

ABSTRACT

Procurement performance has been identified as a key indicator to the overall organization's performance. By ensuring better procurement performance, most organizations would have a competitive edge over others. This is due to reduced lead time, cost savings and quick inventory flow. South Nyanza Sugar Company Limited is one such organization that has in place procurement department to ensure proper procurement function. To ensure efficient procurement performance, the company has put in place Supplier Quality Management (SQM) that ensures proper supplier appraisal, supplier selection and development. Despite investing in Supplier Quality Management, the Company still faces a number of problems like wastage of raw materials from downstream suppliers, low sugar processing capacity within the organization which is in most cases attributable to procurement procedures. Studies have been conducted on SQM on one hand and procurement performance on the other but none has concentrated in the relationship. The purpose of this study therefore was to analyze the relationship between supplier quality management practices and procurement performance of South Nyanza Sugar Company Limited. Specifically the study sought to: establish the relationship between Supplier appraisal and procurement performance, Supplier selection and procurement performance, Supplier development and procurement performance; of South Nyanza Sugar Company Limited. It was guided by a conceptual framework in which the independent variable was supplier quality management practices and the dependent variable was procurement performance. The study adopted a correlational research design. The population was 60 comprising of 10 managers, 30 procurement staff and 20 selected suppliers. Census sampling was used. Both primary and secondary data was used. To establish the validity of the research instrument, the researcher sought opinions of experts while the reliability was estimated using Cronbach's alpha coefficient where a value above 0.6 indicates that the instrument was reliable. Correlation analysis revealed that supplier appraisal and procurement performance had a strong positive relationship which was not significant ($r= 0.735, p>0.05$); supplier selection and procurement performance had a strong positive relationship ($r= 0.724, p>0.05$) and supplier development and procurement performance had a moderate positive relationship ($r= 0.522, p<0.05$). The study recommended that though organizations need to invest in supplier appraisal and supplier selection since they positively relates to procurement performance, though their relationship is not significant. The organizations also need to invest in supplier development.