



## **GLOBAL PROCUREMENT PRACTICES AND PERFORMANCE OF SELECTED LARGE MANUFACTURING FIRMS IN NAIROBI COUNTY, KENYA**

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### **ABSTRACT**

Statistics from World Bank show that, manufacturers operating in Kenya registered stagnation and declining profits for the last five years due to a turbulent operating environment (World Bank, 2020). Manufacturing sector's contribution to the economy in Kenya was about 9.3% in 2016, 8.7% in 2017, 8.4% in 2018, 7.9% in 2019, and 7.6 % in 2020 which is a downward trend (KNBS, 2021). This study therefore sought to determine the effect of global procurement practices on performance of large manufacturing firms in Nairobi County, Kenya. Specifically, the study sought to determine effect of supplier sourcing on performance of large manufacturing firms in Nairobi County, Kenya, and to assess effect of logistics management on performance of large manufacturing firms in Nairobi County, Kenya. The study adopted a descriptive research design. The target population was 500 respondents working in 50 large manufacturing companies in Nairobi County. Nairobi County has been selected since majority of manufacturing sectors in Kenya are concentrated in Nairobi County. The study targeted two senior procurement, production, marketing, finance and accounting staff from each of the 50 manufacturing firms. The study's sample size was reached at using Krejcie and Morgan sample size determination formula. The 217 respondents were chosen with the help of stratified random sampling technique. This study also used questionnaire to collect data relevant to this study. Quantitative data collected was analyzed using descriptive statistical techniques which are frequencies, mean, standard deviation. Inferential statistics which include Pearson correlation and the Regression Analysis Model was used to test the relationship between study variables. The significance of the model was tested at 5% level of significance. Data was analysed using Statistical Package for Social Sciences (SPSS) software. The study results were presented through use of tables and figures. The study concludes that supplier sourcing practice has a positive and significant effect on performance of large manufacturing firms in Nairobi County, Kenya. The study also concludes that logistics management practices have a positive and significant effect on performance of large manufacturing firms in Nairobi County, Kenya. Based on the findings, the study recommends that the management of large manufacturing firms should adopt a structured procurement strategy that emphasizes transparency, accountability, and strategic sourcing. In addition, the study recommends that the management of large manufacturing firms should diversify and decentralize the supplier base.

**Key Words:** Global Procurement Practices Supplier Sourcing, Logistics Management, Performance of Large Manufacturing Firms

## Background of the Study

Global procurement practices have become increasingly critical for large manufacturing firms aiming to enhance their operational efficiency, reduce costs, and improve overall performance in today's competitive landscape (Caniato et al., 2016; Monczka et al., 2015). As supply chains have expanded globally, procurement strategies have evolved to encompass a broader range of considerations beyond traditional cost minimization (Gelderman & Van Weele, 2005). This study aims to delve into the nuanced relationship between global procurement practices and firm performance, focusing on selected large manufacturing firms. Historically, procurement was primarily seen as a transactional function centered around sourcing goods and services at the lowest cost. However, globalization and technological advancements have reshaped procurement into a strategic function that integrates with corporate objectives (Christopher, 2016; Scannell et al., 2018). Today, firms engage in strategic sourcing, supplier relationship management, risk mitigation, and sustainability initiatives as integral components of their procurement strategies (Kraljic, 1983; van Weele, 2018).

Effective global procurement practices enable firms to access global markets, leverage economies of scale, and tap into specialized capabilities offered by international suppliers (Caniato et al., 2016). By diversifying sourcing locations and suppliers, firms can reduce dependency risks and adapt to changing market conditions more effectively (Wang et al., 2016). Moreover, strategic procurement fosters innovation through collaboration with suppliers and enhances responsiveness to customer demands (Teller et al., 2018). Measuring the impact of procurement practices on firm performance involves assessing various metrics such as cost savings, supply chain efficiency, product quality, and customer satisfaction. Cost savings remain a fundamental metric but are now complemented by metrics reflecting sustainability efforts, supplier performance, and overall supply chain resilience. High-performing firms often exhibit robust procurement capabilities that align with broader business objectives and contribute to sustained competitive advantage.

## Statement of the Problem

Manufacturing is a key sector in Kenya's economic development, in both its contribution to national output and exports, and for job creation. A vibrant manufacturing base leads to more research and development, innovation, productivity, exports, and middle-class jobs. Manufacturing helps raise living standards more than any other sector. Manufacturing generates more economic activity than other sectors. Manufacturing sector's contribution to the economy in Kenya was about 7.6105% in 2020 (KNBS, 2021). Through the Big 4 Agenda, the current regime aims at increasing the contribution of the sector to GDP by 15% by the end of 2022.

Despite its contribution to the country, the industry is facing deindustrialization due to various factors mainly taxation, high costs of power, and competition from imported products which are sometimes cheaper than products made in Kenya. Many manufacturing firms have relocated or restructured their operations opting to serve the local market through importing from low-cost manufacturing areas such as Egypt, South Africa and India therefore resulting in job losses (GoK, 2017). The manufacturing sector has been struggling to thrive and some key firms in the sector have closed operations due to unfavorable working conditions (Kungu, 2015). For example Sameer East Africa closed its Yana Tyres manufacturing factory in Nairobi, citing increased competition from cheaper imports. Other manufacturers who have shut down operations include Proctor and Gamble and everyday East Africa.

Statistics from World Bank show that manufacturers operating in Kenya registered stagnation and declining profits for the last five years due to a turbulent operating environment (World Bank, 2017). Manufacturing sector's contribution to the economy in Kenya was about 9.3% in 2016, 8.7% in 2017, 8.4% in 2018, 7.9% in 2019, and 7.6% in 2020 which is a downward trend (KNBS, 2021). Processes such as production forecasting, inventory management, and

continuous process improvements are some of the practices that are not employed in Kenya and other African countries. Manufacturers that do not have well-established distribution channels usually have difficulty selling their products (Kariithi & Kihara, 2016).

There exists various studies on procurement practices and performance. Mokogi, Mairura and Ombui (2015) study on effect of procurement practices on performance of commercial state owned enterprises in Nairobi County revealed that buyer-supplier relationships, supplier selection procedures. Kipkemoi (2017) on how organizational performance is affected by procurement practices in East African Portland Cement Company Limited confirmed that procurement practices actually contribute to increased organizational performance. Aputo (2017) on effects of procurement functions on project performance in Non-Governmental Organizations in Nairobi County indicated that need assessment, supplier sourcing, contract management and inventory management affect Performance. Karanja and Kiarie (2015) on influence of procurement practices on an organization's performance in the private sector in Kenya indicated that procurement practices, e-procurement and contract management influences organizational performance at private sectors. However, none of these studies focused on the influence of global procurement practices and performance of large manufacturing firms in Nairobi County, Kenya. This study sought to fill this research gap.

### **General Objective of the Study**

To determine the relationship of global procurement practices on performance of large manufacturing firms in Nairobi County, Kenya

### **Specific Objectives of the study**

- i To establish relationship between supplier sourcing practice on performance of large manufacturing firms in Nairobi County, Kenya.
- ii To assess relationship of logistics management practices on performance of large manufacturing firms in Nairobi County, Kenya.

## **LITERATURE REVIEW**

### **Theoretical Review**

#### **Grey Theory**

The grey theory was developed by Julong Deng (1982). The theory was developed on the basis of solving problems which involve uncertainties and aims at handling systems with unknown or incomplete information (Sternberg & Lubart, 1991). A grey system is a system which contains both known and uncertain unknowns. According to the theory, the information is classified into three categories (Deng, 1989). This classification depends on the degree of information obtained. It is said to be white when it is completely certain; black when it is totally unknown and grey when it is insufficient. According to Sternberg and Lubart (1991) in recent years, a fuzzy-based approach has been proposed to deal with the supplier selection problem under uncertainty, but the advantage of grey theory over fuzzy theory is that grey theory also considers the condition of the fuzziness; in other words, grey theory can deal flexibly with the fuzziness situation .

According to grey theory, the buyer calculate a grey possibility degree between compared suppliers alternatives set and ideal referential supplier alternative to determine the ranking order of all alternatives of supplier and to select the ideal supplier based on grey numbers. The drawback of the method is that the negative ideal referential alternative is not considered to evaluate and rank the alternatives (Deng, 1989). Sometimes, the selected solution (candidate supplier) which has the minimum grey possibility degree from the ideal solution may also have a lower grey possibility degree from the negative ideal solution as compared to other alternatives.

In manufacturing industries the raw materials and component parts can equal up to 70% of the product cost. When a relatively few parts are procured externally, the total demand can be provided by only one supplier (Sternberg & Lubart, 1991). Such a sole sourcing scenario appears to be tenable especially in the last decade, which has seen an important shift in the sourcing strategy of many firms, moving from the old concept of having many suppliers to depend heavily on one supplier with which a long term win-win partnership. In this situation, the decision consists of selecting one supplier for one order to meet the total buyer's demand (Deng, 1989). Grey theory model is suitable to the decision-making on which supplier to source from. The most suitable supplier can be determined by grey relational analysis based on grey number. Grey Theory was used to assess the effect of supplier sourcing on performance of large manufacturing firms in Nairobi County, Kenya

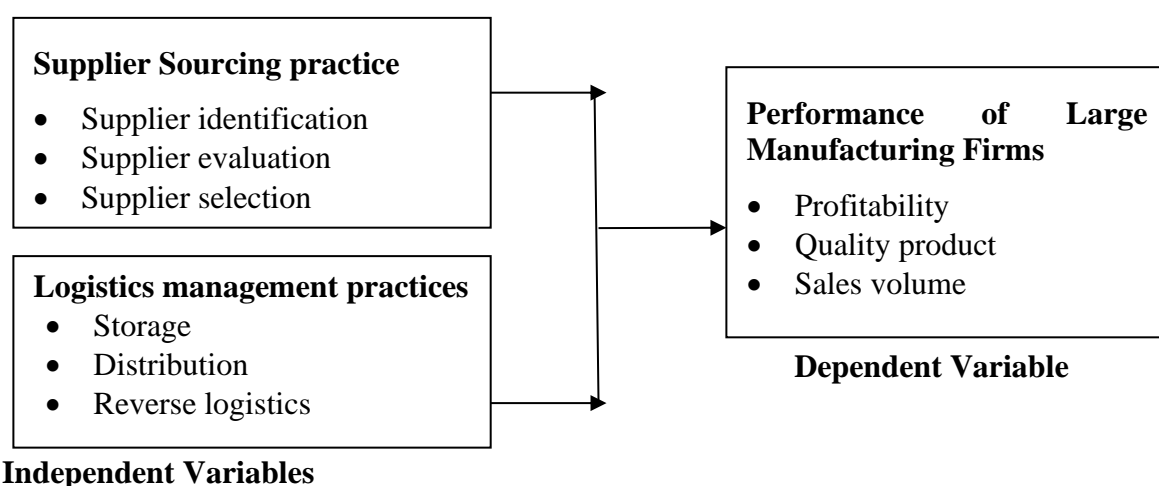
### Transaction Cost Theory

Transaction cost theory was developed by (Williamson 1979). The theory posits that the most suitable governance structure aims at achieving economic efficiency through reducing operational costs. The theory suggests that every type of transaction produces coordination costs of monitoring, controlling, and managing transactions. The theory explains why firms may face superior costs for market-based transactions and why firms may be relatively more efficient than markets at organizing transactions. The firm will select the governance form, from the various alternatives amongst the organizational menu, that minimizes transaction and production costs. Williamson argued that transaction costs are to be distinguished from production costs and that a decision-maker can make a choice to use a firm structure or source from the market by comparing transaction costs with internal production costs. Thus, cost is the primary determinant of such a decision.

Halldorsson (2017) suggests that businesses can reduce their transaction expenses by using vertical integration and growing the extent of believe on the same time. At the core of Transaction Cost Theory are the concepts of transaction costs, which include both production costs and transaction costs. Production costs involve the actual costs of producing goods or services, while transaction costs encompass the costs of negotiating, monitoring, and enforcing agreements between economic agents. Transaction costs arise from factors such as information asymmetry, opportunistic behavior, and uncertainty. TCT suggests that the choice between organizing economic activities within a firm or through the market is influenced by the comparative costs of these transactions. Transaction Cost Theory was used to assess effect of logistics management on performance of large manufacturing firms in Nairobi County, Kenya

### Conceptual Framework

The conceptual framework in Figure 1 presents the relationship between independent and dependent variable. The independent variables are; supplier sourcing, and logistics management. The dependent variable is the performance of large manufacturing firms.



## Figure 2. 1: Conceptual Framework

### Supplier Sourcing Practice

Supplier sourcing refers to the strategic process of identifying, evaluating, and selecting potential suppliers to meet the procurement needs of an organization. This critical aspect of supply chain management involves searching for, assessing, and ultimately choosing suppliers who can provide the required goods, services, or works in a manner that aligns with the organization's goals and standards. Supplier sourcing entails; supplier identification, supplier evaluation and supplier selection (Ekiyor, Amino, & Altan, 2019)

Supplier identification involves systematically identifying and assessing potential suppliers who can meet the organization's needs. It requires a thorough understanding of the market, industry dynamics, and the specific goods or services required. Organizations may utilize various channels such as industry databases, trade shows, and online platforms to identify potential suppliers. Additionally, networking within the industry and seeking recommendations can aid in discovering reliable and qualified suppliers. The goal of supplier identification is to create a pool of potential candidates that align with the organization's requirements and standards.

Supplier evaluation is critical in assessing the capabilities, performance, and overall suitability of each potential supplier. Evaluation criteria may include factors such as quality standards, financial stability, delivery capabilities, ethical practices, and compliance with regulatory requirements. Organizations often use supplier evaluation frameworks and conduct site visits or audits to gather comprehensive information. This thorough evaluation process helps in identifying the strengths and weaknesses of each supplier, enabling the organization to make informed decisions during the selection (Mukarumongi, Mulyungi, & Saleh, 2018)

Supplier selection is the final stage in the supplier sourcing process, where the organization makes decisions based on the information gathered during the identification and evaluation phases. It involves comparing the capabilities and offerings of potential suppliers against the organization's specific criteria and needs. The selection process may include negotiations on terms and conditions, pricing structures, and other contractual details. The aim is to choose suppliers who not only meet the immediate requirements but also align with the organization's long-term strategic goals (Mutua & Juma, 2018).

### Logistics Management Practices

Logistics management encompasses the strategic coordination and execution of various activities, and storage is a fundamental component. Efficient storage involves the systematic and organized handling of goods within a facility, such as warehouses or distribution centers. This includes decisions on inventory levels, storage layout, and technology implementation to optimize space and facilitate easy retrieval. Effective storage management ensures that products are readily available for distribution, minimizes the risk of stockouts, and contributes to overall supply chain efficiency. Proper storage practices also involve inventory tracking and management systems, reducing errors and enhancing the accuracy of order fulfillment (Umair, Zhang, Han & Haq, 2019).

Distribution within logistics management focuses on the movement of goods from the point of origin to the final destination, ensuring timely and accurate deliveries. This process involves strategic decisions regarding transportation modes, route planning, and order fulfillment. Distribution management aims to streamline the flow of products through the supply chain, minimizing transit times and costs. Effective distribution networks contribute to customer satisfaction by ensuring that products reach their destination in optimal condition and within the specified time frame. Coordination with carriers, inventory management, and order processing are integral aspects of distribution management that collectively impact the overall efficiency of logistics operations (Bagshaw, 2019).

Reverse logistics involves the management of product returns and the flow of goods from the final destination back to the manufacturer or another designated point. This aspect of logistics management has gained significance due to the increasing importance of sustainability and the need to address returned or unsold goods. Reverse logistics includes activities such as product recalls, recycling, remanufacturing, and disposal. Effectively managing reverse logistics not only minimizes waste but also contributes to cost savings and enhances the environmental sustainability of supply chain operations. Companies that excel in reverse logistics can recover value from returned products and reduce the environmental impact associated with the disposal of goods (Mwangangi, 2016).

## **Empirical Review**

### **Supplier Sourcing and Organization Performance**

Ekiyor, Amino, and Altan, (2019) sought to determine the effect of supplier selection criteria on operational performance in pharmacies. Simple random sampling was used in sampling 100 respondents. Data was collected using interview schedules. Findings showed that supplier selection criteria had a positive effect on operational performance. Westhuizen, and Ntshingila (2020) examined influence of supplier selection, supplier development and information sharing on firm performance in South Africa. The study adopted a descriptive survey design. The study sample included 300 business owners/managers. Questionnaires were used for data collection. Findings showed that there is a strong significant relationship between supplier selection and business performance. The ability of business owners/managers to select the right supplier influenced business performance to a very great extent.

Mukarumongi, Mulyungi, and Saleh (2018) sought to determine the effect of supplier evaluation on procurement performances the ministry of health, Rwanda. The study employed a descriptive research design. Targeted populace was 650 staff and stratified sampling was used to sample 230 staff. Questionnaires and interviews were used for data collection. Findings showed that suppliers' quality commitment, suppliers' financial capacity and suppliers' competence have a significant effect on performance of procurement function in the health ministry in Rwanda. Mutua and Juma (2018) studied influence of strategic sourcing on the performance of the procurement function of commercial banks in Kenya. The target population was 40 commercial banks. Census was used in sampling all the banks. Data was collected using questionnaires. Findings showed that strategic sourcing is increasingly being recognized as an integral part of business strategies and procurement practices in banking institutions. Proper sourcing strategies greatly improve the performance of banks and increasing dependence on suppliers leads to uncertain events which may affect operations. Korir and Kagiri (2017) investigated effect of material sourcing strategies on organization performance. The study target was 450 staff and 45 staff were used as the study sample. Data was collected using questionnaires, interview guides, and published reports. Findings showed that there is a positive relationship between strategic sourcing and organization performance.

### **Logistics Management and Organization Performance**

Umair, Zhang, Han and Haq (2019) analyzed impact of logistics management on customer satisfaction in the retail stores in Islamabad and Rawalpindi. Convenient sampling was used in sampling 200 customers. Data was collected using questionnaires. The findings showed a significant relationship between customer satisfaction with inventory, lead time, transportation and logistics. Panagiotis and Malindretos (2020) studied effect of logistics management on performance of agro processing firms in Greece. Stratified sampling was used to sample 134 firm managers. Data was collected using questionnaires. Findings showed that logistics networking and transportation were the most significant factors that affected performance of agro processing firms. Ristovska, Kozuhharov and Petkovski (2017) examined effect of logistics management practices on firm performance in Macedorva. A descriptive research design was used and simple random was used in sampling 80 staff. Questionnaires were used

to collect data. Findings revealed that adequate transportation reduced general operation costs. Efficient logistics management also increased business efficiency, customer satisfaction and competitiveness.

Bagshaw (2019) studied effect of logistics management on sales growth in manufacturing firms in Nigeria. The study adopted survey research design. The survey research design was adopted. The target was 135 firms. Purposive sampling was used to sample 122 firms. Data was collected using questionnaires. Findings showed that effective transportation and distribution influences timely delivery and sales growth respectively. Mangala and Moronge (2019) examined influence of logistics management on performance of oil marketing companies in Nairobi County, Kenya. The study sample was 164 employees drawn from oil marketing companies in Nairobi County. Data was collected using questionnaires. Findings showed that transport and warehouse management influences performance of oil marketing companies in Kenya. Mwangangi (2016) assessed effect of logistics on performance of manufacturing firms in Kenya. This study populace was 200 firms. Purposive sampling was used to sample 200 logistics managers. Data was collected using online questionnaires. Results showed that transportation, inventory, ordering, and communication management was positively related to firm performance.

Ajoke *et al* (2019) conducted a study on the impact of logistics management on organizational performance. Descriptive survey research design was used to sample 115 employees of Dangote Flour Mills Ilorin. Findings of the study shows that transportation management affects organizational effectiveness with a R<sup>2</sup> value of 0.769; that there is strong relationship between information flow management and employees' efficiency with a R<sup>2</sup> value of 0.923 and that there is strong relationship between inventory management and organizational productivity with a Pearson correlation value of 0.859. This study therefore recommended that factors associated with logistics management needs to be considered by the organization in their strategic plans as it will contribute significantly to a sustainable development of the Nigeria economy

## **RESEARCH METHODOLOGY**

The study adopted a descriptive survey research design. The target population was 50 large manufacturing companies in Nairobi County. Nairobi County has been selected since majority of manufacturing sectors in Kenya are concentrated in Nairobi County. The study targeted two senior procurement, production, marketing, finance and accounting staff from each of the 50 companies. Therefore, the study target comprised of a total of 500 respondents. The study's sample size was reached at using Krejcie and Morgan sample size determination formula (Russell, 2013). Using this formula a representative sample was obtained. The 217 respondents were chosen with the help of stratified random sampling technique. This research used a questionnaire to collect primary data. This study gathered both quantitative and qualitative data. Qualitative data analyzed by use of content analysis. Quantitative data was coded then analyzed using Statistical Package for Social Sciences (SPSS) computer software version 28. Descriptive statistics were used to analyze the data in frequency distributions and percentages which were presented in tables and figures. Discussions and presentations of the analyzed data was done in tables of frequency distribution, percentages, bar graphs and pie charts. Measures of dispersion were used to provide information about the spread of the scores in the distribution. The study also adopted multiple regression analysis to test the relationships between the variables.

## **PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA**

The researcher sampled 217 respondents who were each administered with the questionnaires. From the 217 questionnaires 197 were completely filled and returned hence a response rate of 90.8%. The response rate was considered as suitable for making inferences from the data collected. As indicated by Mugenda and Mugenda (2018), 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

### Supplier Sourcing Practice and Organization Performance

The first specific objective of the study was to establish relationship between supplier sourcing practice on performance of large manufacturing firms in Nairobi County, Kenya. The respondents were requested to indicate their level of agreement on supplier sourcing practice and performance of large manufacturing firms in Nairobi County, Kenya. The results were as shown in Table 1

From the results, the respondents agreed that effective supplier sourcing enhances organization performance by ensuring quality inputs and timely delivery ( $M=3.983$ ,  $SD=0.765$ ). In addition, the respondents agreed that strategic supplier selection improves efficiency, reduces costs, and boosts overall organizational performance ( $M=3.806$ ,  $SD=0.845$ ). Further, the respondents agreed that establishing reliable supplier relationships fosters trust and consistency, leading to improved performance outcomes ( $M=3.785$ ,  $SD=0.688$ ).

The respondents also agreed that diversified supplier sourcing mitigates risks and enhances resilience, contributing to organizational stability and performance ( $M=3.718$ ,  $SD=0.788$ ). In addition, the respondents agreed that collaborative supplier partnerships drive innovation and competitiveness, elevating organization performance in dynamic markets ( $M=3.698$ ,  $SD=0.686$ ). The respondents agreed that transparent supplier evaluation processes promote accountability and quality assurance, enhancing organization performance ( $M=3.662$ ,  $SD=0.617$ ). Further, the respondents agreed that proactive supplier management improves supply chain efficiency, enabling better performance across organizational operations ( $M=3.600$ ,  $SD=0.788$ ).

**Table 1: Supplier Sourcing Practice and Organization Performance**

	Mea n	Std. Deviation
Effective supplier sourcing enhances organization performance by ensuring quality inputs and timely delivery.	3.983	0.765
Strategic supplier selection improves efficiency, reduces costs, and boosts overall organizational performance.	3.806	0.845
Establishing reliable supplier relationships fosters trust and consistency, leading to improved performance outcomes.	3.785	0.688
Diversified supplier sourcing mitigates risks and enhances resilience, contributing to organizational stability and performance.	3.718	0.788
Collaborative supplier partnerships drive innovation and competitiveness, elevating organization performance in dynamic markets.	3.698	0.686
Transparent supplier evaluation processes promote accountability and quality assurance, enhancing organization performance.	3.662	0.617
Proactive supplier management improves supply chain efficiency, enabling better performance across organizational operations.	3.600	0.788
<b>Aggregate</b>	<b>3.750</b>	<b>0.740</b>

### Logistics Management Practices and Organization Performance

The second specific objective of the study was to assess relationship of logistics management practices on performance of large manufacturing firms in Nairobi County, Kenya. The respondents were requested to indicate their level of agreement on various statements relating



to logistics management practices and performance of large manufacturing firms in Nairobi County, Kenya. The results were as presented in Table 2.

From the results, the respondents agreed that efficient logistics management optimizes organizational performance by ensuring smooth operations ( $M=3.955$ ,  $SD=0.895$ ). In addition, the respondents agreed that streamlined logistics processes reduce costs and boost profitability for organizations ( $M=3.946$ ,  $SD=0.886$ ). Further, the respondents agreed that timely logistics operations directly impact customer satisfaction and organizational success ( $M=3.907$ ,  $SD=0.725$ ). The respondents also agreed that strategic logistics planning maintains supply chain resilience, enhancing performance ( $M=3.902$ ,  $SD=0.881$ ).

The respondents agreed that collaborative partnerships with logistics providers drive flexibility and agility, improving performance ( $M=3.898$ ,  $SD=0.683$ ). In addition, the respondents agreed that continuous improvement in logistics boosts operational efficiency, driving competitiveness ( $M=3.884$ ,  $SD=0.796$ ). Further, the respondents agreed that proactive risk management in logistics ensures continuity, safeguarding performance ( $M=3.776$ ,  $SD=0.546$ ).

**Table 2: Logistics Management Practices and Organization Performance**

	<b>Mea n</b>	<b>Std. Deviation</b>
Efficient logistics management optimizes organizational performance by ensuring smooth operations.	3.955	0.895
Streamlined logistics processes reduce costs and boost profitability for organizations.	3.946	0.886
Timely logistics operations directly impact customer satisfaction and organizational success.	3.907	0.725
Strategic logistics planning maintains supply chain resilience, enhancing performance.	3.902	0.881
Collaborative partnerships with logistics providers drive flexibility and agility, improving performance.	3.898	0.683
Continuous improvement in logistics boosts operational efficiency, driving competitiveness.	3.884	0.796
Proactive risk management in logistics ensures continuity, safeguarding performance.	3.776	0.546
<b>Aggregate</b>	<b>3.895</b>	<b>0.773</b>

### **Performance of Large Manufacturing Firms**

The respondents were requested to indicate their level of agreement on various statements relating to performance of large manufacturing firms in Nairobi County, Kenya. The results were as presented in Table 3.

From the results, the respondents agreed that their manufacturing firm consistently delivers high-quality products, ensuring customer satisfaction and loyalty ( $M=3.871$ ,  $SD=0.897$ ). In addition, the respondents agreed that their manufacturing processes adhere to industry standards, guaranteeing efficiency and reliability in production ( $M=3.804$ ,  $SD=0.837$ ). Further, the respondents agreed that their firm demonstrates innovation and technological advancement, maintaining a competitive edge in the market ( $M=3.745$ ,  $SD=0.663$ ). The respondents also agreed that their manufacturing firm effectively manages costs and resources, optimizing profitability and sustainability ( $M=3.618$ ,  $SD=0.771$ ).

The respondents agree that they prioritize customer service excellence, fostering strong relationships and trust with their clients ( $M=3.614$ ,  $SD=0.792$ ). In addition, the respondents agreed that their commitment to environmental sustainability drives responsible practices throughout their manufacturing operations ( $M=3.610$ ,  $SD=0.887$ ). Further, the respondents

agreed that their firm's responsiveness to market demands ensures agility and adaptability in an ever-changing business landscape (M=3.604, SD=0.786).

**Table 3: Performance of Large Manufacturing Firms**

	Mean	Std. Deviation
Our manufacturing firm consistently delivers high-quality products, ensuring customer satisfaction and loyalty.	3.871	0.897
Our manufacturing processes adhere to industry standards, guaranteeing efficiency and reliability in production.	3.804	0.837
Our firm demonstrates innovation and technological advancement, maintaining a competitive edge in the market.	3.745	0.663
Our manufacturing firm effectively manages costs and resources, optimizing profitability and sustainability.	3.618	0.771
We prioritize customer service excellence, fostering strong relationships and trust with our clients.	3.614	0.792
Our commitment to environmental sustainability drives responsible practices throughout our manufacturing operations.	3.610	0.887
Our firm's responsiveness to market demands ensures agility and adaptability in an ever-changing business landscape.	3.604	0.786
<b>Aggregate</b>	<b>3.695</b>	<b>0.805</b>

### Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (supplier sourcing practice, and logistics management practices) and the dependent variable (performance of large manufacturing firms in Nairobi County, Kenya).

**Table 4: Correlation Coefficients**

		Organization Performance	Supplier Sourcing Practice	Logistics Management Practices
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	197		
Supplier Sourcing Practice	Pearson Correlation	.846**	1	
	Sig. (2-tailed)	.001		
	N	197	197	
Logistics Management Practices	Pearson Correlation	.869**	.179	1
	Sig. (2-tailed)	.000	.071	
	N	197	197	197

The results revealed that there is a very strong relationship between supplier sourcing practice and performance of large manufacturing firms in Nairobi County, Kenya ( $r = 0.846$ ,  $p$  value = 0.001). The relationship was significant since the  $p$  value 0.001 was less than 0.05 (significant level). The findings conform to the findings of Ekiyor, Amino, and Altan, (2019) that there is a very strong relationship between supplier sourcing practice and organization performance.

The results also revealed that there was a very strong relationship between logistics management practices and performance of large manufacturing firms in Nairobi County, Kenya ( $r = 0.869$ ,  $p$  value = 0.000). The relationship was significant since the  $p$  value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Ajoke *et al* (2019) who revealed that there is a very strong relationship between logistics management practices and organization performance

## Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (supplier sourcing practice and logistics management practices) and the dependent variable (performance of large manufacturing firms in Nairobi County, Kenya).

**Table 5: Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
<b>1</b>					
(Constant)	0.330	0.084		3.929	0.002
supplier sourcing practice	0.376	0.095	0.375	3.958	0.002
logistics management practices	0.387	0.097	0.386	3.990	0.000

a Dependent Variable: performance of large manufacturing firms in Nairobi County, Kenya

The regression model was as follows:

$$Y = 0.330 + 0.376X_1 + 0.387X_2 + \varepsilon$$

The results also revealed that supplier sourcing practice has significant effect on performance of large manufacturing firms in Nairobi County, Kenya,  $\beta_1=0.376$ ,  $p$  value= 0.002). The relationship was considered significant since the  $p$  value 0.002 was less than the significant level of 0.05. The findings conform to the findings of Ekiyor, Amino, and Altan, (2019) that there is a very strong relationship between supplier sourcing practice and organization performance.

In addition, the results revealed that logistics management practices has significant effect on performance of large manufacturing firms in Nairobi County, Kenya  $\beta_1=0.387$ ,  $p$  value= 0.000). The relationship was considered significant since the  $p$  value 0.000 was less than the significant level of 0.05. The findings are in line with the results of Ajoke *et al* (2019) who revealed that there is a very strong relationship between logistics management practices and organization performance

## Conclusions

the study concludes that supplier sourcing practice has a positive and significant effect on performance of large manufacturing firms in Nairobi County, Kenya. Findings revealed that supplier identification, supplier evaluation and supplier selection influence performance of large manufacturing firms in Nairobi County, Kenya.

The study also concludes that logistics management practices have a positive and significant effect on performance of large manufacturing firms in Nairobi County, Kenya. Findings revealed that storage, distribution and reverse logistics influence performance of large manufacturing firms in Nairobi County, Kenya.

## Recommendations

the study recommends that the management of large manufacturing firms should diversify and decentralize the supplier base. By cultivating a diversified supplier network, firms can mitigate risks associated with overreliance on a single supplier or geographic region.

In addition, the study recommends that the management of large manufacturing firms should establish a comprehensive transportation optimization strategy. This strategy should prioritize efficiency, reliability, and cost-effectiveness in transporting raw materials, components, and finished goods throughout the supply chain.

### Suggestions for Further Studies

This study was limited to the influence of global procurement practices on performance of large manufacturing firms in Nairobi County, Kenya hence the study findings cannot be generalized to organization performance in other organizations in Kenya. The study therefore suggests further studies on the influence of global procurement practices on organization performance at other organizations in Kenya.

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