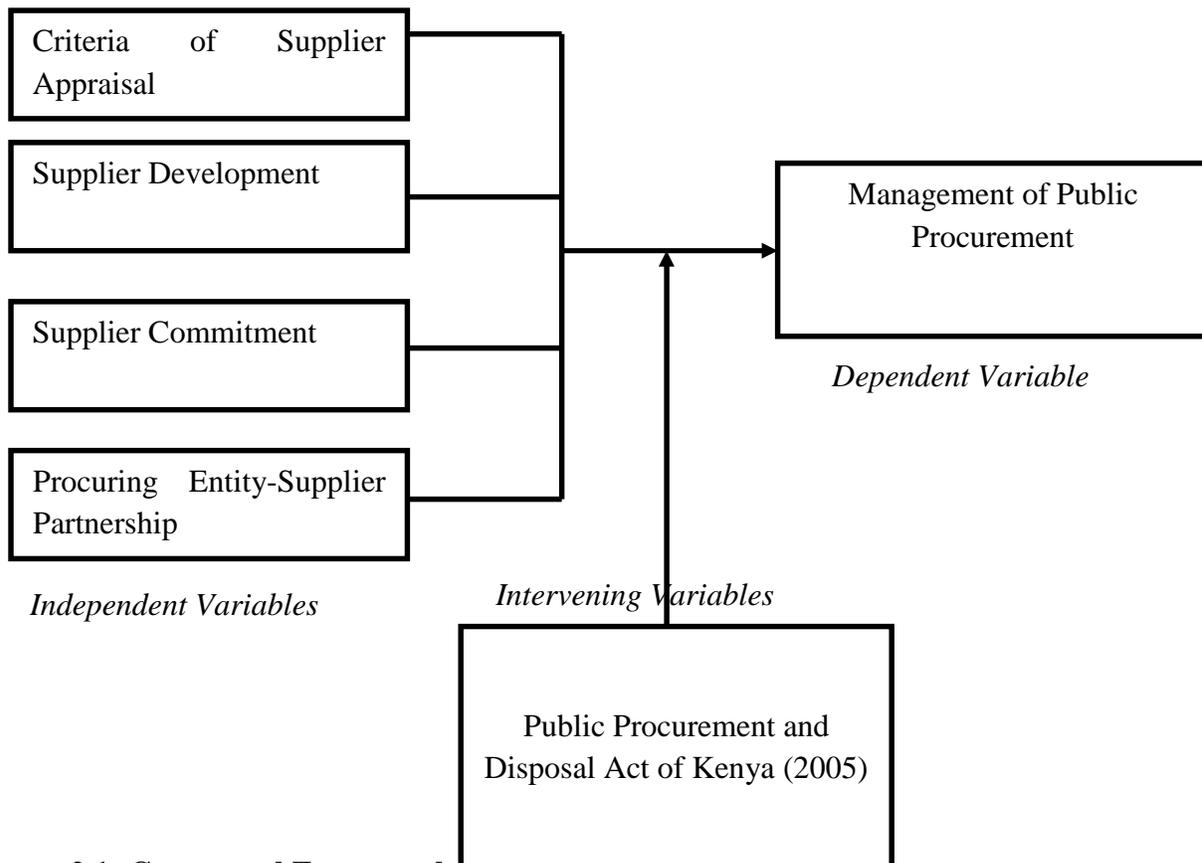


Figure 2.1: Conceptual Framework
 Source: Author (2013)

From the above conceptual framework, the dependent variable is the management of public procurement while the independent variables include; criteria of supplier appraisal, Supplier Development, Supplier Commitment and Procuring Entity-Supplier Buyer Partnership. On the other hand the moderating variable during the study will be the public procurement and Disposal Act of (2005). The conceptual framework as detailed implies that the management of public procurement is dependent on the variables here mentioned.

Supplier Appraisal and Supplier Appraisal Models

It refers to the assessment of existing or new suppliers on the basis of their delivery, prices, production capacity, quality of management, technical capabilities and service (Wagner, 2006a). Whether searching out new suppliers or benchmarking the performance of current suppliers, businesses are urged to consider the following when evaluating their options: Commitment to quality—Not surprisingly, product quality is regarded as an essential factor in selecting a supplier. Specifics in this realm include the suppliers' statistical process control methods, its QS-9000 registration, its approaches to problem solving, preventive maintenance and its methods of equipment calibration. "What gets looked at varies by whether the supplier is a distributor or manufacturer" (Anderson (2003). ". With a manufacturer it's important to have Quality Control people on the team to realistically appraise the supplier's control standards and methods of measuring quality.", Cost-competitive—Competitive pricing is another huge factor, especially for businesses that are smaller or experiencing financial difficulties, Communication—Suppliers that do not maintain a policy of open communication—or even worse, actively practice deception—should be avoided at all costs (Anderson, 2003).

The frustrations of dealing with such companies can sometimes assume debilitating dimensions. Moreover, constant exposure to such tactics can have a corrosive effect on internal staff. Timely service—Businesses strategies are predicated on schedules, which in turn are based on receiving shipments at agreed-upon times. When those shipments slip, business strategies suffer. The blow can be particularly severe if the supplier is negligent or late in reporting the problem, Flexibility and special services—many purchasers express appreciation for suppliers that take extra measures to satisfy their customers (Krause et al., 2000).

As relates to market knowledge, suppliers with extensive knowledge of market conditions and mastery of contemporary issues impacting a business can be immensely valuable in helping small companies chart a course to sustained financial success. Secondly, supplier's capacity for program management and production should be considered, including its ability to integrate design and manufacturing functions, its approach to design changes, and its program measurement features. Further, on financial stability organizations that allocate large sums for purchasing materials often prefer to make long-term deals with suppliers that are financially stable (Maloni and Benton, 2000).

Such arrangements not only convey security, but they allow companies to learn about one another and gain a fuller understanding of each business's needs, desires, operating practices and future objectives. Moreover, The Economist noted that "being in a meaningful relationship instead of a one-part stand encourages suppliers to make investments that are tailored to the purchasing firm's needs—and to be thrifter.... A trusted supplier is more likely to think about the purchasing firm's own customers." More importantly, logistics in this area include transportation capacity, sourcing capabilities and 'just-in-time' performance. Additionally, Inventory according to procurement processes, appraisal of this consideration is dependent somewhat on the supplier's business. "If the supplier is a distributor, the emphasis will be on how well his inventory is set up to avoid stock outs. With a manufacturer, emphasis has to be on

inventory accessibility (Wagner, 2006a). If the supplier has a program with 24-hour assured delivery, it's in better condition than the manufacturer with a lot of raw material inventory and an eight-week lead-time for raw material." Ability to provide technical assistance with which top research and development capacities can be quite valuable to buyers, providing them with significant savings in both price and quality (Modi and Mabert, 2007).

Analytical models for supplier appraisal have ranged from simple weighted scoring models to complex mathematical programming approaches. While early approaches failed to consider multiple supplier performance factors, more recent models and techniques have incorporated several important factors into the appraisal process. In a comprehensive review of supplier selection methods, Weber et al (1991) reported that 47 of the 74 articles in the review utilized multiple criteria. Also, the ongoing emphasis on manufacturing strategies such as Just-In-Time (JIT) places increased importance on multiple supplier performance attributes such as price, product quality and delivery (Chapman and Carter, 1990).

The limitations of traditional supplier appraisal methods such as categorical, weighted point, and cost ratio approaches are well known in the literature (Willis et al., 1993). The primary issues associated with categorical and weighted point methods are in identifying appropriate weights in computing a composite index for supplier performance. Similarly, the cost ratio approach, which evaluates the cost of each factor as a percentage of total purchases for the supplier, requires the development of a sophisticated cost accounting system. Several techniques for supplier appraisal have been proposed in the literature (Petroni and Braglia, 2000).

Over the last two decades the world economy has been dramatically changed. The environment of business is characterized by rising complexity, uncertainty, instability and volatility. Companies have had to do re-thinking on the traditional methods and strategies for doing business to the pressure of changing market conditions that have intensified global competition, radical change in technology and shorter product life cycle. Managers are now realizing that no matter how strong and resourceful their firms might be, they are no longer able to maintain a competitive advantage at every step in the value chain in all national market, nor are they able to maintain a cutting edge in the wide range of technologies required for the design, development manufacturing and marketing of new products (Hanfield and Nicholas, 2007).

Supplier selection is generally considered as five-phase process starting from the realization of the need for a new supplier, determination and formulation of decision criteria; pre-qualification; final supplier selection to the monitoring of the supplier selection (Choy and Lee, 2002). At first, appraisal and assessment task needs the identification of decision characteristics against which the potential suppliers are to be assessed. Next appraisal seals are selected in order to measure the appropriateness of a supplier. The third step is to assign weight to attributes to identify the significance and contribution of each criterion to the supplier appraisal and assessment. Then an attribute may comprise of several sub attributes. The last stage is to evaluate potential suppliers against the characteristics identified at the beginning (Choy and Lee, 2002).

Criteria of Supplier Appraisal

What to appraise is related to the requirements of the particular purchaser. All appraisals should, however, evaluate potential suppliers from eight perspectives: Finance, Production capacity and facilities, Human resources, Quality, Performance, Environmental and Ethical considerations, Information Technology and the Organizational structure (Lysons and Farrington, 2006).

On financial criterion the profitability and the relationship between gross and net profits of the enterprise over three years should be considered when appraising suppliers. The value of capital assets, return on capital assets, return on capital employed the scale of borrowings and the ratio of debts to assets. It also includes the possibility of a takeover or merger affecting ability to supply, whether or not the firm is tied to a small number of major customers, so that if one or more withdrew their businesses it might cause the firm financial difficulties and whether or not the organization has sufficient capacity to fulfill the order. This will also cover cash draining from the business, Falling profit margins, Increasing stocks and slower stock turnover, High capital gearing, Changing auditors and bankers and Adverse press reports (Choy and Lee, 2002). In the case of substantial contracts, the purchasing organization should question whether or not the supplier is likely to become overly dependent on the buying company (Lysons and Gillingham, 2003). Secondly as regards the production capacity, 'Capacity' has been defined as: The limiting capability of a productive unit to produce items within a stated time normally expressed in terms of output units per unit of time. Capacity is an elusive concept because it must be related to the extent that a facility is. Plant capacity can normally be increased by working overtime or adding new facilities.

Thirdly, innovation and design forms the third and important appraisal criterion. This criterion involves the reputation for design and innovation and will consider issues such as; Design and research facilities, such as laboratories, drawing offices, specialist equipment, R&D and design staff with regard to their qualifications and experience, Access to external sources of assistance, such as universities and research associations, Willingness to participate in collaborative projects and ability to give examples, if any, of collaborative projects already undertaken what they show (Lysons and Gillingham, 2003).

Additionally the appraisal of production facilities depends on the purpose of it. Appraisal of machinery, for example, depends on what is to be produced. Here, attention should be given to issues such as the supplier the full range of machinery needed to make the required product, overcoming any shortage of machinery, maintenance of machine breakdowns and evidence of good housekeeping. Also the adoption of computer-aided design (CAD), computer-aided manufactures (CAM) or flexible manufacturing systems (FMS) as well as health and safety provisions and conformity (Lysons and Farrington, 2006).

The fifth criterion is that of human resources and this refers to the number of people employed in manufacturing and administration, use of human resources - whether economical, with everyone busy or extravagant, with excess people doing little or nothing, Names, titles, qualifications and experience of managerial staff, Encouragement of teamwork and empowerment, Worker representation and recognized trade unions, Days lost due to industrial disputes in each of the

past five years, Turnover of managerial and operative staff, Workers' attitudes to the organization and concern for meeting customer's requirements (Lysons and Gillingham, 2003).

The sixth most important appraisal criterion is that of quality. This will ensure satisfactory answers required to such questions as the following; has the supplier met the criteria for other BS1 schemes, such as the Kitemark, safety mark and scheme for registered stockists. Also included is the extent to which the suppliers know and implement the concept of total quality management as well as the procedures in place for the inspection and testing of purchased materials, the relevant test and inspection process the supplier uses and the statistical controls are applicable regarding quality. The determination of whether or not quality control cover an evaluation of quality and can the supplier's guarantee that the purchaser can safely eliminate the need for all incoming inspection. This is especially important for JIT deliveries (Lysons and Gillingham, 2003).

The seventh perspective is that of performance and this refers particularly when appraising suppliers of non-standard products such as construction projects or the installation of computer systems, questions should be asked regarding the following: The criteria looks into similar projects that the supplier may have already undertaken and the current projects at hand. Further, it looks into the distinctive features of such projects and the innovations that might be introduced. Importantly are the customers that the suppliers cite as referees. As relates to the supplier appraisal based on IT, research indicates that, at the time of writing, more than a third of buyers currently use the Internet to conduct transactions and such usage is likely to increase dramatically. Additionally, the Web also supports a variety of activities, such as identifying new sources of supply, finding product information, including products, prices and delivery, as well as tracking orders and receiving technical advice and after-sales service. It is useful to ask mainly open-ended questions under this heading as the replies will indicate the extent to which the supplier is exploiting the possibilities of e-business (Lysons and Farrington 2006).

Lastly, ISO 14001 provides guidelines on environmental policies and where applicable suppliers should be expected to have an environmental policy and procedures for the implementation of such a policy. This criterion examines the responsibility for environmental management, person allocated to and materials obtained, so far as possible from sustainable sources. The lifecycle cost of the suppliers' product and the facilities used by the supplier to ensure waste minimization, disposal and recycling. Also included are the energy savings, if any provided by the supplier and the arrangements put in place for the control of dangerous substances. Supplier visits should always be undertaken by a cross-functional team that includes a senior member of purchasing and experts on quality and production engineering. Each member of the team is able to evaluate the supplier from a specialist viewpoint so this ensures shared responsibility for the decision to approve or reject a supplier (Lysons and Gillingham, 2003).

Stanley and Gregory (2001) came up with the supplier selection criterion which has since gained a lot of fame. Their model consists of; Cost Criteria-The aim of this criterion is to identify vital element of cost associated with purchase. The most common cost related with a product is purchase price, transportation cost and taxes (Stanley & Gregory, 2001). Operational costs are

also being considered during the supplier selection. The operational cost includes transaction processing, cost of rejects, but it requires more effort to estimate. Thus, cost is very important criterion for selection of right suppliers. The cost factor has been measured based on the importance of the following cost/price dimensions in supplier selection in telecommunication industry: raw material cost, cost due to delay, cost of inspection, after sales service, rework cost, engineering cost and labor cost. Profit maximization cannot be achieved without the cost minimization.

Technical Capability a potential supplier is of great importance. Suppliers' need competent technical ability to provide high quality product or service, ensure future improvements in performance and promote successful development efforts. Especially, this is very important when the firm's strategy included development of a new product or technology or access to proprietary technology. These technical criteria insist company to shift into the global market place. This is measured on the basis of the importance of the following technical dimensions: compliance with quantity, compliance with due date, compliance with packaging standard, production planning systems of suppliers, maintenance activities of suppliers, plant layout and material. The potential production capability of each supplier should be analyzed to meet a specified Production plan and also to develop a new product according to the market demand (Harps, 2000).

Quality assessment is a key factor of suppliers by which they can improve and maintain quality and delivery performance. It is very important for the company and suppliers. Quality and availability of product depends on this criterion. This factor has been measured on the basis of the importance of the following quality dimensions: management commitment, product development of suppliers and process improvement of suppliers, quality planning and quality assurance in supply chain, quality assessment in production, inspection and experimentation and quality staff of supplier (Beamon, 1999). It also includes the defective parts detected in the incoming products. This encounters the issues like whether or not the frequent quality assessment of the parts has been done by the Supplier.

Organization's Profile which has been measured on the basis of the importance of the following organizational dimensions: achievement of sales and marketing goals, financial performance, achievement of current organizational goals and strategy for technology age. Good suppliers should have high organizational power and advanced coordination skills. Additionally, Service Levels to the manufacturer is the prime criteria to decide its suitability for a particular product. Beamon (1999) argues that the good service given by the supplier may help in increase the customer base and therefore, this criterion is important in global supplier selection. It is analyzed based on the attributes such as; the ability of the supplier to follow the predefined delivery schedule, Lead Time-this is the time between order and placement of goods, works or services and the actual delivery (Beamon, 1999).

The ease of communication and negotiability with the suppliers decide the long-term relation between the Supplier and manufacturer. Since languages, business customs, ethics and communication devices vary from country to country, good suppliers should be best

communicators; good message in good time. The performance and past history of the suppliers help in taking decisions for its selection. The components of a suppliers profile cover features such as; the financial status of the supplier- this can be analyzed by getting the information about the annual turnover of the Supplier and their financial structure based on the past history. The economic status of the supplier's country may affect the currency exchange rate, local price control and so Forth. This can result in higher hidden costs for international sourcing and into during the supplier selection. A good supplier should have a good financial base so that incase of delayed payments, supply is not hindered (Awino, 2002).

The response of the customers towards the supplier is one of the important factors to decide on performance of the supplier. Suppliers with good customer base should be preferred than the others. Customer numbers cannot lie, where the customers are, the deal is good. The performance history of the supplier should be analyzed carefully keeping in mind the competitive nature of the supplier, its past production schedule, response to market, and its ability to make commercial relations and business references. It is easy to get a profile of ageing supplier easier than new suppliers. Research shows that, old suppliers are more experienced and more stable in business (Kibe, 2000).

Owing to a number of exogenous factors influencing international sourcing, global supplier selection is much riskier than its domestic counterpart. Consequently, the global supplier selection decision is most strongly affected by perceived risks. The location of the supplier and its physical and social status should be analyzed properly before selection of global partner. The home country of the supplier, the location of plant, the nature of natural calamities, and other factors should be checked before the selection because long-term relation it may create problems in the supply of the goods. International Journal of Humanities and Social Science Vol. 2 No. 14 (Special Issue – July, 2012).

The political status of the supplier's country and its nature towards the business policies may affect the long-term relationship between the supplier and the manufacturer. More stable government should be preferred (Cox, 1999). Cost criterion, technical capability, quality assessment, organizational profile, service levels and risk factors, in that order of relative importance, are key factors affecting supplier selection in procurement management. Cost criterion is the most important factor that firms consider before engaging suppliers. Cost directly affects the profit margins which is a key objective not only in materials management, but also in business organizations.

Supplier Development

A number of studies have described strategies that buying firms should adopt in order to improve the rate of supplier performance (Carr et al., 2008). Previous researches addressed that organizations increasingly involved in supplier development programs to improve their supplier performance and build competitive advantage (Modi and Mabert, 2007; Alaez-Aller and Longas-Garcia, 2010). Supplier development was defined as any effort of a buying firm on a supplier to increase the performance and capabilities of the supplier to meet the buying firm's short and /or

long-term supply needs. According to Krause, et al. (2000), the supplier development strategies were categorized into two groups as follows;

Externalized supplier development strategies represent externalized activities or indirect supplier development (Modi and Mabert, 2007) that buying firms employ external market to encourage supplier performance improvements. These strategies encompass with competitive pressure, supplier appraisal and supplier incentives. The strategy to create competition among suppliers in terms of quality, delivery or some area of supplier performance required by buying firms (Modi and Mabert, 2007). The strategy to effectively evaluate and give feedback on supplier improvements, and ensures the perception of suppliers on their current performance compared with the buying firm's expectations and its competitors as well as motivate suppliers to improve their performance (Prahinski and Benton, 2004).

Internalized supplier development strategy is the direct involvement strategy, represents a direct investment of the buying firm's resources in the supplier or direct supplier development. Direct involvement is the strategy to engage buying firms into the supplier development activities such as providing training and education for the supplier's personnel, allocating the buying firm's personnel to the supplier site, having representatives of suppliers in our product design teams including investing in capital and equipment in relation to supplier operations. However, according to the previous works, the competitive pressure was not found to be a major factor for improving supplier performance (Krause et al., 2000; Modi and Mabert, 2007).

Supplier Commitment

Various literatures studied and explored the commitment in relationship marketing and supply chain management. Commitment is defined as a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship. Business partner plays an important role to maintain the ongoing relationship for long-term success. The supplier considers the relationship as a long-term partnership with loyal business partner (Prahinski & Fan, 2007). Therefore, it is considered to be very important for the supplier to continue business operations with the commitment of meeting or even exceeding the buying firm's needs (Prahinski and Benton, 2004).

Based on several literatures, each commitment type is mainly measured in terms of emotional and continuous relationship, for example, the study of Wu et al., (2004) measured the commitment between partners based on affective commitment, continuance commitment and normative commitment. However, there have been few investigations on buyer-supplier commitment based on two dimensions; buyer-supplier relationship and transaction-specific investment. According to Ellram (1991), a partnership was defined as a mutual, ongoing relationship involving commitment over an extended period of time, and a sharing of information and rewards of the relationship. This means exchange partners need to share mutual benefits in business development for a long-term partnership. The buying firm and its partner are committed to work together to improve the quality, reduce the cost, and improve the reliability of the products they supplied (Burnes and New, 1996).

Therefore, business partners are committed to make continuous improvement in all related activities. However, the commitment was also based on the development of transaction-specific investment. Specific investments by buyers encourage suppliers to have commitment in business relationship Ghijsen et al., (2010). The buying firm needs to play a significant role and engages human or capital resources to maintain the relationship such as make a direct investment in their suppliers to customized equipment and tools, provide personnel to the supplier's facilities, or specialized training programs (Li et al., 2007 and Lai et al., 2005).

Therefore, buyer-supplier partnership and transaction-specific investment are the key elements for commitment between buying firms and suppliers. They identified four types of partnership, i.e. traditional partnership (a low level of interaction between firms), operational partnership (effective operational planning, information sharing, and specific techniques for operation performance), project-based partnership (intensive information exchange and cooperation in designing and developing products or processes), and evolved partnerships (a high level of cooperation and interaction activities).

Crotts et al., (1998) defined three types of buyer-supplier partnership as follows; adversarial (price based competition), inter-locked (exclusive members of particular groups), and cooperative (cooperative relationship with a long-term business partners). With reference to the previous studies, the relationship between firms has shifted the focus away from traditional toward collaborative relationship (Daugherty, 2011). Building a long-term relationship was critical for mutual business success (Cooray and Ratnatunga, 2001). Long-term relationship between business partners is related to the willingness of both parties to sacrifice their resource and time in supplier development (Krause and Ellram, 1997a).

Haugland (1999), suggested that relation investment which referred to the emotional attachment of buyer-supplier relationship was essential for building a long lasting relationship. This means that the buying firm desires to develop the key supplier who is willing to continue in long-term business partnership. Cannon and Perreault (1999), defined information exchange as expectations on information sharing that may be useful for both parties, including relevant cost information and supply forecasts. The information exchange acts as a relationship connector in a particular buyer-supplier relationship.

Both buyer and supplier were perceived favorably in joint planning, sharing of demand forecasting and exchange of technical information. Intensive information exchanges such as sharing of internal information of cost and quality levels build a good cooperation between buyer and supplier (Sanchez-Rodriguez et al., 2005). Moreover, Campbell (1997) suggested that if buying firm desires to get the benefit of closer relationship with particular supplier, joint problem-solving was the key success factor of buyer-supplier relationship outcomes. Similarly, Claycomb and Frankwick (2010) suggested that joint problem-solving was important to suppliers in expansion phase of buyer-supplier relationship development.

Procuring Entity- Supplier Partnerships

In the intense business competitive environment, companies are relying more on their supply chain as a source of competitive advantage. Purchasing and supply management has achieved a

higher level of importance. There is a greater dependence on suppliers (Kannan and Tan, 2002). Suppliers have played strategic roles in organizations, and have significantly engaged in creating a competitive advantage and their actions have a positive role on the organization's performance (Jabbour and Jabbour, 2009). Many companies faced the problems of supplier's inability to improve themselves (Krause et al., 2000).

A number of studies suggested strategies to improve supplier performance. Raising the rate of supplier performance expectations, worldwide sourcing strategy, early supplier design involvement, supplier performance improvement rewards and direct supplier development are suggested to improve supplier performance. Krause and Ellram (1997b), defined supplier development as any effort of a buying firm with its supplier to increase the performance and/or capabilities of the supplier and meet the buying firm's supply needs. Supplier development strategies included creating competitive environments among suppliers, supplier assessment, feedback communication, and supplier certification programs, promised current and future benefits, site visit and training program, (Krause, 1997).

The buying firm involved in supplier development programs in order to help the firm meet company's objectives (Krause and Ellram, 1997a). Several studies supported the positive effect of supplier development strategies on buyer and supplier performance improvements (Humphreys et al., (2004); Wagner 2006a and Modi and Mabert, 2007). Additionally, commitment is an important factor between members in the supply chain (Kwon and Suh, 2004 and Xiao et al., 2010).

Relationship commitment played the significant role in positively impacting co-operative performance in the supply chain (Xiao et al., 2010). Many researches in marketing and supply chain measured the commitment in terms of continuance commitment, affective commitment, normative commitment and behavioral commitment (Wu et al., (2004) and Chung and Rowlinson, 2011). Based on the previous work, it was found that buyer-supplier relationship and transaction-specific investment are key elements of buyer-supplier commitment. However, there is little research which has tested the effect of supplier development on supplier performance via the role of buyer-supplier commitment. Therefore, the objective of this study is to examine the role of buyer-supplier commitment by based on buyer-supplier relationship and transaction-specific investment (Salam, 2011).

Firms engaged in long-term relationship with their customers achieve higher profitability and ROI than firms using a transactional approach. Maloni and Benton (2000) found that strong buyer-supplier partnership have a significant positive effect on manufacturer performance, supplier performance and performance of the entire supply chain. The study of buyer-supplier partnership and their role on supply chain management is pertinent for two reasons. Firstly, the prevailing culture in Taiwan's distribution system emphasizes personal relationship between the manufacturers, wholesalers and retailers. Secondly, the Western literature of relational marketing or channel partnership may not fully explain the true essence of cross-cultural contextual factors (Movado and Rodrigo, 2001).

Thus, the cultural perspective in retailer-supplier partnership should be considered in deriving theoretical constructs. On the other hand, both academics and practitioners have recognized that purchasing is the key to a firm's competitive advantage, and that increased profitability, market share and technological innovation can be achieved through an appropriate purchasing strategy. A company's purchasing practices can role the effectiveness of its SCM strategy and its financial and market performance (Tan et al., 1998). In current purchasing practice, orders from retailers are placed with the international suppliers many months ahead of the season, so the risk of both obsolescence and stock-outs is high. The lengthy pipeline increases inventory carrying cost and inefficiency in the supply chain. Besides, when it comes to the selling season, market demand may change and sales can be affected for various reasons such as economy, climate, consumer preference, sports events, unmatched supplies (Fisher et al., 1994).

Critique of the Existing Literature

The existing literature reviewed in the proposed study concentrated mostly on the criteria that has been used in arriving at the successful suppliers by procuring entities. The past studies are however silent on the role and extent with which the various criteria used have contributed to the organizations performance, especially on management of public procurement. The available literature has also focused on the variables such as criteria for supplier appraisal, supplier development, supplier commitment and procuring entity-supplier partnerships. However, such variables which are also the subject of the proposed study have not been attached to identifiable measurable terms on the magnitude with which they affect public procurement management as well purchasing roles of an organization. Notably the studies also examined supplier appraisal functions in general terms and are therefore not confined to water service boards of which the study seeks to make an insight.

Summary

The literature reviewed for the proposed study has outlined the procurement cycle as the theoretical framework and foundation within which management of public procurement is anchored. The past studies referred to have also given the broad to specific explanations on the importance of supplier appraisal models that have been used by organizations in the past. Finally, the variables that support the specific objectives of the proposed study namely; the criteria of supplier appraisal, supplier development, supplier commitment and procuring entity- supplier partnerships are covered.

Methodology

Research Design

According to Devos (1998), a research design is a blue print or a detailed plan for how a research is conducted. Polit and Beck (2004) and Wood and Haber (1998) indicated that selecting a good research design should be guided by an overarching consideration. The proposed study intends to use case study as a research design to examine role of supplier appraisal on management of public procurement at Rift Valley Water Services Board in Nakuru. Case study research excels at bringing us to an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research.

Target Population

The study's target population was the totality of procurement staff, user departments, pre-qualified suppliers and the senior procurement management staff at Rift Valley Water Services Board.

Sampling Frame and Technique

The study sampling frame was drawn from the employees' payrolls and the supplier databases. From the payroll, only staff working in procurement dockets and staff from user department directly responsible for coordinating with procurement department were selected. On the other hand, all prequalified suppliers were included in the sampling frame.

The study used Yamane (1967) as the simplified formula to calculate sample size from which the questionnaires were administered. The formula has 95% confidence level and $P = 0.05$.

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size, N is the population size, and e is the level of error (significant level), (0.05). The target population of the proposed study was 100 persons. The sample studied from the above population when Yamane (1967) formula was used was 80 respondents. The senior procurement staff, procurement staff and user departments and prequalified suppliers within each section was treated as strata. Finally, stratified random sampling was used to pick actual respondents from each stratum proportionately after which data was collected by a way of questionnaires.

Data Collection Procedures

Permission was obtained from Jomo Kenyatta University of Agriculture and Technology (JKUAT). An introductory letter was written to Rift Valley Water Services Board as a requirement to conduct the proposed study. The researcher then used drop and pick method so that the personal touch, essential for maximum response rate was enhanced.

Data Processing and Analysis

The collected data was thoroughly examined and checked for completeness and comprehensibility. The data was then coded, summarized and tabulated. Descriptive statistics were used to analyse data. Measures of central tendency mean and mode were used to establish any similarities in the data. Findings were summarized using frequencies and percentages.

Research Findings

Personal Information about Respondents

The personal information sought for in the study were: gender, designation, duration of service to the Rift Valley Water Services Board and respondents education level. Findings on the gender of respondents show that males who took part in the research were slightly higher (50.7%) than women 49.3%. The difference was very small which means that there was generally gender equality in employment and contracting at Rift Valley Water Services Board.

Positions held were categorized into four, either a procurement staff, staff in user departments, prequalified supplier, or a senior procurement staff. The findings indicate that majority of the respondents, 53.4%, were from the user departments who dealt with procurement issues, 23.3% were prequalified suppliers who had interacted with the procurement systems of Rift Valley Water Services Board, 17% were procurement staff while 5.5% were senior procurement staff.

Most of the respondents, that is 39.7%, were holders of first degree, diploma 32.9%, a few 12.3% held college certificates, while 15.1% held masters degrees. The respondents were also asked to indicate if they were aware of the functions of supplier appraisal. The findings revealed that majority (87.7%) of the respondents were aware of the role and functions of supplier appraisal but only a few (12.3%) were not; implying that there is a wide understanding on the roles and functions of supplier appraisal at Rift Valley Water Services Board.

Criteria Used on Supplier Appraisal Processes

On whether staff and suppliers considered supplier appraisal an important exercise at Rift Valley Water Services Board, findings indicated that most of the staff and prequalified suppliers, 74.0%, considered supplier appraisal exercise as important to the organization while 26.0% did not. Of all the respondents who cited supplier appraisal as important, 59.3% indicated that it was very important while 40.7% cited that it was important. This means indeed supplier appraisal played a key role in the organization Rift Valley Water Services Board. The criterion used in supplier appraisal was based on the items that were incorporated in supplier appraisal checklist which were important in prequalifying suppliers.

All the respondents that is 100% indicated that financial assessment and technical capability assessments were done. Quality assessments and cost of product/services were considered according to 84.9% of the respondents, while production capacity assessment was considered as per 80.8% of the respondents. The other factors were less considered perhaps in specific jobs. These include human resource assessment indicated by 63.0%, organizational structure assessment 61.6%, organizational past performance 54.8%, opinion of other customers 49.3% while the least considered was ethical standards by 43.8%. These formed the weights on aspects considered in supplier appraisal. The findings on whether the supplier appraisal criteria used supported effective management of public procurement indicated that most of the staff and prequalified suppliers (71.2%) of Rift Valley Water Services Board indicated that the criteria used in supplier appraisal contributed a lot in enhancing effectiveness in public procurement.

Those respondents who indicated that the supplier appraisal criteria contributed in the effectiveness of the procurement in the organization were also asked to rate the extent to which this contributed effectiveness in procurement. Most of the respondents (42.3%) indicated that the supplier appraisal criteria made the procurement process effective, while 19.2% indicated that appraisal criteria improved efficiency to very effective. However, 30.8% were of a contrary opinion that the criteria made the public procurement to be ineffective and 7.7% indicated that it was very ineffective.

The findings on whether the staff and suppliers of Rift Valley Water Services Board had training on the role of supplier appraisal in the management of public procurement indicate that a big proportion of staff and suppliers (56.2%) had not attended any training on the role of supplier appraisal on the effectiveness of public procurement. This could be the reason as to why some indicated that some were of the opinion that supplier appraisal does not affect efficiency in procurement.

With regard to the hypothesis, the first hypothesis of the study was:

H_{01} : There is no relationship between the criteria used in supplier appraisal and efficiency of management of public procurement at Rift Valley water services board ($H_{01} : \rho = 0$)

H_{11} : There is a relationship between the criteria used in supplier appraisal and efficiency of management of public procurement at Rift Valley water services board ($H_{11} : \rho \neq 0$)

This hypothesis was tested by determining the relationship between supplier appraisal and public procurement management using Pearson correlation coefficient. The correlation test statistics are shown on table 1.

Table 1: Pearson Correlation between Supplier Appraisal Criteria and Management of Public Procurement

Correlations

		Effectiveness of supplier appraisal criteria	General rating on procurement performance
Effectiveness of supplier appraisal criteria	Pearson Correlation	1	.469*
	Sig. (2-tailed)		.047
	N	73	73
General rating on procurement performance	Pearson Correlation	.469*	1
	Sig. (2-tailed)	.047	
	N	73	73

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

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

Results of pearson correlation revealed that there was a significant relationship between supplier appraisal criteria and procurement performance ($\rho \neq 0$), significant at 0.05. The study therefore accepts the H_{11} and rejects H_{01} .

Supplier Development

Findings on whether staff and suppliers were aware of the supplier development programs in place indicated that over half of the respondents 65.8% were aware of the of the supplier development programs in place at Rift Valley Water Services Board. Findings on the staff opinion on whether supplier development improves procurement management indicated that more than half of the staff and suppliers 64.4% of Rift Valley Water Services Board were of the opinion that supplier development improves procurement management in their organization

The staff and suppliers who indicated that supplier development improved procurement management were asked to rate the existing supplier development programmes on the same. Supplier development programmes at Rift Valley Water Services Board were rated at average by 44.7% of the staff and suppliers, 27.7% good, 19.1% indicated that it was excellent and 8.5% poor

Findings on the extent to which supplier development supports management of public procurement at Rift Valley Water Services Board imply that supplier development affected public procurement to a very large extent (35.6%), large extent 23.3% and moderate extent 26.0%. This implies that the respondents had confidence that supplier development significantly supports management of public procurement. Supplier development was found to affect management of public procurement in different ways by staff and suppliers of Rift Valley Water Services Board. The findings indicated that supplier development highly contributed to enhancing long term partnership with suppliers since majority (54.8%) strongly agreed and 32.9% agreed to it. Secondly, on the aspect supplier development enhances the adoption of vendor inventory management system in the organization, 38.4% strongly agreed, 28.8% agreed. The third way in which supplier development affected management of public procurement was in the improvement of quality of goods and services procured where 30.1% agreed and 21.9% strongly agreed.

The second hypothesis of the study was:

H_{02} : There is no relationship between supplier development and management of public procurement at Rift Valley Water Services Board ($H_{01} : \rho = 0$)

H_{12} : There is a relationship between supplier development and management of public procurement at Rift Valley water services board ($H_{11} : \rho \neq 0$)

To test this hypothesis pearson correlation coefficient was determined between supplier development and management of public procurement. The correlation test results are shown on table 2.

Table 2: Pearson Correlation between Supplier Development and Management of Public Procurement

		Correlations	
		Rating current supplier development	General rating on procurement performance
rating current supplier development	Pearson Correlation	1	.347*
	Sig. (2-tailed)		.039
	N	73	73
General rating on procurement performance	Pearson Correlation	.347*	1
	Sig. (2-tailed)	.039	
	N	73	73

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

The Pearson Correlation results above show that there was a significant relationship between supplier development practice and procurement performance at RVWSB significant at 0.05, which implies that $\rho \neq 0$, the study therefore accepts the H_{12} and rejects H_{02} .

Supplier Appraisal and Supplier Commitment

The study sought opinions from prequalified suppliers and staff on whether supplier appraisal played a role in enhancing commitment of suppliers. The findings indicated that over three quarters of the respondents (78.1%) indicated that supplier appraisal played a role in enhancing supplier commitment at Rift Valley Water Services Board.

Those respondents, who indicated that supplier appraisal played a role in enhancing the level of supplier commitment, were asked to indicate how supplier appraisal affected commitment which is a key component of procurement management.

The study found out the supplier appraisal significantly increased supplier commitment according to 50.9% and 22.8% who indicated that appraisal increased the level of commitment. A few (14%) indicated that supplier appraisals had no effect on supplier commitment. The respondents were asked to indicate whether supplier appraisal affected quality of goods procured and the findings indicated that two thirds of the respondents 75.3% indicated that supplier appraisal affected the quality of goods procured while 24.7% were of the opinion that it didn't.

The net effects and the extent to which supplier appraisal affected the quality of goods supplied indicated that majority of the respondents that is 50.7% indicated that as a result of supplier appraisal, commitment improved which led to significant improvement in the quality of goods procured, 28.8% indicated that quality somehow improved. The main ways in which supplier

appraisal affected commitment in procurement management included the following: supplier commitment made negotiations with suppliers easier as indicated by 42.5% of the respondents who strongly agreed, and 30.1% agreed. On average, this was rated at 4.15 out of a possible maximum rating of 5.0. Secondly, supplier commitment improved on the quality of goods and services procured since 28.8% strongly agreed and 12.3% agreed. Finally, on whether the cost of goods procured is enhanced when supplier commitment is enhanced, majority (57.5%) of the respondents agreed while 12.3% strongly agreed.

The third hypothesis of the study was:

H₀₃: Supplier commitment does not affect the management of public procurement at Rift Valley water services board (H₀₁ : ρ = 0)

H₁₃: Supplier commitment affects the management of public procurement at Rift Valley water services board (H₁₁ : ρ ≠ 0)

This was tested by determining the person product moment correlation between supplier commitment and public procurement management at RVWSB. The correlation statistics are shown on table 3.

Table 3: Pearson Correlation between Supplier Commitment and Management of Public Procurement

Correlations			
		Supplier commitment at RVWSB	General rating on procurement performance
Supplier commitment at RVWSB	Pearson Correlation	1	.145*
	Sig. (2-tailed)		.021
	N	73	73
General rating on procurement performance	Pearson Correlation	.145*	1
	Sig. (2-tailed)	.021	
	N	73	73

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

The correlation test showed that there was a significant relationship between supplier commitment and procurement performance at RVWSB tested at a significance level of 0.05, which implies that $\rho \neq 0$, the study therefore accepts the H₁₃ and rejects H₀₃.

Procuring Entity – Supplier Partnership

Respondents were asked for their opinion on whether entity-supplier relationship affects procurement management. 58.9% of the respondents were of the opinion that procuring entity-supplier relationship affects the management of public procurement. The existing entity supplier partnership was established and most of the respondents 27.9% rated the existing entity-supplier relationship at Rift Valley Water Services Board as good, 18.6% rated it excellent while 20.9% rated the relationship as average. This implies that the existing partnership were above average.

In examining the existing policies on their support to entity-supplier partnership, first the study sought to establish whether the existing policies supported the partnership and then the effectiveness of the existing partnership in enhancing public procurement management. The findings revealed that majority of the respondents, totalling 72.6% were of the opinion that Rift Valley Water Services Board procurement policies supported the establishment of procuring entity-supplier relationship while procuring goods, services and works. While 27.4% of the respondents were of the opinion that the policies do not support establishment of relationship while procuring goods, services and works.

This was meant to determine the extent to which the procuring entity-supplier relationship facilitated in management of public procurement and findings indicated that of all the respondents who indicated that Rift Valley Water Services Board procurement policies supported procuring entity-supplier relationship, 49.1% of showed that the partnership was an effective way of enhancing procurement management, 13.2% cited moderate effect while 9.4% cited that the partnership was very effective in enhancing procurement management.

The findings on whether the strategic plans at Rift Valley Water Services Board take into account the entity-supplier partnership and show that over three quarters of the staff and suppliers representing 76.7% indicated that the strategic plans at Rift Valley Water Services Board supported the adoption of procuring entity-supplier relationship.

Findings on the extent to which organizational policies support entity – supplier partnerships revealed that out of the respondents who indicated that the organization strategies support procuring entity-supplier partnership, 44.6% indicated that the partnership policies have been adopted to a large extent while 17.9% indicate the policies have been adopted to a very great extent. The other ways on how procuring entity-supplier relationship affects procurement management indicate that procuring entity-supplier relationship was found to highly contribute in enabling the sharing of resources 43.8% of respondents strongly agreed and 38.4% agreed. Secondly procuring entity-supplier relationship minimizes costs for technical projects as identified by 41.1% of respondents who strongly agreed, and 42.5% who agreed. Finally, procuring entity-supplier relationship was found to enhance supplier negotiation as identified by 43.8% of suppliers and staff of Rift Valley Water Services Board who strongly agreed, while 24.7% who agreed. Overall, the general procurement performance at RVWSB was rated by majority of the procurement staff and suppliers at 34.2% as average, 28.8% rated it good, only 4.1% rated performance poor, meaning that the performance was somehow satisfactory.

The fourth hypothesis was:

H₀₄: Procuring entity-supplier partnership does not affect the management of public procurement at Rift Valley water services board (H₀₁ : $\rho = 0$)

H₁₄: Procuring entity-supplier partnership affects the management of public procurement at Rift Valley water services board (H₁₁ : $\rho \neq 0$)

To test for this hypothesis, person product moment correlation coefficient was determined between strength of supplier entity-supplier partnership and management of public procurement. Correlation statistics are shown on table 4.

Table 4: Pearson Correlation Procuring Entity-Supplier Partnership and Management of Public Procurement

		Correlations	
		Effectiveness of Procuring entity - supplier partnership	General rating on procurement performance
Effectiveness of entity - supplier partnership	Pearson Correlation	1	.460*
	Sig. (2-tailed)		.043
	N	73	73
General rating on procurement performance	Pearson Correlation	.460*	1
	Sig. (2-tailed)	.043	
	N	73	73

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

Pearson correlation test between entity-supplier partnership and management of public procurement at RVWSB showed that there was a significant relationship between the two variables tested at a significance level of 0.05. This implies that $\rho \neq 0$, The study therefore accepts the H₁₄ and rejects H₀₄.

Summary of Findings

The study findings were organized in order of the study objectives. The study objectives were: to identify the criteria used in appraising suppliers on management of public procurement, to determine the role of supplier development in management of public procurement, to establish the effect of supplier commitment in management of public procurement and to assess the contribution of Procuring entity-Suppliers partnership in management of public procurement. Summary of findings on each objectives are presented below:

Criteria Used in Appraising Suppliers in Rift Valley Water Services Board

It was established that on the knowledge on supplier appraisal, majority, of the respondents (87.7%) were aware of the role and functions of supplier appraisal, only a few 12.3% were not. In addition, most of the staff and prequalified suppliers (74.0%) considered supplier appraisal exercise as important to the organization while 26.0% did not. The criteria of assessment was based on several factors with different intensity in application based on the goods and services procured. In order of importance, all the respondents (100%) considered financial assessment and technical capability assessments. Quality assessments and cost of product/services were considered according to 84.5% of the respondents, while production capacity assessment was considered according to 80.8% of the respondents. The other factors were less considered perhaps in specific jobs. These included human resource assessment indicated by 63.0%, organizational structure assessment 61.6%, organizational past performance 54.8%, opinion of other customers 49.3% while the least considered was ethical standards by 43.8%. These formed the weights on aspects considered in supplier appraisal. When rating the criteria used in prequalification, most of the staff and prequalified suppliers (71.2%) of Rift Valley Water Services Board indicated that the criteria used in supplier appraisal contributed a lot in enhancing effectiveness in public procurement.

Role of Supplier Development in Management of Public Procurement

Findings on the practice of supplier development as a strategy for enhancing public procurement management and performance at Rift Valley Water Services Board revealed that: Over half of the respondents, that is 65.8%, were aware of the supplier development programs in place at Rift Valley Water Services Board. More than half of the staff and suppliers 64.4% of Rift Valley Water Services Board were of the opinion that supplier development practices improved management of public procurement in the organization. Supplier development affected supplier development to a very large extent by 35.6%, large extent 23.3% and moderate extent 26.0%. Supplier development was found to play significant roles in the management of public procurement in different ways: First, supplier development highly contributed to enhancing long term partnership with suppliers since majority, 54.8%, strongly agreed and 32.9% agreed to it. Secondly, on supplier development enhances the adoption of vendor inventory management system in the organization, 38.4% strongly agreed, 28.8% agreed. The third way in which supplier development affected management of public procurement was in the improvement of quality of goods and services procured where 30.1% agreed and 21.9% strongly agreed. These enhanced management of public procurement.

Effect of Supplier Commitment in Management of Public Procurement

Supplier commitment was implemented at Rift Valley Water Services Board and over three quarters of the staff and prequalified suppliers indicated that supplier appraisal played a role in enhancing supplier commitment at Rift Valley Water Services Board. The study also found that supplier appraisal significantly increased supplier commitment according to 50.9% and 22.8% who indicated that supplier appraisal increased the level of commitment. Supplier commitment

affected the quality of goods procured as identified by two thirds of the respondents (75.3%). As a result of supplier appraisal, commitment led to significant improvement in the quality of goods procured. Supplier commitment made negotiations with suppliers easier. Secondly, supplier commitment improved on the quality of goods and services procured and in turn enhanced cost reduction.

Contribution of Procuring Entity-Suppliers Partnership in Management of Public Procurement

The strength of existing procuring entity-supplier partnership at Rift Valley Water Services Board were above average since 27.9% rated it good, 18.6% rated it excellent while 20.9% rated the relationship as average. Rift Valley Water Services Board procurement policies supported the establishment of procuring entity-supplier partnership in undertaking some projects according to 72.6%. Procuring entity-supplier partnership was identified as an effective way of enhancing procurement management.

Over three quarters of the staff and suppliers indicated that the strategic plans at Rift Valley Water Services Board supported the adoption of procuring entity-supplier Partnership. Partnership policies have also been adopted to a large extent at Rift Valley Water Services Board. Procuring entity-supplier partnership was found to highly contribute in enabling the sharing of resources, followed by cost minimization in procuring of goods, services, works and finally, procuring entity-supplier partnership was found to enhance supplier negotiation.

Conclusions

Therefore it can be concluded that: Supplier appraisal is a practice highly adopted in the procurement of goods and services at Rift Valley Water Services Board. The criterion used in supplier appraisal varies depending on the nature of goods and services being procured. However, financial and technical capability assessments were given highest priority in all procurement exercises, followed by quality assessments and cost of product/services. Other factors less considered included human resource assessment, organizational structure assessment, organizational past performance, opinion of other staff and prequalified suppliers while the least considered was ethical standards.

Supplier development was also adopted as a best practice strategy in management of public procurement at Rift Valley Water Services Board. The staff and suppliers had confidence in the supplier development as a practice that significantly affects management of public procurement. Supplier development highly contributed to enhancing long term partnership with suppliers, facilitated adoption of vendor inventory management system, improvement of quality of goods and services procured hence enhanced management of public procurement. On the role of supplier commitment, the study concludes that supplier appraisal significantly increased supplier commitment in turn, supplier commitment improved the quality of goods and services procured, eased negotiations with suppliers and significantly reduced the cost of goods procured in an organization.

Finally, on how entity-supplier partnership contributes to procurement management, the study concludes that the existing entity-supplier partnerships were strong, well integrated in the organizational policies and operation strategies. The partnerships enhanced sharing of resources, cost minimization for technical projects and enhanced supplier negotiations which improve procurement performance in Rift Valley Water Services Board.

Recommendations

Therefore the study recommends the following actions: Rift Valley Water Services Board should consider documenting their experiences in implementing supplier appraisal as a best practice for other organizations to adopt.

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