

# **STRATEGIC SOURCING AND ORGANIZATIONAL PERFORMANCE**

**PATIENCE AINEMBABAZI**

**M23B12/108**

**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF BACHELOR OF  
PROCUREMENT AND LOGISTICS MANAGEMENT OF UGANDA CHRISTIAN UNIVERSITY**

**April, 2026**



**UGANDA CHRISTIAN  
UNIVERSITY**

*A Centre of Excellence in the Heart of Africa*

**DECLARATION**

I AINEMBABAZI PATIENCE confirm that it is my first work and as far as I know, it has not been presented to any University or institution to obtain a degree.

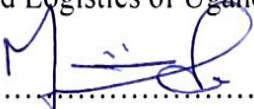
Signed AP..... Date 21/04/2026.....

AINEMBABAZI PATIENCE

M23B12/108

**APPROVAL**

This is to certify that this research report was done by Ainembabazi Patience, Reg No: M23B12/108 on a topic "Strategic Sourcing and Organizational Performance" under my supervision, and I hereby approve it for submission for the award of the degree of Bachelor of Procurement and Logistics of Uganda Christian University

Signed .....  ..... Date ..... 27/04/2026 .....

MR. KABANDA MARTIN

## **ACKNOWLEDGMENT**

It is my humble pleasure to thank the Almighty God who has given me the strength, wisdom and perseverance to successfully complete this dissertation.

I would like to express my heart-felt gratitude to my supervisor, Mr. Kabanda Martin, whose guidance, positive feedback, and support helped me through the research process. Your input and advice were instrumental in developing this work.

I also would like to thank the management and the employees of the Public Procurement and Disposal of Public Assets Authority (PPDA) and in particular the Performance Monitoring/Audit Staff, Procurement Officers, and Contract Management Staff, who were cooperative and provided data to help in this study.

I would like to thank my family, who supported me as a person, morally, and encouraged me to pursue my studies.

Lastly, I recognize all my friends and colleagues who enhanced my advice, motivation and encouragement when preparing this dissertation.

## **DEDICATION**

In this dissertation, I am dedicating it to my family, whose support, encouragement, and advice have been my constant support throughout my studies. Thank you to my parents, friends and my family at large who believed in me and the urge to be the best in whatever I do. It is also dedicated to all my mentors and lecturers who were very instrumental in equipping me with invaluable knowledge and advising me on what I have learnt about procurement and logistics management.

# TABLE OF CONTENT

DECLARATION.....	I
APPROVAL.....	II
ACKNOWLEDGMENT.....	III
DEDICATION .....	IV
LIST OF FIGURES AND TABLES .....	VIII
ABBREVIATIONS.....	IX
ABSTRACT.....	X
CHAPTER ONE.....	1
INTRODUCTION .....	1
1.0 INTRODUCTION.....	1
1.1 BACKGROUND OF THE STUDY .....	1
1.2 PROBLEM STATEMENT .....	2
1.3 PURPOSE OF THE STUDY .....	2
1.4 GENERAL OBJECTIVE.....	3
1.6 RESEARCH QUESTIONS .....	3
1.7 SCOPE OF THE STUDY .....	3
1.7.1 CONTENT SCOPE.....	3
1.7.2 GEOGRAPHICAL SCOPE .....	4
1.7.3 TIME SCOPE.....	4
1.8 THEORETICAL OF THE STUDY .....	4

1.9 PURPOSE OF THE STUDY .....	4
1.10 CONCEPTUAL FRAMEWORK .....	4
1.11 LIMITATIONS OF THE STUDY .....	5
CHAPTER TWO .....	7
LITERATURE REVIEW .....	7
2.0 INTRODUCTION.....	7
2.1 THEORETICAL FRAMEWORK .....	7
2.1.1 RESOURCE-BASED VIEW (RBV) .....	7
2.1.2 TRANSACTION COST ECONOMICS (TCE).....	7
2.1.3 RELATIONAL VIEW (RV) / RELATIONAL CONTRACTING .....	7
2.2 OVERVIEW OF MAIN CONCEPT .....	8
2.2.1 CONCEPT OF STRATEGIC SOURCING.....	8
2.2.2 CONCEPT OF ORGANIZATIONAL PERFORMANCE.....	8
2.3 EMPIRICAL REVIEW.....	9
2.3.1 TO ANALYZE THE ROLE OF COST MANAGEMENT IN STRATEGIC SOURCING AND ITS EFFECT ON ORGANIZATIONAL PROFITABILITY.....	9
2.3.2 HOW SUPPLIER RELATIONSHIP MANAGEMENT INFLUENCES ORGANIZATIONAL EFFICIENCY.....	11
2.3.3 HOW DOES RISK MANAGEMENT IN STRATEGIC SOURCING AFFECTS ORGANIZATIONAL PERFORMANCE .....	13
2.4 SUMMARY AND GAP IN THE LITERATURE REVIEW.....	13
CHAPTER THREE .....	15
RESEARCH METHODOLOGY.....	15
3.0 INTRODUCTION.....	15
3.1 RESEARCH DESIGN.....	15
3.2 TARGET POPULATION .....	15
3.3 SOURCES OF DATA.....	16

3.4 SAMPLE SIZE AND SELECTION TECHNIQUES .....	16
3.6 DATA COLLECTION METHOD .....	17
3.7 DATA COLLECTION INSTRUMENTS.....	17
3.8 VALIDITY OF THE RESEARCH INSTRUMENTS .....	18
3.9 DATA ANALYSIS .....	18
3.9.1 ANALYSIS OF QUANTITATIVE DATA .....	18
3.10 ETHICAL CONSIDERATIONS .....	19
3.11 MEASUREMENT OF VARIABLES .....	19
3.12 CONCLUSION.....	19
 CHAPTER FOUR.....	 20
 RESEARCH FINDINGS AND INTERPRETATION OF RESULTS.....	 20
 4.0 INTRODUCTION.....	 20
4.1 RESPONSE RATE .....	20
4.2 BACKGROUND OF THE RESPONDENTS .....	20
4.3 DESCRIPTION OF THE DEPENDENT VARIABLE (ORGANIZATIONAL PERFORMANCE).....	22
4.4 DESCRIPTION OF INDEPENDENT VARIABLES .....	24
4.4.1 DESCRIPTION OF HOW DOES RISK MANAGEMENT IN STRATEGIC SOURCING AFFECTS ORGANIZATIONAL PERFORMANCE?.....	24
4.5 DESCRIPTION OF WHAT IS THE OF COST MANAGEMENT IN STRATEGIC SOURCING AND ITS EFFECT ON ORGANIZATIONAL PROFITABILITY? .....	26
4.6 DESCRIPTION OF HOW DOES SUPPLIER RELATIONSHIP MANAGEMENT INFLUENCES ORGANIZATIONAL EFFICIENCY?.....	27
 APPENDIX.....	 35
 APPENDIX I: STUDY QUESTIONNAIRE .....	 36
 REFERENCES .....	 41

## **LIST OF FIGURES AND TABLES**

Figure 1: Conceptual Framework

Table 4.1: Response rate

Table 4.2: Background information of respondents

Table 4.3: Description of Organizational Performance

Table 4.4: Risk management in strategic sourcing affects organizational performance

Table 4.5: Cost management in strategic sourcing and its effect on organizational profitability

Table 4.6: Supplier relationship management and organizational efficiency

Table 4.7: Correlation matrix of study variables

Table 5.1: Recommendations for stakeholders

## **ABBREVIATIONS**

- PPDA. – Public Procurement and Disposal of Public Assets Authority
- RBV. – Resource-Based View
- TCE. – Transaction Cost Economics
- RV. – Relational View
- SRM – Supplier Relationship Management
- SME – Small and Medium Enterprises
- TCO – Total Cost of Ownership
- SPSS – Statistical Package for Social Sciences
- SDV – Standard Deviation Value

## **ABSTRACT**

This research examined the effect of strategic sourcing on performance in the organization at Public Procurement and Disposal of Public Assets Authority (PPDA). The three dimensions that the study looked at in relation to their impact on major performance indicators are cost reduction, an operational efficiency, and service quality. It used a descriptive research design and quantitative approach, where 24 employees of the PPDA were sampled using self-administered questionnaires. The research used purposive sampling to identify the respondents, who possess a related knowledge and experience in procurement and sourcing activities. Descriptive statistics and Pearson correlation were used to analyze data to establish relationships between strategic sourcing practices and organizational performance. The results of the study indicated that strategic sourcing had a positive impact on organizational performance, and supplier relationship management was the most important predictor of efficiency and service delivery. There was a positive relationship between cost management and risk management and performance, but no statistically significant direct impact. Descriptive findings revealed that effective procurement procedures, punctuality of procurement operations, cost-management and joint cooperation with suppliers were perceived to improve organizational performance. Correlation analysis also observed that strong supplier relationships were also a significant factor in achieving better performance outcomes whereas cost and risk practices were supportive, but not significant. The research has come up with the conclusion that strategic sourcing practices are crucial to improving organizational performance and especially the establishment and sustenance of good relationships with suppliers. Some of the recommendations involved strengthening the relations with suppliers and adopting sound cost management systems and structured risk management strategies. It was also proposed in the study that future studies could be extended to other government agencies and examine how new technologies can be used in strategic sourcing in order to bring more information on how organizational performance can be enhanced.

# CHAPTER ONE

## INTRODUCTION

### 1.0 Introduction

The researcher will be interested in this chapter in knowing the background of the research, general objectives, research questions, problem statement, purpose of the research, limitations of the research, conceptual framework among others.

### 1.1 Background of the Study

In the contemporary dynamic world of business, organizations are forced to continuously enhance their sourcing of goods and services so as to remain competitive and effective. Procurement has developed over time not only to be buying the lowest price, but rather it has become a strategic process referred to as strategic sourcing. This new strategy not only involves cost but also the establishment of good supplier relationships, risk management and the alignment of sourcing decisions with the overall organizational objectives (Prajoko, Oke & Olhager, 2019). Traditionally, procurement used to be primarily concerned with transactional buying and cost management. Nonetheless, due to the globalization of markets and the growth in competition, firms realized that they had to take a more holistic and long-term approach to sourcing (Schiele, Horn & Vos, 2021).

Strategic sourcing is a process that is carried out by taking a thorough analysis of the needs of the organization, assessing the potential suppliers in terms of more than just prices, and entering into partnerships that may result in innovation and reliability (Yuan and Yang, 2022). The rationale of the present study is rooted in the notion that useful internal assets like sourcing practices and supplier networks are capable of providing a competitive advantage to companies, which is the main focus of the Resource-Based View (RBV) (Wernerfelt, 2020). Moreover, as the Dynamic Capabilities Theory presupposes, organizations should constantly change their sourcing strategies to fit the evolving market requirements and enhance performance in general (Teece, 2018). Nevertheless, strategic sourcing has been a challenge to many organizations, particularly in developing nations, even though it is important. These are the absence of adequate supplier data, ineffective teamwork, inadequate procurement competencies, and ineffective governance

structures (Ameyaw et al., 2020). These barriers may lead to inefficiencies which adversely impact the performance and objectives of an organization.

## **1.2 Problem statement**

Current organizations are in a very competitive environment whereby greater pressure has been brought on the organizations to ensure that efficiency is enhanced, the operations costs are minimized and overall performance is enhanced. As a response to these pressures, most organizations have implemented strategic sourcing processes like supplier evaluation, contract management, and spend analysis in an effort to enhance procurement effectiveness and long-term value creation (Prajoko, Oke, and Olhager, 2019; Patrucco et al., 2020).

Although these practices have been increasingly adopted, some organizations especially in the developing economies still find it difficult to integrate strategic sourcing in a systematic and comprehensive approach. In most situations, the procurement functions are not oriented towards strategic value in long-term but cost reduction in short term. This makes the supplier relationships tend to be transactional, which restricts collaboration, innovation, and performance upgrades (Schiele, Horn, and Vos, 2021).

Despite the current literature proposing that strategic sourcing may lead to better organizational performance, there remains scarce empirical data on the exact strategic sourcing practices that can lead to greatest performance outcomes particularly in the context of developing countries. This leads to a gap in knowledge about the connection between personal strategic sourcing activities and quantifiable organizational performance (Rezaei and Caenen, 2018).

Failure to close this gap may lead to organizations still having to face inefficiencies including high cost of procurement, poor supplier performance, sluggish delivery of supplies, and lack of competitiveness. Consequently, this paper aims at analyzing the impact of strategic sourcing practices on the organizational performance, and in doing so, which organizational practices have the greatest impact of improving organizational performance (Ameyaw et al., 2020; Schiele et al., 2021).

## **1.3 Purpose of the study**

The study will focus on exploring the impacts of strategic sourcing on organizational performance. It is interested in the contribution of the practices in terms of efficiency

improvement, cost reduction and overall organizational performance which are embodied by the practices supplier selection, contract management and supplier relationship management. Hopefully, the results will help the organization to adopt effective sourcing strategies that will increase competitiveness and sustainable performance.

#### **1.4 General objective**

- i. To assess the impact of strategic sourcing on organizational performance

#### **1.5 Objectives of the study**

- i. To investigate how risk management in strategic sourcing affects organizational performance
- ii. To analyze the role of cost management in strategic sourcing and its effect on organizational profitability.
- iii. To evaluate how supplier relationship management influences organizational efficiency.

#### **1.6 Research questions**

- i. How does supplier relationship management influences organizational efficiency?
- ii. How does risk management in strategic sourcing affects organizational performance?
- iii. What is cost management in strategic sourcing and its effect on organizational profitability?

#### **1.7 Scope of the study**

The study will consider three dimensions: content, geography and time and these will be discussed below.

##### **1.7.1 Content scope**

This paper is dedicated to the different practices that are used in strategic sourcing and how they influence organizational performance. Particularly, it investigates the evaluation and selection of suppliers, supplier relationship management, and contract management as the important aspects of strategic sourcing. The study examines the impacts of the practices on efficiency, reduction in costs, and performance of organizations in general. The paper also discusses the issues that

organizations experience in implementing strategic sourcing and attempts to give its recommendations to improve the effectiveness of procurement.

### **1.7.2 Geographical scope**

The two organizations that will be studied are those functioning in Uganda and specifically, Public Procurement and Disposal of Public Assets Authority (PPDA). The study examines the strategic sourcing practices that are used in PPDA and the effect of these practices on the performance of the organization.

### **1.7.3 Time scope**

This research paper is dedicated to strategic sourcing practices and organizational performance during the years 2018-2024-25.

## **1.8 Theoretical of the study**

This paper will rely on two primary theories namely Transaction Cost Economics (TCE) and the Relational View (RV). According to TCE, organizations aim to reduce the sourcing costs, including supplier identification, contract negotiation, and performance monitoring. These transaction costs are minimized in strategic sourcing through the creation of effective procurement procedures and definite governance frameworks that may enhance overall performance (Mayer and Argyres, 2020). At the same time, the Relational View highlights the importance of establishing close and trustful relations with the suppliers. These types of relationships encourage collaboration, innovation, and effective problem-solving, which in turn improve the performance of the organization (Dyer and Singh, 1998; Lai, Wong and Cheng, 2021). The combination of these insights can be seen to explain why strategic sourcing reduces costs and also establishes a significant supplier relationship that would lead to better organizational performance overall.

## **1.9 Purpose of the study**

This paper shall aim at answering the question of the impact of strategic sourcing on organizational performance. It is also interested in how the different sourcing processes such as the selection of suppliers, supplier relationship and contract management affect efficiency, cost savings, and corporate success in general. This is geared towards giving relevant information that

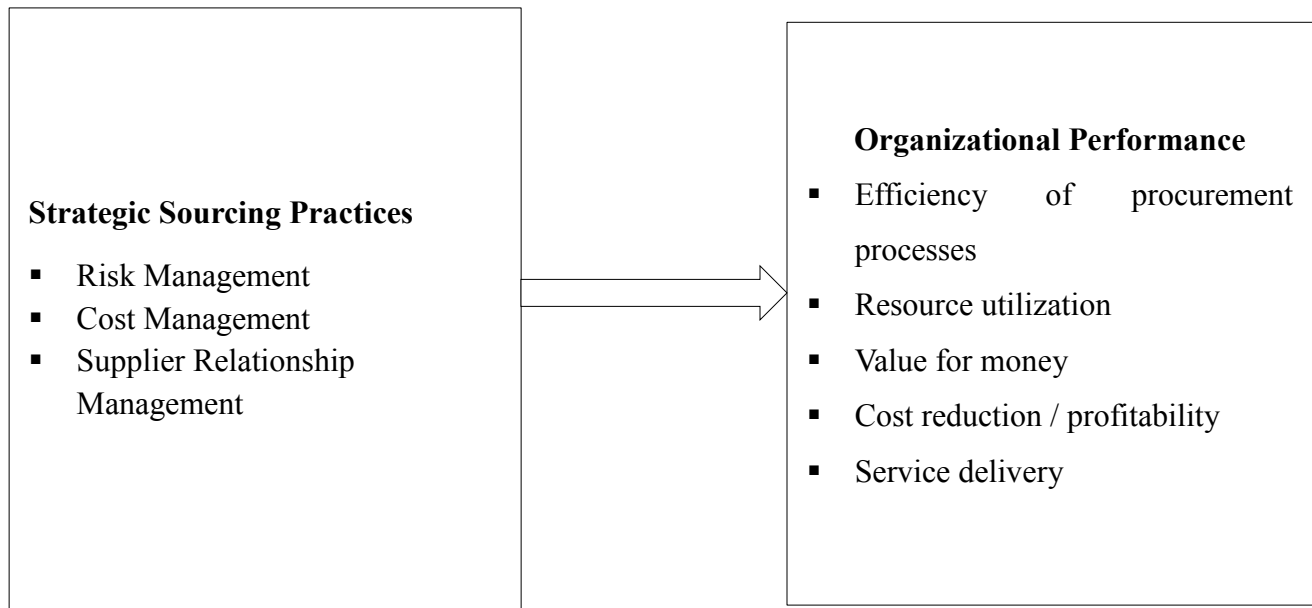
can be utilized by organizations to implement sourcing strategies that can help in improving its competitiveness and sustainability in the long-run.

### 1.10 Conceptual framework

**Figure 1: Conceptual Framework**

#### **Independent variable**

#### **Dependent variable**



The theoretical perspective of the current research shows how the strategic sourcing practices and the organizational performance are connected to each other. Strategic sourcing practices, in this research, are exemplified by three major independent variables (risk management, cost management, and supplier relationship management) and organizational performance is the dependent variable. Risk management is the process that involves identification, risk assessment and mitigation of possible risks in the sourcing process. Risk management should be successful in promoting procurement efficiencies, continuity of supply, and overall organizational performance. Cost management is concerned with management and minimization of the procurement related costs by means of spend analysis, cost assessment and efficient contract negotiation. Effective cost management is expected to enhance profitability and financial performance of the organization. Supplier relationship management is defined as ensuring that

there is a good and working relationship with the suppliers by communicating with the suppliers, reviewing their performance and even having a long term working relationship. It is anticipated that effective supplier relationships will lead to better coordination, service delivery, and operational efficiency. The dependent variable, organizational performance is quantified in terms of resource utilization, service delivery, profitability, Value for money and overall effectiveness of procurement processes. The framework, as such, presumes that the better the risk management, cost management, and supplier relationship management the better the performance of the organization.

## CHAPTER TWO

### LITERATURE REVIEW

#### **2.0 Introduction**

In this chapter the literature review is provided on the objectives of the study. It involves the generalization of the core ideas and empirical survey on the purposes of the study that is to say the assessment and recognition of the possible suppliers on the basis of different criteria including cost, quality and reliability, the impact of managerial control of supplier relationships on the efficiency of organizations and challenges encountered by organizations in applying strategic sourcing.

#### **2.1 Theoretical framework**

##### **2.1.1 Resource-Based View (RBV)**

According to RBV, sustainable competitive advantage is attained when companies create valuable, rare, inimitable, and non-substitutable (VRIN) resources. In the context of procurement, strategic sourcing is a capability supported by supplier networks, supplier knowledge, and data analytics that is capable of enhancing performance (profitability and efficiency) in case it is rare and hard to imitate by competitors. RBV, therefore, has a direct connection to Objective 1 (cost management as a strategic capability) and Objective 2 (SRM as a capability that improves operational processes).

##### **2.1.2 Transaction Cost Economics (TCE)**

TCE focuses on the reduction of transaction costs (search, negotiation, monitoring). These costs are minimized through strategic sourcing routines (standardized supplier evaluation, contract architecture, centralized spend analytics), and decrease the total procurement-related expenditures. TCE offers a guide to the determination of the impact of sourcing governance decisions on the cost performance relationship (Objective 1 and 3).

##### **2.1.3 Relational View (RV) / Relational Contracting**

RV emphasizes the value generated through the inter-firm relations (trust, cooperation, mutual problem solving). SRM and long-term supplier partnerships create relational rents improvements in speed, quality, and innovation that increase organizational efficiency and resilience (Objective

2). The three theories (RBV, TCE, RV) describe the complementary role of strategic sourcing in organizational performance: the capability-building (RBV), the reduction of transaction costs (TCE) and the creation of relational value (RV).

## **2.2 Overview of main concept**

### **2.2.1 Concept of Strategic Sourcing**

Strategic sourcing does not mean buying goods and services at the lowest cost. It is a systematic and long-term strategy that aims at achieving value of money and at the same time making sure that sourcing decisions contribute toward the overarching objectives of an organization (Mayounga, 2021). Strategic sourcing, unlike the conventional procurement, focuses on the aspects of quality, reliability of the suppliers, innovation, and managing risks. This way, it makes procurement a source of competitiveness and not an administrative routine. According to researchers, strategic sourcing is a continuous process in which companies examine their needs, examine supplier markets, design sourcing strategies, negotiate more advantageous deals, and foster relationships with major suppliers (Munyi, Namugongo & Simiyu, 2020). Such a loop system makes sure that procurement decisions are not restricted to the immediate cost savings but rather to long-term efficiency and sustainability. Strategic sourcing is a key factor in enhancing performance of the organization. It assists companies to lower the overall operating expenses, enhance supplier relationship, develop resilient supply chain, and promote innovation by working together (Bag, Kilbourn, Wood & Giannakis, 2023). In coordinating organizational strategy with procurement practices, companies stand in a better position to attain operational efficiency, customer satisfaction and sustainable growth.

### **2.2.2 Concept of Organizational performance**

Organization performance may be defined as the level of achieving organizational goals in terms of efficiency, effectiveness and sustainability. Among the differences that exist between the former approaches that were primarily founded on the financial performance indicators such as profitability and the profitability on investment is the fact that recent studies have attached significance to the non-financial indicators of performance such as customer satisfaction, innovation, process efficiency and sustainability. This multi-dimensional approach recognizes that organizations operate in an environment which is complex and demands both economic and strategic performance. Alternatively organizational performance has often been gauged with the

help of both financial and non-financial indicators. One of such is the Balanced Scorecard framework by Kaplan and Norton that is still widely employed but has been adjusted to incorporate some other dimensions such as corporate social responsibility and the environment. This is indicative of the increasing demand that organizations not only make a profit but also provide value to stakeholders and be contributors to the overall long-term societal objectives. A recent paper by Adda (2024) suggests that strategic sourcing is a procurement strategy that directly impacts the organizational performance by improving cost effectiveness, supplier relationship, and supply chain resiliency.

## **2.3 Empirical Review**

### **2.3.1 To analyze the role of cost management in strategic sourcing and its effect on organizational profitability.**

This is because cost management is a critical element in strategic sourcing, which has a direct impact on profitability of an organization. Strategic sourcing in the modern context extends way beyond merely getting the lowest price provided by the suppliers. It entails a keen, organized method of perceiving spending trends, identifying areas of cost-saving and choosing suppliers in such a manner that minimizes the overall procurement costs without affecting quality or reliability (Cousins, Lawson, and Squire, 2019). In the modern business world, the procurement decision is strongly connected to the overall strategy of an organization, and cost management is a key factor that helps to minimize waste and increase financial results (Choudhury and Khanna, 2020).

According to recent research, tangible profitability improvement can be observed in those organizations that incorporate the concept of cost management into their sourcing practices. To illustrate, Zhang and Chen (2021) found that a company implementing the detailed cost analysis and categorization of spending could reduce procurement expenses by approximately 15, which had a considerable positive impact on the overall profits. Equally, Kumar, Sharma and Singh (2018) discovered that the profits of firms that employed cost-based strategies in negotiating with suppliers were greater since costs of operation went down and the procurement decisions were more strategic. This brings out the point that cost management is not only a financial practice but also a strategic instrument that leads to long term competitive advantage.

Cost management is also closely connected with the way the organizations maintain the relations with suppliers. Companies that collaborate with their suppliers to identify cost reductions measures such as process streamlining, purchasing in bulk, or sharing technology are usually able to experience continuous savings and enhance profitability. This demonstrates that cost management is not merely transactional; it constitutes a larger, joint approach, which involves trust and congruency with suppliers. Organizations should aim to build strong partnerships that will have more than cost-saving advantages such as improved quality, quicker delivery, and novel solutions that aid more efficient financial performance.

In addition to these principles, the effectiveness of structured cost management tools, including Total Cost of Ownership (TCO), spend analytics, and procurement maturity models, is underlined by empirical evidence of recent studies. Uyar (2019) has discovered that the use of TCO can enable organizations to make more informed decisions, whereas Panjaitan et al. (2024) point out that by factoring in both direct and indirect costs, companies can reveal hidden costs and enhance financial performance. The same is supported by McKinsey and Company (2021) and Gartner (2024), who state that organizations that engage in spend analytics and integrate TCO into procurement departments can realize significant cost savings and value generation.

The research carried out in the general population, like that by Muriithi and Karanja (2024) demonstrates that savings can be derived in large amounts by planning and selecting suppliers even within governmental facilities. The problem of effective cost management is one of the primary challenges that could still be seen as problematic, particularly in the developing countries. Most organizations do not have proper spending information, analytical software, and well-trained staff to handle procurement expenditure in an efficient manner (Li, Zhang, and Wang, 2020). According to Kihumuro (2021), inflated costs are generally caused by weak internal controls and lack of visibility in the expenditure of the Ugandan local government procurement. Another important aspect that Hosseini (2024) and Salunke (2024) mention is that the emerging organizations require lifecycle costing and vendor development to sustain efficiency and profitability.

Additionally, it is important to implement performance-based contracting (Molitoris, 2025), minimize decision bias using TCO frameworks (Woldt, 2024), and address issues of supplier reliability and costs (Gray, 2020) to improve both financial and operational performance.

Strategic cost management also plays a significant role in determining the profitability of organizations as it makes procurement-related decisions data driven, collaborative, and goal oriented. It needs to use effective tools such as TCO, spend analytics, lifecycle costing, and mature procurement practices.

### **2.3.2 How supplier relationship management influences organizational efficiency.**

Supplier relationship management (SRM) is much more than just having a list of suppliers; it is the art of creating strong, mutually beneficial relationships, which enhances the running of an organization, on a day-to-day basis. Unlike the conventional transactional procurement, which focuses on price and delivery, SRM makes the focus of trust, open communication, and shared objectives of a company and its suppliers (Li, Zhang, and Wang, 2020). By having the suppliers knowing the operational needs of the organization and taking the initiative to make sure that they meet the same, the organizations save time, get rid of inconvenience and improve their performance.

Real improvements in operations were realized in those organizations which proactively took care of the relationship with suppliers. One such case is that as they plan with the suppliers on a regular basis, share forecasts and monitor their performance together, the companies are less likely to encounter delays in the production process and decreased inventory costs (Hsu and Wang, 2022). This partnership enables companies to foresee supply problems, react swiftly to alterations in demand, and guarantee a steady flow of supplies along their supply chains. Similarly, Kumar, Sharma, and Singh (2018) have found out that organisations that engage suppliers in joint problem-solving and performance monitoring reported fast processes and reduced number of operational bottlenecks that translate directly to increased efficiency. Other than operational enhancements, SRM promotes innovation and unending enhancement. Intimate working with suppliers assists organizations to recognize how to streamline processes, minimize waste and enhance logistics.

To give an example, redesigning of packaging to reduce handling time or popular digital tools to track orders can be collaboratively designed to design operations that are efficient in terms of resources and time (Choudhury and Khanna, 2020). These improvements not just save time and assist in saving money but also assist in raising the organizational capability of meeting customer expectations at any time. Good supplier relations also lead to resilience of organizations.

Suppliers will be more ready to help in case of an emergency, change schedule, or a solution to unexpected changes when they feel that they are valued and trusted (Zhang and Chen, 2021). Such a flexibility will ensure that the operations are carried out without any hitches even in hard times like the shortage of raw material or sudden spikes in demand.

Such flexibility could be one of the determinants of performance maintenance in modern competitive and dynamic markets. However, effective SRM is not accidental and requires investment. To maintain good supplier relationship, companies should invest on suppliers, train their workforce, and have a system that monitors them. In the absence of these, SRM can be unsuccessful, which leads to miscommunication, delays, or quality issues (Li et al., 2020). These are even more critical in the case where technology is restrained or suppliers have not yet been developed well and the strategies to achieve efficiency gains should be well planned.

Recent studies also support the imperative nature of SRM in the creation of efficiency. Emon (2024) found that good relations with suppliers shortened the time of production and decreased the lead times in automotive companies. Villena and Revilla (2023) identified that collaboration in problem-solving, knowledge sharing, and coordination with suppliers led to better performance of suppliers, which directly resulted in operational efficiency. Birasnav et al. (2019) stressed that more agile organizations were in a better position to react to the changes in the market, and they were also rapid in reacting to the changes due to the good relationships with the suppliers that enabled them to maintain their operations without a pause. Perona and Saccani (2020) also observed that the work of customers and suppliers can be integrated, which makes it possible to simplify operations and eliminate overlaps, increasing overall efficiency.

Cooperation with suppliers also contributes to cost and performance management. Kim and Wemmer Lov (2022) and Huo (2021) established that successful SRM provides on-time deliveries, uniform quality, and better coordination of the supply chain. Schiele (2020) and Muthulingam and Agrawal (2016) also emphasized that knowledge sharing contributes to innovation and constant enhancement, which further boosts efficiency. According to Narasimhan and Kim (2020) and Chen et al. (2020) relational ties assist organizations to predict disruptions, act proactively in managing risks and to optimize resources. Even SMEs are not deprived of systematic SRM practices: Appiah Asiamah et al. (2022) found that the collaboration in

planning, monitoring of performance, and optimization of processes had a strong positive impact on the effectiveness of operations in small companies.

### **2.3.3 How does risk management in strategic sourcing affects organizational performance**

Risk management plays a crucial role in determining the success of strategic sourcing and improvement of organizational performance. The modern supply chains are confronted with unprecedented issues such as unreliability of the supplier, regulatory changes, currency, natural catastrophe and global economic shocks. The studies by Fan and Stevenson (2018) and Ho et al. (2019) proved that companies that include supplier risk evaluation as a systematic part of sourcing process have fewer disruptions, have a stable delivery schedule, and enhance the overall stability of their operations. Organizations can adopt mitigation measures including supplier diversification, inventory buffering and contingency planning by actively anticipating possible risks prior to their occurrence and implementing mitigation strategies to improve continuity of operations. Such practices are especially essential in industries where quality failure or delays may affect the whole chain of services and hence the direct connection between sourcing risk management and performance of the organizations.

Besides enhancing continuity of operations, strategic sourcing risk management has far-reaching financial implications and cost-effectiveness. According to a study conducted by Christopher et al. (2019), those companies that embraced risk-informed sourcing practices involving long-term contracts, multiple supplier agreements, and performance-based contracts could handle unforeseen cost increases and reduced emergency procurement costs. Sidespin and Henke (2019) also noted that factoring supplier financial health, delivery risk, and geopolitical risk when making sourcing decisions can help organizations to avoid the hidden costs related to supplier failure or market uncertainty. Risk-conscious sourcing brings about proactive and strategic procurement choices so that the organization can enjoy cost savings with high-quality input. This, in its turn, leads directly to increased profitability, increased predictability in budgeting, and greater indicators of organizational performance especially in complex and dynamic operational environment.

Moreover, recent empirical research notes that risk management in strategic sourcing enhances the resilience and the adaptability of the organization. According to Wieland and Wallenburg (2020), companies that implemented risk management practices in their sourcing operations were

in a position to react faster to disruptions and sustain operations performance even in times of crisis. Heckmann, Comes, and Nickel (2019) observed that assessing the suppliers in the areas of risk, including financial health, production capacity, and responsiveness, not only avoids delays but also prepares organizations to quickly adapt to the modified market conditions. The risk management approach of collaborating with suppliers to detect possible risks and jointly develop mitigation measures is another effective way to improve resilience by establishing a trust-based relationship, enhancing communication, and promoting innovation in problem-solving. The same collaborative strategy promotes constant monitoring and early warning systems, which are vital towards maintaining performance in the unpredictable global business world.

Lastly, the lack of proper risk management mechanisms in Public organizations often results in the delayed procurement process, cost increase, and non-performance of suppliers, which adversely impact service provision and responsibility Thai (2019) and Ameyaw et al. (2020). On the other hand, those institutions that embrace effective risk evaluation, scenario planning, and monitoring of suppliers have been shown to have greater efficiency in their procurement, timely service delivery, and better organizational performance. Nair, Jayaram, and Das (2021), Kihumuro (2021), and Ivanov and Dolgui (2024) also emphasize that sourcing risk management in organizations of developing countries is often limited by the data on risks, the lack of analytical tools, and insufficiently trained staff. These gaps indicate that there is a dire necessity to do more research on the applicability of risk management in strategic sourcing to be systematically implemented in the public sector organization like PPDA to enhance efficiency and performance, which makes the study timely and relevant.

#### **2.4 Summary and gap in the literature review**

Cost management and supplier relationship management (SRM) are other aspects of strategic sourcing that help the organization to be more efficient and profitable by cutting costs, improving operations, and achieving collaboration and innovation with suppliers. Nonetheless, some of the obstacles that are encountered during implementation include limited supplier data, poor technology, untrained and talented staff, and resistance to change especially in developing nations. Majority of research is based on the developed settings and there is no information available on the joint impact of the cost management and SRM, the feasible implementation plans, and the contribution of technology and training in the context where resources are limited.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This work was carried out on the issue of The Impact of Strategic Sourcing on Organizational Performance. This chapter presented the research design, target population, sample size, sampling technique, data collection instruments, validity and reliability of the research instrument, ethical considerations, data analyzing techniques and presentation, and anticipated limitations. This research aimed to determine the extent to which strategic sourcing practices like supplier selection, contract management, and supplier relationship management affected the most important areas of organizational performance like cost reduction, operational efficiency and quality of services. The research also set out to produce results that would assist companies to do a better job in sourcing to achieve improved performance results.

#### **3.1 Research Design**

The research design adopted was descriptive research. Aquino et al. (2018) argue that a descriptive design entailed gathering and examining data to explain the nature of a group or phenomenon in its natural state. This design was appropriate since it helped the researcher to collect the facts of the respondents on strategic sourcing practices and their impact on organizational performance. The study was conducted in a quantitative manner in that numerical data on questionnaires were statistically analyzed to make conclusions.

#### **3.2 Target population**

The research focused on the staff of PPDA and specifically, the staff in the procurement, supply chain and the corresponding departments. This group of people was chosen as they had direct experience in sourcing practices and understanding of the way strategic sourcing influenced the performance of the organization. As mentioned by the staff of PPDA, the entire population to be targeted was 35 employees working in procurement and supply functions.

### 3.3 Sources of Data

The secondary data consisted of textbooks, research papers, journals, and dissertations containing any information on the topic of this study.

The sources of the primary data were the completion of questionnaires by the Performance Monitoring / Audit Staff, Procurement Officers, and the Contract Management Staff of PPDA.

### 3.4 Sample size and Selection Techniques.

Katamba and Nsubuga (2014) define a sample size as the section or part of the entire population that will be involved in a research. Krejcie and Morgan (1970) Table of Determining Sample Size was used to determine the sample size of this study.

According to the table, a sample size of 24 respondents was equivalent to the target population (N) of 25 employees of PPDA, which comprised, Performance Monitoring/Audit Staff, Procurement Officers and Contract Management Staff.

This sample size was deemed sufficient to give reliable and representative data to the study and at the same time data collection was manageable. Therefore, 24 respondents were picked among PPDA employees. Simple random sampling was used to select them, allowing all the employees an equal opportunity to be selected.

**Table 1: Target Population, Size and Selection**

<b>Category of Respondents</b>	<b>Sample size</b>	<b>Sampling Techniques</b>
Performance Monitoring/Audit Staff	8	purposive sampling
Procurement Officers	12	purposive sampling
Contract Management Staff	3	purposive sampling
Graduate Trainees	1	purposive sampling
<b>Total</b>	<b>24</b>	

**Source: Primary data 2025**

### **3.5 Sampling techniques**

The researcher used purposive sampling method since it enabled him to choose respondents deliberately since they had the necessary knowledge and experience in strategic sourcing and procurement processes. This method was appropriate because not every member of PPDA was engaged in sourcing activities. The researcher concentrated on procurement officers, contract management personnel and persons involved in performance monitoring and auditing, so that the data were gathered by people who were directly involved in strategic sourcing practices and had a direct understanding of those practices.

### **3.6 Data collection method**

The study used questionnaires to collect primary data.

#### Questionnaires

A questionnaire provided the respondents with the freedom of giving information in detail and helped the researcher to obtain homogeneous information in a cost-effective manner (Creswell, 2014). Given that a large part of the population was semi-illiterate, the researcher used the questionnaires as they were easy to fill in, saved time and assisted the respondents to remain on track. The researcher developed close-ended questions in liker scale format. The questionnaire was divided into sections that had questions on the dependent variable, the independent variables and personal information.

Questionnaires were employed since it was the main tool of data collection as it was less time-consuming to work with a big population and it was simpler to statistically analyze. The reason why closed-ended questionnaires were chosen was due to standardized answers to questions that could be easily coded, quantified, and analyzed with use of statistical tools. This made the data collected more reliable and accurate and assisted the researcher in making valid conclusions. Anonymity was also enabled by the questionnaires, which made the respondents give truthful and impartial responses.

### **3.7 Data Collection Instruments**

A self-administered questionnaire was used to obtain the data, which included questions pertaining to the study. Section A was used to gather background information of the respondents

like age, gender, department, and work experience. The first specific objective was related to section B, which was devoted to cost management in strategic sourcing and its impact on organizational profitability. Section C discussed the relationship management (SRM) with suppliers and its effects on the efficiency of the organization, which corresponded to the second specific objective. Section D discussed the issue that PPDA had in the execution of strategic sourcing practices, which was associated with the third specific objective.

### **3.8 Validity of the research instruments**

#### **Validity**

Validity of the research instrument was tested using the opinion of the experts in the study. The supervisor helped to delete items that were not in order in the questionnaires and substituted them with well-phrased questions.

#### **Reliability**

In order to have reliable research, the researcher pre-tested the questionnaire on a small sample of respondents who were close to the target population yet not included in the main study. The pre-test was intended to find ambiguous or unclear items and adjustments were made. Cronbachs Alpha was used to determine the reliability of the instrument where a coefficient of 0.7 and more was deemed acceptable as a measure of internal consistency.

### **3.9 Data analysis**

#### **3.9.1 Analysis of quantitative data**

On completion of the data collection the questionnaires were coded and analyzed in SPSS. The research involved percentages in summarizing the respondents' opinions on strategic sourcing practices at PPDA in terms of cost management, supplier relationship management, and implementation challenges.

The answers to Likert-scale items were translated into percentages to demonstrate the percentage of employees who disagreed, agreed, or were neutral with each statement. The findings were in tables and chart forms to identify patterns and trends.

### **3.10 Ethical Considerations**

The researcher clarified that being part of the study was voluntary, and the respondent had the right to refuse or pull out any time within the research time.

The researcher assured the participants that their data would never be disclosed to any person outside the study and would be kept as confidential as mandated by the study purposes.

### **3.11 Measurement of Variables**

Operationally defining concepts were used to measure the variables. As an example, the questionnaire was set to request answers to the background information of the respondents. The dependent and independent variables were measured using a five point Likert scale; that is, 5-strongly agree, 4-Agree, 3-undecided, 2-Disagree, 1-strongly disagree.

### **3.12 Conclusion**

This chapter presented the methodology through which data was obtained, variables measured, and quality of the questionnaire was tested. The next chapter presented and analyzed the field study findings.

## CHAPTER FOUR

### RESEARCH FINDINGS AND INTERPRETATION OF RESULTS.

#### 4.0 Introduction

This chapter presents analyses and interprets the study findings. It specifically presents the response rate, background of the respondents, description of variables and findings of the study objective by objective.

#### 4.1 Response Rate

A total of 24 questionnaires were issued and 24 were turned as shown in table 4.1 below.

Table 4.1: Response rate

<b>Respondents</b>	<b>Questionnaire issue</b>	<b>Questionnaire returned</b>	<b>Response rate (%)</b>
Performance Monitoring/Audit Staff	8	8	100
Procurement Officers	12	12	100
Contract Management Staff	3	3	100
Graduate Trainees	1	1	100
Overall rate	24	24	100

Source: Primary data 2026

Table 4.1 above shows an overall response rate of 100% which was maximum and suggesting that the survey results were representative.

#### 4.2 Background of the respondents

This section reflects the distribution of respondents by sex, age, experience and education

level as shown in Table 4.2.

**Table 4.2: Background Information on the Respondents**

Variable	Category	Frequency	Percentage (%)
Sex of the respondent	Male	13	54.2
	Female	11	45.8
Age groups of the respondent	18-29 years	2	8.3
	30-39 years	12	50
	40-49 years	6	25
	50 and above	4	16.7
Highest education level	Certificate/Diploma	13	54.2
	Master's degree	2	8.3
	Bachelor's degree	8	33.3
	PHD	1	4.2
Working experience	Below 1 years	5	20.8
	1-4 years	9	37.5
	5-9 years	5	20.8
	10 and above years	5	20.8

Source: Primary data 2026

From Table 4.2, most of the respondents were males with 54.2% compared to females with 45.8%. This indicates that a slight majority of the PPDA employees who participated in this study were male.

Table 4.2 also shows that most respondents were aged between 30–39 years, representing 50.0% of the sample, followed by those aged 40–49 years at 25.0%, respondents aged 50 years and above at 16.7%, and finally the youngest group of 18–29 years at 8.3%. This suggests that the majority of respondents were middle-aged adults.

Regarding the highest level of education, most respondents were Certificate/Diploma

holders with 54.2%, followed by those with a Bachelor’s degree at 33.3%, Master’s degree holders at 8.3%, and a small proportion with a PhD at 4.2%. This suggests that most PPDA employees in the study had attained a Certificate or Diploma level of education.

Table 4.2 further shows that the majority of respondents had work experience of 1–4 years at 37.5%, followed by respondents with less than 1 year, 5–9 years, and 10 years and above, each at 20.8%. This indicates that most respondents were relatively early in their professional careers, though a significant proportion also had extensive work experience.

Finally, most respondents had 1–3 years of working experience, representing 37.5% of the sample, followed by those with below 1 year at 20.8%, and both 4–6 years and 6 years and above at 20.8% each. This suggests that most SME owners who participated in this study had relatively short working experience of 1–3 years.

#### 4.3 Description of the Dependent Variable (Organizational Performance)

The dependent variable, Organizational Performance comprised of 06 quantitative items. These were measured using a five-point Likert scale ranging from 1 – 5. Where (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree and (5) = strongly agree as shown in Table 4.3.

**Table 4.3: Description of Organizational Performance**

Organizational Performance	Agree		Not sure	Disagree		Mean	SDV
	F (%)	F (%)	F (%)	F (%)	F (%)		
	SA	A	NS	DA	SDA		
Efficient procurement processes improve overall organizational performance.	14 (58.3%)	6 (25.0%)	2 (8.3%)	1 (4.2%)	1 (4.2%)	4.29	1.06
Timely completion of	9	8	4	2	1	3.92	1.12

procurement activities improves operational performance.	(37.5%)	(33.3%)	(16.7%)	(8.3%)	(4.2%)		
Ineffective utilization of resources reduces organizational efficiency.	1 (4.2%)	1 (4.2%)	3 (12.5%)	9 (37.5%)	10 (41.7%)	1.92	1.04
Achieving value for money improves organizational financial performance.	7 (29.2%)	7 (29.2%)	5 (20.8%)	3 (12.5%)	2 (8.3%)	3.58	1.26
Reduction in procurement costs improves organizational profitability.	9 (37.5%)	9 (37.5%)	3 (12.5%)	2 (8.3%)	1 (4.2%)	3.96	1.10
Poor service delivery negatively affects overall organizational performance.	1 (4.2%)	1 (4.2%)	3 (12.5%)	9 (37.5%)	10 (41.7%)	1.92	1.04

Source: Primary data 2026

Table 4.3 above reveals that most participants agreed that efficient procurement processes improve overall organizational performance at PPDA (mean = 4.29, SDV = 1.06). The findings further indicate that timely completion of procurement activities improves operational performance at PPDA (mean = 3.92, SDV = 1.12). Table 4.3 also shows that respondents disagreed that ineffective utilization of resources reduces organizational efficiency at PPDA (mean = 1.92, SDV = 1.04) and agreed that achieving value for money improves organizational financial performance at PPDA (mean = 3.58, SDV = 1.26). Additionally, the results indicate that reduction in procurement costs improves organizational profitability at PPDA (mean = 3.96, SDV = 1.10), while poor service delivery negatively affects overall organizational performance at PPDA (mean = 1.92, SDV = 1.04). These emerged as the key indicators of organizational performance among employees at PPDA since they recorded relatively high mean scores for positive items, though the standard deviations suggest moderate variations in respondents' perceptions.

#### 4.4 Description of independent variables

##### 4.4.1 Description of how does risk management in strategic sourcing affects organizational performance?

The first objective of the study was to examine how does risk management in strategic sourcing affects organizational performance. Risk management was measured using 5 items scored on a five-point Likert scale ranging from 5= Strongly Agreed, 4=Agree,3=NotSure,2=Disagree,1=Strongly Disagree and the findings are presented in Table 4.4

**Table 4.4: Risk management in strategic sourcing affects organizational performance**

Risk management in strategic sourcing affects organizational performance	Agree F (%)		Not sure F (%)	Disagree F (%)		Mean	SDV
	SA	A	NS	DA	SDA		
Systematic supplier risk assessment improves procurement efficiency and service delivery.	14 (58.3%)	5 (20.8%)	2 (8.3%)	2 (8.3%)	1 (4.2%)	4.21	1.15
Evaluating supplier financial stability improves budget control and cost predictability.	11 (45.8%)	9 (37.5%)	2 (8.3%)	1 (4.2%)	1 (4.2%)	4.21	1.01
Diversifying suppliers does not reduce supply disruptions or enhance operational continuity	1 (4.2%)	2 (8.3%)	2 (8.3%)	8 (33.3%)	11 (45.8%)	1.83	1.20
Continuous supplier risk monitoring improves timely delivery and reduces cost overruns.	10 (41.7%)	9 (37.5%)	2 (8.3%)	2 (8.3%)	1 (4.2%)	4.04	1.10

Identifying sourcing risks early improves decision-making and overall organizational performance.	10 (41.7%)	8 (33.3%)	3 (12.5%)	2 (8.3%)	1 (4.2%)	3.96	1.12
Failure to assess supplier reliability leads to poor project completion rates and reduced service quality.	1 (4.2%)	1 (4.2%)	2 (8.3%)	15 (62.5%)	5 (20.8%)	2.04	1.08

Source: Primary data 2026

Table 4.4 above reveals that most participants agreed that systematic supplier risk assessment improves procurement efficiency and service delivery at PPDA (mean = 4.21, SDV = 1.15). The findings further indicate that evaluating supplier financial stability enhances budget control and cost predictability at PPDA (mean = 4.21, SDV = 1.01). Table 4.4 also shows that respondents disagreed that diversifying suppliers does not reduce supply disruptions or enhance operational continuity at PPDA (mean = 1.83, SDV = 1.20), suggesting that supplier diversification is perceived as an effective risk mitigation strategy. Additionally, the results indicate that continuous supplier risk monitoring improves timely delivery and reduces cost overruns at PPDA (mean = 4.04, SDV = 1.10), while identifying sourcing risks early improves decision-making and overall organizational performance at PPDA (mean = 3.96, SDV = 1.12). Finally, respondents disagreed that failure to assess supplier reliability leads to poor project completion rates and reduced service quality at PPDA (mean = 2.04, SDV = 1.08), highlighting the importance of proactive risk management practices. These emerged as the key indicators of how risk management in strategic sourcing affects organizational performance at PPDA, with relatively high mean scores reflecting strong recognition of the role of risk assessment and monitoring in enhancing efficiency, decision-making, and service delivery.

#### 4.5 Description of what is the of cost management in strategic sourcing and its effect on organizational profitability?

The second objective of the study was to examine the effect of cost management in strategic sourcing on organizational profitability. Cost management construct was measured using 5 items scored on a five-point Likert scale ranging from 5= Strongly Agreed, 4= Agree, 3=Not Sure, 2=Disagree, 1=Strongly Disagree and the findings are presented in Table 4.5

**Table 4.5: Description of Cost Management**

Cost management	Agree		Not sure	Disagree		Mean	SDV
	F (%)	F (%)	F (%)	F (%)	F (%)		
	SA	A	NS	DA	SDA		
Conducting spend analysis improves cost control and organizational profitability.	15 (62.5%)	5 (20.8%)	2 (8.3%)	1 (4.2%)	1 (4.2%)	4.33	1.07
Applying Total Cost of Ownership analysis improves long-term cost savings and profit margins.	12 (50.0%)	8 (33.3%)	2 (8.3%)	1 (4.2%)	1 (4.2%)	4.21	1.04
Negotiating cost-effective contracts does not improve financial performance or budget efficiency	2 (8.3%)	1 (4.2%)	3 (12.5%)	7 (29.2%)	11 (45.8%)	2.00	1.22
Monitoring procurement expenditures improves resource utilization and profitability.	10 (41.7%)	8 (33.3%)	3 (12.5%)	2 (8.3%)	1 (4.2%)	4.00	1.12
Bulk purchasing strategies improve cost savings and overall organizational returns.	12 (50.0%)	5 (20.8%)	4 (16.7%)	2 (8.3%)	1 (4.2%)	4.04	1.17

Cost benchmarking with suppliers does not improve pricing efficiency or profit sustainability	2 (8.3%)	1 (4.2%)	3 (12.5%)	9 (37.5%)	9 (37.5%)	2.08	1.19
---	-------------	-------------	--------------	--------------	--------------	------	------

Source: Primary data 2026

Table 4.5 above reveals that most participants agreed that conducting spend analysis improves cost control and organizational profitability at PPDA (mean = 4.33, SDV = 1.07). The findings further indicate that applying Total Cost of Ownership (TCO) analysis enhances long-term cost savings and profit margins at PPDA (mean = 4.21, SDV = 1.04). Table 4.5 also shows that respondents disagreed that negotiating cost-effective contracts does not improve financial performance or budget efficiency at PPDA (mean = 2.00, SDV = 1.22), suggesting that effective contract negotiation is perceived as a key contributor to profitability. Additionally, the results indicate that monitoring procurement expenditures improves resource utilization and profitability at PPDA (mean = 4.00, SDV = 1.12), while bulk purchasing strategies enhance cost savings and overall organizational returns at PPDA (mean = 4.04, SDV = 1.17). Finally, respondents disagreed that cost benchmarking with suppliers does not improve pricing efficiency or profit sustainability at PPDA (mean = 2.08, SDV = 1.19), highlighting the importance of benchmarking as a strategic tool in cost management. These findings indicate that cost management in strategic sourcing plays a significant role in enhancing organizational profitability at PPDA, with relatively high mean scores reflecting strong recognition of practices such as spend analysis, TCO, monitoring expenditures, and bulk purchasing in improving financial outcomes.

**4.6 Description of how does supplier relationship management influences organizational efficiency?**

The third objective of the study was to examine the influence of supplier relationship management on organizational efficiency at PPDA. supplier relationship management construct was measured using 5 items scored on a five-point Likert scale ranging from 5= Strongly Agreed, 4= Agree, 3=Not Sure, 2=Disagree, 1=Strongly Disagree and the findings are presented in Table 4.6

**Table 4.6: Description of supplier relationship management**

supplier relationship management	Agree F (%)		Not sure F (%)	Disagree F (%)		Mean	SDV
	SA	A	NS	DA	SDA		
Regular communication with suppliers improves coordination and operational efficiency.	10 (41.7%)	8 (33.3%)	3 (12.5%)	2 (8.3%)	1 (4.2%)	4.00	1.12
Collaborative planning with suppliers improves workflow efficiency and timely service delivery.	10 (41.7%)	8 (33.3%)	3 (12.5%)	2 (8.3%)	1 (4.2%)	4.00	1.12
Joint problem-solving with suppliers does not improve process efficiency or reduce operational delays.	2 (8.3%)	1 (4.2%)	3 (12.5%)	6 (25.0%)	12 (50.0%)	1.96	1.24
Supplier performance evaluation improves service quality and operational efficiency.	10 (41.7%)	9 (37.5%)	2 (8.3%)	2 (8.3%)	1 (4.2%)	4.04	1.10
Long-term partnerships with suppliers improve supply stability and organizational efficiency.	10 (41.7%)	9 (37.5%)	2 (8.3%)	2 (8.3%)	1 (4.2%)	4.04	1.10
Information sharing with suppliers does not improve decision-making or process efficiency.	2 (8.3%)	2 (8.3%)	3 (12.5%)	8 (33.3%)	9 (37.5%)	2.17	1.25

Source: Primary data 2026

Table 4.6 reveals that most participants agreed that collaborative planning with suppliers improves workflow efficiency and timely service delivery at PPDA (mean = 4.00, SDV = 1.12). The findings further indicate that supplier performance evaluation enhances service quality and operational efficiency (mean = 4.04, SDV = 1.10), while long-term partnerships with suppliers improve supply stability and organizational efficiency (mean = 4.04, SDV = 1.10). Respondents also indicated moderate agreement that regular communication with suppliers improves coordination and operational efficiency (mean = 4.40, SDV = 1.12). Conversely, participants disagreed that joint problem-solving with suppliers does not improve process efficiency or that information sharing with suppliers does not enhance decision-making (means = 1.96 and 2.17, SDVs = 1.24 and 1.25, respectively). These findings suggest that SRM practices at PPDA, particularly collaborative planning, performance evaluation, and long-term partnerships, positively influence organizational efficiency.

#### 4.7 Inferential Analysis: Relationships Between Variables

Correlation analysis in Pearson revealed the following:

**Table 4.7 Correlation Matrix**

Variables	Correlation and p-values	AVEG: Organizational Performance	AVEG: Cost management	AVEG: Supplier Relationship	AVEG: Risk Management
AVEG: Organizational Performance	Correlation	1.00	0.38	0.49	0.26
	p		.07	.015	.222
AVEG: Cost management	Correlation	0.38	1.00	0.43	0.46
	p	.07		.035	.022
AVEG: Supplier Relationship	Correlation	0.49	0.43	1.00	0.61
	p	.015	.035		.002
AVEG: Risk	Correlation	0.26	0.46	0.61	1.00

Management	p	.222	.022	.002	
------------	---	------	------	------	--

Source: Primary data 2026

Table 4.7 presents the Pearson correlation coefficients and significance levels between Organizational Performance, Cost Management, Supplier Relationship Management, and Risk Management at PPDA. The results show a positive but statistically insignificant relationship between cost management and organizational performance ( $r = 0.38, p = 0.07$ ), indicating that although the relationship is moderate, it is not significant at the 5% level. In contrast, supplier relationship management has a moderate positive and statistically significant relationship with organizational performance ( $r = 0.49, p = 0.015$ ), suggesting it significantly influences performance at PPDA. Risk management shows a weak positive but statistically insignificant relationship with organizational performance ( $r = 0.26, p = 0.222$ ), indicating no significant direct effect. Among the independent variables, cost management is positively and significantly related to supplier relationship management ( $r = 0.43, p = 0.035$ ) and risk management ( $r = 0.46, p = 0.022$ ). Additionally, supplier relationship management has a strong and significant relationship with risk management ( $r = 0.61, p = 0.002$ ), suggesting that strategic sourcing practices are positively interrelated.

**4.8 Summary of Findings**

The research results reveal that strategic sourcing practices have a positive impact on organizational performance at PPDA. Descriptive findings revealed that respondents generally believed that efficient procurement process, cost control, supplier collaboration, and risk management are some of the factors that lead to performance improvement.

Correlation analysis indicated that supplier relation management is strongly related with organizational performance and the relationship between cost management and risk management is positive but statistically insignificant.

## **CHAPTER FIVE**

### **DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter explains the main conclusions of Chapter Four, connecting them with the aims of the study and the theories. It concentrates on the impacts of strategic sourcing practice, which are cost management, supplier relationship management, and risk management, on the organizational performance at PPDA. The discussion applies the Resource-Based View (RBV), the Transaction

Cost Economics (TCE) and the Relational View (RV) theories to explain the effects of resources, costs, and relationships in performance. At the end of the chapter, recommendations and future research areas are given.

## **5.1 Discussion of Findings**

### **5.1.1 Organizational Performance**

The results show that PPDA has a very high level of organizational performance in general. Efficient procurement processes received a mean of 4.29, and timely procurement activity received 3.92. Such measures as cutting down on procurement costs (mean = 3.96), value-for-money (mean = 3.58), were rated moderately high, and poor service delivery (mean = 1.92) and ineffective utilization of resources (mean = 1.92) rated lower.

This indicates that although PPDA has preserved the main procurement efficiency indicators between 2018 and 2024, service quality and resource optimization areas have gaps. According to recent Ugandan research (Mubiru et al., 2023; Komakech, 2020), the Ugandan public procurement agencies tend to be highly efficient in procedures but struggle to make full use of resources and attain the service delivery outcomes. The average scores in process efficiency are probably due to systematic procurement policies and some automation in the policies of PPDA, whereas the lower scores on service provision could be attributed to the delay in the workflow and low staff capacity.

Qualitative suggestions, like the one about the necessity to improve the allocation of resources and monitoring, underlines the fact that specific training and improved performance monitoring are needed, and such a method can be used to improve the performance of an organization further by focusing on these points.

### **5.1.2 Risk management**

The analysis has revealed that systematic supplier risk evaluation (mean = 4.21) and measuring supplier financial stability (mean = 4.21) had a high rating. Moderate ratings were on continuous supplier risk monitoring (mean = 4.04) and early sourcing risk identification (mean = 3.96). Conversely, the failure to measure the supplier reliability had a low mean (2.04), which implied the loopholes in the risk mitigation practices.

The analysis of correlation revealed that there was a low positive and statistically significant correlation between risk management and organizational performance ( $r = 0.26$ ,  $p = 0.222$ ). It means that though employees understand the need to focus on risk management, its direct effect on performance during 2018-2024 is not high, which may be because it is not fully implemented or applied.

The current literature (Sarkar et al., 2022) points out that risk management in state procurement can enhance the efficiency of organizations through the integration of digital monitoring tools and systematized supplier assessment. This is in line with PPDA qualitative feedback, including one that states that stronger supplier vetting and monitoring systems are necessary, indicating that the efficacy of risk management might be enhanced by digital and systematic strategies.

### **5.1.3 Cost Management**

The adoption of cost management practices was moderate to high. Spend analysis had a score of 4.33, Total Cost of Ownership analysis scored 4.21, monitoring procurement expenditures scored 4.00, and bulk purchasing strategies scored 4.04. Negotiation of cost-effective contracts however scored low (2.00) as there were mixed perceptions on its effectiveness. Though there was a positive relationship, cost management had a positive but statistically insignificant relationship with organizational performance ( $r = 0.38$ ,  $p = 0.07$ ) which suggests that enhancing cost practices alone do not lead to better organizational performance without the aid of other sourcing practices.

Cost management only helps to manage the efficiency when it is combined with supplier collaboration and risk reduction (Mubiru et al., 2023). Qualitative answers that suggest to focus on cost tracking systems and frequent budget reviewing indicate that the aspect of constant application is necessary in order to achieve concrete performance improvements.

### **5.1.4 Supplier Relationship Management**

The most influential factor on organizational performance was supplier relationship management. The highly rated practices included collaborative planning (mean = 4.00), supplier performance evaluation (mean = 4.04) and long-term partnerships (mean = 4.04). Correlation revealed that it has a moderate positive statistically significant association with organizational performance ( $r = 0.49$ ,  $p = 0.015$ ).

This suggests that successful supplier relations enhance efficiency, dependability and resultant procurements. Alliances between companies and their suppliers promote coordination, timely service delivery, and budget management (Agyemang et al., 2019).. The significance of these relationships is also confirmed by qualitative responses, such as the suggestions to strengthen joint problem-solving and frequent performance reviews with suppliers.

## 5.2 Conclusions

On the basis of the results, the study concludes that strategic sourcing has a positive impact on the organizational performance at PPDA.

Supplier relationship management turned out to be the most important predictor of performance. The relationship between cost management and risk management and the performance was found to be positive but statistically significant in the direct effect meaning that all the dimensions of strategic sourcing are important, strengthening the relationship with the suppliers is what most influences the organizational performance at PPDA.

## 5.3 Recommendations

Based on the findings, the study recommends the following:

**Table 13: Recommendations for Stakeholders**

Stakeholder	Recommendation	Rationale and Expected Impact
PPDA Management	Strengthen supplier relationships through regular communication, collaborative planning, and performance evaluation.	Supplier relationship management showed a significant positive effect on organizational performance ( $r = 0.49$ , $p = 0.015$ ). Stronger relationships are likely to improve coordination, efficiency, and service delivery.
PPDA Management	Enhance cost management by conducting spend analysis and applying Total Cost of Ownership (TCO) analysis.	Cost management practices were positively perceived (mean = 4.33–4.04). Better cost control can increase profitability and resource efficiency.
PPDA	Implement structured supplier	Risk management showed a positive but

Management	risk assessment and continuous risk monitoring.	weak relationship with performance ( $r = 0.26$ , $p = 0.222$ ). Early identification of risks can prevent supply disruptions and improve overall performance.
Procurement Staff	Provide regular training and capacity-building programs on strategic sourcing and supplier management.	Training addresses gaps in awareness and skills, supporting better adoption of strategic sourcing practices, which enhances organizational performance.

**5.4 Areas for Further Research**

Although this study elucidates the effects of strategic sourcing practices on the performance of an organization as in the case in the PPDA, there are still gaps that can be bridged by future studies. Future studies could further extend the scope and include other government agencies or ministries in Uganda to help compare and enhance the external validity of the results. Longitudinal research would also be of interest and it would track the impact of practices such as risk management, cost management and supplier relationship management to organizational performance over time, trends and effects in the long term. To test the intricate relationships among the variables of strategic sourcing in a more rigorous manner, larger samples would be beneficial to apply more advanced statistical tools, such as structural equation modeling. Further studies can also consider how the new tools and technologies such as e-procurement systems and data analytics can improve supplier engagement, cost-efficiency, and risk mitigation. Lastly, the exploration of how such factors as gender, education and professional experience influence the perception of the effectiveness of strategic sourcing could also be used to influence the recommendations on certain training programs and policy interventions that are actionable.

## **Appendix**

### **Appendix I: Study Questionnaire**

Dear Respondent,

My name is **AINEMBABAZI PATIENCE**, pursuing a Bachelor's degree in Procurement and Logistics Management **M23B12/108** from Uganda Christian University Mukono. You have been selected as one of the respondents in this research as I am investigating the **STRATEGIC**

**SOURCING AND ORGANIZATIONAL PERFORMANCE at PPDA.** All responses given should be genuine so as we come up with accurate data.

**Section 1: Background Information**

01	My Sex	Male	1
		Female	2
02	My age in years	Between 18-29	1
		Between 30 -39	2
		Between 40 -49	3
		50 and above	4
03	My highest level of education	Certificate/diploma level	1
		Bachelor’s Degree level	2
		Master’s degree level	3
		PhD level	4
04	My working experience	Below 1 years	1
		1-4 years	2
		5-9 years	3
		10 and above years	4

**Section II: How does risk management in strategic sourcing affects organizational performance? (Tick as Appropriate)**

Indicate the extent to which you agree with the following observations on how does risk management in strategic sourcing affects organizational performance on a scale of (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree (5) = strongly agree.

**Table 4.7: Risk management in strategic sourcing affects organizational performance**

Scale	5	4	3	2	1
Systematic supplier risk assessment improves procurement efficiency and service delivery.					

Evaluating supplier financial stability improves budget control and cost predictability.	5	4	3	2	1
Diversifying suppliers reduces supply disruptions and enhances operational continuity.	5	4	3	2	1
Continuous supplier risk monitoring improves timely delivery and reduces cost overruns.	5	4	3	2	1
Identifying sourcing risks early improves decision-making and overall organizational performance.	5	4	3	2	1
Assessing supplier reliability improves project completion rates and service quality.	5	4	3	2	1

**Section III: What is the of cost management in strategic sourcing and its effect on organizational profitability? (Tick as Appropriate)**

Indicate the extent to which you agree with the following observations on What is the of cost management in strategic sourcing and its effect on organizational profitability on a scale of (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree (5) = strongly agree.

Scale	5	4	3	2	1
Conducting spend analysis improves cost control and organizational profitability.					
Applying Total Cost of Ownership analysis improves long-term cost savings and profit margins.	5	4	3	2	1
Negotiating cost-effective contracts improves financial performance and budget efficiency.	5	4	3	2	1
Monitoring procurement expenditures improves resource utilization and profitability.	5	4	3	2	1

Bulk purchasing strategies improve cost savings and overall organizational returns.	5	4	3	2	1
Cost benchmarking with suppliers improves pricing efficiency and profit sustainability.	5	4	3	2	1

**Section IV: How does supplier relationship management influences organizational efficiency? (Tick as Appropriate)**

Indicate the extent to which you agree with the following observations on How does supplier relationship management influences organizational efficiency on a scale of (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree (5) = strongly agree.

Scale	5	4	3	2	1
Regular communication with suppliers improves coordination and operational efficiency.					
Collaborative planning with suppliers improves workflow efficiency and timely service delivery.	5	4	3	2	1
Joint problem-solving with suppliers improves process efficiency and reduces operational delays.	5	4	3	2	1
Supplier performance evaluation improves service quality and operational efficiency.	5	4	3	2	1
Long-term partnerships with suppliers improve supply stability and organizational efficiency.	5	4	3	2	1
Information sharing with suppliers improves decision-making and process efficiency.	5	4	3	2	1

**Section V: Organizational Performance (Tick as Appropriate)**

Indicate the extent to which you agree with the following observations on organizational Performance on a scale of (1) = strongly disagree, (2) = disagree, (3) = not sure (4) = agree (5) = strongly agree

<b>Scale</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Efficient procurement processes improve overall organizational performance.	5	4	3	2	1
Timely completion of procurement activities improves operational performance.	5	4	3	2	1
Effective utilization of resources improves organizational efficiency.	5	4	3	2	1
Achieving value for money improves organizational financial performance.	5	4	3	2	1
Reduction in procurement costs improves organizational profitability.	5	4	3	2	1
Improved service delivery enhances overall organizational performance.	5	4	3	2	1

**Thanks for participating in this study**

## REFERENCES

- Yuan, X., & Yang, J. (2022). *Strategic sourcing, digital procurement, and firm performance: Evidence from emerging markets*. *Journal of Supply Chain Management*,
- Aboagye, A. (2021). Strategic sourcing practices and supply chain performance in the manufacturing sector. *Journal of Business and Supply Chain Management*,
- Ameyaw, C., Mensah, S., Osei-Tutu, E., & Osei, J. (2020). Strategic procurement practices and performance in public sector institutions. *International Journal of Procurement Management*,
- Prajogo, D., Oke, A., & Olhager, J. (2019). Supply chain processes: Linking strategic sourcing with supply chain performance. *International Journal of Operations & Production Management*,
- Schiele, H., Horn, P., & Vos, F. G. S. (2021). Strategic supplier selection: Building long-term sourcing capability. *Journal of Purchasing and Supply Management*,
- Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, 51(1), 40–49.
- Wernerfelt, B. (2020). A resource-based view of the firm: Ten years after. *Strategic Management Journal*,
- Adda, G. (2024). Examining the relationship between procurement strategies and organizational performance of Ghanaian firms. *Economics, Management and Sustainability*, 9(2), 20–28.
- Al-Ahmadi, H. (2019). Factors affecting performance of hospital managers in Riyadh Region, Saudi Arabia. *International Journal of Health Planning and Management*, 34(1), e657–e674.
- Choudhury, P., & Khanna, V. (2020). Strategic sourcing and cost management: Enhancing profitability through procurement strategies. *International Journal of Procurement Management*, 13(4), 245–260.

Cousins, P., Lawson, B., & Squire, B. (2019). *Strategic supply management: Principles, theories, and practice*. Pearson Education.

Gray, R. (2020). Supplier reliability and strategic sourcing: Impact on organizational outcomes. *Journal of Supply Chain Management*,

Hosseini, S., & Salunke, S. (2024). Lifecycle costing and vendor development in strategic sourcing. *International Journal of Production Economics*, 295, 108350.

Kihumuro, R. (2021). Weak internal controls and spend visibility in Ugandan local government procurement. *African Journal of Public Administration*, 15(3), 45–58.

Kumar, R., Sharma, P., & Singh, A. (2018). Cost-focused strategic sourcing and profitability in manufacturing firms. *International Journal of Business and Management*,

McKinsey & Company. (2021). Total cost of ownership and procurement optimization. McKinsey Insights. <https://www.mckinsey.com/business-functions/operations/our-insights>

Muriithi, S., & Karanja, J. (2024). Cost management in public sector procurement: Evidence from government institutions. *Journal of Public Procurement*, 24(1), 1–20. <https://doi.org/10.1108/JOPP-11-2023-0087>

Panjaitan, R., et al. (2024). Direct and indirect cost considerations in strategic sourcing. *International Journal of Supply Chain Management*,

Appiah Asiamah, N., Mensah, H., & Adomako, S. (2022). Supplier relationship management and operational efficiency in SMEs. *Journal of Small Business Management*, 60(3), 425–448.

Birasnav, M., Das, S., & Kumar, S. (2019). Supplier relationships and firm agility: Evidence from manufacturing firms. *International Journal of Production Research*, 57(15-16), 5105–5121.

Chen, J., Kim, S., & Narasimhan, R. (2020). Relational ties, risk management, and supplier collaboration. *Journal of Supply Chain Management*, 56(3), 45–64.

Choudhury, P., & Khanna, V. (2020). Collaborative supplier management: Enhancing operational efficiency. *International Journal of Procurement Management*, 13(4), 245–260.

Emon, M. (2024). Supplier partnerships and production cycle efficiency in the automotive sector.