

**FACTORS AFFECTING SUPPLIER SELECTION. A CASE STUDY OF
THE UNITED NATIONS**

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**A RESEACH PROJECT SUBMITTED TO THE SCHOOL OF HUMAN RESOURCE
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DECLARATION

I Philip Mwangobole hereby declare that this research project is my original work and has not been presented for a degree award in any other University.

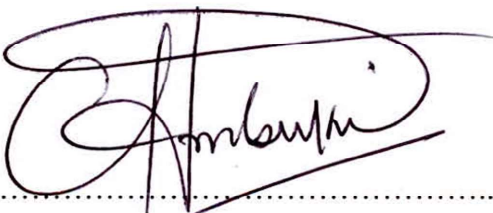
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DEDICATION

I dedicate this project to my family for being supportive during the time of my studies.

ACKNOWLEDGEMENT

I wish to thank my supervisors Mr. Paul Sang and Dr. Charles Ombuki for the tireless work during the whole course work and project supervision, who have guided me this far, my classmates in Cohort 8, 2010/2011 college for their support. To my family and friends, thanks for your support and encouragement. And finally to the almighty God for his love and strength that has kept me going every day and mercies.

ABSTRACT

Procurement is one of the major functions in the peacekeeping missions and forms a central core in project implementation. The United Nations Budget is more than Five Billion United States dollars for projects in peacekeeping missions and post conflict zones. It has been noted that some goods are not delivered on time and with deviating specifications (poor quality not lasting long), within the contractual framework that has been signed by between the United Nations and the Supplier. There is a need to examine how the different vendors are selected and how their selection has an implication on the performance. This means measuring output in terms of time and quality of work as per laid down standards.

The objectives of this study are to determine the factors that affect supplier selection at the United Nations. Main emphases are on finding out the effects of pricing, supplier experience, quality and financial capacity of suppliers on supplier selection.

The study adopted descriptive design to determine the factors that affect effective supplier selection at the United Nations. The target population was United Nation procurement management teams while the main research instrument that was used in data collection is a semi-structured self administered questionnaire. The sample frame for the study comprised a group of 94 employees from the UN while the sample of the study includes 57 employees of the same organization chosen from specific departments that greatly take responsibility in procurement processes through simple random sampling. A qualitative and quantitative analysis was used to analyze the findings of the study (though qualitative analysis was used in great amounts due to the design of questions). Data was analyzed using excel spreadsheets.

The finding of the study reveals that pricing of the products, supplier's experience, quality of the products, and financial capacity has great influence on supplier's selection particularly in United Nations. The study recommended that a study should be conducted to look at the factors affecting supplier selection in an e-procurement system. This is because growth in business-to-business e-commerce remains strong as information and communications technologies (ICTs) continue to transform organizations' interactions with their suppliers and customers (Mullaney, 2003; European Commission, 2005a).

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LIST OF ABBREVIATIONS

AMISOM	:	African Union Mission in Somalia
UN	:	United Nations
PEs	:	Procurement Entities
UNICEF	:	United Nations Children’s Fund
UNDP	:	United Nations Development Programme
DPKO	:	Department of Peacekeeping Operations
UNSOA	:	United Nations Support Office for AMISOM
ASL	:	Approved Supplier List
TQM	:	Total Quality Management
SRM	:	Supplier Relationship Management

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter examined the background information to the study, the statement of the problem and the purpose of the study. The chapter in addition outlined the research objectives, research questions, justification of the study, and importance of the study and finally the scope of the study.

1.1 Background of the Study

When selecting suppliers, the industrial purchaser bases his decision on various decision variables, which can be divided into two groups: supplier characteristics (such as reputation and size) and bid characteristics (such as price and quality). Casbon, Ron, Bethlehem (1999) have analyzed some aspects of these decision variables, concluding that the purchaser places varying degrees of importance on these two sets of variables, depending upon the purchasing situation.

The objective of procurement activities within the UN system is the timely acquisition of goods, services and works while addressing: the objectives of the UN organizations concerned; fairness, integrity and transparency, through competition; economy and effectiveness; best value for money (United Nations, 2006). All organizations of the UN system have to govern their individual procurement by the established regulations and rules of each organization, which may differ in matters of detail. UN organizations are the stewards of all public funds which have been provided in trust by peoples and their governments to fulfill the agreed purposes of the UN. A significant proportion of these funds are used through formal procurement processes, for which there are many stakeholders – whether as citizens, suppliers or beneficiaries. These stakeholders need to be assured that the funds are being used correctly (United Nations, 2005).

In the past, when most funds went through regular administrative budgets and were spent on institutional needs of the organization, procurement accountability was largely the same as general management accountability. However, as funds are provided for specific purposes outside the daily administration of the institution itself – humanitarian relief, peacekeeping, development, etc. – the number of stakeholders has grown and the visibility and scrutiny have been heightened as the impact of the funds on the daily lives of affected people has greatly increased (UNICEF, 2006). Procurement officers are the guardians of the integrity of the procurement process. They have to ensure the funds they have been entrusted with are spent in a professional, correct, fair, timely and transparent manner. In all UN organizations, procurement has an impact on the overall organizational outcomes and results. It is therefore good practice to undertake strategic planning of procurement at the organizational level in order to link procurement activities and priorities to the overall priorities of the organization. Strategic planning is also important in order to manage the risks and the total costs involved in procurement, including use of resources (UNICEF, 2006).

It's fundamentally agreeable that best suppliers for a business enterprise are those that offer goods and services that are in line with owners' expectations. This includes quality expectations, speed of delivery, reliability, financial stability, commitment to service levels. Each one of these factors can be critical when buying especially from international overseas suppliers. In long term engagement with suppliers, other key factors play a significant role. These factors include: reliability, financial stability, quality and continuous improvement, competitive pricing, on-time delivery, customer service and communication, informative and functional website, approach to partnership, environmental record, corporate social responsibility. These factors mentioned are vital if one is running a business and do not have a formal methodology to select suppliers (Weber et al., 2001).

Reliability is the ability of this supplier to meet commitments and be trustworthy in the day-to-day activities. When you are at a point of looking at new supplier your only way to make a judgment about reliability is by gathering references from this supplier that meet your own expectations. Financial Stability is if a supplier cannot meet obligations

due to financial problems, your own reputation with customers may suffer. There are agencies that can help you investigate supplier credit history. You can also run supplier verification report to see if this company is a real business (Sonmez, 2006).

Quality and continuous improvement - ultimately the quality of your product is directly impacted by the level of product quality provided by your suppliers. Given the variety of product offerings on the market, this parameter is relative to your own quality standards. You can start by ordering a sample from a supplier in question. But your much better option is to order a factory audit or product inspection service. Competitive pricing - pricing of products or services when compared with other potential suppliers. You might not have enough information about other suppliers but you can certainly review several options using supplier directories or by working with sourcing agents with full representation of local suppliers (Sarkis & Talluri, 2002).

On-time delivery - ranks the supplier's ability to deliver goods on time. This information is not available through negotiations and can only be received via reference checks. You should be well aware of the impact this can have on your business and the total cost of ownership. Customer service and communication - level of customer service and ongoing communication with this supplier. (Sonmez, 2006). This is something you can make a judgment call about in the initial stages of communication. People you communicate with during the initial engagement are typically either from sales or represent the owners. If you have any issues in the beginning, you are most likely to have issues with this supplier in the longer term. Many smaller companies do not have a well run website. This will impact you going forward because it has direct connection with your ability to see your orders being processed. It becomes especially important when working with suppliers from other countries (Barratt & Rosdahl, 2002).

Get a sense how much your goals are in line with the goals of this supplier. If you think of making this relationship last, you need to evaluate the importance of your business to this supplier. Don't expect to get preferential treatment if all you are looking for is one order. Be ready to discuss your goals and get a sense of the same from this supplier. Environmental record and Corporate Social Responsibility of your suppliers are two

important factors for your own reputation. However, these are hard to assess without actual site visits. We recommend you use services such as supplier inspections and social audits to understand this part of your supplier's business (Giunipero & Handfield, 2004).

1.1.1 Sustainable Procurement.

Procurement encompasses the whole process of acquiring goods and/or services. It begins when an organization has identified a need and decided on its procurement requirement. Procurement continues through the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of and payment for the goods and/or services and, where relevant, the ongoing management of a contract and consideration of options related to the contract. Procurement also extends to the ultimate disposal of property at the end of its useful life (Carter & Narasimhan, 1993).

Overall, procurement is the process by which public or private organizations buy goods and/or services to fulfill various needs of an organization, e.g. building shelter and infrastructures, manage facilities, transportation, delivery of services such as health, food, education, etc. (Gelderman & Van Weele, 2003). The procurement process is associated with the obligations of timeliness; effectiveness; efficiency; competition; transparency; equitable distribution; and development. At the macro-level, public procurement creates a dynamic; a chain reaction which can benefit the economic life of a country and support the development of the private sector. Thus historically a direct or indirect link has always been made between the performance of the procurement function and the collective fulfillment of social and economic objectives (Ukalkar, 2000). In the past 10-15 years the notion of procurement has been explicitly associated with the fulfillment of environmental policies in several governments [mainly in Europe, North America and Japan but more and more in countries such as Brazil, Philippines and others in the developing world]. Political discussions at UN level also reflected this development and a request for the UN to work on procurement and sustainable development can be found in a series of documents (IAPSO, 2007).

Procurement is called sustainable when the organization uses its own buying power to give a signal to the market in favor of sustainability and bases its choice of goods and services on: economic considerations: best value for money, price, quality, availability, functionality; environmental aspects, i.e. green procurement: the impacts on the environment that the product and/or service has over its whole life-cycle, from cradle to grave; and social aspects: effects of purchasing decisions on issues such as poverty eradication, international equity in the distribution of resources, labor conditions, human rights. Scrutiny by non-governmental organizations and the media in terms of consistency between the UN's own practices and what it claims sustainable development should entail is increasing (IAPSO, 2007).

Through changing its own purchasing practices the UN can off-set criticism about not “walking the talk”.³ More importantly however, through changing how it procures, the UN is well placed to send a strong signal to business and countries as to what its priorities are. The total procurement of UN agencies –goods and services – was calculated to be 6.441 million US\$ in 2004 (IAPSO, 2007). This is small in comparison to world standards where governments spend some thousand million dollars every year on public purchasing EU aggregate is for instance 1500 million Euros for 2004. Nonetheless for its visibility and for the guidance it has on governments and their choices, the UN does play a catalytic role. In order to be able to harness this catalytic role, there needs to be a clearer understanding as to what is currently being done within the various UN bodies. Question such as: has any agency incorporated sustainability criteria into its purchasing practices? How has it been done? Has it worked?; What have been the barriers?; must first be answered. The present report attempts to answer such questions (IAPSO, 2007).

1.1.2 UNDP Procurement Manual

The UNDP procurement manual outlines environmental concerns to be reviewed before finalizing the purchasing of goods or services. An accompanying series of questions helps procurement officers ascertain how environmentally-friendly a good or service may be. While not mandatory, UNDP encourages the use of these environmental

guidelines to help guide purchasing. An annual competition between offices for the “greenest” purchasing, with prize money of \$5,000, provides an incentive (UNDP, 2005).

1.1.3 UN/PS Code of conduct

UN/PS developed a UN Supplier Code of Conduct in line with the Global Compact. As such it was structured around the ten guiding principles of the Global Compact, covering issues relating to labor, human rights, environment and bribery and corruption. The provisions outlined in the Code provide the minimum standard expected of all suppliers to the UN. Monitoring and evaluation consist of on-site evaluations and monitoring of milestones set. Failure to meet the principles of the Code may impact the future ability of the supplier to do business with the UN (UN/PS, 2004).

1.1.4 Selection of Bidders

This is the process where the organization identifies potential suppliers for specified supplies, services or equipment. These suppliers' credentials (qualifications) and history are analyzed, together with the products or services they offer. The bidder selection process varies from organization to organization, but can include running credit reports, interviewing management, testing products, and touring facilities. This process is not always done in order of importance, but rather in order of expense. (NIGP, Hinson and McCue, 2004). Often purchasing managers research potential bidders obtaining information on the organizations and products from media sources and their own industry contacts. Additionally, purchasing might send request for information (RFI) to potential suppliers to help gather information. Engineering would also inspect sample products to determine if the company can produce products they need. If the bidder passes both of these stages engineering may decide to do some testing on the materials to further verify quality standards. (Muralidharan, Anantharaman, and Deshmukh, 2001). These tests can be expensive and involve significant time of multiple technicians and engineers. Engineering management must make this decision based on the cost of the products they are likely to procure, the importance of the bidders' product to production, and other factors. Credit checks, interviewing management, touring plants

as well as other steps could all be utilized if engineering, manufacturing, and supply chain managers decide they could help their decision and the cost is justifiable (Sonmez, 2006).

Other organizations might have minority procurement goals to consider in selection of bidders. Organizations identify goals in the use of companies owned and operated by certain ethnicities or women owned business enterprises. Significant utilizing of minority suppliers may qualify the firm as a potential bidder for a contract with a company or governmental entity looking to increase their minority supplier programs. This selection process can include or exclude international suppliers depending on organizational goals and criteria. (IAPSO, 2007). Organizational goals will dictate the criteria for the selection process of bidders. It is also possible that the product or service being procured is so specialized that the number of bidders are limited and the criteria must be very wide to permit competition. If only one firm can meet the specifications for the product then the purchasing managers must consider utilizing a “Sole Source” option or work with engineering to broaden the specifications if the project will permit alteration in the specifications (Sarkis & Talluri, 2002). The sole source option is the part of the selection of bidders that acknowledges there is sometimes only one reasonable supplier for some services or products. This can be because of the limited applications for the product cannot support more than one manufacturer, proximity of the service provided, or the products are newly designed or invented and competition is not yet available (Sarkis & Talluri, 2002).

The procurement of vital goods and services provides an essential building block for many United Nations activities, whether it is responding to natural disasters, peacekeeping or encouraging development. These operations rely heavily on our efficient and transparent ability to purchase the required food, labor, medicines and other items needed to fulfill the United Nations (UN) goals.

However, procurement should be more than this. In that, it should be a crucial tool in the development process itself. It should stimulate local markets and drive innovation. By providing business opportunities to a wider range of companies in all countries,

procurement can help build strong economies and well-functioning communities. Buying goods and services directly from the countries we are trying to support can also ensure local ownership of UN projects, boosting their effectiveness (UN, 2006).

Many organizations in the United Nations family are well aware of this and already use our considerable buying power to get the best deal for everyone involved in the process for both beneficiaries and suppliers. This is aimed at ensuring achieving their best practice (UN, 2006).

As part of an ongoing internal effort to reform its procurement activities, the UN is seeking to be as inclusive as possible and extend procurement opportunities to previously overlooked vendors. This not only increases fairness and efficiency, but creates the opportunity for the entrepreneurial spirit and industry in the developing world to contribute to the achievement of the Millennium Development Goals (UN, 2006).

There have been cases of poor performance of contractors, suppliers, consultants and service providers (herein referred as contractors) reported by Procuring Entities (PEs) in the United Nations, which can be traced back to very low prices offered by the winning bid. Most PEs have been interpreting the lowest bid to mean the lowest submitted bid without bothering to go into details to establish whether the selected bidder can actually deliver at his/her quoted cost. PEs need to distinguish between “lowest submitted bid” and “lowest evaluated bid” (UN, 2005).

The lowest submitted bid is one which is the lowest amongst the bids read out in the bid opening while the lowest evaluated bid means the price offered by contractors that is found the lowest after consideration of all relevant factors including time for executing the contract, rates offered by the bidders, and any other risk elements associated with accepting a particular bid. It is in the context of this that the author has chosen to re-examine some of the factors that affect supplier selection at the United Nations.

1.1.5 Bidding Process

This is the process an organization utilizes to procure goods, services or equipment. Processes vary significantly from the stringent to the very informal. Large corporations and governmental entities are most likely to have stringent and formal processes. These processes can utilize specialized bid forms that require specific procedures and detail. The very stringent procedures require bids to be open by several staff from various departments to ensure fairness and impartiality (Fisher, Patton & Ury, 2001). Responses are usually very detailed. Bidders not responding exactly as specified and following the published procedures can be disqualified. Smaller private businesses are more likely to have less formal procedures. Bids can be in the form of an email to all of the bidders specifying products or services. (Kraljic, 2004).

1.1.6 The UN Market System.

The United Nations, including its many affiliated agencies, represents an international market of over US\$ 6 billion for suppliers of virtually all types of goods and services. Such a market is well worth your serious consideration. It provides an excellent springboard to introduce your goods and services to other countries and regions. The major goods procured by the United Nations include: Food, Pharmaceutical Supplies, Medical Equipment, Vehicles, Telecommunications Equipment, IT Equipment, Shelter and Housing, Water Supply Equipment, Laboratory Equipment, Educational Supplies, Agricultural Inputs, Domestic/Household Items, Security. In addition to the goods procured by the UN, major services procured include: Outsourced Personnel Services, Engineering Services, Leasing or Rental, General Management, Freight, Printing, Consultancy, Telecommunications, Construction (UNHCR/ITC, 2003).

must complete the initial registration process on www.ungm.org. After doing so the supplier will receive login details by email. The supplier uses these login credentials to go in and complete the online registration form, also on www.ungm.org. As part of the registration process, the supplier must select at least one UN agency to register with. The supplier's registration form will be evaluated by the chosen agency/agencies, before being accepted on the UN Global Marketplace (UNDP/IAPSO, 2006).

Procurement officers purchase goods and services for their organization. Although criteria for selection vary according to the organization and the item requisitioned, four basic principles underlie all procurement activities in the UN: best value for money; fairness, integrity and transparency; effective international competition; and the interest of the United Nations. Or restated in simpler terms: “good quality of products and services within the timeframe required to meet the specifications at a competitive price in order to further the programmatic mandates of the Organization”. In addition to the criteria outlined above, organizations –especially specialized agencies– have supplemental criteria. For example, UNHCR and UNIDO allow for a 15% price addition for those goods and services that come from developing countries. UNIDO also ensures that all project documents contribute to ‘clean and sustainable development of the industry sector’.¹³ Other agencies such as the ILO ensure that certain criteria, such as adherence to ILO Conventions concerning labor, are embedded in each requisitioning or project document (UNHCR/ITC, 2003).

For some agencies, the ‘right’ procurement is paramount. For the FAO although effectiveness, efficiency, competitiveness, and transparency are part of the process, “quality” is of the utmost importance as inferior product, e.g. seeds, fertilizer etc., can have far-reaching ramifications. For similar reasons, UNFPA looks after the “best” products i.e. those that combine best value for money and the right fit for the destination; the latter being important because of changing field conditions. Most of the agencies surveyed have included clauses that state that they do not purchase from companies that employ child labor or that manufacture land mines (UNICEF, 2006).

1.1.9 Department of Peacekeeping Operations (DPKO).

The United Nations family of organizations (United Nations System) is made up of the United Nations Secretariat, The United Nations programs and funds (such as UNICEF and UNDP) and the specialized agencies. The programs and funds are subsidiaries bodies of the General Assembly. The specialized agencies, linked to The United Nations through special agreements, report to the Economic and Social Council and or the General Assembly.

DPKO is the operational arm for all United Nations peacekeeping operations, and is responsible for the conduct, management, direction, planning and preparation of those operations. It develops plans and methodologies for peacekeeping operations' secures through negotiations with governments, the personnel and equipment required for the operations; provides logistics and administrative support for operations and political or humanitarian missions; proposes resource requirements and monitors and controls funds related to peacekeeping activities, maintains parties with parties to conflicts and member of the Security Council on the implementation of Security Council resolutions; undertakes contingency for planning possible new operations.

1.2 Statement of the Problem

In an era of global sourcing, the multinational firm's success often hinges on the most appropriate selection of its foreign suppliers. International supplier selection, however, is very complicated and risky owing to a variety of uncontrollable and unpredictable factors affecting the decision (Sarkis & Talluri, 2002).

Procurement is one of the major functions in the peacekeeping missions and forms a central core in project implementation. The United Nations Budget is more than Five Billion United States dollars for projects in peacekeeping missions and post conflict zones. According to yearly procurement reports published by the United Nations, activities in procurement range from leasing of aircraft on short and long term periods, provision of security to United Nations staff members and other stakeholders, provision of supplies, fuel and foods rations to contingent forces from contributing members,

construction of roads, accommodation and other facilities and infrastructure for the United Nations staff and recipient governments (UNDP/IAPSO, 2006).

After evaluation of proposals, it has been noted in the unpublished internal procurement reports that a number of engineering projects take more than six months to one year to complete and this is one of the major challenges in procurement. Completed projects are either used by the United Nations in the respective missions or are donated to governments in a particular country where the United Nations is based (UNDP/IAPSO, 2006). It has been noted that some goods are not delivered on time and with deviating specifications (poor quality not lasting long). There are concerns with regards to some leased aircraft as it is suspected that some brokers are being selected to provide services. It has been noted that, in civil works there are delays in completion of major projects and the structures develop structural defects soon after completion of the projects (UNDP, 2005). There is a need to examine how the different vendors are selected and how their selection has an implication on the performance. This means measuring output in terms of time and quality of work as per laid down standards. The mentioned challenges in Procurement are the purpose of this study whose main aim is to determine the factors affecting effective supplier selection at the United Nations.

1.3 Objectives of the Study

1.3.1 General Objective

The purpose of this study was to investigate the factors affecting supplier selection with reference to the United Nations.

1.3.2 Specific Objective

- a) To determine the effect of pricing on supplier selection.
- b) To examine the effect of supplier experience on supplier selection.
- c) To assess the effect the quality of products has on supplier selection.
- d) To establish the effect of financial capacity on supplier selection

1.4 Research Questions

The study intended to answer the following questions:

- a) What is the effect of pricing on supplier selection?
- b) What is the effect of supplier experience on supplier selection?
- c) What is the effect of quality of products on supplier selection?
- d) What is the effect of financial capacity on supplier selection?

1.5 Justification of the Study

Hakannsson and Wootz (1975) carried out a study on the supplier selection in an international environment in Sweden. The paper looked at the supplier characteristics (such as reputation and size) and bid characteristics (such as price and quality). The author would like to reexamine the factors with particular emphasis on the Procurement System at the United Nations Support Office for AMISOM (UNSOA) based in Kenya supporting a peacekeeping mission in Somalia. The study focuses on an international organization with similar characteristic as the study undertaken but looking at a particular United Nations System.

1.6 Scope of the Study

This study was limited to the factors affecting supplier selection with specific reference to United Nations' department of peace keeping. The research proposal examined effects of supplier management and experience, pricing of the product, quality of the product and financial capacity of the firms. The Research was undertaken at the Headquarter of United Nations Nairobi in Gigiri Complex. The research study took a period of three months with effect from January 2011.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, literature, which is related to and consistent with the objectives of the study, was reviewed. Important theoretical and practical problems were brought out; relevant literature on aspects pertaining to effective supplier selection on organizational performance with specific reference to United Nations' department of peace keeping. This chapter was divided into three parts, which are review of past studies, critical review and summary and conclusion of the gaps to be filled.

2.2 General Overview

A supplier is an important element of every organization. A supplier could be a provider of goods and or services which the organization in turn uses, resells or adds value to. The quality of suppliers an organization has, directly impacts or affects the quality of service delivery. It is important to select your supplier for the right reasons. While you may have once-off suppliers from time to time, it is riskier as there is no definite service level guarantee and long term commitment. Such suppliers are to be avoided as much as possible. In some companies, procurement is only done from a list of prequalified registered suppliers who would have met stringent criteria and scrutiny. It is easy to find any kind of supplier. When you put considerations and conditions you can easily sift and select those suppliers who meet the standards and status of your organization. There is a supplier for every size and class of business. Not every supplier that exists is a genuine partner to rely on and build your business on. (Morlacchi, 2001)

When a decision to purchase a product is made, the members of the buying center establish a set of evaluation criteria that can be used to compare potential sources (Hawkins, Del, Best and Coney, 2003). The purpose of supplier selection is to determine the optimal supplier who offers the best all-around package of product and service for the customer.

Previous studies have identified several key factors important in supplier selection. Key criteria used by buyers include: quality, on-time delivery, price, and flexibility (Verma & Pullman, 1998). Other recent studies indicate the relative importance of supplier selection criteria has changed over the last few years. Wilson & David, 1995 determined that quality has increased in importance, price is relatively less important today, delivery is somewhat less important, and service is somewhat more important today. She suggested that these changes are due to the changing relationships between buyers and sellers.

Because strategic supply management is key to gathering market intelligence and developing cost reduction processes, the organization benefits the most when the top supply management professional is a member of the organization's senior management team. In this leadership role, supply management professionals must be knowledgeable and understand all areas of the business in order to develop strategies consistent with the organization's goals and successful business procedures (Jensen, 2008).

With the increasing technology and demand for global operations, supply management is often involved in finding sources for products and/or services from international suppliers. An understanding of global business concepts is increasingly important for those in the profession. Supply management activities directly impact an organization's profitability and operational success (Albano, Dini & Zampino, 2008)

Supplier evaluation is a continual process within purchasing departments and forms part of the pre-qualification step within the purchasing process; although in many organizations it includes the participation and input of other departments and stakeholders. It often takes the form of either a questionnaire or interview, sometimes even a site visit, and includes appraisals of various aspects of the supplier's business including capacity, financials, quality assurance, organizational structure and processes and performance (Corbin & Matthew, 2007).

Based on the information obtained via the evaluation, a supplier is scored and either approved or not approved as one from whom to procure materials or services. In many

organizations, there is an approved supplier list (ASL) to which a qualified supplier is then added. If rejected the supplier is generally not made available to the assessing company's procurement team. Once approved, a supplier may be reevaluated on a periodic, often annual, basis. The ongoing process is defined as supplier performance management (Damian & Stephen, 2009).

In the US, the total dollar magnitude of purchases by businesses exceeds the gross national product (Tully, 1995). Purchasing transactions typically amount to 55 percent of an organization's revenue. Given that purchasing involves large cash flows and has a significant impact on quality, customer satisfaction, profitability, and market share, the process of selecting suppliers has received considerable attention in purchasing circles. And, as more companies shift their paradigm from a zero sum game of supplier-buyer bargaining power to one based on a win-win proposition for developing long-term relationships aimed at improving coordination of supplier networks throughout the supply chain, the supplier selection problem becomes an increasingly strategic decision confronting the management of the firm (Boer et al., 2006).

Associated challenges with supplier evaluation include resource and cost commitments in establishing and maintaining a robust and effective system, challenges with specifying and gathering meaningful and relevant information, data integrity, scorecards that do not get at the root causes of supplier problems, and subjective or inconsistent scoring which may result in inaccurate assessment. Another challenge is making sure that evaluation of current suppliers goes beyond measurement to actual performance improvement by providing feedback to suppliers on their performance and working on continuous improvement opportunities. Thus, management commitment to and support of a supplier evaluation process is essential (Beil & Wein, 2005).

2.2.1 Effect of Pricing on Supplier selection

Price is important, but it shouldn't be the only reason you choose a supplier. Lower prices may reflect poorer quality goods and services which, in the long run, may not be the most cost effective option. Be confident that your supplier can make a sufficient

margin at the price quoted for the business to be commercially viable. The most common cost related with a product is purchase price, transportation cost and taxes (Kahraman, et al. 2003). Operational costs are also considered during the supplier selection. The operational cost includes transaction processing; cost of rejects etc. 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 (Spencer & Casey, 2007).

It is essential to carefully study the total expenditure estimate provided by the supplier in order to check for any discrepancies. As a buyer, you should compare the expenditure estimates provided by different suppliers, so that the best deal could be selected. However, price should not be the only consideration while selecting a product from a supplier. If the same deal is offered at different prices by different suppliers, then the reason for such a discrepancy should be analyzed. It is not advisable to compromise on quality for a lower price (Lunsford & Glader, 2007)

Most studies have found that price plays an increasingly lesser role in supplier selection Hult., (2003); Gustin, 1997; Lambert et al., 1997). As suggested by Doney and Cannon (1997), trust in the supplier firm and trust in the salesperson have become increasingly important. The lowest price conforming and price quality supplier selection methods include competition on price. To ensure that price competition is fair those outputs which suppliers are asked to price must be very well specified. The risk of claims for works or services that were arguably not required will be high if the outputs that are to be priced are not unambiguously described (Ellram, 1994).

Professional services are often very difficult to precisely describe and therefore any price competition has to be carefully managed. The price quality method of supplier selection is better suited to the purchase of professional services because the purchaser can distinguish between suppliers on the basis of their quality attributes, including their experience, skills, track record and their understanding of what the purchaser requires,

but again the outputs which suppliers must price have to be specified precisely (Schmit & Weise, 2008). The price quality method of supplier selection is the one supplier selection method that uses a price weight. It balances (or trades off) price and quality by use of a formula. It enables the purchaser to pay more for a high-quality supplier, and clearly shows the process the purchaser goes through to decide how much more to pay. It is a sensible method to use when the quality of the supplier is important and a trading of price and quality is practically possible through the supplier selection process (Reinecke, Spiller, & Ungerman, 2007).

A supplier's decision to enter (or not enter) a competition is likely to be strongly influenced by the price weight advised. Suppliers who have a higher price structure but offer a higher quality of service will sometimes choose not to compete when the price weight is relatively high, recognizing that their chances of winning against a supplier with a lower price structure are small. Conversely, when the price weight is high, suppliers who prefer to compete on price alone (rather than on quality) will be encouraged to enter the competition (Krishnan, 2001).

Options should be tested before confirming a price weight. This will help a purchaser to avoid an unanticipated range of supplier quality premium values. This can often arise when using the price quality method in unfamiliar circumstances or choosing a price weight with which the purchaser has had no previous experience (Beil & Wein, 2005).

If you choose a supplier based on the bottom line price, first make sure you really are looking at the bottom line. Some suppliers may flaunt a low price tag, but costs incurred before and after product delivery may alter the deal. When you are comparing costs from different wholesale sourcing, ask about shipping costs, return policies and product guarantees as well. While these factors may not directly affect the price of your inventory, they will impact how much cash you have to turn over to a wholesaler to complete the transaction. Another potential hurdle when shopping wholesale sourcing based on price is that you may not qualify for the best prices based on your order amount. The lowest discounts are frequently given to businesses that deal in the largest

volume of goods. Make sure you compare the price of the specific amount you need to ensure you are getting the best possible deal from a wholesaler (Welch, 2007).

2.2.2 Effect of Supplier Experience in Supplier Selection

Selection of suppliers aims to arrive at a list of suppliers who are suitable for working with the customer organization and have broadly the right capabilities to meet the requirement (Balakrishnan, et al, 2004). The key to success in this process is striking a balance between on the one hand narrowing down the field sufficiently to allow an in-depth focus on a smaller group of suppliers at the Award Stage, and on the other ensuring that all suppliers who are suitable are indeed selected to go forward and not rejected. It's because of this that selecting suppliers who have been effectively engaged in supplying commodities is considered greatly. (Fung, 2004). It's out of their experience that it can be deduced they can deliver the services required.

Experience as a general concept comprises knowledge of or skill in or observation of something or some event gained through involvement in or exposure to that thing or event. The history of the word experience aligns it closely with the concept of experiment. The concept of experience generally refers to know-how or procedural knowledge, rather than propositional knowledge: on-the-job training rather than book-learning. Now, in the context of supplies business, constant and effective engagement of vendors in supply business enhances competitive and value added capabilities of the supplier, proven track record and references and good financial standing knowledge. These qualities enable a supplier to deliver services as anticipated by the customer in addition to enhancing the ability to provide multiple services and serve multiple companies. Hence the key to running and managing a business successfully means that you have a strong customer base and a stronger supplier base. (Velooso and Kumar, 2002). Experience builds the capacity a supplier to meet all customer expectations, with respect to delivery time, quality of goods and dependability. Therefore it is logical to infer then that a good supplier is one who meets these qualities. However while the laws of commerce have remained relatively simple, the demands and expectations of the

1.1.7 Overview of UN Procurement System.

The UN system operates on budgets funded by its members. Each Agency has a separate budget approved by its respective Executive Board. Competitive tendering is used by the UN system to award contracts. The normal procedures followed for the various procurement levels of individual contracts is as follows (with minor variations among the agencies): Values of purchase orders up to US\$ 30,000: A direct selection of possible suppliers is done by the procurement officer concerned, normally three suppliers are identified (Nicholas, 2010). Based on an analysis of the quotations received, the order is awarded to the supplier that meets the specifications and delivery terms and has the lowest price. Value of Purchase orders from US\$ 30,000 up to US\$ 100,000: Limited competitive bidding is done by inviting a pre-selected short list of suppliers to respond through sealed bids. The shortlist consists of suppliers from developing countries, including the recipient country; under-utilized donor countries and other donor countries. The order is awarded to the most qualified and responsive contractor submitting the lowest bid. Value of Purchase orders from US\$ 100,000 and up: International competitive bidding is the rule. If exigencies of a project so allow, suppliers are invited to bid by advertisement in the UN publication *Development Business* www.devbusiness.com, IAPSO's *Procurement Notices* on www.iapso.org or on other UN agency websites or trade publications. When requests for proposals have been issued, contracts shall be awarded to the best-evaluated responsive offer. The major emphasis is to achieve best value for money through transparent procurement process (IAPSO, 2007).

1.1.8 Registration with the UN System

It is recommended to consider registering with the United Nations Global Marketplace. The UN Global Marketplace acts as an important procurement tool to shortlist suppliers for competitive bidding. Its database of active and potential suppliers is available to all UN and World Bank procurement personnel, and is the main supplier database of 15 UN organizations. Potential suppliers of goods and/or services are encouraged to register their company on the UN Global Marketplace. In order to register, the supplier

customer keeps evolving. And hence the role of and the expectations from the supplier has changed as well. (Magretta and Fung, 1998).

Keeping in mind the expectations of the customer, its highly likely that experienced suppliers can deliver products and services in time. A good supplier is someone who keeps up to timely delivery of goods and supplies. Delayed supplies leads to business losses to the immediate customer and in turn delayed delivery to the end customer. This also opens up avenues for other secondary systems like buffer inventories to keep the chain going in addition to increasing overall costs. (Balakrishnan, K., et al, 2004). An experienced supplier can keep to supplying goods at constant and smaller frequencies, and then the cost advantage is supplemented. Meaning, if a product or part is found to be defective, then the time spent in replacing it is minimal as opposed to having to replace a whole carton or shipment of that item since the delivery is frequent and the supply chain is actively functioning. This is not only cost effective but is also a time and space saver. (Stroeken, 2001).

Normally, from the placing of an order to the actual buying of an order involves a ton of paper work. An experienced supplier will find ways of reducing the amount of paper work involved. The world of business is highly unstable, and often the gap between demand and supply can be hard to predict. (Fung, 2004). An experienced supplier will always be prepared to meet such a contingency. Again a frequent and smaller quantity of supplies is the key to eliminating this gap. Transportation and delivery often involves a lot of wear and tear and an experienced and a good supplier is someone who recognizes these limitations and takes proactive steps to help reduce or avoid the damage involved. The importance of a good and experienced supplier cannot be undermined and it can be said then that a business is as good as its suppliers. (Balakrishnan, et al, 2004).

One of the critical challenges faced by purchasing managers is the selection of strategic partners that will furnish them with the necessary products, components, and materials in a timely and effective manner to help maintain a competitive advantage. Buyer-supplier relationships based solely on price are no longer acceptable for suppliers of

critical materials or for organizations that wish to practice the latest innovations in supply chain management. Thus, to aid in the supplier selection process, a dynamic strategic decision model is introduced that allows inputs from a variety of managerial decision making levels (strategic to operational) while considering the dynamic competitive environment (Beil & Ross, 2009).

There are several issues involving supply chain management which offer ample opportunities for further research. (Johannesson, 2009) argues that supply chain management is a strategic management process involving both internal and external assessments of the organization, identification of its strategic orientation, and implementation of strategies. Strategic decisions need to incorporate tangible, intangible, strategic, and operational factors into any analysis. A methodology that allows for the synthesis of these factors and helps management structure the decision problem can prove to be a valuable resource.

Strategic supplier selection processes require consideration of a number of factors beyond those used in operational decisions. With increased emphasis on manufacturing and organizational philosophies such as total quality management (TQM), and the growing importance of supply chain management concepts, the need for considering supplier relationships from a strategic perspective has become even more apparent. While supplier selection is one of the most fundamental and important decisions that a buyer makes, it may also be one of the most difficult and critical. This is mainly due to the increased levels of complexity involved in considering various supplier performance and relationship factors (Ghawai & Scheider, 2004).

Once the sourcing (procurement) team has engaged a supplier there is a real need to maintain a balance of control in the new relationship to ensure the benefits of that deal are delivered. Without proper control it has been suggested that the value of a contract can degrade by up to 30% in the first year (based upon typical industry benchmarks; post contractual opportunities – reference data: Procurement Strategy Council) (Boer & Morlacchi, 2001).

For many companies, the supply management process begins with a central purchasing department or group. This group actively coordinates the purchase of raw materials, replacement parts and supplies, and even items such as copy paper, pencils and printer cartridges. A purchasing group will seek to find cost efficient vendors and establish relationships that allow the company to purchase items either on an as-needed basis or on a pre-determined schedule that can be amended if necessary. The group then coordinates delivery of the items so that they arrive at plant facilities shortly before they are needed. (Jensen, 2008).

2.2.3 Effect of Quality in Products

When you have got the quotation from suppliers, compare the potential suppliers in terms of what matters most to you. For example, the quality of their product or service may be most important, while their location may not matter.

Quality is the 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, process improvement of suppliers, quality planning and quality assurance in supply chain, quality assessment in production, inspection and experimentation and quality staff of suppliers (Damian & Stephen, 2009).

Quality is generally defined as conformance to requirements or fitness to use. But, like a multi-faceted diamond, quality may be perceived through five principal aspects; transcendent quality is an idea, a condition of excellence; product based quality is tied to product attributes; user based quality reflects fitness to use; manufacturing based quality is conformance to requirements; and value based quality is the degree of excellence at an acceptable price. Whatever the perspective, quality has two major components: quality of conformance—quality is defined by the absence of defects; and

quality of design—quality is measured by the degree of customer satisfaction with a product's characteristics and features (Beil & Wein, 2005).

Quality costs theory was used to analyze the interaction between quality of supplier and quality of intramural produce system, which affect the quality of final product and quality economy of enterprise. Analysis results revealed that incremental loss caused by quality of supplier will decrease with falling of oneself quality level; Total procurement costs varies with increase of the probability of quality defects caused by suppliers, but how to vary and which quality level is best depends on minus result of the price of per qualified product and the influence coefficient of quality level to quality costs. Thus, intramural quality should also be considered when selecting the quality level of supplier to avoid pursuing supplier for high quality product with blindness (Welch, 2007).

Where the scope of the outputs (works or services) cannot be fully described, competition on price may not help to obtain best value for money. The quality based method should be used where the approved organization determines that best value for money will be obtained by selecting the supplier on the basis of supplier quality alone. There is no competition on price (Ellram, 1990).

In supplying products or services, customers require products and services of a given quality to be delivered by, or be available by, a given time, and to be at a price that reflects value for money. These are the needs of customers. An organization will survive only if it creates and retains satisfied customers and this can only be achieved if the products or services meet customer needs and expectations. It's also sensible to ask for sample from suppliers to view the quality of the goods. This is of high importance because quality products would retain customers. Customers would feel satisfied that their money is well spent and that in turn would keep the customers coming back again and again. Moreover, satisfied customers would also spread their happiness by helping one promote through word of mouth (Krishnan, 2001).

Quality consistence is one major aspect to put in to consideration when selecting suppliers. This may concern the physical characteristics of the product, as well as

efficiencies and durability in operation and the number of units that fail to stand up during use the way customers have the right to expect. For example, the most crucial component of a pre engineered building is the quality of material used in the construction activity. Steel is the main construction material used in prefabricated steel buildings. Therefore it is essential that the best quality steel is used, to ensure maximum effectiveness and durability. Other materials such as insulation panels, flooring material, electrical components, etc should also be of high quality for proper effectiveness (Spencer & Casey, 2007).

An industrial purchaser may base his decision to purchase on Quality of products being offered by various bidders. This is part of bid characteristics and has significant value when civil works projects involving multi-million dollars are being evaluated and complex equipment is being procured. Hence it is important to evaluate its relative importance during supplier selection in the United Nations System with particular reference to UNSOA.

2.2.4 Effect of Financial Capacity

It is a good practice to investigate the financial stability of the supplier. The buyer may use published supplier ratings (e.g., Dunn and Bradstreet) to determine the supplier's financial status and likely financial viability in the short to medium term. For example, if the supplier has recently assumed significant debt, this may raise red flags about the possibility that the supplier will be declared bankrupt. It is very important to know that your supplier is in a financially secure position to deliver what you need and are not going to disappear over night. Carry out credit checks before you start your business relationship to re-assure you that they will not go bust when you need them most (Schmit & Weise,2008)

An assessment of the financial stability and fiscal outlook of the supplier is a factor gaining in importance in the growing trend of forging supplier-buyer partnerships. Both buyers and sellers are looking for partners that are viable, ongoing concerns that will contribute to the relationship both for the present and in the future. A supplier on

financially unstable footing will have much more difficulty contributing to the partnership venture, as it must focus its efforts on improving its financial soundness. Hence, both suppliers and buyers are becoming more mindful of the financial position of their potential partners in their decision making (Ellram, 1990).

Financial consideration constitutes a major supplier selection criterion. The buying firm considers the supplier's financial position. Financially unstable suppliers pose possible disruptions in a long-run continued supply of materials. By declaring bankruptcy, a supplier that supplies materials critical to a final product could stop a buyer's production. This criterion has become especially important in purchasing transportation service from truckload motor carriers. A supplier should have sufficient funds for business. If the supplier is not doing well financially, there are high chances that he (the supplier) could go out of business while still in business with the buyer firm, causes several losses. The supplier could also charge very high prices on goods or services offered to the buyer to raise the money, resulting into high expenses for the buying firm (Reinecke, et al. 2007)

It is important for a buyer to assess ratios and trends involving net worth, working capital, reserves and revenue to determine the ability of the business to supply the services/products contemplated for at least the contract period. This assessment will require the collection of more than one year financial statements from the business. Qualitative information is also important in assessing financial strength and viability. Assess gearing, borrowing requirements and capital requirements. If gearing levels are high this indicates a high level of risk (Myers, 2007).

A poor credit rating may indicate a high level of risk. Other sources of funding and current and future operations should be considered. It is in the interests of suppliers seeking government funding to have funding from other sources. However, at the very least, the effects of an over reliance on funds from government sources needs to be examined. Audited, general purpose financial statements have strong credibility and special purpose and unaudited accounts have lesser credibility. If only unaudited or special purpose accounts can be provided, the business may be considered high risk. Consider, for example, whether there has been timely lodgment of financial statements

and changes to directors and whether the business's accounts are audited. If financial statements have not been lodged or are not audited, the business may be considered high risk (Hedderich, et al., 2006).

Top-notch suppliers make financial capability an integral and dynamic part of their businesses. One way to measure a consistent level of financial capacity is through the number of audits the supplier undergoes each year. How often is the supplier audited by notifying bodies and clients? Many suppliers are audited by International Organization for Standardization (audits under the 13485 standard are ideal). Auditing is essentially a system of checks and balances that enables an outsource suppliers to refine processes and procedures for optimum performance. Some suppliers have their quality system reviewed as many as 50 times a year; companies with such a high number of audits are generally always ready with their best foot forward. The more audits a company withstands the more likely that financial capacity is consistent and that industry best practices learned from multiple industry sources are being employed (Krishnan, 2001).

Financial capacity of bidder or proposed suppliers is important in final execution of the project or completion of contract. Suppliers will be required to prove source of funds and ability to prove to be in good liquidity during the course of execution of the project. This involves ability to access lines of credit from financial markets, extended loans and having a good financial leverage. It is a critical supplier characteristic. It is important to assess how it affects supplier selection in UNSOA.

2.3 Critical Review of the Major Issues

Most of the reviewed literature on supplier selection indicated that the major aspects that should be put in to consideration while selecting a suppliers are pricing, management experience, product quality as well as financial capacity of the suppliers.

2.4 Study Gap

From the existing literature, there was a clear outcome that the studies done put more emphasis on factors to consider when selecting suppliers for manufacturing entities or

business enterprises. This research therefore went further by looking at the factors that affect effective supply selection at a non profit making organization in order to bridge that gap.

2.5 Conceptual Framework

A conceptual framework is used to outline possible courses of action or to present a preferred approach to an idea or thought. It is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Reichel & Ramey, 1987). When clearly articulated, a conceptual framework has potential usefulness as a tool to scaffold research and, therefore, to assist a researcher to make meaning of subsequent findings. The conceptual framework comprises of independent and dependent variables. In this study, the conceptual framework was based on four independent variables which the research found to be affecting effective supplies selection. These include; pricing, supplier experience, quality in products and financial capacity. Pricing is the most common cost related to a products purchase price-purchase price is of a product and/or a product is affected by it is affected transportation costs and taxes. Supplier experience on the other hand affects supplier selection since procuring organizations looks for list of suppliers who are suitable for working with the customer organization and have broadly the right capabilities to meet the requirement. Quality is generally defined as conformance to requirements or fitness to use. In supplying products or services, customers require products and services of a given quality to be delivered by, or be available by, a given time, and to be at a price that reflects value for money- this consideration does affect supplier selection criteria. It is very important to know that your supplier is in a financially secure position to deliver what you need and are not going to disappear overnight. That is why it is expected to affect selection of suppliers. The relationship of these variables is shown in figure 2.1 below.

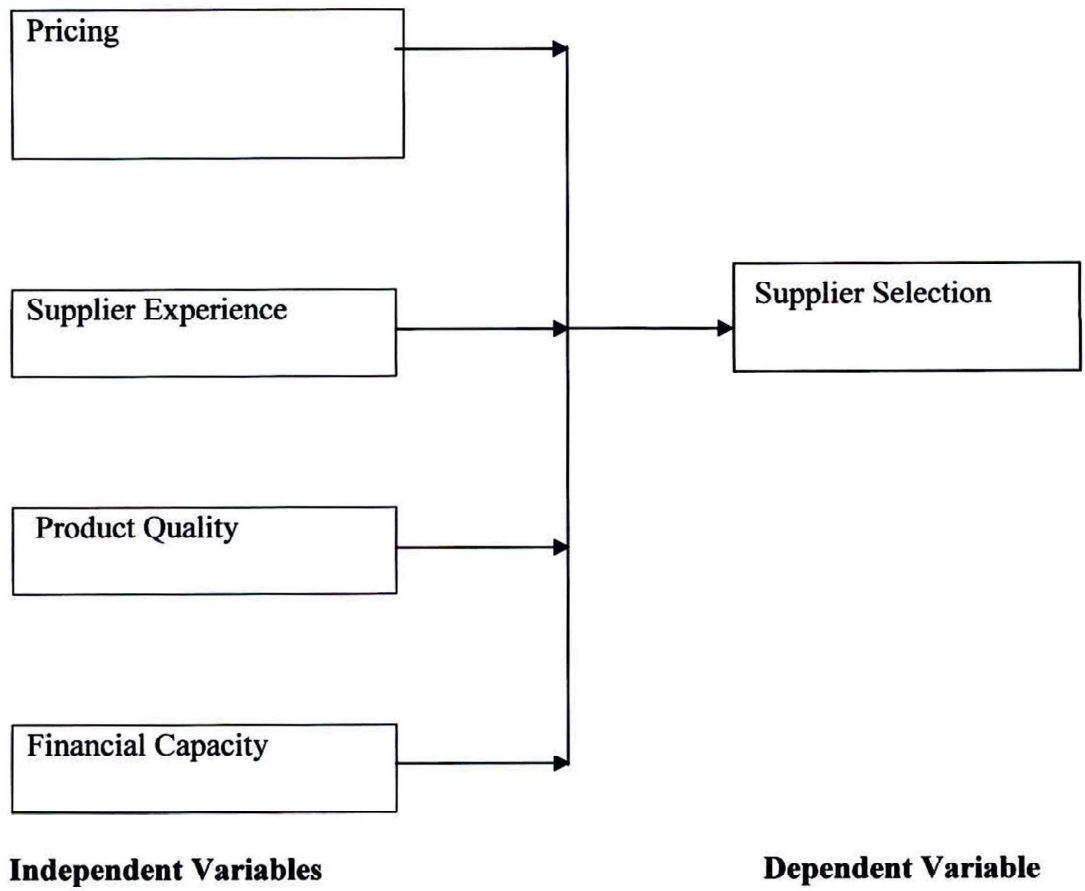


Figure 2.1: Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The study aimed to explore how data was collected method used in order to come up with the findings. In this chapter the methodology that was used in the study is discussed. These included research design, target population, sampling technique, data collection, analysis and presentation.

3.2 Research design

The study adopted descriptive design to determine the factors that affect effective supplier selection at the United Nations. Descriptive research design was one whereby the major emphasis is on determining the frequency with which something occurs. It involves observing and describing the behavior of a subject without influencing it in any way.

In this study, the researcher identified a target population from which specific samples will be identified following clearly outlined procedures. The main purpose of a descriptive research design is to best describe the way things are which enables the researcher to draw valid conclusion from the facts discovered. (Kravitz, 1987). The researcher used selected open ended and structured questionnaire to gather the necessary information from the targeted respondents. This information was analyzed using various tools for presentation.

3.3 Target Population

This study targeted a population comprising of United Nations' procurement management team. This target population was selected because they are the ones who determine which suppliers are selected. A total of 94 procurement staff members were used as the main focus in this study. The target population was selected from the departments shown in table 3.1.

3.3.1. Sampling Frame

A sampling frame is the list or quasi list of elements from which a probability sample is selected, (Babbie & Rubin, 2008). A sampling frame should ideally contain a complete, up-to date list of all those that comprise the population for research (Denscombe, 2009). A 50% sample from each procurement section was selected because according Babbie and Rubin, collecting data from fewer cases means that you can collect information that is more detailed. This study's sample frame included 94 employees from the mentioned UN organizations.

Table 3.1 Sampling Frame

Procurement Sections	Population	% Sample	Sample Size
Logistics & Transportation Section (LTS)	10	50	5
Corporate & IT Procurement Section (CITPS)	20	50	10
Peacekeeping Procurement Section (PPS)	24	50	12
Procurement Management Section (PMS)	15	50	8
Planning Compliance Monitoring Section (PCMS)	13	50	7
Policy & Best Practices Unit (PBPU)	11	50	6
Capital Master Plan	9	100	9
Total	94		57

3.3.2 Sample

Stratified sampling was used to categorize various sections under procurement department. Purposive sampling was used to select heads of the various sections. Then convenience sampling was then used to pick the rest of the staffs as responded under them. Thus the sample selected for the study was 57 employees. This sample represented 61% of the target population and therefore was likely to give representative results/findings that were generalizable enough for use by the whole population. According to Mugenda and Mugenda (2000) a representative sample is one that is at least 10% of the entire population .Therefore, 61% sample size was sufficient for the study.

3.3.3 Sampling methods

The departments shown in table 3.1 were identified using convenience sampling where the researcher believes this departments were likely to provide people who would give accurate information that the study desired to collect. After the departments were identified as shown in the table, simple random sampling method was used to come up with the sample population. Simple random sampling method was used because since the departments were chosen based on those employees likely to give relevant information, then all the employees in these departments have equal chance of giving relevant information about the study questions.

3.4 Research Instruments

The main research instrument used was a semi-structured self administered questionnaire and through emails. A questionnaire was relevant based on its capacity to collect data from a large amount of people. The large and complex organization cultures involved in the UN present large employees who have busy schedules and getting them for an interview may be hard. A questionnaire gave them the liberty of participating in the research at their own convenience.

3.5 Data collection Procedure

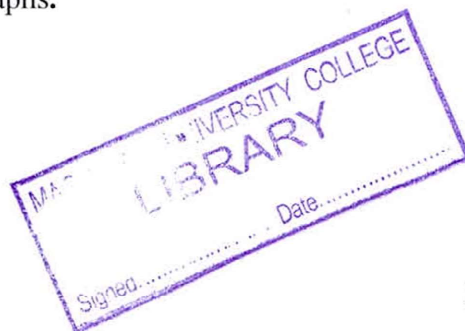
Data was collected directly from respondents by means of semi-structured questionnaire which was based on ranking scale to determine the most important factors affecting the decision making process with respect to supplier selection. The researcher personally distributed the questionnaires through hand delivery and via email. Rigorous follow up calls were made to ensure that the recipients answered the questionnaire in time.

3.6 Piloting

Pilot testing is a trial run of procedures and instruments that one plans to use. In this study, 6 supplies management staffs were selected at random. The researcher administered the instruments on the randomly selected respondents. The main purpose of pilot testing was to catch potential problems before they become costly mistakes. It is typically used if an instrument or method of data collection is being used for the first time or for the first time with a particular group (e.g., a survey used before with a different age group). Pilot testing provides information on how long data collection can be expected to take and a preview of how difficult items will be to complete. The latter is important as, with proper advanced notice, you can modify questions and possibly even the way you collect information (e.g., reading questions to people rather than having people read questions themselves).

3.7 Data Processing and analysis

After completion of the data collection exercise, all the questionnaires were thoroughly checked for data quality and completeness. Data from the field were then tabulated, coded and entered in to the computer. The data was then be analyzed using excel worksheet. The data was represented using frequency tables, percentages, pie charts and bar graphs.



3.8 Limitations to study

A small number of limitations were encountered in the study. A number of questionnaires were never submitted back and this meant loss of information. Secondly, various respondents took time to respond to questionnaires due to official work and hence some delays in receiving feedback.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction.

This chapter gives detailed findings of the analyzed data and discussion of the results of the study. The study sought to establish the factors affecting effective supplier selection. The study was a case of supplier selection at the United Nations, department of peacekeeping. The study targeted 57 respondents from which data was collected using questionnaires. The response was satisfactory in that out of the 57 questionnaires issued, 41 were answered and returned translating to 72% response rate. According to Babbie (2002) any response rate of 50% and above is adequate for analysis thus 72% was relatively sufficient.

4.2. General information

4.2.1 Gender

The study asked the respondents to indicate their gender and the results were presented in the pie chart below.

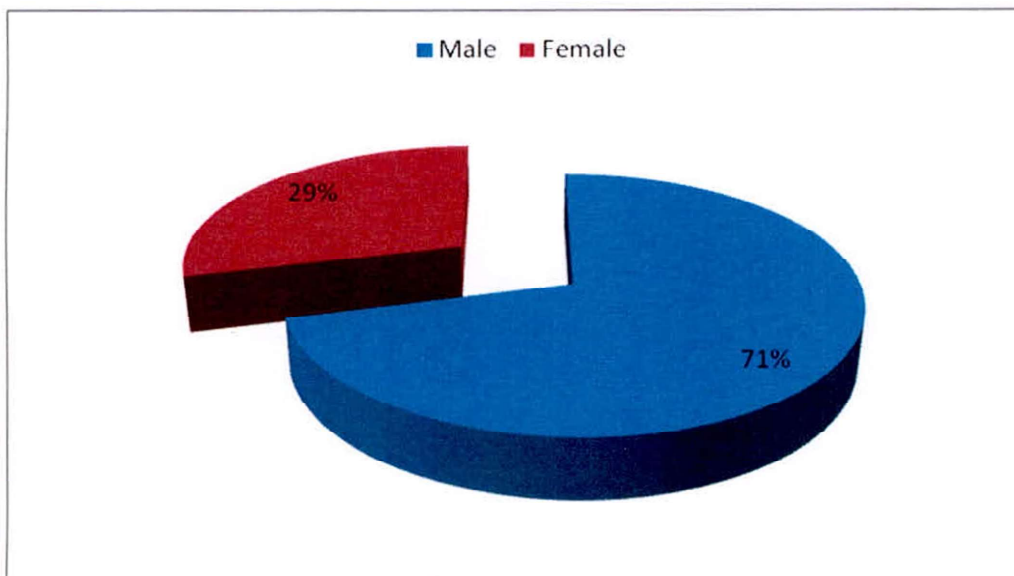


Figure 4.1 Distributions of Respondents by Gender

From figure 4.1 the study found out that majority of the respondents were male as shown by 71% while 29% were female respondents working with the United Nations department of peacekeeping. This gender variation may not have any particular influence on the result; it only confirms that most of the respondents interviewed were male.

4.2.2 Respondents Work Experience

The study sought to know the number of years they have worked. The results were presented in the column graph below.

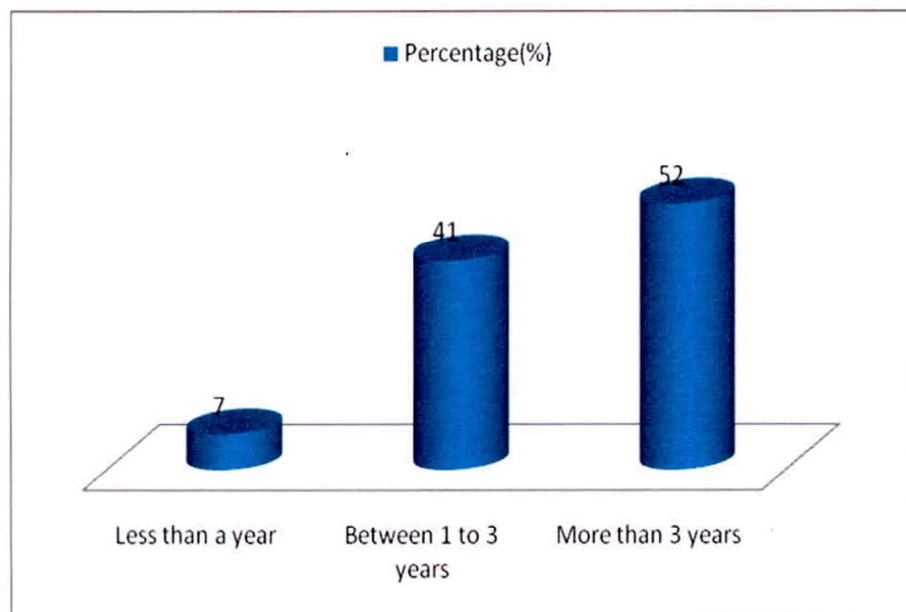


Figure 4.2 Respondents Work Experience

The figure 4.2 shows that 52% of the respondents had worked in the organization for more than three years while 41% had worked for between 1 to 3 years and the minor group presented by 7% had worked for less than one year. These indicate that most of the respondents had worked for some time to enable them answer questions on aspects of work related to issues affecting effective supplier selection. This in a larger extent confirms the results as credible.

4.3. Effect of Pricing on Supplier Selection

The first objective of the study was to determine the effect of pricing on supplier's selection at the United Nations. The findings of the data collected showed that pricing has an effect on the selection of suppliers in United Nations. The findings were shown in the table 4.3.

Table 4.1 Effect of Pricing on Supplier Selection

	Strongly agrees		Agree		undecided		disagree		Strongly disagree	
Pricing	Frequency	%	frequency	%	frequency	%	frequency	%	frequency	%
Supplier selection is affected by the cost of items	6	15	21	51	5	12	9	22	0	0
Cost is the only factor that determines suppliers selection	0	00	6	15	3	7	23	56	9	22
The selection of suppliers is affected by price and the one with list quoted price are selected	0	00	8	20	7	17	21	51	5	12
Suppliers are chosen based on an undifferentiated offering e.g. long distance phone service.	7	17	19	46	6	15	9	22	0	00

From table 4.1, it's clear that the quoted cost of items is an aspect put in consideration when selecting suppliers given. This is so given that 66% of the respondents did agree when they were asked if supplier selection is affected by the cost of items. This finding is consistent with Kahramans', (2003) view that cost is very important criterion for selection of right suppliers since the organization seeking for supplies must be confident that the supplier can make a sufficient margin at the price quoted for the business to be commercially viable. He argues that the most common cost related with a product is purchase price, transportation cost and taxes. Literature review shows that most studies have found that price plays an increasingly lesser role in supplier selection (Choi & Hartley, 1996; Gustin, 1997; Lambert et al., 1997). As suggested by Doney and Cannon (1997), trust in the supplier firm and trust in the salesperson have become increasingly important.

When the respondents were asked whether cost is the only item that determines the supplier selection, 78% disagreed. This indicates that while cost considerations is key in supplier selection, it's however not the only consideration in selecting suppliers. Thus it does suffice to say that other factors are looked into when selecting suppliers. This result is in harmony with Thomas, (2005) who say that it's required in strategic supplier selection processes that considerations be made on a number of factors beyond those used in operational decisions. While supplier selection is one of the most fundamental and important decisions that a buyer makes, it may also be one of the most difficult and critical. This is mainly due to the increased levels of complexity involved in considering various supplier performance and relationship factors (Spencer & Casey, 2007).

On the question of selection of suppliers with the least quoted prices, 63% of the respondents indicated that they disagreed while 28% agreed with the opinion. This results shows consistency with the two variables tested above. In other words this reveals the fact that buyers don't only make decisions on selection of suppliers based on the price quoted. While supplier selection is a competitive process, yet to ensure that price competition is fair, those outputs which suppliers are asked to price must be very well specified. The risk of claims for works or services that were arguably not required

will be high if the outputs that are to be priced are not unambiguously described (Ellram, 1994).

On whether suppliers were chosen based on an undifferentiated offering, an impressive 63% of the respondents agreed. Financial capacity of bidder or proposed suppliers is important in final execution of the project or completion of contract. Suppliers will be required to prove source of funds and ability to prove to be in good liquidity during the course of execution of the project. This involves ability to access lines of credit from financial markets, extended loans and having a good financial leverage. It is a critical supplier characteristic. Therefore the study confirms that suppliers are chosen based on an undifferentiated.

4.4. Price and Quality Comparisons

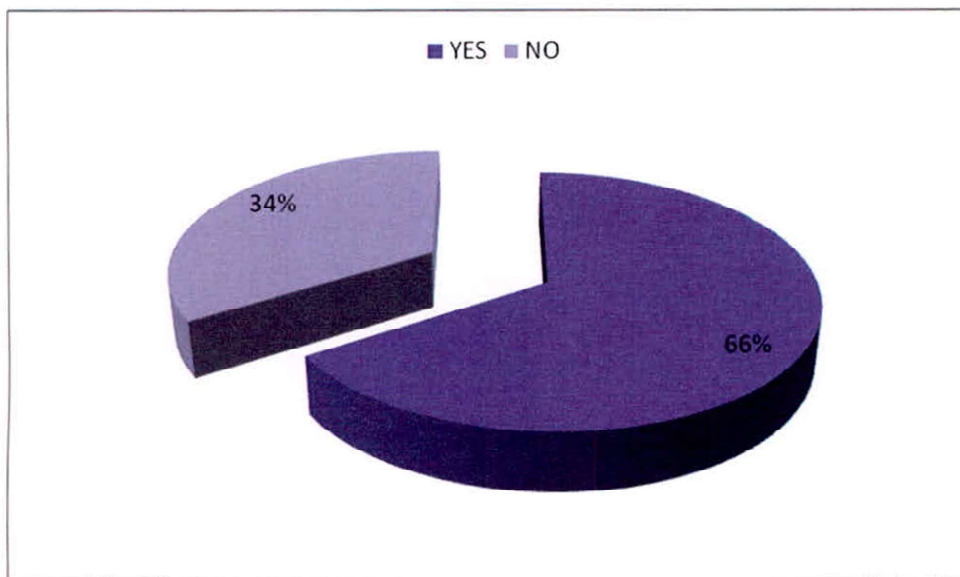


Figure 4.3 Price and Quality Comparisons

The study inquired whether the respondents use the criteria that when the price of the product is high, then the quality of that product is high. In response, 66% agreed while 34% said no. This reveals buyers have the preconceived opinion that a lower priced commodity cannot be of good quality and that only highly quoted prices items are of reasonable quality. A supplier's decision to enter (or not enter) a competition is likely to

be strongly influenced by the price weight advised. Suppliers who have a higher price structure but offer a higher quality of service will sometimes choose not to compete when the price weight is relatively high, recognizing that their chances of winning against a supplier with a lower price structure are small. Conversely, when the price weight is high, suppliers who prefer to compete on price alone (rather than on quality) will be encouraged to enter the competition (Krishnan, 2001).

4.4 Effect of Supplier Experience on Supplier Selection

The second objective was to examine the effect of supplier experience on supplier selection in the United Nation. Data collected revealed that experience is considered when selecting suppliers. The results were presented in charts and graphs as follows.

4.4.1. Choosing Qualified and Experienced Suppliers.

The respondents were asked whether suppliers who are fully qualified and experienced are chosen. The results were presented in the frequency table below.

Table 4.2. Choosing Qualified and Experienced Suppliers.

Item	Frequency	Percentages (%)
Strongly Agree	7	20
Agree	21	56
Undecided	4	7
Disagree	11	17
Strongly Disagree	---	---
Total		

The results show that 76% of the respondents agreed that experience and qualification is strongly considered during supplier selection. This result eludes to the fact that procurement functions are faced with critical challenges in the selection of strategic

supply partners that will furnish them with the necessary products, components, and materials in a timely and effective manner to help maintain a competitive advantage. Its only qualified and experienced suppliers who can on a consistent basis meet these needs. (Beil & Ross, 2009).

4.4.2. Choosing Suppliers with a History of Consistent Training.

The study inquired whether the respondents choose suppliers with a history of consistent training. The findings were then put in the bar graph below.

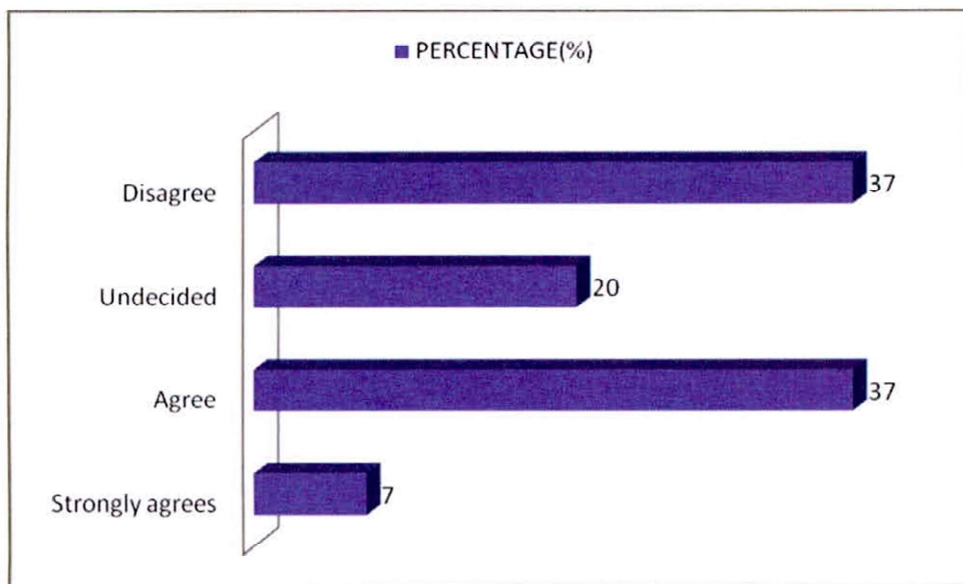


Figure 4.5. Choosing Suppliers with a History of Consistent Training.

In figure 4.5 above, 42% of the respondents agreed that indeed when choosing suppliers, a history of consistent training is given a consideration. The fact 37% and 20% of the respondents disagreed and were undecided respectively reveals that the extent of consideration and influence may vary from time to time depending on each and every unique situation. This is due to the fact that there are several issues involving supply chain management which offer ample opportunities for further research. Johanneson (2009) argues that supply chain management is a strategic management process involving both internal and external assessments of the organization,

identification of its strategic orientation, and implementation of strategies. During supplier selection process, there are quite a number of strategic decisions that are made which need to incorporate tangible, intangible, strategic, and operational factors into any analysis.

4.4.3. Supplier Stability in Supplier Selection.

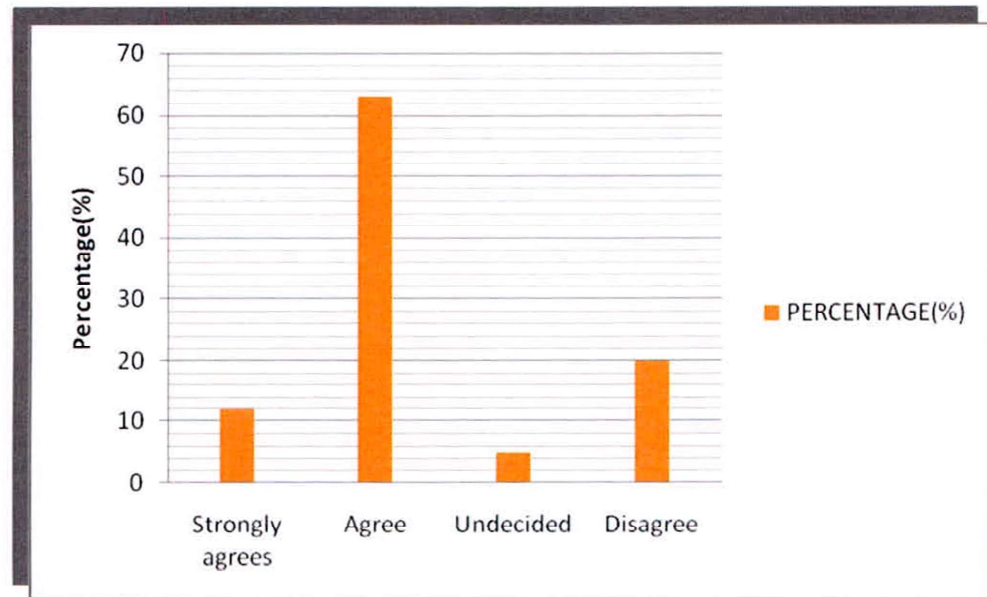


Figure 4.6. Supplier Stability in Supplier Selection

On the question of selecting suppliers of re-known stability 75% of the respondents agreed that it's considered. This totally corresponds to what the literature review has shown that supplier selection is one of the most fundamental and important decisions that a buyer makes as well as being one of the most difficult and critical. This is mainly due to the increased levels of complexity involved in considering various supplier performance and relationship factors Thomas, (2005) .For this reason buyers would rather consider strength of stability just to be sure of sustainability in business partnership.

4.5 Effect of Quality on Supplier Selection

The third objective was to examine the effects of on the selection of suppliers at the United Nation. The outcomes were displayed in various charts and graphs.

4.5.1 Quality Considerations in Supplier Selection.

The respondents were asked whether, quality is an aspect that is highly considered when selecting suppliers. The results were presented in the graph below.

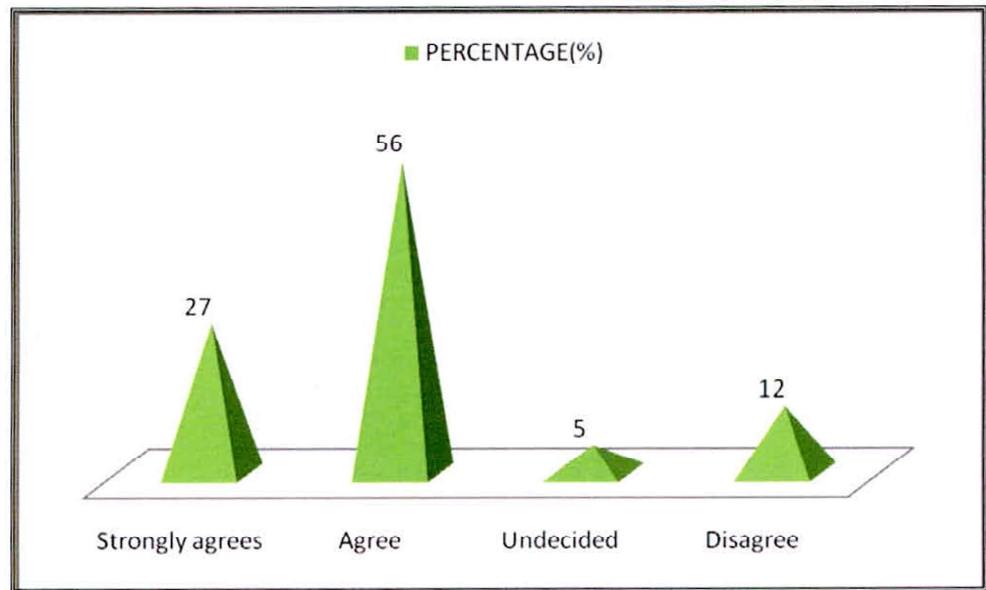


Figure 4.7. Quality Considerations in Supplier Selection.

The figure 4.7 indicates that 83% of the respondents agreed that quality is an aspect that is highly considered when selecting suppliers. This is because quality products and services will enhance good service and assure the value for money. Quality is the key factor of suppliers by which they can improve and maintain quality and delivery performance. (Damian & Stephen, 2009). Ellram (1990) notes that where the scope of the outputs (works or services) cannot be fully described, competition on price may not help to obtain best value for money. The quality based method should be used where the approved organization determines that best value for money will be obtained by selecting the supplier on the basis of supplier quality alone.

4.5.2 Quality Based Selection Irrespective of Price.

The study inquired if a supplier which supplies very high quality products will be selected irrespective of whether the price is high or not. The results were then presented in the pie chart as shown in table 4.3.

Table 4.3. Quality Based Selection Irrespective of price.

Item	Frequency	Percentages (%)
Strongly Agree	3	7
Agree	8	20
Undecided	6	15
Disagree	19	46
Strongly Disagree	5	12
Total	41	100

On whether the suppliers who supplies very high quality products will be selected irrespective of whether the price is high or not, 46% disagreed, 20% agreed while 12% strongly disagreed. The total of the respondents who disagreed and strongly disagreed was 58%. Thus the result disapproves the fact that a supplier with high quality is selected irrespective of their price even though quality is given such a high consideration. The earlier review indicates that, intramural price should also be considered when selecting the quality level of supplier to avoid pursuing supplier for high quality product with blindness (Welch, 2007).

4.5.3 Awareness of Supplies Management on the Importance of Quality when Selecting Suppliers.

The respondents were asked whether supplies management team is aware of the importance of quality when selecting suppliers. The results were then presented in the bar graph as shown in figure 4.9.

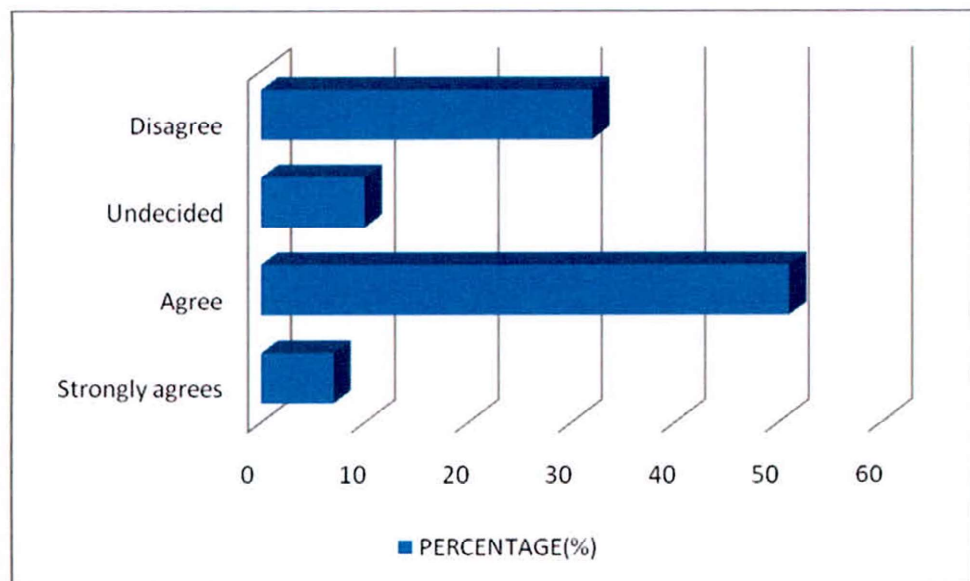


Figure 4.9. Awareness of Supplies Management on the Importance of Quality when Selecting Suppliers.

A good section of the respondents represented by 56% agreed that the supplies management team is aware of the importance of quality when selecting suppliers. 37% disagreed while 10% were undecided on the same issue. This shows clearly that quality is key in supplier selection. According to the literature review quality consistence is one major aspect to put in to consideration by every purchase officer when selecting suppliers. This may concern the physical characteristics of the product, as well as efficiencies and durability in operation and the numbers of units that fail to stand up during use the way customers have the right to expect. (Spencer & Casey, 2007).

4.5.4 Suppliers Dealing in Commodities not of very High Quality.

The study inquired if suppliers who deal with products which are not of very high quality are always unlikely to be selected. The outcome was put in the column graph shown in figure 4.10.

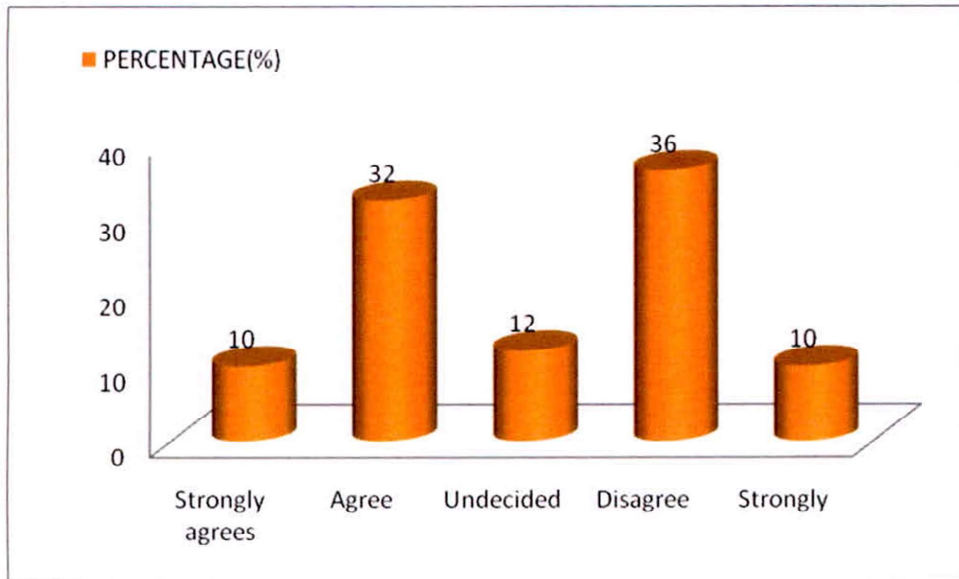


Figure 4.10. Suppliers Dealing in Commodities not of very High Quality

On whether Suppliers who deal with products which are not very high quality are always unlikely to be selected, 42% agreed while 46% of the respondents disagreed. The results clearly indicate that selection of the suppliers is based on many other factors and not specific aspects. It's also sensible to ask for sample from suppliers to view the quality of the goods. In supplying products or services, customers require products and services of a given quality to be delivered by, or be available by, a given time, and to be at a price that reflects value for money. These are the needs of customers. An organization will survive only if it creates and retains satisfied customers and this can only be achieved if the products or services meet customer needs and expectations. (Krishnan, 2001).

4.6 Effect of Financial Capacity on Supplier Selection

The fourth object the study sought to investigate the effect of financial capacity on supplier's selection in the United Nations. The data collected revealed that financial capacity affect the selection of suppliers in the United Nations. The results were presented in various charts and graphs as follows.

4.6.1 Consideration of Financial Position of the Potential Suppliers

The respondents were asked whether the management team has to look at the financial position of the potential supplier when selecting suppliers. The findings were put in the column graph shown in table 4.3.

Table 4.4. Consideration of Financial Position of the Potential Suppliers

Item	Frequency	Percentage (%)
Strongly Agree	6	15
Agree	17	41
Undecided	4	10
Disagree	12	29
Strongly Disagree	2	5
Total	41	100

From table 4.3, a total of 56% respondents agreed that the management team does look at the financial position of the potential supplier when selecting suppliers. This is very consistent with the review which indicates that it is a good practice to investigate the financial stability of the supplier. The buyer may use published supplier ratings (e.g., Dunn and Bradstreet) (Schmitt & Weise, 2008).

4.6.2 Selection of Financially Unpredictable Suppliers

The respondents were asked to state whether, financially unpredictable suppliers cannot be selected. The findings were put in the bar graph shown in figure 4.11

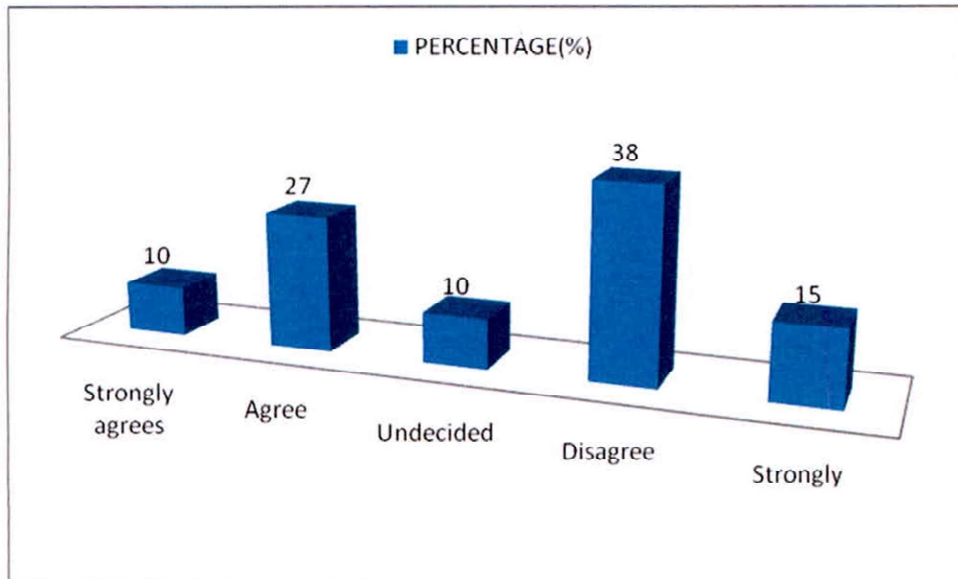


Figure 4.11. Selection of Financially Unpredictable Suppliers

On the question of whether financially unpredictable suppliers cannot be selected, 38% of the respondents disagreed while 15% strongly agreed. On the other hand 27% agreed and 10% strongly agreed. The total of those who disagreed (54%) was more than those who agreed (37%) therefore supporting idea that financially unpredictable suppliers still have a chance of being selected given the fact that supplier selection is not dependent on one factor alone. A glance at the literature review indicates that financial consideration constitute of a major suppliers selection criterion, the buying firm considers the suppliers financial position .financially unstable suppliers pose possible disruption in a long-run continued supply of materials, by being declared bankruptcy, a supplier that supplies material critical to final product could stop a buyer's production .again if the supplier is not doing well financially, there are high chances that the supplier could go out of business while still in business with the buyer firm, causes several loses. the supplier could also charge very high prices on goods or services offered to the buyer to raise the money, resulting into high expenses for the buying firm (Reinecke, et al. 2007)

4.6.3 Consideration of Company History and Value-added Services

The study inquired if buyers consider company history and value-added services in choosing suppliers. The findings were displayed in figure 4.12.

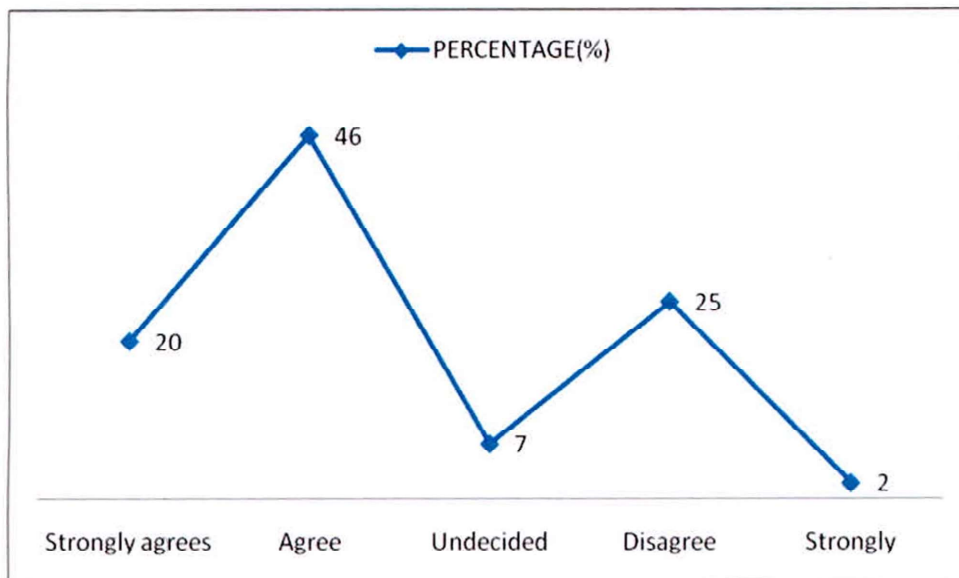


Figure 4.12. Consideration of Company History and Value-added Services

From figure 4.12, 46% of the respondents agreed, 24% disagreed while 20% strongly agreed bringing the total of those who agreed to 66%. Putting this in perspective with reference to the literature review we find that qualitative information is also important in assessing financial strength and viability- assess gearing, borrowing requirements and capital requirements. If gearing levels are high this indicates a high level of risk (Myers, 2007). Also consider the business's credit rating. A poor credit rating may indicate a high level of risk. Other sources of funding and current and future operations should be considered. Analysis of financial capacity indicates that the united nations consider company's history before selecting them as suppliers.

4.6.4 Suppliers Ability to Handle High Value Tender

The study inquired if buyers consider suppliers who have abilities to handle high value tenders. The findings were presented in figure 4.13.

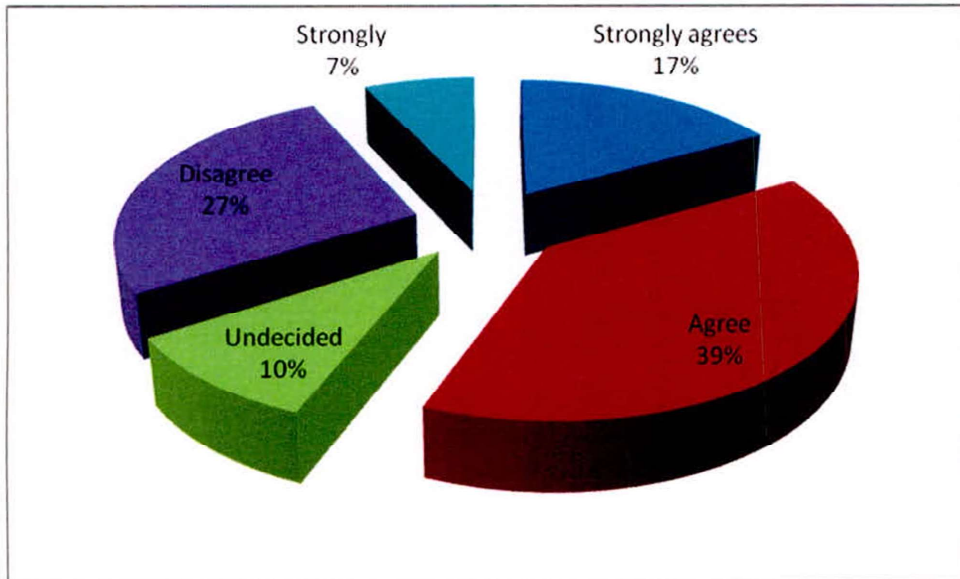


Figure 4.13. Suppliers Ability to Handle High Value Tender

39% of the respondents agreed while 17% strongly agreed. Thus the total of those who agreed was 56% indicating that majority agreed those suppliers who have abilities to handle high value tender are selected. Only 34%, of the respondents were of a different opinion.

5.4. Recommendations.

From the findings, the study recommends that United Nations and other organizations that procure products and services should establish fair and reasonable prices for commodities without obtaining extensive cost data from suppliers. This will in many ways reduce on time expenditure taken in acquiring goods and services.

Given that the research has clearly revealed the significance of supplier experience in the supplier selection process, the study recommends that United Nations and other procuring institutions need to do a professional thorough search on the suppliers abilities as a result of work that they have handled before. This will enhance high possibilities of doing things right at first hence getting the value for money.

The results of the study show that getting quality products and services and hence the value for money cannot be compromised or over emphasized. The study thus recommends that proper systems should be put in place to ensure acquisition of the required commodities. The study further recommends that there should be senior-level involvement in supply quality management at the UN and other organizations- this should be besides willingness to implement performance-based supplier scorecards for guidance and reference purposes. For reasons of selecting suppliers who can deliver quality goods and services, the study recommends that there should be systems for risk-based analysis for supplier quality in addition to connecting change control process leading to longer turnaround time.

While the United Nations and other organizations need to promote fairness/equal opportunity for all in the bidding process, they need to critically assess the suppliers financial base in order to be sure on their capabilities to meet the financial demands of supplying the goods and services being acquired.

5.5 Suggestions for further Research.

The study recommends that a study should be conducted to look at the factors affecting supplier selection in an e-procurement system. This is because growth in business-to-

CHAPTER FIVE

SUMMMARY, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter gives detailed summary, conclusions and recommendations made from the analysis and the data collected. The summary, conclusions and recommendations has been done based on the objectives of the study. The study had intended to establish the factors that affect effective selection of suppliers at the United Nations.

5.2 Summary of the Findings

5.2.1 General Information

The study attempted to understand the factors that affect effective supplier selection, adopting United Nations, department of peacekeeping as a case study. The study targeted 57 respondents from which data was collected using questionnaires. The response rate was 72% i.e. 41 questionnaires were filled and returned successfully. Majority of the respondents (71%) were male while 29% were female respondents working with the United Nations department of peacekeeping. Out of the total respondents, 52% had worked in the organization for more than three years while 41% had worked for between 1 to 3 years.

5.2.2 Effect of Pricing on Supplier Selection.

Purchase decision process of organizational buyers has become increasingly a complex, multidimensional and multifunctional activity as the traditional role of the purchasing has significantly changed over the past few years as organizations increasingly globalize their sourcing activities. (Humphreys et al., 1998; Weber et al., 2000a). The results of this study show clearly that the quoted cost of items is an aspect put in consideration when selecting suppliers given. This is true given that 66% of the respondents did agree when they were asked if supplier selection is affected by the cost of items. However, the study also reveals that while cost considerations are key in

supplier selection, it's not the only consideration in selecting suppliers. The study also reveals that suppliers can be chosen based on an undifferentiated offering- an impressive 63% of the respondents did agree to this.

5.2.3 Effect of Supplier Experience on Supplier Selection

The second objective was to examine the effect of supplier experience on supplier selection in the United Nation. The results show that 76% of the respondents agreed that experience and qualification is strongly considered during supplier selection. 42% of the respondents agreed that indeed when choosing suppliers, a history of consistent training is given a consideration. 75% of respondents did agree that selecting suppliers of re-known stability is a significant consideration.

5.2.4 Effect of Quality on Supplier Selection.

The third objective was to examine the effects of on the selection of suppliers at the United Nation. The study shows that 83% of the respondents agreed that quality is an aspect that is highly considered when selecting suppliers. This is because quality products and services will enhance good service and assure the value for money. On whether the suppliers who supplies very high quality products will be selected irrespective of whether the price is high or not, 46% disagreed, 20% agreed while 12% strongly disagreed. The total of the respondents who disagreed and strongly disagreed was 58%. A good section of the respondents represented by 56% agreed that the supplies management team is aware of the importance of quality when selecting suppliers. On whether Suppliers who deal with products which are not very high quality are always unlikely to be selected, 42% agreed while 46% of the respondents disagreed. The results clearly indicate that selection of the suppliers is based on many other factors and not specific aspects.

5.2.5 Effect of Financial Capacity on Supplier Selection

The fourth object the study sought to investigate the effect of financial capacity on supplier's selection in the United Nations. The respondents were asked whether the management team has to look at the financial position of the potential supplier when selecting suppliers. A total of 56% respondents agreed that the management team does look at the financial position of the potential supplier when selecting suppliers. On the question of whether financially unpredictable suppliers cannot be selected, 38% of the respondents disagreed while 15% strongly agreed. On the other hand 27% agreed and 10% strongly agreed. The total of those who disagreed (54%) was more than those who agreed (37%) therefore supporting idea that financially unpredictable suppliers still have a chance of being selected given the fact that supplier selection is not dependent on one factor alone. The study inquired if buyers consider company history and value-added services in choosing suppliers, 66% of the respondents did agree. For example a poor credit rating may indicate a high level of risk. Other sources of funding and current and future operations should be considered. The study inquired if buyers consider suppliers who have abilities to handle high value tenders, 39% of the respondents agreed while 17% strongly agreed. Thus the total of those who agreed was 56% indicating that majority agreed those suppliers who have abilities to handle high value tender are selected. Only 34%, of the respondents were of a different opinion.

5.3. Conclusions.

Generally the study acknowledges that no best way exists to evaluate and select suppliers, and thus organizations use a variety of aspects and approaches. This study also concludes that, the overall objective of the supplier evaluation process is to reduce risk and maximize overall value to the purchaser. An organization must select suppliers it can do business with over an extended period of time even though is influenced by various factors.

The study has clearly shown that price is a factor that does influence the process of supplier selection. This is true because selecting the right suppliers significantly reduces

the purchasing cost and improves corporate competitiveness, on which the success of a supply chain is highly dependent. The selection of suppliers is to reduce the purchase risk in addition to maximizing overall value to the buyer. This is true even though supplier selection is inherently a typical multi-criteria group decision-making. Understanding a supplier's total cost structure helps a buyer determine how efficiently a supplier can produce an item. A cost analysis also helps identify potential areas of cost improvement.

The research findings have revealed that the suppliers experience is greatly considered during the supplier selection process. The supplier's documented experience not only with the United Nations, but also other organizations is key for consideration during the supplier selection process.

The study has revealed that quality is highly considered when selecting suppliers. Organization's ability to produce a quality product at a reasonable cost and in a timely manner is heavily influenced by its suppliers' capabilities. The results of this study is consistent with past studies in that it has established the importance of quality of products during selection of supplier. The study shows clearly that even though supplier selection is influenced by multi-faceted factors, quality has significant influence in the whole process of selection. Quality is one of the main criteria in supplier evaluation. The Quality of their product, process, systems, facility and People drive the way the company works

A numerous of purchasers view the financial assessment as a screening process or preliminary condition that the supplier must pass before a detailed evaluation can begin. Because of the complexities, uncertainties and risks involved, it's important to be sure that the supplier has a stable financial capability. This will help the buyers avoid possible disappointments arising from the supplier's inability to deliver commodities in time due financial challenges arising from his side.

business e-commerce remains strong as information and communications technologies (ICTs) continue to transform organizations' interactions with their suppliers and customers (Mullaney, 2003; European Commission, 2005a).

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APPENDICES

APPENDIX I: QUESTIONNAIRE COVER LETTER

20th March 2011.

RE: Research on factors affecting effective supplier selection at the United Nations.

I am a masters student at Jomo Kenyatta University of Agriculture and Technology (JKUAT) pursuing an Executive Masters Degree in Business administration. As part of my partial fulfillment of my degree, I am carrying out a research on the Factors Affecting Effective Supplier Selection in your institution. This proposed research will be beneficial to your institution because it will enable you to gain an insight in to your supplier selection practices.

For this reason, you are kindly invited to spare a few minutes of your time to complete the attached questionnaire to the best of your knowledge. Please be assured that all information you provide will be kept strictly confidential. Your name or other identifying information will not appear on any study report.

Your participation represents a valuable contribution to this research, and we thank you again for your cooperation.

Do not hesitate to write to Phillip Mwangobole (email-pmwangobole@yahoo.com) if you have any questions or concerns about the questionnaire.

Yours Sincerely

Phillip Mwangobole

APPENDIX II: QUESTIONNAIRE

SECTION A: General Information

Tick as appropriate

1. Gender:

Male

Female

2. How many years of experience do you have in your current position?

Less than 1 year

between 1 to 3 years

More than 3 years

SECTION B: Factors affecting supplier selection at the united nations

1. To what extent would you agree/disagree with the following listed statements as regards to factors affecting Supplier selection in your entire organization.

Key: 5- Strongly Agrees 4-Agrees 3-Undecided 2-Disagree 1-Strongly Disagree

		Strongly agrees	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
	PRICING					
1.	The cost of items is a major aspect put in to consideration when selecting suppliers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2.	Cost is the only factor that determines supplier selection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	A supplier with the least quoted price is always selected	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	We choose suppliers based on an undifferentiated offering (e.g., long distance phone service).					

2. Do you use the criteria that when the price of the product is high, then the quality of that product is high?

YES

NO

Explain as per your answer above

.....

.....

.....

3. How are the transportation costs for suppliers who charge low prices on their products rated?

Good

Fair

Bad

Bad

4. Explain.....

.....

5. To what extent would you agree/disagree with the following listed statements as regards to factors affecting Supplier selection in your institutions?

5- Strongly Agrees 4-Agrees 3-Undecided 2-Disagree 1-Strongly Disagree

		Strongly agrees	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
	SUPPLIER EXPERIENCE					
7	We choose suppliers who are fully qualified and experienced.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	We choose suppliers with a history of consistent training from time to time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Experience is a key consideration when recruiting supplies managers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	We only select suppliers of re-known stability.					
11	Only qualified and experienced staffs are responsible for selecting suppliers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. How often are the suppliers trained on the current issues in procurement? State and explain.....

.....

 8. To what extent would you agree/disagree with the following listed statements as regards to factors affecting Supplier selection at the United Nations?

5- Strongly Agrees 4-Agrees 3-Undecided 2-Disagree 1-Strongly Disagree

		Strongly agrees	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
	QUALITY					
13	Quality is an aspect that is highly considered when selecting suppliers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	A supplier which supplies very high quality products will be selected irrespective of whether the price is high or not.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Supplies management team is aware of the importance of quality when selecting suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Suppliers who deal with products which are not of very high quality are always unlikely to be selected.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. What happens if a supplier is selected and after the delivery of the products they are found to be of low quality?

.....

10. Who is responsible for ensuring that the quality of products is up to the standards required?

.....

11. To what extent would you agree/disagree with the following listed statements as regards to factors affecting Supplier selection at the United Nations?

5- Strongly Agrees 4-Agrees 3-Undecided 2-Disagree 1-Strongly Disagree

		Strongly agrees	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
	FINANCIAL CAPACITY					
19	When selecting suppliers the Supplies management team has to look at the financial position of the potential supplier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Financially unpredictable suppliers CANNOT be selected.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	We consider company history and value-added services in choosing suppliers.					

22	We consider suppliers who have abilities to handle high value tenders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Do you always look at the audited financial statements of suppliers to determine their financial stability?

.....
.....
.....

13. If not, what do you check in suppliers so as to ensure that they are financially stable?

.....
.....
.....

25. How often do you check on suppliers to ensure that their financial capacity is strong?

.....
.....

22	We consider suppliers who have abilities to handle high value tenders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Do you always look at the audited financial statements of suppliers to determine their financial stability?

.....

13. If not, what do you check in suppliers so as to ensure that they are financially stable?

.....

25. How often do you check on suppliers to ensure that their financial capacity is strong?

.....
