

**SELECTED FACTORS OF SUPPLIER PREQUALIFICATION ON
ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF
DANISH REFUGEE COUNCIL**

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DECLARATION

I declare that this Research project is my own work and it has not been submitted for any degree or examination in any other university.

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This research project is dedicated to my spouse and sons. Thank you for your love and for always believing in me.

ACKNOWLEDGEMENT

Predominately, I thank the Lord Almighty, for bringing me this far. My supervisor, Mr. Tom Kongere and my moderator Mr. Michael Chirchir for their, support and guidance. Your invaluable insight throughout this journey was appreciated.

Finally I would like to appreciate the respondents at Danish Refugee Council, for the assistance they accorded me when I was writing this project.

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ACRONYMS AND ABBREVIATIONS

AHP	Analytical Hierarchy process
DEA	Data Envelopment Analysis
DRC	Danish Refugee Council
MAUT	Multi Attribute Utility Theory
NGO	Non –Governmental Organizations
TCO	Total cost ownership model
UNHCR	United Nations High Commission
Volrep	Voluntary repatriation of Refugees

ABSTRACT

Suppliers play a key role in enhancing performance of the organization and maintaining a competitive advantage. However, many firms have succeeded by ensuring they select suppliers that add value to the organization while others have failed by having suppliers that don't add up to the organization's growth and development. This study was set out to examine selected factors of supplier prequalification on organization performance: a case study of Danish Refugee Council. The specific objectives of the study were; To examine the effect of supplier capacity on supplier prequalification and organizational performance. To examine the effect of supplier pricing on supplier prequalification and organizational performance. To examine the effect of professional ethics on supplier prequalification and organizational performance. To examine the effect of supplier financial status on supplier prequalification and organizational performance. The study was anchored on data envelopment analysis (DEA), the Analytic Hierarchy Processes (AHP) and Total Cost of Ownership Models as theoretical backing with discussed relevance to the study. The study employed descriptive research design targeting 40 employees working for the Danish Refugee Council in Kenya. The study adopted the questionnaire as the research instrument to collect primary data from the field. Data collected was coded and analyzed quantitatively. This study observed that the selected factors of supplier prequalification mainly supplier capacity, supplier pricing, professional ethics and financial status had an influence on the prequalification processes. Out of these findings, the study recommended stiff concern be taken when selecting supplier in particular their past history, financial base and supply capacity from past assignments to determine their abilities to deliver upon prequalified for supply. The study suggested further studies on other factors affecting supplier selection since this study only focused on a few selected factors and their impact on organization performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Every organization small or large, non –profit or profit making seeks to excel and survive in whatever sector it operates in, Paul and Donnelly (2009). Organizations must aim at attaining competitive advantage over competitors in the market. Lyason and Farrington (2006) viewed competitive advantage as a special edge that enables an organization to deal with environmental forces and market dynamics better than its competitors. Suppliers contribute to enabling an organization attain and maintain a competitive advantage therefore improving and maintaining organization performance such as efficient and timely delivery (Hugh 2006). Most organizations are working towards developing strategic long term partnerships with selected competent suppliers and partner with them in supply chain processes, Chan (2003).

Generally, vendors are selected from pool suppliers in the market on the ability to meet quality requirement, the price offered and delivery schedule. The most important purchasing focus is to make wise purchasing decisions. Solomon, Marshall and Stuart (2000) state that one of the most important decision a buyer makes is getting the right suppliers to serve the firm's needs they further state that suppliers can either break or make a company.

Selection of competent suppliers is a key strategy for ensuring there is quality output, and has direct influence on the company's reputation (Brown 2001). Gadde and Hakansson

(2001) state that, the profit generated by an organization is directly proportional to the effectiveness of the suppliers of a company. During the selection of suppliers, the number of criterion involvements complicates the process in order to make a decision. Therefore, in most occasions when selecting suppliers, different criteria is adopted. The quality and on-time delivery by a firm are critical attributes for purchasing performance evaluation as posited by Stanley and Wisner (2001) who surveyed different industries. Quality , communication , joint development, optimum cost, forward engineering, trust, culture, supply chain management are crucial in decision-making during a supplier selection process (Wang and Che, 2007). They posited further that production price, history of a supplier, capacity to supply and transportation costs have a role in the supplier selection process.

1.1.1 Selected Factors Influencing Supplier Prequalification

Supplier technical capacity is important for quality production, industrial improvement and promotion of successful development (Stanley Kavale, 2012). For instance to access proprietary technology, it is vital for a firm to have it as a strategy to develop new products or technologies. For a company to shift in their global market place, these technical criteria is needed for employment. Compliance with Quality , quantity , due date, packaging standards , planning and production systems, maintenance activities of suppliers, materials and plant layout are critical dimensions that aid measurement of supplier prequalification (Wang and Che, 2007). During the prequalification process, it is important to assess the supplier's ability to improve on capacity and production facilities involved in order to gauge the best option. Harps (2000) argues that the capability of a supplier to produce

should be assessed in order to determine capability of meeting market demand and specified production plan.

Taxes, production cost and purchase price sum as the most common cost Stanley and Gregory (2001). During the supplier selection processes, consideration of operational costs is important. This operational cost is a constituent of cost of rejects, transaction processing pegged on an estimated cost. From this argument, costing is an important determinant for selecting the right suppliers. The cost dimensions in selection of suppliers is measured based on the individual element costs involved. Proper cost minimization will lead to higher profit maximization levels.

Ethics is defined as the moral principles that guide employees in each and every aspects of their work (Queensland Purchasing, Department of Public Works Crime and Misconduct Commission, 2006). Ethical behavior involves; fairness, avoiding conflicts of interest ,honesty, integrity, impartiality, diligence, abuse of an individual's position or office trust and respect. Supply chain (SC) ethics, like professional ethics in any function, are created to oversee the conduct of SC practitioners. According to Abela and Murphy (2008) ethics is a major element in the supply chain process which helps to overcome the tendency to compartmentalize ethics issues. Adherence to ethics can improve the level of accountability in ethical decision making as supply chain has the potential to compartmentalize various activities due to a huge network of relationships.

The financial structure embodiment and annual turnover of a supplier are important factors for use in determining the financial status of a supplier. Economic performance namely the foreign exchange, gross domestic product, availability of resources or production materials, pricing and inflation rates, and human capital may affect supplier's performance. Hidden costs can result from harsh economic situations therefore influencing the process of selecting suppliers. Awino (2002) was of the opinion that a competent supplier ought to have a strong financial base and is capable of sustaining delivery of supplies and services even with delayed payments.

1.1.2 Supplier Prequalification

Supplier prequalification is the process of selecting preferred suppliers for an organization, Lyson and Farrington (2006). They further state that preferred suppliers are providers of complementary goods and services of strategic importance who have been placed by purchasers on an approved list of suppliers after a process of supplier prequalification. According to Saunders (1997) a strategic approach to quality management is concerned with cultivating networks and identifying preferred suppliers. He further states that schemes for the initial assessment and ongoing monitoring of supplier capabilities and performance have an important part to play in the working relationship with suppliers.

Suppliers add value to the overall supply chain network. They supply the resources needed by the enterprise for production of merchandise. The criteria for supplier prequalification for various outlined categories should be determined by a selected team of representative from various units in the organization, Rajan (2006). Many business organizations opt for

a strategy of few selected suppliers, Chandra and Kumar (2000). This shows that a buyer wants engage in long term strategic relationships and collaboration with a few selected and dedicated suppliers. The focus in the supplier prequalification process is to create a data base of sufficient bidders and that each bidder who participates in a tender will have the demonstrated ability (expertise, capitalization and resources) to deliver the final contract effectively. Bauld (2016).

This prequalification process is instrumental to procurement of goods and services. Prequalification aids the omission of unqualified bidders and fasten the rate of evaluation owing to the limited quantity of bids expected for consideration. This implies that firms allowed to bid for a contract should be pre-qualified in the first point. Prequalification process is meant to display the firms that have the ability to bid for specific contracts.

1.1.3 Non -Governmental Organizations in Kenya

A Non-Governmental Organization is defined under Non-Governmental Organization Coordination Act (Cap 19) of 1990 section 2, as a “private voluntary grouping of individuals or associations non-profit making but which are organized at a national or international for the wellbeing of the public and for the elevation of social welfare development, charity or research in the areas inclusive but not restricted to health relief, agricultural, education, industry and supply of amenities and services” pg. 2. NGOs membership is grouped into international, regional or national. NGOs cut across a section of sectors including; small scale enterprises, gender, poverty alleviation, development, children’s rights, , agriculture,

water, education, environment, health, human rights peace, population, training, counseling, disability and many others (<http://www.ngobureau.or.ke> June 2017).

In Kenya, the NGO Co-ordination Board is involved with registration and oversight regulation of both national or domestic and international Non-Governmental Organizations. The Board is in place vide a Statute NGOs Co-ordination Act (Cap 19) of 1990. It is charged with the responsibility of de/registering, advising and coordinating. It also provides policy formulation and oversight about NGOs performance or activities in Kenya to ensure their activities are aligned to the national interests and priorities of Kenya.

On every annual cases, all registered NGOs by the board (also members of the board), are required to provide their work plans, budgets and pay annual fees at the beginning of each year. NGOs registered by the board are from different sectors and therefore each is involved in their scope or area of specialty implying that the Board has to supervise and monitor activities of each NGO. All NGOs aim at the betterment of Kenyans and those of international interests based on their jurisdiction as contained in the Constitution. It is estimated that the Board has membership of 8500 NGO members where some are network organizations and individual organizations. Networking aspect of the NGO is an important element in achieving intended objectives and those of the Board. The Board plays the function of registering and regulating NGO sector in Kenya. The NGOs Co-ordination started operating in 1992 under the Ministry of State in the Office of the President. Presently it's under the Ministry of Interior and Coordination of National Government. (<http://www.ngobureau.or.ke> June 2017).

1.1.4 Danish Refugee Council

In 1956, Danish Refugee Council (DRC) was founded as a humanitarian, non-governmental, not for profit organisation that has grown to operate in over 30 countries around the world. DRC's main scope is to help, protect and support livelihoods of refugees and displaced persons (<http://drc.ngo> June 2017). Since 2005, DRC has had operations in Kenya aimed at supporting refugees and communities that encounter disasters and other war related situations. DRC supports them in improving their self-reliance and expanding opportunities that lead to dignified life.

DRC's areas of operation in Kenya include Kakuma and Dadaab refugee camps notable for housing a high number of refugees from the neighbouring countries. Further, DRC has involvements within Mombasa and Nairobi areas where it provides support to urban-based refugees. United Nations High Commission for Refugees (UNHCR) has DRC as one of the main partners in Kakuma and Dadaab refugee camps. In these camps, DRC is actively involved in refugee protection; basic needs support, humanitarian transformation, vocational training and scholarly support, enterprise development and market value-chain development activities. Currently, DRC is part of the Voluntary Repatriation (VolRep) taskforce in Dadaab support institutions providing voluntary repatriation (VolRep) programme to refugees returning to Somalia through issuance of unconditional monetary grants (DRC, 2017).

In Nairobi, there are a host of 65,181 registered refugees while Mombasa is estimated to host approximately 50,000 refugees (DRC, 2017). These refugees are from Ethiopia,

Somalia, Congo, Eritrea, Rwanda, and South Sudan countries. DRC's main scope of support for the urban refugees is protecting them from violence, rights violation and gender based violence. Further, DRC provides economic and social empowerment programmes for the refugees aimed at improving their living standards, professional skills and self-reliance through lobbying and advocacy means, development of refugee policy and legal framework (DRC, 2017).

Women and children refugees fleeing war crisis in South Sudan since the political crisis in December 2013 are part of the majority refugees hosted in Kenya. Majority of these refugees are mainly hosted at the Kakuma refugee camp. Some of the refugee include unaccompanied children who flee war for own safety. The youth category in Kakuma refugee camp receive DRC support through vocational training and life skills development aimed at improving their overall livelihoods and stabilize in their new homes. In 2015, due to high number of women and girls, DRC commenced an empowerment programme for resilience and promoting positive adoptable strategies. DRC acquired UNHCR partner status therefore, helping in the protection needs in Kalobeyei Camp that's adjacent to the Kakuma Refugee Camp which, hosts South Sudanese refugees (<http://drc.dk> June 2017).

1.2 Research Problem

Non-governmental organizations have been affected by prolonged inefficiency, financial waste and lack of professional ethics Aseka (2010). Završnik (2008) studied how important the supplier prequalification process is to the management of purchasing. He established

that management of purchasing plays a key role on the competitiveness profitability and performance of organizations.

According to Agaba and Shipma (2006) and Sarkis (2009) in their study on selection of supplier selection and supplier sustainability it was revealed that , negative practices within the procurement area mainly aided by the poor calculation of costs by evaluating teams, shoddy goods and services, low quality of construction services and non-compliance with contractual agreements of completing assignment proved a challenge to most organizations.

Ntayi (2009) in his study of procurement structures policies and procedures observed that a lot of money is mismanaged and goes to waste because of inefficient purchasing guidelines and policies as well as poor service delivery due to breach of procurement rules. Kariuki (2013) in his study on procurement and transparency asserts that the obligation for invitation to tender requires procuring entities to uphold transparency of the procedure used in awarding contracts however supplier canvassing, favouritism and corruption is rampant in Kenya's public procurement

In their study on the factors affecting supplier selection in Kenya Mwikali and Kavale (2012) established that quality assessments, technical ability, supplier profile, associated cost, the profile of the organization, risk factors are among the main factors of supplier selection. Mokangi, Mairura and Ombui (2015) conducted a research on the effect of procurement practices and their effect on performance of commercially state owned

enterprises revealed that it affected the relationship between the supplier and buyer, administration of the procurement processes and organizational capacity and eventual procedure of selecting suppliers.

However, despite there being numerous studies done they have not exhaustively focused on the factors influencing supplier prequalification in NGOs in Kenya. Therefore, this study was undertaken to fill this gap by investigating selected factors of supplier prequalification and organization performance .A case study of Danish Refugee Council.

This study aimed to answering the following questions;

- i. What is the effect of supplier capacity on supplier prequalification and organizational performance?
- ii. What is the effect of supplier pricing on supplier prequalification and organizational performance?
- iii. What is the effect of professional ethics on supplier prequalification and organizational performance?
- iv. What is the effect of supplier of supplier financial status on supplier prequalification and organizational performance?

1.3 Research Objectives

The general objective of the study was to investigate selected factors of supplier prequalification on organizational performance. However, the specific objectives were:

- i. To examine the effect of supplier capacity on supplier prequalification and organizational performance.

- ii. To examine the effect of supplier pricing on supplier prequalification and organizational performance.
- iii. To examine the effect of professional ethics on supplier prequalification and organizational performance.
- iv. To examine the effect of supplier financial status on supplier prequalification and organizational performance.

1.4.1 Value of the Study

The management of non-governmental organizations will benefit from the information provided in the study, as it will form the basis for evaluating the current situation and developing the necessary strategies that will work to ensure efficient and effective supplier prequalification.

Policy makers in setting out standard operating procedures on prequalification of suppliers. Lastly, the research will be useful to scholars, as a source of knowledge and reference for other similar studies. This study will further help them to avoid unnecessary duplication, demonstrate familiarity and form a framework within which further research findings will be undertaken.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will examine from various scholars and authors' theoretical and empirical literature concerning suppliers and prequalification and the factors influencing supplier prequalification.

2.2 Theoretical Framework

The study was guided by the following theories: Data Envelopment analysis (DEA), Analytical Hierarchical process AHP) and Total Cost Ownership Model.

2.2.1 Data Envelopment Analysis (DEA)

Charnes, Cooper and Rhodes (1978) developed the Data Envelopment analysis (DEA). It is a model that measure performance. Under this method the efficiency of decision making units in the organization is determined. A DMU is a specific unit in an organisation which is flexible in regard to specific decisions it makes, however, it does not have total freedom in regard to these decisions Liu (2000).

Weber (1996) made use of the model to select suppliers by focusing on, percentage of late deliveries, rejects and unit price. Weber argued that the DEA was an objective method against with the normal subjective methods that are readily available for vendor selection. This DEA method was used in the measurement of performance and efficiency (Weber & Desai, 1996). On a multiple criterion, an algorithm was put to action to determine the

vendor efficiency points. For the identification of benchmark values on a multiple criteria, the parallel coordinates a graphical representation, which displays the efficiency of vendors as well as negotiating the inefficient vendors. Data Envelopment Analysis will be relevant to my study since it gives depth insight on how to carry out supplier prequalification through measuring the efficiencies of alternative suppliers and thus selecting the most efficient.

2.2.2 The Analytic Hierarchy Process (AHP) Theory

In 1980, Saaty developed the Analytical Hierarchy Process (AHP). In this process, useful for problem solving and making complex decisions, the AHP provides technical support as a tool to analyse problems critically likened to the family tree. Reducible complex decisions into smaller units of comparisons and rankings, critical synthesizing of results, this process is significant in producing the best decisions and provides a clear view of the decisions made.

Considered problems are structured on different levels whereby each unit level has a specific number of decision elements. Further, the upper level in the hierarchy constitutes of the overall goal while the lowest is a composition of alternatives Chin (1999).

Maggie and Tumamala (2001) used the model to examine the feasibility of the process of selecting a vendor in the telecommunication system. The formulation's most important use was to improve group decision making in the vendor selection that meets the utility of the customers' specifications. In their findings, they alluded to decision-making processes

being systematic and that AHP model provided support in reducing time that is taken to select a vendor. For improvement of group decision making in the selection of vendors that meet the utilities of organizational specifications about supplier specifications, this AHP theory clearly suits this study.

2.2.3 Total Cost of Ownership Model (TCO)

Ellram (1995) noted that the TCO in a purchase is inclusive of other related costs. This method is a constituent of summarized and quantified costing that are associated with prioritization of vendors and adjustment or penalization of a given unit price that is quoted by the supplier.

Ferrin and Plank (2002) stated the Total Cost of Ownership (TCO) is a common methodology used by a majority companies worldwide. TCO focuses at determining the true cost of purchasing a good or service from a specific supplier and factoring all costs associated with the purchase. TCO will be relevant to my study since it will provide a method of supplier prequalification that is holistic in nature and focuses not only on the purchase price but also on all other cost associated with the purchase.

2.3 Effect of Supplier Prequalification on Organization Performance

Organizations, which are successful, have effective supplier selection processes. This process is important because of reduction in risks associated with purchase, maximization of the general value of the purchaser, close relationship between buyers and suppliers Tahriri, Osman, Ali, and Yusuff, (2008).

Production cost is mainly a constituent of cost of raw materials and component parts Pal, Gupta and Garg (2013). Through choosing the right supplier selection method it will help in reducing the purchasing risk, improve the quality of JIT suppliers and TQM production and organizational performance. Incorporation of supply chain strategies in the organizational corporate strategy by managers, firms experience high institutional and competitive advantages, effective and efficient supply chain operations Bowersox and Daugherty (1995).

Weber, Current and Benton (1991) in their study about the significance of supplier prequalification and assessment criteria in manufacturing companies in America, they opined that non-quantifiable selection criteria in this case strategic commitment from a supplier to a buyer-greatly influenced performance as compared to rigid quantifiable criteria such as supplier capability-yet assumed as less important.

Aseka (2010) examined the effect of supplier selection criteria on the performance of manufacturing companies listed on the Nairobi Stock Exchange, realized an existing positive relation between the supplier selection and performance of organizations. The study further indicated that firms' management took into consideration of quantitative factors for instance the suppliers' technical expertise, delivery dates, and commitment to quality as compared to qualitative factors like suppliers' willingness in sharing critical and confidential information.

Masiko (2013), observed that increased performance of procurement in commercial banks was attributed to by the strategic procurement practices implemented by the management. The study identified main practices within the banks which were: category management, supplier relationship management plan, development of strategies and tactics, measurement plan, identification of clear goals, setting objectives that are measurable, budget management and technology utilization. The study established that procurement is becoming one of the most important strategic factors that are capable of improving customer delivery, operational efficiency and induce competitiveness. Therefore, strategic procurement is a reliant function paving a path for acquisition procurement processes adopted by the banks.

Vonderembse and Tracey (1999) established that supplier selection criteria were significant in improving the manufacturing performance of a firm. They also observed that most companies that are in good performance gear did take into consideration their supplier selection criteria as converse was true with low performing companies. In their study, they did not relate the broader aspects of supplier selection and business performance measures.

Another study by Beil and Ross (2009), argued that a poor processes of supplier selection criteria would cause most institutions high magnitude of losses whereby most would be caused by poor supply delivery, discharge of contract and reputation related damages. They further opined that to avoid such consequences, the management was required to employ high standards of screening in order to award quality and efficient supplier awards.

According to Schiele (2007), observed that performance of firms was influenced by a series of supply audits conducted to determine the efficiency and effectiveness of awarding supply contracts. The study findings proved a significant relationship between purchasing maturity level and cost reduction. In developed firms, larger saving was identified as a potential for performance. The study findings revealed that if an institution's maturity was low, inducing best practices in the system would encounter challenges and end up in a fail.

In a study by Lin, Chow, Madu and Kuei (2005), of assessing the factors that affect procurement quality management, established that the profitability and consumer satisfaction levels of an organization was out of best Total Quality Management correlating with supplier participation strategy.

Humphreys, Wong and Chan (2003), in presenting a framework for environmental factors integration with supplier selection processes, they noted that traditionally, most firms took note of speed of delivery, flexibility, quality as critical factors when evaluating the performance of a supplier. Environmental performance is a concern to many firms in the recent past therefore; managers involved with supply evaluation took into considering the environmental factors and performance by suppliers. It is with this that they developed a knowledge-based system was instituted through this framework proposal.

A methodology developed by Gonzalez, Quesada and Monge (2004) to analyse variables involved with supplier management processes, it revealed that supplier selection process was a key variable in attaining high quality production and customer satisfaction. Further,

using experimental design, the study relied upon three factors namely productivity, cost and quality to evaluate the variables.

Mwikali and Kavale (2012) in seeking to establish factors that affect supplier selection, they indicated that cost, supplier profile and risk, technical capability, organizational profile, quality assessment and service levels factors affected the supplier selection process. Among these factors, the cost criteria was significant in influencing supplier selection whereby the technical capability, profile of supplier and quality of materials were closely considered in the process.

According to Kamenya (2014), in measuring the relation between supplier evaluation and performance associated with manufacturing firms in Nairobi, it was examined that there was a positive relationship established between supplier evaluation criteria and performance of a firm. Environmental friendliness, employee abilities of the suppliers and pricing were critical factors recommended by the study as beneficial for performance. However production capacity, quality issues, organizational culture, financial stability, preference and reservation were not considered as significant to performance.

2.5 Summary of the Literature Review

Table 2.1: Summary of the Literature Review

Author	Research Title	Methodology	Major Findings	Gaps in Study
Vonderembse and Tracey (1991)	The Impact of Supplier prequalification Criteria in manufacturing firms on organization performance.	Qualitative	They observed that most companies that are in good performance gear did take into consideration their supplier selection criteria as converse was true.	The study did not the broader aspects of supplier selection and business performance measures.
Aseka (2010)	Study on supplier selection criteria and performance of manufacturing firms listed in the Nairobi Stock Exchange.	Qualitative and Quantitative	From the study organization performance was positively influenced by supplier selection.	The study did not clearly define the role of prequalification on organization performance.
Masiko (2013).	Study on strategic procurement practices contributed to increased performance of procurement in commercial banks.	Qualitative	Strategic procurement indeed sets in motion the entire acquisition procurement process of all the purchases by the commercial banks.	Other than outlining the strategic procurement practices, it did not explain in detail how they affect the performance in banks.
Mwikali and Kavale (2012)	Study on the factors affecting supplier selection.	Qualitative and quantitative.	According to the study cost was a key factor of consideration in the supplier prequalification process since it accounts for the profit margins	The study points out cost as a key element in supplier prequalification however other elements such as quality and delivery lead time are of equal importance and cannot be neglected.

Gonzalez, Quesada and Monge (2004)	Analysis on variables involved with supplier management processes,	Qualitative and quantitative.	It revealed that supplier selection process was a key variable in attaining high quality production and customer satisfaction.	The study only relied upon three factors namely productivity, cost and quality to evaluate the variables.
Humphreys, Wong and Chan (2003)	Framework for environmental factors integration with supplier selection processes.	Qualitative	Environmental performance is a concern to many firms in the recent past therefore; managers involved with supply evaluation took into considering the environmental factors and performance by suppliers.	Environmental factors differ and may not apply to every organization therefore, it may pose a challenge evaluating suppliers on environmental factors
Lin, Chow, Madu and Kuei (2005),	Assessing the factors that affect procurement quality management	Qualitative	Established that the profitability and consumer satisfaction levels of an organization was out of best Total Quality Management correlating with supplier participation strategy.	The study was elaborative on how Total Quality Management correlating with supplier participation strategy and selection

Source: Author (2018)

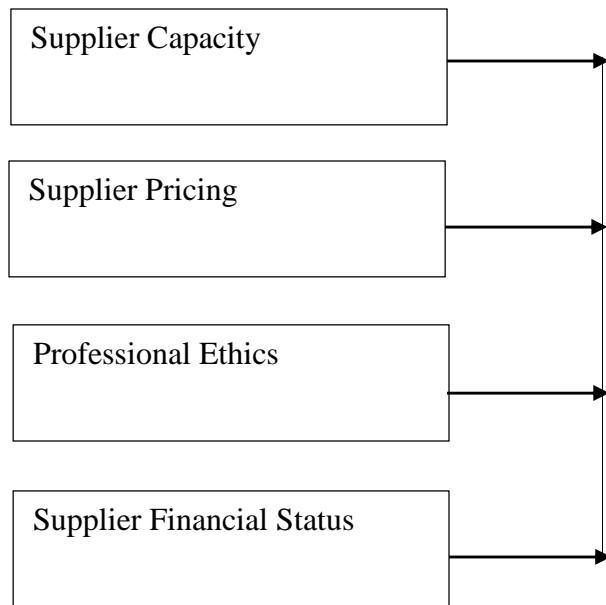
2.6 Conceptual Framework

Below is the conceptual frame work for this study. The independent variables will comprise of selected factors of supplier prequalification which include; supplier capacity, supplier pricing, professional ethics and supplier financial status while the dependent variable is organization performance.

Figure 2.1: Conceptual Framework

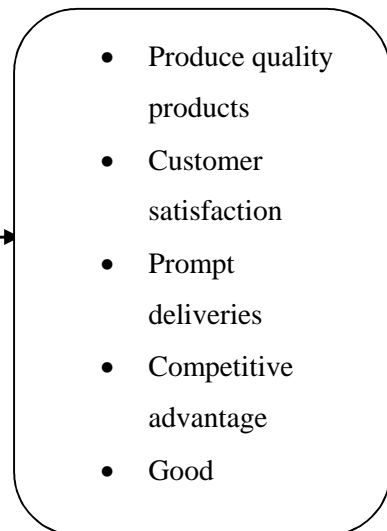
Independent Variables

Supplier Prequalification



Dependent Variable

Organization performance



Source: Author (2018)

From the conceptual framework above organization performance is influenced by the following selected supplier prequalification factors i.e. supplier capacity, supplier pricing, professional ethics and supplier financial status. When organizations engage suppliers who

have competent technical capacity and ability to provide high quality products and services at minimal prices, perform their business ethically and are of good financial standing then the organization is able to produce quality products at minimal prices, customer satisfaction will be established, there will be reduced operating costs, the organization will enjoy competitive advantage and good reputation.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the research methodology, which included the research design, target population, data collection instruments and procedures, and the techniques for data analysis.

3.2 Research Design

The study used descriptive research design. This was because this method most captures the objectives of the study. Descriptive studies aim to determine the regularity and frequency where one element happens or the relation existing between certain variables Bell and Bryman (2003). Hence the research approach chosen was suitable for this project since the researcher plans in collecting comprehensive data through descriptive technique.

3.3 Target Population

The population constituted 40 employees of Danish Refugee Council which comprise of 20 employees of Danish refugee council Kenya Programme, procurement and logistics department and 20 employees of Danish Refugee Council Somalia programme, Procurement and Logistics department.

3.4 Data Collection

The researcher used primary data which were obtained from a questionnaire which contained closed and open-ended questions. The respondents of this study were staff in Danish Refugee Council directly related to the Procurement department because they were conversant to the subject matter which was supplier prequalification.

In order to encourage feedback, and increase the feedback rate the researcher followed up on the questionnaire through personal visits, phone calls and sending emails. Some of the questions were in the form of Likert scale. The questionnaire contained two parts; Part 1 was on general information about the respondent, Part 2 comprised of questions on the process of supplier prequalification in Danish Refugee Council.

3.5 Data Analysis Methods

The data gathered was coded, quantified and analyzed quantitatively. The inputted data were then presented in the form of tables for an easy analysis and interpretation. This study sought to adopt a multiple regression model.

Table 3.1: Data Analysis

Objective	Data Analysis Method used
To examine the effect of supplier capacity on supplier prequalification and organizational performance	Descriptive
To examine the effect of supplier pricing on supplier prequalification and organizational performance	Regression
To examine the effect of professional ethics on supplier prequalification and organizational performance	Descriptive
To examine the effect of Financial status on supplier prequalification and organizational performance	Regression

Source: Author (2018)

3.5.1 Analytical Model

The study will seek to adopt the following model:

$$Y = \theta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where;

Y is the dependent variable

θ_0 is the regression coefficient/constant /Y intercept

β_1 , β_2 , β_3 and β_4 are the slopes of the regression equation which represent the standard deviation of the variables

X1 is supplier capacity

X2 is supplier pricing

X3 is professional ethics

X4 is financial status,

ϵ is the error

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter describes the response rate, demographic information and detailed study variable and regression analysis of the relationship of dependent and independent variables. Further, the chapter discusses the results of the findings in depth in relation to published relevant literature.

4.2 Response Rate

The response rate is a representative outcome of the sampled population that participated in this study. The results were illustrated in Table 4.1.

Table 4.1: Response Rate

Questionnaires	Frequency	Percentage
Returned Questionnaires	35	88%
Unreturned Questionnaires	5	13%
Total	40	100%

Source: Primary Data (2018)

The researcher distributed 40 questionnaires to respondents for data collection. Out of 40 questionnaires, 35 were successfully returned and five were not returned. Of the 35 returned questionnaires, all were fully filled therefore; all the data responses were used for this study analysis.

4.3 Demographic Information

The section presents findings of the job title held by the respondents, work experience in terms of years served and level of education for each respondent.

4.3.1 Job Title

The researcher pursued to establish job title that respondents held in their area of work.

Table 4.2: Job Title

Title of Position	Frequency	Percentage
Manager	5	14%
Procurement Staff	16	46%
Logistics Staff	14	40%
Total	35	100%

Source: Primary Data (2018)

Table 4.2 tabulates findings of the study concerning job titles held by respondents. 14% were managers, 46% were procurement staff, 40% were logistics staff indicating that majority of DRC staff are procurement staff. This implies all the responses from the data gathered were reliable owing to their knowledge in procurement.

4.3.2 Work Experience Level

The researcher wanted to find out the number of years of work of experience for each respondent at DRC.

Table 4.3: Work Experience Level

Years of Experience	Frequency	Percentage
Less than 3 years	8	23%
3 to 5 Years	15	43%
6 to 10 Years	9	26%
More than 10 Years	3	9%
Total	35	100%

Source: Primary Data (2018)

Table 4.3 indicates findings concerning the number of years each respondent has served in procurement area. The findings revealed that 23% have served less than 3 years, 43% have served for 3 to 5 years, 26% have served for 6 to 10 years and 9% have served for more than 10 years. This implies that majority of the staff serving at DRC have relevant experience concerning supplier prequalification and decision making processes.

4.3.3 Level of Education

The researcher wanted to establish out the highest level of education for each respondents.

Table 4.4: Level of Education

Education Level	Frequency	Percentage
Diploma Level	8	23%
Bachelor Degree Level	19	54%
Postgraduate Degree Level	7	20%
Others	1	3%
Total	35	100%

Source: Primary Data (2018)

Table 4.4 indicates/tabulates findings of the highest level of education for each respondent. The findings revealed that majority are in bachelor degree level at 54%, diploma level at 23%, and postgraduate degree level at 20% and other qualifications at 3%. This implies that majority staff working at DRC are qualified to conduct supplier prequalification and make reliable informed decisions.

4.4 Factors Affecting Supplier Qualification

This section discusses the selected factors of supplier prequalification and their findings in regard to influence on organizational performance.

4.4.1 Supplier Capacity and Supplier Prequalification

This section contains discussions of the findings of the effect supplier capacity on supplier prequalification and extent of agreement to indicators of supplier capacity.

4.4.1.1 Effect of Supplier Capacity on Supplier Prequalification

Majority of the respondents revealed that if a supplier capacity is low then chances of prequalified are minimal as compared to one with higher capacity to supplier and converse is true. They also reported that ability to deliver on a specific service sought by an organization as an important determinant of supplier capacity.

The study findings also revealed that the quality of services and manner of bidding also determined the supplier capacity. Respondents argued that a higher supplier capacity leads to a higher competitive advantage in being prequalified for supply activities.

4.4.1.2 Extent of Agreement to Supplier Capacity

The researcher wanted to find out the extent of agreement of various indicators of supplier capacity on supplier prequalification. The levels of agreement are based on a 5-likert scale. Based on the provided scale, a mean of interval of 1.0-1.9 indicates strongly disagree, 2.0-2.9 indicates disagree, 3.0-3.9 indicates agree and 4.0-4.9 indicates strongly agree.

Table 4.5: Extent of Agreement to Supplier Capacity

Indicators	N	MEAN	SD
Supplier capacity is crucial in determining the organization ability to select an employee	35	3.77	4.16
Through supplier capacity the supplier can be able to demonstrate that he is capable to provide the agreed capacity of goods/service	35	4.03	4.65
Supplier capacity gives a rough idea on the capability of a supplier to meet the organizational needs	35	3.71	3.59
Supplier capacity is a quick determinant of the success of failure of an organization	35	3.29	3.03
Aggregate Mean		3.70	3.85

Source: Primary Data (2018)

Table 4.5 tabulates various degrees of agreement if supplier capacity has an effect on supplier prequalification. The research findings revealed an overall aggregate mean of 3.70 and SD=3.85. The respondents agreed that supplier capacity is crucial in determining the organization ability to select an employee (M=3.77, SD=4.16); through supplier capacity the supplier can be able to demonstrate that he is capable to provide the agreed capacity of goods/service (M=4.03, SD=4.65); supplier capacity gives a rough idea on the capability

of a supplier to meet the organizational needs ($M=3.71$, $SD=3.59$) and that supplier capacity is a quick determinant of the success or failure of an organization ($M=3.29$, $SD=3.03$).

4.4.2 Supplier Pricing and Supplier Prequalification

This section discusses findings of the effect of supplier pricing on supplier prequalification and the extents of agreements to selected indicators of supplier pricing.

4.4.2.1 Effect of Supplier Pricing on Supplier Prequalification

The researcher wanted to establish the key factors of supplier pricing that are taken into note when conducting supplier prequalification. The study findings revealed that low prices of goods and services as an important factor, whereby bidders with low pricing are considered whereas those with above market pricing are not prequalified. Further, the results indicated that profitability of a firm or bidder is an important guide on conducting supplier prequalification as a key factor for supplier pricing.

The quality of goods and services was another factor revealed by this study. Respondents argued that the higher the quality of goods and services, the higher the chances of prequalifying for supply subject to their quoted market price. In addition, respondents revealed that supplier pricing is an important factor of supplier prequalification because it helps in cost reduction of organizations and helps in prequalifying suppliers per the market value ranges.

4.4.2.2 Extent of Agreement to Supplier Pricing

The researcher pursued to find out the level of extent of agreement to supplier pricing affecting the prequalification of suppliers. The levels of agreement of indicators are based on a 5-likert scale. Based on the provided scale, a mean of interval of 1.0-1.9 indicates strongly disagree, 2.0-2.9 indicates disagree, 3.0-3.9 indicates agree and 4.0-4.9 indicates strongly agree.

Table 4.6: Extent of Agreement to Supplier Pricing

Indicators	N	MEAN	SD
Selecting the right suppliers reduces the cost	35	3.97	4.48
Supplier pricing is an appropriate method of assessing the supplier performance in the market	35	3.74	3.63
Quality assessment is a key factor of supplier pricing	35	3.38	3.29
Aggregate Mean		3.70	3.80

Source: Primary Data (2018)

Table 4.6 tabulates findings concerning the extent of agreement of supplier pricing influencing the supplier prequalification process. The findings revealed that respondents agreed that selecting the right suppliers reduces the cost ($M=3.97$, $SD=4.48$), supplier pricing is an appropriate method of assessing the supplier performance in the market ($M=3.74$, $SD=3.63$) and quality assessment is a key factor of supplier pricing ($M=3.38$, $SD=3.29$) influences supplier qualification at DRC.

4.4.3 Professional Ethics

The researcher sought to find out if professional ethics are considered when prequalifying suppliers. The study findings revealed 87% for yes and 13% for no implying that at DRC, professional ethics are fully considered in the prequalification process.

4.4.3.1 Extent of Agreement to Consideration of Professional Ethics

The researcher sought to find out the level of agreement when professional ethics were considered in the supplier prequalification process. The levels of agreement for indicators were based on a 5-likert scale. Based on the provided scale, a mean of interval of 1.0-1.9 indicates strongly disagree, 2.0-2.9 indicates disagree, 3.0-3.9 indicates agree and 4.0-4.9 indicates strongly agree.

Table 4.7: Extent of Agreement to Consideration of Professional Ethics

Indicators	N	MEAN	SD
Professional ethics helps maintain ethical standards in the supplier prequalification process.	35	3.71	3.59
Purchasing and Supply Management (PSM) plays a major role in ensuring that suppliers comply with ethical standards	35	3.71	4.36
Professional ethics ensures that organizations selects suppliers who conform with the ethical standards of the organization	35	3.62	3.84
Aggregate Mean		3.68	3.93

Source: Primary Data (2018)

Table 4.7 tabulates findings of the extent of agreement to consideration of professional ethics in supplier prequalification. The findings revealed an aggregate mean of $M=3.68$ and

SD of 3.93. The respondents agreed that professional ethics helps maintain ethical standards in the supplier prequalification process. ($M=3.71$, $SD=3.590$ and that Purchasing and Supply Management (PSM) plays a major role in ensuring that suppliers comply with ethical standards ($M=3.71$, $SD=4.36$); Professional ethics ensures that organizations select suppliers who conform with the ethical standards of the organization ($M=3.62$, $SD=3.84$) affected prequalification processes.

4.4.4 Financial Status

This section discusses findings of the ways of examining the financial status of suppliers, importance of conducting supplier examination and extent of agreement to indicators of the financial status of suppliers.

4.4.4.1 Ways of Examining Financial Status of Supplier

The researcher wanted to find out various ways of examining the financial status of a supplier. The study findings revealed that audited reports are relied upon in assessing their financial health and capacity to supply goods and services. Further, bank statements of suppliers are used to examine their financial status. The supplier history of suppliers was also taken into consideration as a factor for financial status examination. Respondents revealed that the time scale or time taken to supply goods and services was important to measure their financial performance.

From the research findings, the ability to raise a security bond for supply of goods and services and filed financial reports and company profiles were also relied upon in examining their financial ability for prequalification.

4.4.4.2 Importance of Examining Financial Status of Supplier

The researcher asked respondents if examining the financial status of a supplier was of importance in the prequalification process whereby majority agreed that at 72% it was of importance and at 28%, they declined that it was not of importance. This therefore implies that examining the financial status of a supplier is significant for the supplier prequalification processes.

4.4.4.3 Extent of Agreement to Financial Status of Suppliers

The researcher sought to find out the extent of agreement of respondents concerning financial status of suppliers on the supplier prequalification process. The levels of agreement for each indicator were based on a 5-likert scale. Based on the provided scale, a mean of interval of 1.0-1.9 indicates strongly disagree, 2.0-2.9 indicates disagree, 3.0-3.9 indicates agree and 4.0-4.9 indicates strongly agree.

Table 4.8: Extent of Agreement to Financial Status of Suppliers

Indicators	N	MEAN	SD
Supplier financial status plays a major role in supplier prequalification.	35	3.44	3.35
Supplier financial status ensures that suppliers are able to sustain organization demands	35	3.72	3.46
Supplier books of account assist to show the financial capability of a supplier	35	2.94	3.72
Aggregate Mean		3.37	3.51

Source: Primary Data (2018)

Table 4.8 tabulates findings of the extent of agreement to selected indicators of financial status of a supplier. The findings revealed that majority of respondent agreed that supplier financial status plays a major role in supplier prequalification. (M=3.44, SD=3.35) and that supplier financial status ensures that suppliers are able to sustain organization demands (M=3.72, SD=3.46) and supplier books of account assist to show the financial capability of a supplier (M=2.94, SD=3.72) influenced the supplier prequalification process.

4.5 Organizational Performance

4.5.1 Extent of Agreement to Organizational Performance

The researcher pursued to find out the extent of agreement of indicators by the respondents on the organizational performance of DRC in regard to selected factors of supplier prequalification. The levels of agreement are based on a 5-likert scale. Based on the provided scale, a mean of interval of 1.0-1.9 indicates strongly disagree, 2.0-2.9 indicates disagree, 3.0-3.9 indicates agree and 4.0-4.9 indicates strongly agree. The standard

deviations measured the level of variance in the responses indicating the deviation from the mean.

Table 4.9: Extent of Agreement to Organizational Performance

Indicators	N	MEAN	SD
Suppliers who have competent technical capacity and the ability to provide high quality products lead to growth of an organization	35	3.83	4.21
Suppliers who offer competitive rates for goods and services enable an organization have to have low operational cost	35	3.89	4.38
Suppliers with professional ethics enable an organization maintain good organizational reputation	35	3.94	4.53
Aggregate Mean		3.89	4.37

Source: Primary Data (2018)

Table 4.9 tabulates findings of the extent of agreement to organizational performance indicators. The study findings revealed a yield of 3.89 as aggregate mean and SD of 4.37. The findings revealed that respondents agreed that suppliers who have competent technical capacity and the ability to provide high quality products lead to growth of an organization (M=3.83, SD=4.21) and that suppliers who offer competitive rates for goods and services enable an organization have to have low operational cost (M=3.89, SD=4.38). They also agreed that suppliers with professional ethics enable an organization maintain good organizational reputation (M= 3.94, SD=4.53) influence organizational performance.

4.5.2 Factors of Supplier Prequalification on Organizational Performance

The researcher sought to find out if supplier capacity, supplier pricing, supplier ethics and supplier financial status as factor of supplier prequalification influence the growth of an organization. The research findings revealed that 79% agreed that it affects performance whereas 21% declined that they do not affect organizational performance. This therefore implies that selected factors of supplier prequalification have an influence on the organizational performance.

4.6 Effect of Factors of Supplier Prequalification on Organization Performance

Regression analysis in this study was used to investigate the factors influencing supplier prequalification in non-governmental organizations in Kenya. Average scores of (independent variables) which are the supplier capacity, supplier pricing parameters, professional ethics and financial status parameters were regressed with average scores on rating on supplier prequalification in non-governmental organizations in Kenya.

The regression model was based on the following regression model.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where;

Y is the organizational performance;

β_0 is the regression coefficient/constant / Y intercept;

β_1 , β_2 , β_3 and β_4 are the slopes of the regression equation, which represent the standard deviation of the variables

X_1 is supplier capacity

X_2 is supplier pricing

X_3 is professional ethics

X_4 is financial status

e is the error.

4.6.1 Regression Results

Table 4.10: Table of Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.067	.148		.452	.652
	Supplier Capacity	.677	.063	.690	7.521	.000
	Supplier pricing	.573	.095	.567	1.829	.020
	Professional Ethics	.512	.067	.523	6.590	.030
	Financial Status	.466	.067	.490	6.590	.041
a. Dependent Variable: Supplier Pre-qualification						

Source: Primary Data (2018)

Table 4.10 revealed that the coefficient of regression in this study indicates that the model had a constant value 0.067. Supplier Capacity had a coefficient of .690 and a p value of $0.00 > 0.05$ denoting that Supplier Capacity was statistically significant with a p value of $.000 < 0.05$, this indicated that Supplier Capacity was significant factor in Supplier Pre-Qualification, the study therefore rejects the hypothesis that supplier capacity has no effect on supplier prequalification at 95% level of confidence. Supplier Pricing had a coefficient of 0.567 which was statistically significant with a p value of a p value of $0.020 > 0.05$, indicating that this supplier pricing significantly contributed towards Supplier Pre-Qualification. Professional Ethics yielded a coefficient of 0.523 and a p value of $0.030 > 0.05$, which was not statistically significant, therefore the study accept the hypothesis that professional ethics affect supplier prequalification.

Financial status was found to have a coefficient of 0.49 that was statistically significant given a p value of $0.041 < 0.05$, financial status was a significant factor in contributing towards Supplier Pre-Qualification. The study therefore fails to reject the null hypothesis that financial status is not significant factors for supplier qualification in the case study at 95% level of confidence.

Using the unstandardized coefficients, the following equation applies:

$$Y = 0.067 + 0.677X_1 + 0.577X_2 + 0.512X_3 + 0.466X_4$$

4.6.2 Model Summary

Table 4.11: Model Summary

Model Summary

Model	R	R Square	Adjusted R	Std. Error of the Estimate
1	.951 ^a	.904	.902	.372

a. Predictors: (Constant), Supplier Financial Status, Professional Ethics, Supplier Capacity, Supplier Pricing

Source: Primary Data (2018)

Adjusted R squared is coefficient of determination which indicates the variation in the dependent variable due to changes in the independent variable. From table 4.11 the value of adjusted R squared was 0.902, an indication that there was variation of 90.2% on dependent variable. This means 90.2% of the variation in the responses pertaining to supplier prequalification can be explained by the dependant variables which are, supplier capacity, supplier pricing, professional ethics and supplier financial status. Therefore, the unexplained variance is only 9.8% which is elucidated by other factors of supplier prequalification not discussed.

4.6.3 ANOVA Table

Table 4.12: ANOVA Results

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.498	4	9.125	12.207	.000 ^b
	Residual	145.009	30	.747		
	Total	181.508	34			

a. Dependent Variable: Supplier Prequalification

b. Predictors: (Constant), Financial Status, Professional Ethics, Supplier Capacity, Supplier Pricing.

Source: Primary Data (2018)

From the ANOVA analysis results on table 4.12, ANOVA, the overall p value is equal to 0.000, which is less than 0.05. The regression analysis results in the ANOVA output table indicates that the overall regression model is significant in predicting Supplier Pre-qualification at 95% confidence level based on factors influencing supplier prequalification.

4.7 Discussions

This research wanted to establish the relationship between selected factors of supplier prequalification because of supplier decisions in organizational performance at Danish Refugee Council in Kenya. The study found that selected factors of supplier selection had a great effect on the performance of which DRC may choose as shown by the adjusted R^2

which shows that 90.4% could be attributed to the combined effect of the predictor variables. This means that the context of NGO's being of a unique nature implies different motives on how well performance is also altered and is alleviated to the beneficiaries.

Vonderembse and Tracey (1999) established that supplier selection criteria were significant in improving the manufacturing performance of a firm. They also observed that most companies that are in good performance gear did take into consideration their supplier selection criteria as converse was true with low performing companies. In their study, they did not relate the broader aspects of supplier selection and business performance measures. Another study by Beil and Ross (2009), argued that a poor processes of supplier selection criteria would cause most institutions high magnitude of losses whereby most would be caused by poor supply delivery, discharge of contract and reputation related damages. They further opined that to avoid such consequences, the management was required to employ high standards of screening in order to award quality and efficient supplier awards.

Weber, Current and Benton (1991) in their study about the significance of supplier prequalification and assessment criteria in manufacturing companies in America, they opined that non-quantifiable selection criteria in this case strategic commitment from a supplier to a buyer-greatly influenced performance as compared to rigid quantifiable criteria such as supplier capability-yet assumed as less important. Further, they posited that supplier's willingness to share information had an influence on the performance of the purchasing firm, although considered to be less important.

Aseka (2010) examined the effect of supplier selection criteria on the performance of manufacturing companies listed on the Nairobi Stock Exchange, realized an existing positive relation between the supplier selection and performance of organizations. The study further indicated that firms' management took into consideration of quantitative factors for instance the suppliers' technical expertise, delivery dates, and commitment to quality as compared to qualitative factors like suppliers' willingness in sharing critical and confidential information.

Mwikali and Kavale (2012) in seeking to establish factors that affect supplier selection, they indicated that cost, supplier profile and risk, technical capability, organizational profile, quality assessment and service levels factors affected the supplier selection process. Among these factors, the cost criteria was significant in influencing supplier selection whereby the technical capability, profile of supplier and quality of materials were closely considered in the process.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of the research findings, draws conclusions and offers recommendations, describes the limitations of this study and suggests further areas of future research.

5.2 Summary of Findings

The study wanted to establish the factors influencing supplier prequalification in non-governmental organizations in Kenya using a case study of Danish Refugee Council. The study sought to evaluate selected factors of supplier prequalification (supplier capacity, supplier pricing, professional ethics and supplier financial status) as independent variables against their effect on the organizational performance of NGOs in Kenya being a dependent variable. This study targeted 40 respondents where only 35 respondents provided their responses therefore resulting to an 87.5% response rate.

The findings of the study further revealed that majority of the respondents who participated in this study were Bachelor's degree holders (54%) and most of them serve in the procurement area (46%) with cumulative work experiences of 3-5 years at 43%. This study focused on selected factors of supplier prequalification and their indicators about the influence they have on the whole process of prequalification. The findings of the study revealed that supplier capacity has an influence on supplier prequalification. The findings revealed that a supplier's ability to deliver a supplier contract, his/her past performances,

recommendations and quality of services provided were key determinants in evaluating the capacity of the supplier. Further, findings revealed that the higher the capacity the higher the changes of being prequalified for supply and converse is true.

The study also assessed the supplier pricing aspect when conducting supplier prequalification. The study findings revealed that the pricing of goods and services is pegged at the market value, quality of goods and services, economic changes as elements for prequalification. Further, the findings revealed that the lowest bidder per the market price is poised to be prequalified for supply by the selection or determining teams. The study further compiled findings of professional ethics inclusivity when prequalifying suppliers. From the findings, they revealed that DRC staff complied with professional ethics at 87% whereby it was noted that professional ethics are instrumental in choosing a better supplier and maintaining a standard of prequalifying suppliers. Further, DRC staff complied with Purchasing and Supply Management standards when prequalifying suppliers.

This research wanted to find out the extent to which financial status of a supplier influenced supplier prequalification, to which findings revealed that books of accounts, published financial statements, audited financial reports and past recommendations acted as determinants of measuring or assessing the financial status of a supplier. The findings further revealed that financial status of a supplier was important for an institution because it provided assurance in the prequalification processes.

Findings drawn from the data collected revealed that prequalification processes impacted the overall organizational performance. In this regard, the competitiveness of suppliers aided institution run on a lower operational cost, whereas the professional ethics inclusivity or compliance by the supplier aided in improving the reputation touch of the organization and through technical capacity of a supplier to deliver their supplies, it added value to growth of an organization.

5.3 Conclusions

Organizations have to work in complex nature with amalgamation and effective system coordination of all parts in order to achieve high performance. Specific elements and linkages pertaining performance and practices notably contribute to success of an organization based and supplier selection is an important consideration. For an institution to increase its going concern, the supply chain unit is very critical segment to achieving high success rate and improved performance. Without careful selection of suppliers, positive or adverse effect on the performance of the organization is unavoidable.

Tangible and intangible factors, operational and strategic factors play a role in improving performance of an organization when managers in charge take consideration during supplier prequalification process. In addition, individual in charge of decision making should analyze the supplier prequalification decision in a clear scientific and systematic manner by utilization of available models. Given that a majority will have say in the decision making processes, clear and extensive analysis should be taken note of in the process of making the decision as this will help managers in the evaluation processes and

further or subsequent decision making processes. This study concludes that the considered factors for investigation, namely, supplier pricing, supplier capacity, supplier professionalism and ethical approach and supplier financial status as supplier prequalification factors, they do influence the performance of an organization.

5.4 Recommendations from the Study

Business Process Outsourcing (BPO) or general process of outsourcing in the recent times has gained uptake, the manner of selecting suppliers an overall assessments procedure will guide the decision processes and eventually affect the performance of the buying institution. Greatness is viewed when the suppliers create much more value for the buying institution as this will stem consistent supplier performance, which is vital for organizational performance.

Use of outsourcing, effective supplier evaluation and critical supplier selection will improve organizational performance when all parties in charge of decision making have the right information to facilitate in decision-making process, therefore not to affect institutional performance.

5.5 Limitations of the Study

Challenge encountered was the availability of respondents most of them were on field assignments and others on other abroad missions during office hours therefore, took too long to fill the provided questionnaires. The researcher mitigated this concern by providing

them with reasonable time periods while also making follow ups in order to increase the response rate.

5.6 Suggestions for Future Research

There is need to conduct further studies on other factors affecting supplier selection since this study only focused on a few selected factors and their impact on organization performance.

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APPENDIX

APPENDIX I: QUESTIONNAIRE

PART 1: DEMOGRAPHIC INFORMATION

1. Please indicate your job title (**Tick as appropriate**)
 - a) Manager
 - b) Procurement Staff
 - c) Logistics Staff

2. Number of Years employed in the Organization (**Tick as appropriate**)
 - a) Less than 3 years
 - b) 3 to 5 years
 - c) 6 to 10 years
 - d) More than 10 years

3. Please indicate your level of education (**Tick as appropriate**)
 - a) Diploma Level
 - b) Bachelor Degree Level
 - c) Postgraduate Degree Level
 - d) Others (specify).....

PART 2: FACTORS AFFECTING SUPPLIER PREQUALIFICATION

SUPPLIER CAPACITY

4. Explain how supplier capacity affects supplier prequalification

.....
.....

5. Kindly indicate your level of agreement with the following aspects of supplier capacity? (Use a scale of 1-5, where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree).

Statements	1	2	3	4	5
Supplier capacity is crucial in determining the organization ability to select an employee					
Through supplier capacity the supplier can be able to demonstrate that he is capable to provide the agreed					
Supplier capacity gives a rough idea on the capability of a supplier to meet the organizational needs					
Supplier capacity is a quick determinant of the success of failure of an organization					

SUPPLIER PRICING

6. Explain how supplier pricing affects supplier prequalification

7. Indicate your level of agreement to the following aspects of supplier pricing?
 (Use a scale of 1-5, where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree).

Statements	1	2	3	4	5
Selecting the right suppliers reduces the cost					
Supplier pricing is an appropriate method of assessing the supplier performance in the market					
Quality assessment is a key factor of supplier pricing					

PROFESSIONAL ETHICS

8. Does your organization consider professional ethics in selecting suppliers?

(Ticket appropriate answer)

Yes []

No []

9. Indicate your level of agreement with the following aspects of professional ethics? (Use a scale of 1-5, where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree).

Statements	1	2	3	4	5
Professional ethics helps maintain ethical standards in the supplier prequalification process.					
Purchasing and Supply Management plays a major role enhancing compliance ethical standards					
Professional ethics ensures that organizations selects suppliers who conform with the ethical standards of the organization					

SUPPLIER FINANCIAL STATUS

10. Describe various ways of examining the financial status of a supplier during supplier prequalification.

.....

11. Is it important to examine the financial status of a potential supplier? **(Tick appropriate answer)**

Yes []

No []

12. Indicate your level of agreement with the following aspects of supplier capacity? (Use a scale of 1-5, where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree).

Statements	1	2	3	4	5
Supplier financial status plays a major role in supplier prequalification.					
Supplier financial status ensures that suppliers are able to sustain organization demands					
Supplier books of account assist to show the financial capability of a supplier					

ORGANIZATION PERFORMANACE

13. Indicate your level of agreement with the following statement relating to organization performance in relation to supplier prequalification (Use a scale of 1-5, where 1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree).

Statements	1	2	3	4	5
Suppliers who have competent technical capacity and the ability to provide high quality products lead to growth of an organization					
Suppliers who offer competitive rates for goods and services enable an organization have to have low operational cost					
Suppliers with professional ethics enable an organization maintain good organizational reputation					

14. Supplier capacity, supplier pricing, supplier ethics and supplier financial status as factor of supplier prequalification influence the growth of an organization (**Tick appropriate answer**)

Yes []

No []

THE END

THANK YOU FOR YOUR COOPERATION