INFLUENCE OF GLOBAL SOURCING AND SUPPLY CHAIN PERFORMANCE IN THE MANUFACTURING SECTOR IN KENYA

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ABSTRACT

The main purpose of the study was to examine the relationship between global sourcing and supply chain performance in the Manufacturing sector in Kenya. The study sought to answer the following research question: how do effect systematic supplier selection, transfer of competencies, inventory management and sourcing cost affect supply chain performance in the Manufacturing sector in Kenya? The study used a descriptive design in collecting data from the respondents because it ensures complete description of the situation, making sure that there is minimum bias in the collection and interpretation of data. The target population was drawn from 50 respondents. The study used census because the target population was small. The primary data for the study was collected using the questionnaires. Quantitative data was analyzed using descriptive and regression statistics with the aid of Statistical Package for Social Sciences (SPSS 21.0). The results of the study were presented using frequency tables. The study established that it is significant for businesses to develop systematic and standardized criteria and conditions in order to select the best and most dependable supplier in the international arena as a company must have a network of competent suppliers in order to compete effectively in the world market, transfer of competencies influences the supply chain performance as the organization has not only accessed new technology from suppliers but also benefitted from skills transfer from the same which has enhanced its supplier chain performance, global sourcing not only enables the organization to respond to market changes effectively without affecting inventory levels but also allows the organization to reduce demand uncertainty by sourcing from different global sources and global sourcing has reduced supply chain cost arising from shifting income, tax laws and cheaper operating costs. The study concludes that to remain globally competitive, firms must receive competitive performance advantages from their suppliers that match or exceed the advantages that suppliers provide to competitors, technology transfer is critical since it provides new business capabilities and consequently enables others, thus stressing the need for Information-based decision-making to become a core competency, the major reason for global sourcing is to improve the certainty of the supplier in meeting schedule requirements and the primary advantage of global sourcing is cost reduction. The study recommends that in order for organizations to achieve performance improvements, there is need for; first, a restructuring of their supplier base, firms need to align the organization with the incremental phases of capability development and also supports the organizations strategic objectives, there is need for organizations to adopt the vendor managed inventory as an operating model when global sourcing in order to improve operating efficiencies and customer service levels and recommends that organizations need to consider sourcing costs that have an impact on firm's overall profitability.

Key Words: *global sourcing, supply chain performance, manufacturing sector, Kenya*

INTRODUCITON

The challenging operating environment for businesses requires that they come up with competitive strategies to leverage their operations. As part of the global economy companies today are seeking to improve their competitiveness by managing the supply chain process. This involves managing the suppliers and the logistics involved in the movement of goods from the suppliers to the location of consumption in the organization (Verwijs, 2015). This has forced firms to enter into strategic relationship with suppliers and other stakeholders in the supply chain to ensure timely delivery of high quality inputs for optimal production. Sourcing strategies have become more and more important issues for firms (Otchere et al., 2013). Due to global competition and upcoming markets, international operating companies have focused more on global sourcing strategies. Companies can adopt different kind of sourcing strategies for their business activities (Kabossa & Clemence, 2014). In traditional sourcing, companies focus on managing efficiently the input activities and acquire operational efficiency. Another approach is that firms focus more on collaboration with their suppliers.

Global sourcing involves proactively integrating and coordinating common items and materials, processes, designs, technologies and suppliers across worldwide purchasing, engineering, and operating locations for efficiency and effectiveness in sourcing (Trent &Monczka, 2003).Global sourcing is the practice of sourcing from the global market for goods and services across geopolitical boundaries (Msimangira &Venkatraman, 2014). Global sourcing can also be described as the business process of identifying, evaluating, negotiating and configuring supply chains across multiple suppliers and geographies in order to cut cost, improve performance and mitigate risks (Verwijs, 2015). Global sourcing is a procurement strategy that aims to take advantage of global efficiencies for the delivery of goods and services. Global sourcing concerns issues central to any supply chain strategy: what constitutes the key elements of a supply chain strategy, where to locate factories, where to source components and how to configure products, strongly impacted on any globalization effort.

For multinational corporations global sourcing has become a strategic imperative in today's corporate wide standardization and benchmarking. In short, global sourcing is a 'strategic business philosophy' that coordinates the world's most cost effective production competitive setting (Msimangira &Venkatraman, 2014). In reality, global sourcing is a centralized procurement strategy of a multinational company, wherein a central procurement department seeks the economies of scale through and operation inputs such as men, materials, machines, technology, suppliers, engineering and other required facilities. Sourcing can therefore be interpreted as a strategic decision of a company to build up close relationship with its suppliers as a means of improving competitive advantages. Therefore, under increasing pressures to reduce

costs, companies have shifted, and continue to shift, sourcing from local suppliers to low cost country-based suppliers (Hultman, Hertz, Johnsen, & Johnsen, 2012).

Supply chain performance refers to the extended supply chain's activities in meeting end-customer requirements, including product availability, on-time delivery, and all the necessary inventory and capacity in the supply chain to deliver that performance in a responsive manner. Supply Chain Performance crosses company boundaries since it includes basic materials, components, subassemblies and finished products, and distribution through various channels to the end customer. It also crosses traditional functional organization lines such as procurement, manufacturing, distribution, marketing & sales, and research & development. One of the specific drivers of global procurement is the product quality based competition (Mwangi, 2013). To win in the new environment, supply chains need continuous improvement. To achieve this there is need for performance measures, or "metrics," which support global Supply Chain Performance improvements rather than narrow company-specific or function-specific (silo) metrics which inhibit chain-wide improvements. Supply chain performance measures can be classified broadly into two categories: qualitative measures (such as customer satisfaction and product quality) and quantitative measures (such as order-to-delivery lead time, supply chain response time, flexibility, resource utilization, delivery performance, etc.). In our study we consider only the quantitative performance measures.

Global sourcing often aims to exploit global efficiencies in the delivery of a product or service. The global sourcing of goods and services has advantages and disadvantages that can go beyond low cost. Some advantages of global sourcing, beyond low cost, include: learning how to do business in a potential market, tapping into skills or resources unavailable domestically, developing alternate supplier/vendor sources to stimulate competition, and increasing total supply capacity(Kotabe & Omura, 1989).. Some key disadvantages of global sourcing can include: hidden costs associated with different cultures and time zones, exposure to financial and political risks in countries with (often) emerging economies, increased risk of the loss of intellectual property, and increased monitoring costs relative to domestic supply. For manufactured goods, some key disadvantages include long lead times, the risk of port shutdowns interrupting supply, and the difficulty of monitoring product quality.

International outsourcing allows for a wider search and more competition among suppliers leading to higher levels of efficiency. Firms can increase the value of the products that they produce while simultaneously reducing the cost of the final delivered product. On the other hand, globalization also increases competition; customer awareness which facilitate switching; and resource scarcity (Thoumrungroje & Tansuhaj, 2007). The study therefore hypothesis that procurement outputs are influenced by globalization.

STATEMENT OF THE PROBLEM

Global sourcing is one of the greatest strategic challenges for purchasing and supply in corporations. Global sourcing is at the cornerstone of total cost of production in manufacturing industry and enables the optimal alignment, management and control of overall corporate objectives (Kharvi, 2010). Manufacturing organizations are inextricably dependent on global sourcing in order to obtain quality and low cost raw materials to be sued for production. Purchasing from domestic sources have proved to be expensive to local manufacturing firms hence the need to partake foreign material sourcing. However, when firms source from outside their country's borders, they are able to obtain up to 10% to 35% cost savings on production costs by undertaking global sourcing (Kharvi, 2010).The Kenyan manufacturing sector is faced with many challenges which require that their managers rethink their strategies if they have to remain competitive. Sourcing from local sources have proved to be ineffective due to existence of delivery delays that have proved to be very detrimental to production levels. Reduced production has led to customer dissatisfaction and subsequent disloyalty hence reducing on potential firm gains as a result of unreliable production levels caused by inefficient supply chain.

A number of studies have been conducted on global sourcing and supply chain performance across the world. For instance, Gualandris, Golini and Kalchschmidt (2014) examined whether supply management and global sourcing matters for firm sustainability performance from an international perspective. Stanczyk, Foerst, Busse and Blome (2015) explored global sourcing decision-making processes: politics, intuition, and procedural rationality. Golini and Kalchschmid (2014) examined how organizations can manage inventories in global sourcing contexts from a contingency perspective. In Kenya, Fadhili (2010) examined Business Process off shoring in Kenya. However, the identified studies failed to link global supply sourcing and supply chain performance from the context of manufacturing firms. This study therefore sought to fill this gap by investigating the relationship between global sourcing and supply chain performance in the Manufacturing sector in Kenya.

GENERAL OBJECTIVE

The general objective of the study was to investigate the influence of global sourcing and supply chain performance in the Manufacturing sector in Kenya.

SPECIFIC OBJECTIVES

1. To determine the influence of systematic supplier selection on supply chain performance at Manufacturing sector in Kenya
2. To determine the influence of transfer of competencies on supply chain performance at Manufacturing sector in Kenya.

THEORETICAL REVIEW

Network Perspective

Network Perspective argues that firms rely not only on their relationship with direct partners but with the extended network of relationships with supply chain firms. It argues that competitive advantage can only be achieved through efficiently and effectively orchestrated supply chains. Therefore the focus of the Network Theory (NT) is to develop long-term, trust based relationship between supply chain firms. Network theory provides a useful framework for analysis of a business situation, and it adds a new level of complexity to understanding the relationship perspective (Croom et al., 2000). Network relations create information sharing that enables buyers and sellers to have access to resources and knowledge beyond their abilities, leading to long-term relationships (Mikkola, 2008). This approach is a structure formed by the main dimensions (activities, resources and actors) that connect a set of relationships. Therefore, alongside information sharing, the network perspective will also be studied as it enables the analysis of export chain relationships. A business network is a set of relationships that are connected, showing firms' identity, process and functions that contribute to explaining a dyadic relationship (Ritter, 2004).

Actors are an essential function within relationships that are required to form meaningful network structures, in which the network must have activities and the resources required to carry out those activities (McLoughlin & Horan, 2002). In the export business, actors connect with each other socially to bring various beneficial types of producers, retailers and consumers together within regional fruit and vegetable networks (Koops et al., 2002) and establish a network position. Activities and resources are two strategic relationship functions in a network. These functions are meaningful in the conceptualization of the marketing network, which is an important value in analyzing a business. However, actors control activities that are built by relationships with other parties in the network and are influenced by resources, which are exchanged to coordinate chain activities.

Most of the previous studies state that relationship functions such as activities, resources and processes must be managed in a network in order to establish interactions for better benefits and long-term relationships. This is where networks are a set of relationships among constellations of actors (Ritter, 2004) and these relationships make connections with each other to provide the functions of benefits and exchange processes of their business and others' for better performance. The researcher provides a definition of the network concept.

Transaction Cost Analysis Theory

Transaction cost theory's basic premise is that the cost of doing transactions could be too high under certain conditions (Grover & Malhotra, 2003). Transaction cost theory is an economic approach (Williamson, 2008) and reflects different types of transaction costs (coordination,

contracting deals and information sharing) (Eiriz& Wilson, 2006). Thus, this economic perspective needs to take into account the economic rationality of supply chain relationships. This perspective provides explanations for transaction dimensions (asset specificity, uncertainty and frequency) between firms and their relationships. Transaction cost theory explains how information advantage in a relationship is enjoyable and beneficial for firms and information sharing in business is a transaction cost (Eiriz & Wilson, 2006). Transaction cost theory contributes to the study of supply chain relationships and networks, and the efficiency of economic activities.

In transaction cost theory, the unit of analysis is the transaction used to describe the economic activity and the governance structures in business relationships. Transaction cost theory explains that transaction costs include coordination, monitoring, contracting deals, opportunistic behaviour risk and information sharing. Williamson (2008) defines a transaction as a basic unit of analysis in organizational structure rather than production, one where the main dimensions of transaction cost theory are asset specificity, uncertainty and frequency. The behavioural assumptions are bounded rationality and opportunism, which forces firms to make self-enforcing promises to behave responsibly in terms of increasing their profit. Bounded rationality is accepting the limits of the human ability to process information comprehensively. Transaction cost theory views bounded rationality as a problem under conditions of uncertainty, which make it difficult to fully specify the conditions surrounding an exchange, thereby causing an economic problem (Grover &Malhotra, 2003). Opportunism is defined as "self-interest seeking with guile" by a human actor in business relationships (Williamson, 2008).

When high asset specificity is required, such as the assets that are required to produce a complex item, TCA theory predicts that global internal sourcing (hierarchies) will be the preferred method to minimize transactions costs (Murray 2001). However, a stream of research has emerged that questions the reliance on TCA and its ability to predict the international purchasing exchange or structure that buyers will employ (Walker & Poppa 1991; Murray, 2001). One view contends that it is now time to extend international purchasing research by integrating different perspectives with variables drawn not only from TCA but also from inter-organizational relationships, organizational capabilities, and country-specific factors (Murray, 2001). The argument is made that reliance on either markets or hierarchies to facilitate exchange is an outdated way to view sourcing. Strategic alliance-based international sourcing, for example, is a viable option to achieve competitive advantage, even when major components require supplier-specific assets.

Systems Theory

Systems theory views the world in terms of collections of resources and processes that exist to meet super ordinate goals. A system may be constituted by material, people, information, and financial resources; configured into organizational or technical processes, intended to deliver

goods and services that enable the system to achieve some desired level of performance (Meister, 1991). The central concept system embodies the idea of a set of elements connected together, which form a whole, this showing properties which are properties of the whole, rather than properties of its component parts(Meister, 1991). In SCM context System Theory (ST) brings together various components of a complex supply chain (that is the human, capital, information, materials and financial resources etc.) to form a subsystem which is then part of a larger system of supply chains or network. The theory argues that for a holistic perspective ST must be employed to understand the internal and external factors that shape an organization's supply chain performance. This system has a coordination function whose main task is to assure that the various manufacturing departments and or suppliers of a production system act in harmony, damping their oscillations so that common resources and support services are run smoothly (Meister, 1991).

A simple systems analysis could be to look at the order fulfillment process, including the ordering of products, the picking of orders, and the shipment of goods to the customers, goods are received from suppliers and put into warehouses, customer orders are registered, products are picked and shipped, and invoices are sent. The supply chain systems are complex entities with multiple physical and virtual relationships, and multiple internal and external interfaces. High demands are put on both the quality of the products and services, and on the supply chain regularity and dependability. Whether the product is to be a part of a more complex product, or the final product is expected to be available when needed, and as promised. As supply chains become longer and parts of larger networks of demand and supply nodes and interacting logistics nodes and modes, they become more prone to the negative attributes of systems; indeterminacy, complexity, flexibility, sensitivity, reliability and vulnerability (Meister, 1991).

CONCEPTUAL FRAMEWORK

Transfer of Competencies

To compete effectively in today's global economy, organizations must build value and drive sustainable quality improvements and cost reductions. To achieve this they are increasingly reaching beyond their own four walls to access a global network of capabilities and a pool of configurable resources that can be rapidly provisioned and released on demand to meet ever-changing market conditions and evolving business objectives. More overseas supplier partnership have enabled firms acquire high tech machinery for its factories and used the same outsources skills to install successful and in the long run train its own human capital to be as competent. The potential production capability of each supplier should be analyzed to meet a specified production plan and also to develop a new product according to the market demand (Harps, 2000). Purchasing competence is found to have a positive impact on manufacturing cost, quality, and delivery, as well as new product introduction and customization performance due to

better supply chain management. Purchasing integration, a component of purchasing competence, is found to relate to all dimensions of manufacturing performance (Harps, 2000).

The best way to help ensure success is to first align the organization with a roadmap that details the incremental phases of capability development. This roadmap should support the retailer's strategic objectives and identify the sequence of phased organization, process and technology changes that are needed for successful and cumulative capability development (Harps, 2000).The ability to develop and sustain standardized processes in this area is a critical business capability, but what is often missed is that many of the people who work within the complex processes of global sourcing and import management need to have highly specialized skill sets and experience. For example, being good at executing global trade related processes requires having experts who understand the ins and outs of conducting business overseas and across borders. These skills are often those developed in the 'home office', and moving a good supply chain individual familiar with domestic logistics to managing global transport movements is not necessarily the right one; the learning curve is steep and can take too long in the context of all the other change that is being implemented (Harps, 2000).

In global enterprise, knowledge needs to be consistent, instant, and not dependent on the skills of a few experts. In an integrated global sourcing, global trade expertise and knowledge is programmatic and institutionalized, meaning that formal actions and programs are in place to store, codify, and disseminate global trade information, as it is needed. At a human level, this may require providing directories and forums for peers to exchange knowledge and keep up to date (Harps, 2000). At a program level, it may require dedicated experts (or a service) to update trade information on a daily or even real-time basis. This is more useful for market-driven information, such as pricing or supply levels, more so than less dynamic information, such as changes in trade policy. At a system level, advanced knowledge management systems should be deployed to capture and provide access to expert information so that it may reside and be used outside of the minds of experts (Harps, 2000).

Technology transfer is critical to enhance supply chain performance since it provides new business capabilities and consequently enables others. Information-based decision-making must become a core competency. Capabilities in this area for instance applications of analytical data to provide insight for supply chain performance management, metrics tracking and reporting, and planning/forecasting purposes (Chan et al., 2008). Other key technology areas for consideration in building new business capabilities are common and/or integrated platforms: Integrating these technological systems allows more global supply chain coordination at faster paces with fewer errors. New architectural approaches provide new ways to achieve some of the loftier supply chain goals in a way that builds flexibility for the future, makes ROI easier to achieve, and makes the difficult readily goals achievable (Chan et al., 2008). Integration achievement enables procurement managers to generate analysis and access supply chain performance measurements that enables subtle business decision-making. The more robust and readily accessible these tools

of information are, the more valuable they become to supply chain managers hence ability to readily gauge business performance, measure operations failure or success and hence take informed actions to improve on supply chain performance business (Chan et al., 2008).

Systematic Criterion in Supplier Selection

In order to compete effectively in the world market, a company must have a network of competent suppliers and because the suppliers under the international sourcing come from different parts of the world, they hold various models, standards, and cultures (Aytekin, 2009). Hence, it is very significant for businesses to develop systematic and standardized criteria and conditions in order to select a dependable supplier and the best supplier in the international arena (Chan et al., 2008). Supplier assessment and selection is designed to create and maintain such a network and to improve various supplier capabilities that are necessary for the buying organization to meet its increasing competitive challenges. A firm's ability to produce a quality product at a reasonable cost and in a timely manner is heavily influenced by its suppliers' capabilities, and supplier performance is considered one of the determining factors for the company's success. Consequently, without a competent supplier network, a firm's ability to compete effectively in the market can be hampered significantly.

An emphasis on internal competences requires greater reliance on external suppliers to support directly non-core requirement. Second, developing effective supply base management strategies can help counter the competitive pressures brought about by intense worldwide competition. To remain globally competitive, firms must receive competitive performance advantages from their suppliers that match or exceed the advantages that suppliers provide to leading foreign competitors. Third, suppliers can support directly a firm's ability to innovate in the critical areas of product and process technology. As organizations continue to seek performance improvements, they are reorganizing their supplier base and managing it as an extension of the firm's business system. Supplier selection becomes a central concern as the buyers look to form strategic partnerships. A growing emphasis on establishing long-term channel relationships, driven by competitive pressures and business complexity, has encouraged many firms to become highly selective in their choice of supplier. To build more effective relationships with suppliers, organizations are using supplier selection criteria to strengthen the selection process.

Effective evaluation and selection of suppliers is considered to be one of the critical responsibilities of purchasing/sourcing managers. The evaluation process often involves the simultaneous consideration of several important supplier performance attributes that include price, delivery lead time, and quality. Supplier selection is generally considered as five phase process starting from the realization of the need for a new supplier, determination and formulation of decision criteria; pre-qualification; final supplier selection; to the monitoring of the supplier selection (Choy and Lee, 2002). At first, evaluation and assessment task needs the identification of decision characteristics against which the potential suppliers are to be assessed.

Next evaluation seals are selected in order to measure the appropriateness of a supplier. The next step is to assign weight to attributes to identify the significance and contribution of each criterion to the supplier evaluation and assessment. Then an attribute may comprise of several sub attributes. The last stage is to evaluate potential suppliers against the characteristics identified at the beginning (Choy & Lee, 2002).

Supplier selection is based on several criteria like; quality, delivery, price of the products and production facilities and capacity. The major criteria are defined as financial terms, supplier's profile, supplier's safety and environmental concern, supplier's quality management, delivery and global factors (Aytekin, 2009). Financial terms: is a critical criterion which directly affects the cost and profit levels. It is subdivided into total logistics cost and payment terms. Before the decision makers decide on a specific supplier, they particularly consider the overall cost of receiving the product and the length of time interval that they can make the payment. Total logistics cost criterion involves purchase price, import duties, freight cost and ordering cost (Aytekin, 2009).

RESEARCH METHODOLOGY

Research Design

The study adopted a descriptive research design. Kotler (2011) points out that a descriptive design best describes the relationship between variables. The descriptive research design method is therefore appropriate for this study as the study aims to examine the relationship between two variables namely global sourcing ad supply chain performance. This research design enables generalization of research findings to a much larger population. It also allows the researcher to collect quantitative data that can be consequently quantitatively analyzed via usage of both inferential and descriptive statistics to produce meaningful output.

Target Population

Mugenda and Mugenda (2003) define a population frame as a list, directory or index of cases from which a sample can be selected. The population for this study shall encompass all manufacturing firms in Kenya. However, the target population consisted of Cadbury Kenya, Kenya Breweries Limited (KBL), Nestle, Unilever Kenya, L'orel East Africa and Bamburi Cement. These firms were chosen due to ease of accessibility as well as data availability. These firms were selected in that they employ global procurements sourcing hence in a better place to fully understand the dynamics of global sourcing and associated impacts on the supply chain performance. The study targeted 50 staff from the 6 selected manufacturing companies.

Sampling Frame

The unit of study consisted of seventeen (17) management staff and thirty three (33) procurement staff as provided in the population frame provided by the human resource department of Cadbury

Kenya, KBL, Nestle, Unilever Kenya, L'orel East Africa and Bamburi Cement. The chosen sample size was adequately representing the entire study population as the population units are highly homogenous.

Data Collection Instrument

Data collection is gathering of information relevant to the research study. The researcher collected both qualitative and quantitative data. A primary data collection method was used through administration of both closed and open ended questions. The researcher used questionnaires in order to collect comprehensive information consisting of closed and open ended questions. This enabled provision of a range of responses on each item. Questionnaires were administered through 'drop' and 'pick' method in order to allow respondents ample time to complete them. This ensured that the target respondents were allowed humble time to fill in the questionnaire without interfering with their normal work duties.

Data Collection Procedure

The researcher collected data from primary sources. Data for the study was collected using structured questionnaire. The questionnaires contained closed and open ended questions and, this allows for intensity and richness of individual perceptions in respondent responses. The questionnaires contained demographic factors, while the main body of the questionnaire focused on the: 1) Supply chain performance, 2) systematic supplier selection criteria 3) Transfer of capabilities, Within each of these areas, each respondent will be asked to rate or rank on a scale on 1 (Strongly agree) (2) Agree (3) Neutral (4) Disagree 5 (Strongly Disagree). Mugenda (2003) observes that Likert scales are used for rating scales because they measure perception and attitude. They consist of numbers and description which are used to run the subjective and intangible components in research on the contribution of the various aspects of the identified factors. A five point Likert scale was used by the researcher to show extent of influence of identified factors on supply chain performance. The questionnaires will be self-administered. The researcher personally administered the questionnaires containing mainly closed ended questions to the sample respondents. A drop and pick later method was used to boost on total responses from the respondents.

RESEARCH RESULTS

Out of the 50 issued questionnaires, 45 questionnaires were filled and returned. This translated to a response rate of 90%. Majority 53.3% of the respondents had degree as their highest level of education, 35.6% had diploma and 11.1% had other qualifications. This implied that majority of the respondents had relevant knowledge on global sourcing and supply chain performance thus provided reliable for the study. On the years of service in the organizations 44.4% had been in service in their respective organizations for a period of 5-9 years, 33% for a period of over 10 years and 22.2% for 0-4 years. This shows that the majority of the respondents had worked long

enough in their respective organizations thus were aware of global sourcing and supply chain performance as they apply in their businesses.

Supply Chain Performance

From the findings, majority 55.6% of the respondents strongly agreed that the organization supply chain has been accurate in delivering value to customers, 64.4% strongly agreed that the supply chain is responsive to customer requirement,42.2% strongly agreed that the supply chain ensures on time complete deliveries, 53.3% agreed that the supply chain has facilitated reduction of inventory, 44.4% agreed that Supply chain has ensured availability of products to customers, 46.7% strongly agreed that supply chain has ensured availability of products to customers, 55.6% strongly agreed that the supply chain responds on time to customer requirements and 40% strongly agreed that the supply chain is flexible in responding to customer requirements. This finding concurs with the finding of Frazelle (2001) who opine that the performance characteristics with the greatest value in a supply chain are accuracy, responsiveness, on time complete deliveries, reduction of inventory and mutual continuous improvement.

Systematic Supplier Selection Criterion

From the findings, majority 48.9% of the respondents strongly agreed that the supplier selection is based on competitive pricing with a mean of 3.73 with a standard deviation of 1.143; 42.2% agreed that Supplier selection is based on delivery lead time with a mean of 3.82 with a standard deviation of 1.056, 53.3% strongly agreed that supplier selection criterion include quality and ease of communication with a mean of 4.06 with a standard deviation of 0.959, 62.2% agreed that organization supplier selection is based on perfect order delivery with a mean of 3.84 with a standard deviation of 0.819, 44.4% strongly agreed that organization supplier selection is based on supplier capacity for continuous improvement with a mean of 3.40 with a standard deviation of 1.221 and 35.6% strongly agreed that SMEs that target higher economic classes may be more inclined to adopt ICTs with a mean of 3.66 with a standard deviation of 1.140. This finding is consistent with that of Aytekin (2009) that the major criteria are defined as financial terms, supplier's profile, supplier's safety and environmental concern, supplier's quality management, delivery and global factors. Financial terms: is a critical criterion which directly affects the cost and profit levels.

Transfer of Competencies

Majority 46.7% of the respondents strongly agreed that the organization has benefitted from skills transfer from the suppliers with a mean of 3.77 with a standard deviation of 1.107, 58.7% strongly agreed that the organization has accessed new technology from suppliers with a mean of 4.31 with a standard deviation of 0.967, 37.8 strongly agreed that the organization has accessed new technology from suppliers with a mean of 3.66 with a standard deviation of 1.199,

42.2% agreed that the organization has benefitted from vendor management which has ensured the performance of supply chain with a mean of 3.75 with a standard deviation of 1.136, 40% strongly agreed that organization has accessed risk management skills and practices within the supply chain which has boosted its performance with a mean of 3.60 with a standard deviation of 1.145, 51.1% agreed that global sourcing has promoted the standardization of processes within the supply chain with a mean of 3.84 with a standard deviation of 1.123, 57.8% agreed that global sourcing has promoted and shared integrated, cross-functional processes within the supply chain with a mean of 3.71 with a standard deviation of 1.147 and 44.4% agreed that global sourcing has ensured that important knowledge within the supply chain is shared and transferred within the supply chain with a mean of 3.91 with a standard deviation of 1.067. This finding are in line with that of Chan et al., (2008) that the more robust and readily accessible these tools of information are, the more valuable they become to supply chain managers hence ability to readily gauge business performance, measure operations failure or success and hence take informed actions to improve on supply chain performance business.

CONCLUSIONS

The study concludes that to remain globally competitive, firms must receive competitive performance advantages from their suppliers that match or exceed the advantages that suppliers provide to competitors. Thus supplier selection is a crucial undertaking based on several criteria like; quality, delivery, price of the products and production facilities and capacity, with good suppliers being capable of directly supporting a firm's ability to innovate in the critical areas of product and process technology. Hence, supplier selection becomes a central concern as the buyers look to form not only strategic partnerships but also establish long-term channel relationships, driven by competitive pressures and business complexity. With a competent supplier network, a firm's acquires the ability to compete effectively in the market.

The study also concludes that to enhance supply chain performance, technology transfer is critical since it provides new business capabilities and consequently enables others, thus stressing the need for Information-based decision-making to become a core competency. Integration achievement enables procurement managers to generate analysis and access supply chain performance measurements that enables subtle business decision-making. The more robust and readily accessible these tools of information are, the more valuable they become to supply chain managers hence ability to readily gauge business performance, measure operations failure or success and hence take informed actions to improve on supply chain performance business.

RECOMMENDATIONS

The study recommends that in order for organizations to achieve performance improvements, there is need for; first, a restructuring of their supplier base whilst also managing it as an extension of the firm's business system and also the development of a systematic and standardized criteria and conditions appropriate to select a dependable supplier and the best

supplier in the international arena. Additionally, organizations need to develop effective supply base management strategies which can assist in countering the competitive pressures brought about by intense worldwide competition.

The study also recommends that to guarantee success, firms need to align the organization with the incremental phases of capability development and also supports the organizations strategic objectives as well as well as identifying the sequence of process and technology changes that are needed for successful and cumulative capability development. In additions for the organization to develop and sustain the standardized processes, it needs to consistently and regularly undertake training of employees as the complex processes of global sourcing and import management need to have highly specialized skill sets and experience.

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