



## **STRATEGIC SOURCING PROCESS AND PERFORMANCE OF SELECTED CEMENT MANUFACTURING COMPANIES IN KENYA**

**<sup>1</sup>Oloiptip Solomon Lemomo, <sup>2</sup>Dr. Ndeto Charles, PhD**

MsC., Procurement and Logistics, Jomo Kenyatta University of Agriculture and Technology

Lecturer, Jomo Kenyatta University of Agriculture and Technology

### **ABSTRACT**

Strategic sourcing is a very important component in the success of operations in any organization. Cement manufacturing companies face a major challenge in controlling the overall operating cost because of the constant increase of sourcing cost; this is evident by some companies posting a decrease in profit prior to tax of Sh6.42 billion compared to Sh8.5 billion noted in the previous year according to KP 2019 annual report. This study therefore sought to establish the influence of strategic sourcing process on performance of selected cement manufacturing companies in Kenya. Specifically, the study sought to assess how organizational policy affects performance of selected cement manufacturing companies in Kenya, to establish how supplier relationship management affects performance of selected cement manufacturing companies in Kenya. This study used descriptive research design. The study's target population includes the 504 employees working in cement manufacturing firms in Kenya. The study's sample size was reached at using Krejcie and Morgan sample size determination formula. The 218 respondents were chosen with the help of stratified random sampling technique. Primary data was used in this study. Primary data was collected through use of structured questionnaires. The study conducted pilot study to test the validity and reliability of the research instruments. Quantitative and qualitative data was generated from the closed-ended and open-ended questions, respectively. Descriptive statistics such as frequency distribution, mean (measure of dispersion), standard deviation, and percentages were used. Inferential data analysis will be conducted by use of Pearson correlation coefficient, and multiple regression analysis. Inferential statistic is used to make judgments about the probability that an observation is dependable or one that happened by chance in the study. The study results were presented through use of tables and figures. The study concludes that organizational policy has a positive and significant effect on performance of selected cement manufacturing companies in Kenya. In addition, the study concludes that supplier relationship management has a positive and significant effect on performance of selected cement manufacturing companies in Kenya. Based on the findings; this study recommends supplier Quality Index Policy, Inventory Stock Policy and Purchase Order Delivery Policy. In addition, this study recommends Supplier Partnerships, Supplier Development and Early Supplier Involvement

**Key Words:** strategic sourcing process, performance, organizational policy, supplier relationship management

## INTRODUCTION

Strategic sourcing has become an important element in the competitive strategies of firms faced with the challenge of shaving their costs and increasing efficiency without compromising quality and customer service (Mentzer, 2019). Strategic sourcing is a critical challenge faced by many firms involved in the latest innovations of supply chain management. With the recent emphasis on just-in-time (JIT) manufacturing philosophy, strategic sourcing that establishes a long-term relationship with suppliers has become even more important and vital for enhancing organizational performance. In today's dynamic environment, strategic relationship with suppliers is a key ingredient to the success of procurement (Arnott, 2017).

As organizations strive to focus on core competencies and becoming more flexible, they reduce their ownership of raw materials sources and distribution channels. These functions are increasingly being outsourced to other entities that can perform the activities better or more cost effectively. The effect is to increase the number of organizations involved in satisfying customer demand, while reducing management control of daily logistics operations. Less control and more supply chain partners led to the creation of supply chain management concepts. The purpose of supply chain management is to improve trust and collaboration among supply chain partners, thus improving inventory visibility and the velocity of inventory movement (Barrett, 2018).

Bloomberg, Hanna & Lemay (2017), define purchasing as obtaining from external sources all goods and services which are necessary for running, maintaining and managing the company's primary and support activities at the most favorable conditions, purchasing along with such activities as production. Warehousing and transportation is one of the links in the sequence of process by which design and resources are converted into finished goods to satisfy customer needs. Today, more than ever, it has become increasingly important for public organizations to have an elaborate purchasing system to be able to compete favorably, in this era of high competition. With the current cut throat competition in all industries, business organizations with elaborate strategic sourcing have high chances of satisfying its customers and being able to realize its procurement performance targets (Chopra *et al.*, 2015).

### Statement of the Problem

Strategic sourcing is a very important component in the success of operations in any organization. The logic of this trend is that an organization increasingly focuses on those activities in the value chain where it has a distinctive advantage, and outsources everything else (Oyuke & Shale, 2020). Strategic sourcing is a well-established and proven method for managing large-scale, medium to long term procurement activities. It has been adopted as standard practice by numerous public and private organizations in developed countries (Arrowsmith & Trybus, 2019).

Sourcing plays a key role in procurement performance; therefore there is a need for cement manufacturing companies to ensure that they don't only source but source strategically. According to Arnott (2017) 70% of an organization's sales revenues are spent on purchasing raw materials, components, finished goods or services hence if sourcing costs can be reduced, this can improve returns on investment by increasing both profit margins and asset turnover rate. Same applies to cement manufacturing companies where sourcing consumes 60% of the projects cost according to Wanyama (2019). Cement manufacturing companies face a major challenge in controlling the overall operating cost because of the constant increase of sourcing cost; this is evident by some companies posting a decrease in profit prior to tax of Sh6.42 billion compared to Sh8.5 billion noted in the previous year according to KP 2019 annual report.

Strategic sourcing has a lot of effects on organizational productivity, and this has been neglected by many scholars and researchers. This study therefore seeks to establish the influence of strategic

sourcing process on performance of selected cement manufacturing companies in Kenya. This is justified due to the fact that none of the previous literature on public procurement in Kenya has critically analyzed the role of strategic sourcing in procurement function and performance.

### **Objectives of the Study**

- i. To assess how organizational policy affects performance of selected cement manufacturing companies in Kenya.
- ii. To establish how supplier relationship management affects performance of selected cement manufacturing companies in Kenya.

## **LITERATURE REVIEW**

### **Theoretical Review**

#### **Resource Based Theory**

Resource based theory is the study of how the resources of an organization affect the performance of the organization. The procurement of resources such as purchase order delivery scheduling software's is a significant tenet of both the strategic and tactical management of any organization, an implication in the procurement efficiency of the sourcing firms especially in tapping into the connection with suppliers as their important and dependable associates through resources such as just in times systems of delivery (Reed, Bowman & Knipper, 2015).

Thus this theory props up the concept of inventory stock management, resource based theory proposes that actors lacking in crucial resources will seek to create organizational policy with others in order to acquire required resources such as purchase order delivery scheduling resources. Just like sellers on buyers for precious markets and buyer will depend on suppliers for resources (Qu & Brocklehurst, 2019). Also, organizations endeavor to alter their reliance relationships by lessening their own reliance or by increasing the dependence of other organizations on them. Within this viewpoint, organizations are viewed as coalitions alerting their structure and patterns of behavior to acquire and maintain required resources (Lacity, Willcocks & Rottman, 2018). Acquiring the resources required by an organization comes by diminishing the organization's reliance on others and by increasing other's reliance on it, that is, modifying an organization's influence with other organizations which in this case entails lowering ordering costs, avoiding stock out costs, credible supplier quality index and reducing ordering cost.

This theory emphasizes the firm's resources as the fundamental determinants of competitive advantage through forecasting the usage rate for stocks and its management. It adopts two assumptions in analyzing sources of competitive advantage (Busi & McIvor, 2008). First this model assumes that firms within an industry may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resources heterogeneity may persist over time because the resources used to implement firm's strategies are not perfectly mobile across firms. Resource heterogeneity is considered a necessary condition for a resource bundle to contribute to a competitive advantage.

The argument goes if all firms in a market have the same stocks of resources; no strategy is available to one firm that would not also be available to all other firms in the market. The resource based view is an efficiency based explanation of performance differences. Gabbard (2020) explains that organizational performance is attributed to resources such as demand and supply forecasting techniques, credible supplier quality index and having intrinsically different levels of efficiency in the sense that they enable the firms to deliver to their customers at different performance levels. This theory is relevant to the study because one thing depends on another thing to be effective. For better performance in the public institutions effective organizational policy

especially techniques for lowering ordering costs are put in place in the procurement department. The overall value of these sourcing interactions includes the minimization of economic costs incurred from managing a nexus of sourcing transactions, as well as maximizing the value of network connections and other knowledge gained from sourcing relationships and transactions; this is very applicable in procurement functions.

### **Partnership Theory**

In supply chain, the common model through which theorists study the relationship between supplier and buyer is known as the partnership theory. In its basic nature, the partnership model depicts the buyer and supplier as partners with a common interest which is customer satisfaction (Kirungu, 2002). Partnership is a business relationship based on mutual trust openness, shared risks and rewards that enables an organization gain competitive advantage leading in the company achieving a performance that's far much greater than the firm would have achieved when operating as single entities. This model requires efficient information exchange between the buyer and supplier which is a critical element of any partnership (Humphreys, McIvor & Cadden, 2006).

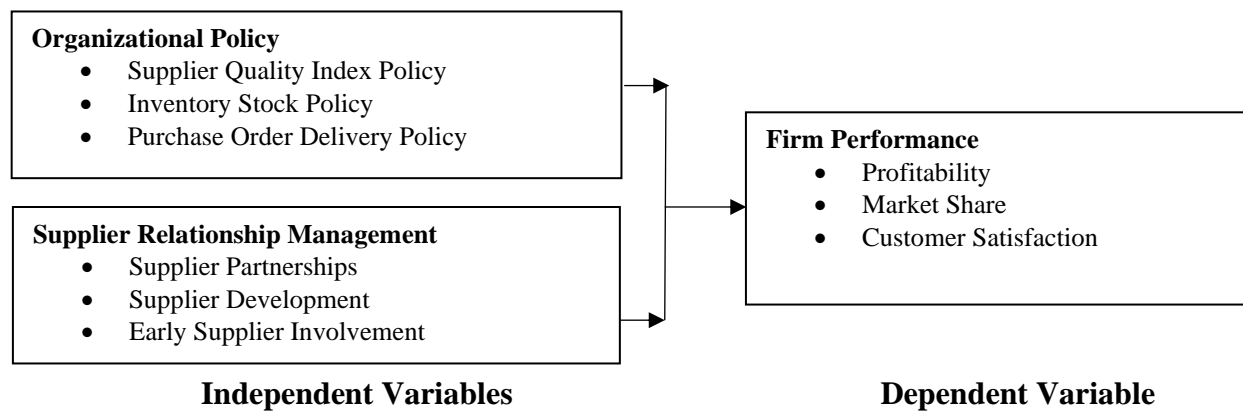
The theory further states that any partnership is always based on value and present for each other. The solid and long term relationship simply implies continuous improvement of the organization performance. Suppliers must provide better services that are of high quality than his competition at a price reasonable and still achieve goals to remain in business. Partnership model according to Gabbard (2020), increases company efficiency through way of cooperative; both parties obtain cost reduction which leads to price reduction and therefore increasing the market share profit margin as well. This leads to a company gaining a competitive edge and efficiency.

The character which forms the perceived attributes of partnership include the following; high frequency of both formal and informal communication, cooperative attitude, trusting relations are built, problem solving that is win negotiation style, long term business agreement, open sharing of information and there is always vendor certification and defect prevention approach. Motivation factors, environment of operation, strength of operation and duration of operation vary in different partnership formed. However there is never an ideal relationship that is recommended (Cummings & Qiao, 2019).

The partnership theory has three elements which are drivers, facilitators' and used components. The drivers each party must have a driver strong enough to provide them with realistic expectation of significance benefit through strengthening of the relationship. Facilitators on the other have included corporate compatibility, mutuality, managerial philosophy and techniques and symmetry. The final element is the components which are the factors than can be controlled in a partnership by the management. They include planning, joint operating controls, communications, risk/reward sharing, trust and commitment, contract style, scope and financial investment (Cox, 2015). In conclusion in order to gain leadership position against your competitors and ensure the company grows partnership can be used to achieve the above.

### **Conceptual Framework**

Conceptual framework is a detailed description of the phenomenon under the study accompanied by the graphical or visual depiction of the major variable of the study (Kothari, 2018). According to Isaac and Michael (2015) conceptual framework is diagrammatical representation that shows the relationship between dependent variable and independent variables.



**Figure 1: Conceptual Framework**

### Organizational Policy

Organizational policy in this study will be considered as a strategic sourcing variable that influences procurement performance. The attributes of organizational policy which will be taken into consideration in this study are: supplier quality index policy, inventory stock policy and purchase order delivery policy. Procurement policies are rules and regulations for governing procurement procedures in an organization. A properly designed and implemented procurement policy plays a pivotal role in providing a guiding framework for the implementation of efficient procurement practices (Busi & McIvor, 2018).

Procurement policies entail a set of rules and regulations put in place to govern the process of acquiring goods and services needed by an organization to function efficiently (Busi & McIvor, 2008). The exact process seeks to minimize expenses associated with the purchase of those goods and services by using strategies such as volume purchasing; the establishment of a set roster of vendors, and establishing reorder protocols that help to keep inventories low without jeopardizing the function of the operation. Both small and large companies as well as non-profit organizations regularly design and apply procurement policies to guide on procurement matters (Gabbard, 2016).

Before selecting suppliers, a firm must decide whether to use single sourcing or multiple suppliers. The selection of suppliers is done using a variety of mechanisms including offline competitive bids, reverse auctions, or direct negotiations. No matter what mechanism is used, the selection should be based on the total cost of using a supplier and not just the purchase price. Supplier selection is one of the most important decision making problems, since selecting the right suppliers significantly reduces the purchasing costs and improves corporate competitiveness (Kotabe *et al.*, 2018).

However, supplier selection decision-making problem involves trade-offs among multiple criteria that involve both quantitative and qualitative factors, which may also be conflicting. In other words, buyer supplier relationships based on only the price factor has not been appropriate in supply chain management recently. Considerations have been given also to the other important strategic and operational factors such as quality, delivery, flexibility, etc. Supplier selection decisions must include strategic and operational factors as well as tangible and intangible factors in the analysis (Mwenda, 2016).

In inventory management, service level is the expected probability of not hitting a stock-out during the next replenishment cycle or the probability of not losing sales. The service level is determined in a company by the level of stocks. Therefore, the safety stock level must be high enough to cover vendor's delivery times, sufficient enough to cover customers' demand, but not so high that your

company loses money because of high carrying costs. The main reason is because demand fluctuations and is not enough consistency to predict future variability. Retailers and producers are trying to record a high level of satisfaction within the client basis which will maximize sales (Busi & McIvor, 2018).

### **Supplier Relationship Management**

Supplier relationship management in this study will be considered as a strategic sourcing variable that influences procurement performance. The attributes of supplier relationship management which will be taken into consideration in this study are: supplier partnerships, supplier development and early supplier involvement (Busi & McIvor, 2008). Effective supplier relationship management can make the procurement process more cost and time efficient. Having supply market intelligence and applying a correct competition situation are ways to implement a good supplier management strategy.

Other issues that should be accounted are a reliable source for supplier performance and evaluation as well as developing the suppliers. With the help of common procurement approaches and development projects the supplier relationship is utilized to the maximum (Whan & Teawon, 2005). Supplier relationship management succeeds the best when all the different factors have been taken into account. It is important to consider issues like delivery, packaging, logistics, time management, documentation and reporting and communication. In most cases the problems with suppliers are due to the fact that the contract lacks of detailed information about daily supplier management. Selecting a contact person for the buying and selling organization is essential to ensure the information flow between the organizations (Gordon, Zemansky & Sekwat, 2016).

According Burt, Dobler and Starling (2019), actively developing the supplier relations is important. Understanding your suppliers and utilizing your suppliers mutual competition has proven to be a very effective way of supplier relationship development. Other development ideas include managing your suppliers to improve their performance and abilities. It's important to keep the managing role to yourself when conducting shared product development projects. The buying organization should communicate information with determination to selected suppliers (Callendar & Mathews, 2018).

Understanding the actions and processes of your suppliers is a basis for starting to develop your relationships with them. Supply market intelligence is one the factors that need to be accounted. It explains the mutual competition between competing organizations in the market. With the help of detailed supply market understanding, the factors that affect competitive advantage can be identified (Whan & Teawon, 2015). The determination of the knowhow of supplier processes and the total cost structure helps to develop supplier relationships.

The benefit of the long-term relationships with the supplier in this case is the fact that the supplier will learn about the real needs and requirements of the buyer. This can result is optimization and rationalization of its own operations. The evaluation and measurement of these sorts of activities is hard which makes it a gain for the supplier since it can hide from the buyer and use it as an advantage for its own good (Gabbard, 2020). The open books principle is a common strategy with the long-term relations concerning accounting and reporting. One of the problems is that it is easy for the supplier to hide large amounts of money behind single numbers. Controlling human resources accounts is difficult due to the fact that reporting can prove to be distorted which is hard to identify by the buying organization.

### **Empirical Review**

#### **Organizational Policy and Organization Performance**

According to Kotabe *et al.*, (2018), effective service delivery policy is touted as one of the key strategies for the reduction of poverty and associated problems. In Kenya, the delivery of public

services has not been entirely successful or effective. This is manifested by the poor road network, incessant water unavailability, inadequate health facilities and personnel as well as falling education standards. The introduction of the rapid results initiative policy (RRI) in the Kenya public service in 2003 was expected to contribute to improved performance in service delivery. The vehicle and strategies for meeting the objectives of the RRI included the development of frameworks for rapid results approach, performance contracting, citizen service delivery charters, transformative leadership, values and ethics as well as institutional capacity building.

Busi and McIvor (2018) opined that good public management and administration policy, with emphasis on accountability and responsiveness to customer needs; against the backdrop of serious accountability scandals, has been seen as an aspect of good governance by donor agencies supporting reforms in developing countries. Accountability in the conduct of public affairs has been a major problem in a number of African countries and highly centralized forms of governance have been blamed for the generation of administrative pathologies. But these administrative pathologies can as well be within decentralized systems. That is why; mechanisms of ensuring accountability are necessary within decentralized governance systems.

Mwenda (2016) argues that procurement policy is one of the primary functions of procurement with a potential to contribute to the success of government operations and improved service delivery. It is a function that sets in motion the entire acquisition/procurement process of acquiring services in governments.

Gabbard (2016) asserts that the contribution of procurement policy in facilitating an efficient and effective service delivery in public sector organizations is generally undisputed in both developed and developing countries. Its contribution can be at both central and local government levels of public sector management. His findings revealed a significant positive relationship between procurement planning and service delivery in local government procurement systems in Uganda. These results are compared to international research findings, and suggestions are offered for management, policy making, and future research.

### **Supplier Relationship Management and Organization Performance**

According to Burt, Dobler and Starling (2016), supplier relationship management is the process that defines how a company interacts with its suppliers. As the name suggests, this is a mirror image of customer relationship management (CRM). Just as a company needs to develop relationships with its customers, it also needs to foster relationships with its suppliers. The desired outcome is a win-win relationship where both parties benefit. CRM is understood as the sourcing policy-based design of strategic and operational procurement processes as well as the configuration of the supplier management.

Integration of internal processes of the organization with the suppliers and customers forms the essence of the whole idea behind SCM. With the widespread use of internet, web-based systems enable organizations to form strong customer and supplier integration for inventory management, demand forecasting, customer and supplier relationship management (Callendar & Mathews, 2017). Strategic suppliers/vendors are defined as those that provide high value, high complexity goods or services. The nature of managing successful strategic supplier relationships requires both client and supplier staff to collaborate on developing ideas that will ultimately grow into innovation and proactivity.

According to Gordon, Zemansky and Sekwat (2017) the descriptions of relationships are relatively abstract and vary with the discipline from which they are being researched (strategy, economics or psychology). As soon as two or more parties (organizations) associate themselves in order to fulfill a mutual business purpose a relationship is established. Such an association leads to various

joint activities, which are dependent on the specific business objective. Buyer supplier relationships are classified as adversarial arm's length approach and partnerships approach. The difference between, traditional arm's-length relationships and partnerships is clear partnerships are closer than other types of relationship. Relationships are seen as having positive links to performance but little is known about the nature of this performance.

According to Whan and Teawon (2015) for more than a decade, there has been a large and growing interest, among academics and practitioners alike, in the value of effective supply chain management practices. The literature suggests that a move towards to a close relationship between suppliers and customers is mutually beneficial for both parties. This notion has been widely accepted among original equipment manufacturers (OEMs) in the U.S. As a result, the leading OEMs have reduced their supplier base in recent years and reportedly developed closer relationships with a selected few in the form of strategic alliances or partnership. Buyer supplier relationships are commonly evaluated as supply base reduction, communication and long-term relationship. Performance on the other hand is how efficient and effective supplier relationship management solution help in achieving organizational objectives (Gabbard, 2020).

## **RESEARCH METHODOLOGY**

This study used descriptive research design. Mugenda and Mugenda (2018) explained the descriptive design is a process of collecting data in order to test a hypothesis or to answer the questions of the current status of the subject under study. The target population makes a part of the universal population (Creswell, 2020). The unit of analysis is what is being targeted in the research. The study's target population includes the 504 employees working in cement manufacturing firms in Kenya. According to KAM (2018), there are a total six cement companies. These firms include; Bamburi Cement Limited, Athi River Mining company, East African Portland Cement Company Limited, National Cement Company Limited, Mombasa Cement Limited, Savannah Cement Company. The study's sample size was reached at using Krejcie and Morgan sample size determination formula (Russell, 2019). Using this formula a representative sample will be obtained. The study's total population was 504. The 218 respondents were chosen with the help of stratified random sampling technique

The study then used simple random sampling to select respondents from each group. Primary data was used in this study. The study's primary data was obtained using semi-structured questionnaires. The researcher carried out a pilot study to ensure the data collection tool is reliable and valid. The pilot test helped correct some of the challenges encountered before undertaking the final study. The pretesting sample was made of 21 respondents, representing 10% of the sample size. The results from the pilot test will not be used in the main study. In addition, the respondents used in the pilot test was excluded from the final study.

Quantitative and qualitative data was generated from the closed-ended and open-ended questions, respectively. Qualitative data was analyzed on thematic basis and the findings provided in a narrative form. Before the data could be analyzed, the researcher ensured the data will be checked for completeness, followed by data editing, data coding, data entry, and data cleaning. Inferential and descriptive statistics was employed for analysis of quantitative data with the assistance of Statistical Package for Social Sciences (SPSS version 25).

Descriptive statistics such as frequency distribution, mean (measure of dispersion), standard deviation, and percentages were used. Inferential data analysis was conducted by use of Pearson correlation coefficient, and multiple regression analysis. The relationship between the study variables was tested using multivariate regression models.



## PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

From the 218 questionnaires 211 were completely filled and returned hence a response rate of 96.8%. The response rate was considered as suitable for making inferences from the data collected. As indicated by Metsamuuronen (2017), a response rate that is above fifty percent is considered adequate for data analysis and reporting while a response rate that is above 70% is classified as excellent. Hence, the response rate of this study was within the acceptable limits for drawing conclusions and making recommendations.

### Descriptive Statistics Analysis

#### Organizational policy and Organization Performance

The first specific objective of the study was to assess how organizational policy affects performance of selected cement manufacturing companies in Kenya. The respondents were requested to indicate their level of agreement on statements relating to organizational policy and performance of selected cement manufacturing companies in Kenya. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results were as presented in Table 1.

From the results, the respondents agreed that the company has a clearly defined organizational policy that guides its operations. This is supported by a mean of 3.968 (std. dv = 0.905). In addition, as shown by a mean of 3.959 (std. dv = 0.885), the respondents agreed that the company regularly reviews its organizational policy to ensure it is aligned with industry standards. Further, the respondents agreed that the company has a strong commitment to ethical business practices and sustainability. This is shown by a mean of 3.920 (std. dv = 0.605). With a mean of 3.815 (std. dv = 0.981), the respondents agreed that the company consistently meets or exceeds industry standards for quality and safety. Further, with a mean of 3.811 (std. dv = 0.873), the respondents agreed that the company has a culture of innovation and invests in research and development

**Table 1: Organizational policy and Organization Performance**

	<b>Mean</b>	<b>Std. Deviation</b>
The company has a clearly defined organizational policy that guides its operations.	3.968	0.905
The company regularly reviews its organizational policy to ensure it is aligned with industry standards.	3.959	0.885
The company has a strong commitment to ethical business practices and sustainability.	3.920	0.605
The company consistently meets or exceeds industry standards for quality and safety.	3.815	0.981
The company has a culture of innovation and invests in research and development.	3.811	0.873
<b>Aggregate</b>	<b>3.890</b>	<b>0.867</b>

#### Supplier Relationship Management and Organization Performance

The second specific objective of the study was to establish how supplier relationship management affects performance of selected cement manufacturing companies in Kenya. The respondents were requested to indicate their level of agreement on the statements relating to supplier relationship management and performance of selected cement manufacturing companies in Kenya. The results were as shown in Table 2

From the results, the respondents agreed that the company has a formal supplier relationship management program in place. This is supported by a mean of 4.084 (std. dv = 0.997). In addition, as shown by a mean of 3.917 (std. dv = 0.831), the respondents agreed that the company regularly evaluates its suppliers based on performance metrics and criteria. Further, the respondents agreed that the Company works collaboratively with its suppliers to improve performance and achieve mutual goals. This is shown by a mean of 3.858 (std. dv = 0.563). The respondents also agreed that the company communicates openly and transparently with its suppliers. This is shown by a mean of 3.831 (std. dv = 0.851). With a mean of 3.751 (std. dv = 0.935), the respondents agreed that the company pays suppliers on time and in accordance with agreed terms and conditions.

**Table 2: Supplier Relationship Management**

	Mean	Std. Dev.
The company has a formal supplier relationship management program in place.	4.084	0.997
The company regularly evaluates its suppliers based on performance metrics and criteria.	3.917	0.831
The company works collaboratively with its suppliers to improve performance and achieve mutual goals.	3.858	0.563
The company communicates openly and transparently with its suppliers.	3.831	0.851
The company pays suppliers on time and in accordance with agreed terms and conditions.	3.751	0.935
<b>Aggregate</b>	<b>3.836</b>	<b>0.818</b>

### Performance of Cement Manufacturing Companies

The respondents were requested to indicate their level of agreement on various statements relating to performance of selected cement manufacturing companies. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results were as presented in Table 3.

From the results, the respondents agreed that performance has been improving over the years. This is supported by a mean of 3.996 (std. dv = 0.865). In addition, as shown by a mean of 3.919 (std. dv = 0.945), the respondents agreed that profitability has been improving. The respondents also agreed that there are few customer complaints. This is shown by a mean of 3.898 (std. dv = 0.611). With a mean of 3.831 (std. dv = 0.908), the respondents agreed that sales volume has been increasing. From the results, the respondents agreed that market share has shown upward growth. This is supported by a mean of 3.811 (std. dv = 0.897).

**Table 3: Performance of Cement Manufacturing Companies**

	Mean	Std. Dev.
Performance has been improving over the years	3.996	0.865
Profitability has been improving	3.919	0.945
There are few customer complaints.	3.898	0.611
Sales volume has been increasing	3.831	0.908
Market share has shown upward growth	3.811	0.897
<b>Aggregate</b>	<b>3.772</b>	<b>0.841</b>

## Inferential Statistics

### Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (organizational policy, supplier relationship management) and the dependent variable (performance of selected cement manufacturing companies in Kenya) dependent variable. Pearson correlation coefficient range between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients. The current study employed Taylor (2018) correlation coefficient ratings where by 0.80 to 1.00 depicts a very strong relationship, 0.60 to 0.79 depicts strong, 0.40 to 0.59 depicts moderate, 0.20 to 0.39 depicts weak.

**Table 4: Correlation Coefficients**

		Organization Performance	Organizational Policy	Supplier Relationship Management
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	211		
Organizational Policy	Pearson Correlation	.880**	1	
	Sig. (2-tailed)	.001		
	N	211	211	
Supplier Relationship Management	Pearson Correlation	.842**	.279	1
	Sig. (2-tailed)	.002	.061	
	N	211	211	211

From the results, there was a very strong relationship between organizational policy and the performance of selected cement manufacturing companies in Kenya ( $r = 0.880$ ,  $p$  value =0.001). The relationship was significant since the  $p$  value 0.001 was less than 0.05 (significant level). The findings are in line with the findings of Asadullah *et al.* (2019) who indicated that there is a very strong relationship between organizational policy and organization performance.

Moreover, the results revealed that there is a very strong relationship between supplier relationship management and the performance of selected cement manufacturing companies in Kenya ( $r = 0.842$ ,  $p$  value =0.002). The relationship was significant since the  $p$  value 0.002 was less than 0.05 (significant level). The findings conform to the findings of Gitagia (2015) that there is a very strong relationship between supplier relationship management and organization performance.

### Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (organizational policy, supplier relationship management) and the dependent variable (performance of selected cement manufacturing companies in Kenya)

**Table 5: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934	.872	.873	.10120

a. Predictors: (Constant), organizational policy, supplier relationship management

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.872. This implied that 87.2% of the variation in the dependent variable (performance of selected cement manufacturing companies in Kenya) could be explained by independent variables (organizational policy, supplier relationship management, information technology integration and supply base rationalization).

**Table 6: Analysis of Variance**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	8.027	4	2.007	62.9	.000 <sup>b</sup>
Residual	6.568	206	.0319		
Total	14.595	210			

a. Dependent Variable: performance of selected cement manufacturing companies in Kenya

b. Predictors: (Constant), organizational policy, supplier relationship management,

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 62.9 while the F critical was 2.415. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of organizational policy, supplier relationship management, information technology integration and supply base rationalization on performance of selected cement manufacturing companies in Kenya.

**Table 7: Regression Coefficients**

		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	0.205	0.038		5.395	0.000
	organizational policy	0.369	0.099	0.367	3.727	0.004
	supplier relationship management	0.486	0.107	0.487	4.542	0.001

a Dependent Variable: performance of selected cement manufacturing companies in Kenya

The regression model was as follows:

$$Y = 0.205 + 0.369X_1 + 0.486X_2 + \varepsilon$$

According to the results, organizational policy has a significant effect on the performance of selected cement manufacturing companies in Kenya, Kenya  $\beta_1=0.369$ , p value= 0.004). The relationship was considered significant since the p value 0.004 was less than the significant level of 0.05. The findings are in line with the findings of Asadullah et al. (2019) who indicated that there is a very strong relationship between organizational policy and organization performance

The results also revealed that supplier relationship management has significant effect on the performance of selected cement manufacturing companies in Kenya,  $\beta_1=0.486$ , p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings conform to the findings of Gitagia (2015) that there is a very strong relationship between supplier relationship management and organization performance.

## Conclusions

The study concludes that organizational policy has a positive and significant effect on performance of selected cement manufacturing companies in Kenya. From the results, the respondents agreed that the company has a clearly defined organizational policy that guides its operations

In addition, the study concludes that supplier relationship management has a positive and significant effect on performance of selected cement manufacturing companies in Kenya. From the results, the respondents agreed that the company has a formal supplier relationship management program in place

### **Recommendations**

The study found that supply base rationalization has a positive and significant effect on the performance of selected cement manufacturing companies in Kenya. This study therefore recommends supplier Quality Index Policy, Inventory Stock Policy and Purchase Order Delivery Policy

In addition, the study found that supplier relationship management has a positive and significant effect on the performance of selected cement manufacturing companies in Kenya. This study therefore recommends Supplier Partnerships, Supplier Development and Early Supplier Involvement

### **Suggestions for Further Studies**

This study focused on the influence of strategic sourcing process on performance of selected cement manufacturing companies in Kenya. Having been limited to cement manufacturing companies in Kenya, the findings of this study cannot be generalized to performance of other companies in Kenya. The study therefore suggests further studies on the influence of strategic sourcing process on performance of other companies in Kenya.

Further, the study found that the independent variables (organizational policy, supplier relationship management, information technology integration and supply base rationalization) could only explain 87.2% of the performance of selected cement manufacturing companies in Kenya. This study therefore suggests research on other factors affecting t performance of selected cement manufacturing companies in Kenya

### **References**

- Bhattacharjee, A. (2012). *Social Science Research: Principles, Methods, and Practices*. New York: Free Press.
- Bryman, A. & Cramer, D. (2012). *Quantitative Data Analysis with SPSS Release 8 for Windows*. New York: Routledge.
- Collis, J. & Hussey, R. (2020). *Business research: a practical guide for undergraduate and postgraduate students* 4<sup>th</sup> Ed. New York: Palgrave Macmillan
- Creswell, J.W. (2020). *Research design. qualitative, quantitative, and mixed methods approaches*. Thousand Oaks CA: Sage.
- Kiptum, K. V. (2021). *Management processes and the performance of selected manufacturing firms in Nairobi city county, Kenya*. Retrieved from <https://ir-library.ku.ac.ke/bitstream/handle/123456789/22728/Management%20Processes%20and...pdf?sequence=1&isAllowed=y>
- Kothari, C. R. (2012). *Research methodology: Methods and techniques*. New Delhi: New Age International (P) Limited Publishers.
- Russell, R.B. (2019). *Social research method: qualitative and quantitative approaches*. Los Angeles: SAGE Publications.
- Sahu, P.K. (2019). *Research methodology: a guide for researchers in agricultural science, social science and other related fields*. New Delhi: Tata McGraw Hill.

- Singpurwalla, D. (2019). *A handbook of Statistics: An overview of statistics*. New York: Free Press.
- Tallon, P. P. (2017). A process-oriented perspective on the alignment of information technology and business strategy. *Journal of Management Information Systems, Taylor & Francis*, 24(3), 227-268.
- Tallon, P. P., Kraemer, K. L., & Gurbaxani, V. (2017). Executives' perceptions of the business value of information technology: a process-oriented approach. *Journal of Management Information Systems, Taylor & Francis*, 16(4), 145-173.
- Tanriverdi, H. (2016). Performance effects of information technology synergies in multi-business firms. *MIS Quarterly, University of Minnesota*, 30(1), 57-77.
- Teece, D. J. (2017). Explicating dynamic capabilities: the nature and micro-foundations of (sustainable) enterprise performance. *Strategic management journal*, 28(13), 1319-1350.
- Teece, D. J., & Pisano, G. (2015). The dynamic capabilities of enterprises: an introduction. *Industrial and Corporate Change* 3(3), 537-556.
- Teece, D. J., Pisano, G., & Shuen, A. (2017). Dynamic Capabilities and Strategic Management. *Strategic Management Journal, Wiley*, 18(7), 509-533
- Tegarden, L. F., Sarason, Y., & Banbury, C. (2016). Linking Strategy Processes to Performance Outcomes in Dynamic Environments: The Need to Target Multiple Bull's Eyes. *Journal of Managerial Issues, Pittsburgh State University* 15(2), 133-153.
- Tell, J. (2018). Managerial strategies in small, fast-growing manufacturing firms, *Journal of Management Development, Emerald*, 31(7), 700 – 710
- Wennberg, K., & Lindqvist, G. (2017). The effect of clusters on the survival & performance of new firms. *Small Business Economics, Springer*, 34(3), 221- 241.
- Were, A. (2016). Manufacturing in Kenya: Features, challenges and opportunities. *International Journal of Science, Management and Engineering*, 4(6), 15-26.
- Wernerfelt, B. (1984.) A Resource-Based View of the Firm. *Strategic Management Journal, Wiley*, 5(2), 171-180.
- Winter, S. G. (2003). Understanding Dynamic Capabilities, Special Issue: Why Is There a Resource-Based View? Toward a Theory of Competitive Heterogeneity, *Strategic Management Journal, Wiley*, 24(10), 991-995
- Wieder, B., Booth, P., Matolcsy, Z. P., & Ossimitz, M. L. (2016). The impact of ERP systems on firm and business process performance. *Journal of Enterprise Information Management, Emerald*, 19(1), 13-29.
- Winzer, P., & Braunholz, H. (2016). Chances and risks of process-oriented integrated management systems. In *Proceedings of the Human Factors and Ergonomics Society Annual Meeting, SAGE Publications*.44 (10), 277-280
- Wong, P, K., Lee, L., & Foo, M. D. (2018) Occupational Choice: The Influence of Product vs. Process Innovation. *Small Business Economics, Springer*, 30(3), 267-281.
- Wooldridge, J. M. (2019) *Introductory econometrics; Modern Approach 5 th Ed. SouthWestern, Cengage Learning, Mason World Economic Forum (2002)*. The Global Competitiveness Report 2001-2002. World Economic Forum, New York
- Wu, M., & Ye, J. (2019). A small sphere and large margin approach for novelty detection using training data with outliers. *IEEE transactions on pattern analysis and machine intelligence*, 31(11), 2088-2092.
- Xue, Y., Liang, H. and Boulton, W. R. (2018). Information Technology Governance in Information Technology Investment Decision. The Impact of Investment Characteristics, External Environment, and Internal Context, *MIS Quarterly, Management Information Systems Research Centre, University of Minnesota*, 32(1), 67-96
- Yasuda, T. (2015). Firm Growth, Size, Age and Behaviour in Japanese Manufacturing, *Small Business Economics, Springer*, 2(4) 1-15,