

## **Abstract:**

Companies are perceived as important actors in the drive for sustainability. Linked to this, and in response to increasing demands from various stakeholder groups, companies start to look at their supply chain to enhance their overall sustainability profile. Two major triggers can be identified: (1) focal companies are held responsible for environmental and social problems caused by their suppliers, which become more and more important (2) an increasing share of value is created at the supplier level. In response to such demands, companies have to find ways to incorporate suppliers and their performance into the aspects of supply (chain) management. Therefore, supplier performance evaluation standards are integrated into supply management by amending the purchasing processes and evaluation analysis. This paper presents an approach to integrate supplier performance evaluation into supply policy and supply management at the Kenya Airways limited, a 3-star airline projecting to become world Class Company and a 7 star airline by 2020. The objectives of the study was to determine the relationship between supplier performance and the value chain analysis Kenya Airways Limited as a best practice in procurement of as well as the challenges being faced in incorporating the practice into its value chain operations. The findings of this research were geared to establishing the situation as is. Interviews were conducted with stakeholders who are key participant in supplier prequalification and purchase decisions through competitive bidding process. Qualitative data collected was analyzed using content analysis. The results showed there is limited scope of incorporating supplier performance evaluation in purchase decision for both core and even for support products. The company has a SHE evaluation policy for its suppliers which is a key step to supplier prequalification considerations in purchasing. The study recommends consideration of the supplier performance evaluation in procurement and supply chain operation, if this scope is available early on when defining needs and specifications then early action is more likely to be successful. Additionally an array of strategies to institutionalize supplier performance purchasing in Kenya Airways into their procurement practices has been spelt out. At the end of the study are recommendations for further research in the gray area of supplier performance evaluation