

**THE IMPACT OF SUPPLIER EVALUATION PRACTICES ON INVESTOR  
CONFIDENCE AMONG SMALL AND MEDIUM ENTERPRISES IN KYAKA II  
REFUGEE SETTLEMENT**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT  
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## DECLARATION

I, MUKANDUNGUTSE FLORENCE, hereby certify that this dissertation titled “THE IMPACT OF SUPPLIER EVALUATION PRACTICES ON INVESTOR CONFIDENCE AMONG SMALL AND MEDIUM ENTERPRISES IN KYAKA II REFUGEE SETTLEMENT”. Is not in any way a repetition or has been used before in any institution or anywhere else in order to obtain an academic qualification and is wholly my own work. I further certify that all information contained herein was either written or published by me only, except where appropriate citation is made.

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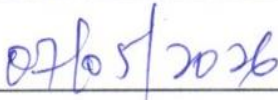
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## APPROVAL

This is to confirm that the dissertation on the “Impact of Supplier Evaluation Practices on Investor Confidence among Small and Medium Enterprises” conducted in Kyaka II refugee settlement by Mukandungutse Florence (S23B12/076) has been under my supervision and is ready to be submitted to the School of Business as part of the requirement for a Bachelor’s degree in Procurement and Logistics Management of Uganda Christian University.

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Date:  \_\_\_\_\_

## DEDICATION

This thesis is dedicated to my deceased mother, Uwimana Cecilia; my brothers and sisters, among them being Iragena Francine and Irafasha Annet; my sister-in-law, my Godmother Ddungu Esau, and my husband George William. It is your guidance, your sacrifices, prayers, and faith that has been the bedrock of everything I have accomplished thus far in life. Even in times when I felt lost and challenged, it was your unwavering support that saw me through. All of my accomplishments represented in this thesis are an embodiment of the qualities that you have instilled in me.

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## LIST OF ACRONYMS

**CVI** - Content Validity Index

**EAC** - East African Community

**H0** - Null Hypothesis

**H1** - Alternative Hypothesis

**NGO** - Non-Governmental Organization

**r** - Pearson's Correlation Coefficient

**r<sup>2</sup>** - Coefficient of Determination

**SD** - Standard Deviation

**SME** - Small and Medium Enterprise

**SPSS** - Statistical Package for the Social Sciences

**UNHCR** - United Nations High Commissioner for Refugees

## ABSTRACT

In this study, the effects of supplier evaluation techniques were evaluated on the investors' confidence among the SMEs operating in Kyaka II Refugee settlement in Uganda. This was carried out through three objectives. The study used the descriptive/correlational methodology in which quantitative data collection and analysis methods were used to collect information from 133 SME owners in the area using the self-administrative method of questionnaire. The results show that supplier evaluation techniques had a great joint influence on the investors' confidence (Aggregate mean=3.33) where quality assessment (Mean = 3.40) and cost assessment (Mean = 3.80) were highly influential and delivery performance moderately influential (Mean = 2.80). Investor confidence for SMEs was high (Mean = 3.75).

A highly significant correlation was found between supplier evaluation methods and investor confidence ( $r = 0.68$ ,  $p < 0.01$ ). Some of the key obstacles encountered were unstructured supplier selection procedures and inadequate documentation (33.8%), poor record-keeping (21.1%), and undue emphasis on interpersonal relations (18.8%). Some suggestions to overcome the obstacles are organizing training sessions on how to conduct supplier evaluations (26.3%), developing procurement policies in writing (22.6%), and using community scorecards for evaluating suppliers' performances (21.1%).

It is clear from the research that proper supplier evaluation techniques increase investors' confidence. Some recommendations include investing in training programs, using affordable technologies to monitor suppliers, developing policies that promote documentation, and fostering partnerships between investors and SMEs within the setting of refugees.

## CHAPTER ONE

### 1.0 Introduction

This chapter includes the background to the study on topic ‘The impact of supplier evaluation practices on investor confidence among small and medium enterprises in Kyaka II Refugee Settlement’, the problem statement, the general objective, and specific objectives, and research questions, scope of the study, justification, significance, and conceptual framework of the study.

### 1.1 Background of the Study

Investor confidence is a critical determinant of whether small and medium enterprises (SMEs) can attract external financing, equity investment, or partnership support. Investors whether private individuals, financial institutions, development agencies, or impact funds base their decisions on perceived business stability, operational transparency, and risk mitigation (Turkman & McCormack, 2019; Christopher, 2020; Flynn, Koufteros & Lu, 2019).

However, weak or absent supplier evaluation practices have become a persistent barrier to building investor confidence in SMEs, particularly in developing and fragile economies. When procurement practices lack structure and there are issues such as inconsistency in the performance of suppliers, inadequate quality control, poor supplier choice processes, among others, this results in disruptions in operations, increase in costs, supply chain problems, and reputational damages, hence conveying unfavorable signs to potential investors. This is a manifestation of the existence of high risks in investing which discourages investors from investing in SMEs and keeps many SMEs away from formal sources of finance, thereby leaving them in a state where they have to use their personal savings and costly informal sources of finance (Adebanjo, Teh & Ahmed, 2018; Luzzini et al., 2015). This conveys unfavorable signals to potential investors, confirming observations of high risks that discourage investments.

Internationally, more so in Europe, there is evidence that efficient supplier evaluation mechanisms tend to enhance financial accountability and good relations with investors among SMEs. Evaluation systems that incorporate measures on quality, cost, and reliability tend to improve the process of procurement, mitigate business risks, and eventually create more confidence among investors for investment purposes (Bianchi & Labory, 2019; European Commission, 2020; Wagner & Bode, 2016). It is evident that efficient supplier evaluations result in resilient supply chains and smart purchasing - aspects highly associated with investor confidence and success of firms (Schiele, 2019; Krause, Vachon & Klassen, 2009).

There have been instances where systematic performance monitoring among suppliers has led to lower levels of procurement fraud, higher-quality products, and more reliable supply chain capabilities factors that are analyzed by investors when evaluating SMEs, especially those operating in Africa, including Ghana (Amoako & Lyon, 2020; Boateng & Asare, 2021).

The use of structured assessment of suppliers, based on their product quality, price, and reliability, has proved effective in enabling SMEs to access financing in East Africa, especially in Kenya (Omondi, 2019; Mwangi & Kihara, 2020).

Studies conducted in Uganda show that structured assessment of suppliers has been effective in making SMEs credible in the eyes of financial organizations (Kakwezi & Nyeko, 2019; Mugerwa & Okurut, 2021; Tumwebaze & Kaminyogonya, 2022).

The above-listed difficulties are further heightened in contexts where there is fragility and economic vulnerability, such as the case with Kyaka II Refugee Settlement in Kyegegwa District. Limited access to markets, insufficient capital availability, volatility in prices, and informal channels used in procuring goods all increase the uncertainty that prospective investors face (Betts, Omata & Sterck, 2020; Porter et al., 2021).

While Uganda's relatively progressive refugee policies promote self-reliance and have contributed to the creation of micro and small-scale business ventures in the settlement, the fact remains that many of these enterprises still lack proper supplier evaluation procedures (UNHCR, 2025; Betts & Collier, 2021). As a result, they lack the necessary purchasing practices that could assure prospective investors in their reliability and quality standards (World Bank, 2023; Ahaibwe & Lakuma, 2020; Dryden-Peterson et al., 2022).

Notwithstanding the increasing humanitarian and development initiatives from 2020 through to 2025, intended to improve the livelihoods and market connections in Kyaka II, there is little empirical data concerning the effect of supplier evaluation practices on investor confidence in this unique and delicate context. It is within this context that the study aims to evaluate the relationship between supplier evaluation practices and investor confidence among SMEs in Kyaka II refugee settlement.

## **1.2 Statement of the Problem**

Investment confidence is crucial in ensuring SMEs' success and sustainability. Normally, SMEs need to boost investment confidence, thus getting access to financial resources, strategic partners, and impact investors, through sound supplier evaluation, especially when selecting suppliers (Bianchi & Labory, 2019). Effective supplier selection involves the proper evaluation of the quality of the products offered by suppliers, tracking costs, and assessing delivery performance. This is an indication of business management skills and sound business operations.

The picture is totally different in the In Kyaka II Refugee Settlement. Although there are business activities and demands, SMEs have been having problems obtaining the attention of investors (World Bank, 2024a). Evaluation of the suppliers is poor. Documentation, record keeping, and regular evaluation of the suppliers has been lacking in the period between 2020 and 2025. As such, SMEs

fail to provide the evidence of sound procurement processes, making them risky for investment purposes.

Indeed, the implications of poor supplier evaluation procedures are far-reaching. Lack of trust makes it hard for SMEs to get access to loans, which prevents them from growing and expanding. Opportunities to grow are left unexploited, and companies that can be invested in lack the credibility needed to do so. Lack of sufficient funds is one of the reasons why the economy of the settlement is vulnerable and, therefore, the SME industry cannot grow.

It is in light of such circumstances that this research aims to evaluate the role of supplier evaluation practices on investor confidence amongst SMEs within the Kyaka II Refugee Settlement, highlighting important procurement systems that can boost transparency and foster formal investments.

### **1.3 Research Gaps**

While there are some literature materials on supplier evaluation techniques and their effect on investor confidence in the context of urban and developed Africa, there are no scholarly works on supplier evaluation in the refugee settlement economic environment where scarcity is an important factor. The majority of existing literature is dedicated to the management of financial affairs and procurement procedures of SMEs in urban locations (Mwangi & Kihara, 2020; Bianchi & Labory, 2019), thus leaving a knowledge gap concerning the effect of supplier evaluation on investor confidence in settlement SMEs, such as those in Kyaka II.

### **1.4 Objectives of the study**

#### **1.4.1 General Objective**

The general objective was to investigate the impact of supplier evaluation practices on investor confidence among SMEs in Kyaka II Refugee Settlement.

#### **1.4.2 Specific Objectives of the Study**

1. To determine how quality assessment, cost evaluation, and delivery performance influence investor confidence among SMEs in Kyaka II Refugee Settlement.
2. To determine the level of investor confidence among SMEs in Kyaka II Refugee Settlement.
3. To determine the relationship between supplier evaluation practices and investor confidence among SMEs in Kyaka II Refugee Settlement.

#### **1.5 Research Questions**

1. What is the effect of quality assessment, cost evaluation, and delivery performance on investor confidence among SMEs in Kyaka II Refugee Settlement?
2. What is the level of investor confidence among SMEs in Kyaka II Refugee Settlement?
3. What is the relationship between supplier evaluation practices and investor confidence among SMEs in Kyaka II Refugee Settlement?

#### **1.6 Hypothesis of the Study**

**HO:** There is no significant relationship between supplier evaluation practices and investor confidence among SMEs in Kyaka II Refugee Settlement.

**H1:** There is significant relationship between supplier evaluation practices and investor confidence among SMEs in Kyaka II Refugee Settlement.

#### **1.7 Significance of the Study**

The study findings and recommendations may be valuable as they contribute to the growth of literature and theoretical foundations on SME performance and the influence of supplier evaluation practices on investor confidence. Studies and different researchers may use this study as a reference for future studies and to explore related topics on procurement governance and investment behavior.

The findings can help other entrepreneurs operating within the Kyaka II Settlement improve their supplier evaluation process as well as become attractive to potential investors through procurement system improvement at minimal costs. Policymakers, international aid organizations, and development partners may consider using the outcomes of this paper in formulating policies aimed at improving SME procurement practices and increasing investor confidence within fragile economies such as those of settlements.

## **1.8 Scope of the Study**

### **1.8.1 Geographical Scope**

The research was carried out at the Kyaka II refugee settlement in Kyegegwa District of Uganda. The choice of Kyaka II refugee settlement is based on the prevalence of micro-enterprises in agriculture and business activities within the location, the absence of investors, and the practicality of time and logistical issues limiting wider coverage geographically.

### **1.8.2 Content Scope**

Supplier evaluation practices will be the independent variable, while investor confidence will be the dependent variable. Supplier evaluation practices will be assessed through the quality of products or services, the cost analysis, and the delivery process, whereas investor confidence will be assessed by means of financial stability, purchasing process transparency, and credit availability. The research will seek to determine the impact of supplier evaluation practices on investor confidence in SMEs at the Kyaka II Refugee Settlement.

### **1.8.3 Time Scope**

This study spans the years 2020 to 2025, which coincide with the timeline during which SMEs in Kyaka II have faced inconsistent market access, limited financing for livelihood projects, and inconsistent assistance from aid organizations.

Through this timeline, it is possible to explore the process of assessing supplier performance and its impact on investor confidence over time.

### 1.9 Conceptual Framework

This will help in providing insight on how the independent variables affect the dependent variables and in determining research methodology, data gathering, and data analysis. This provides an illustration of the relationships between variables in a study. (Miles & Huberman, 2018)

In this case, the conceptual framework is used to illustrate the effect that supplier evaluation strategies have on the investor confidence of small and medium enterprises in Kyaka II refugee settlement. These include quality evaluation of goods or services provided by suppliers, costs incurred by suppliers, and delivery effectiveness of the products from the suppliers. Factors considered in this study include perceived financial strength, procurement process and ability to provide credit facilities.

In conclusion, the framework helps in formulating an approach to supplier evaluation that improves investor confidence levels.

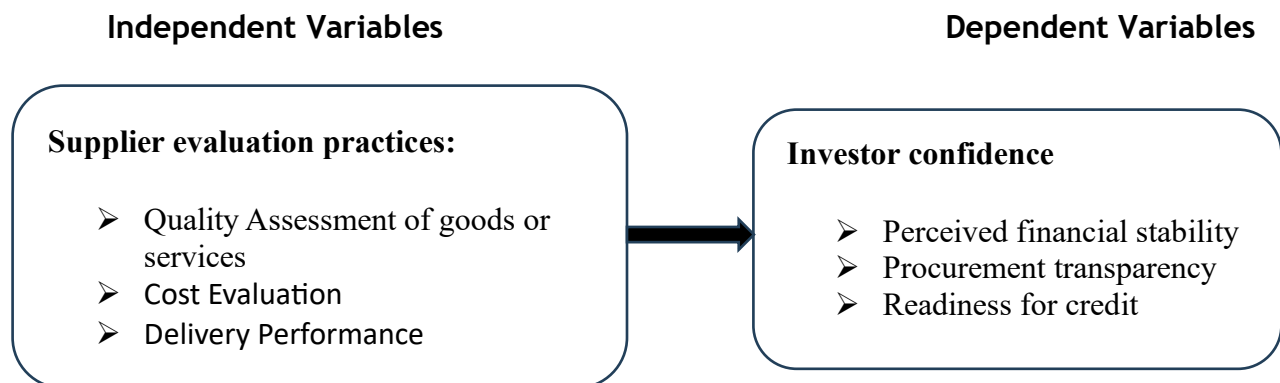


Figure 1: Conceptual framework

### 1.10 Operational Terms

**Supplier Evaluation Practices:** Systematic approaches adopted by SMEs to evaluate and control the performance of suppliers. In this study, supplier evaluation practices include the following three measures:

**Quality Assessment:** This variable refers to verification of the goods or services supplied to meet the set standards. Indicated by the regularity of product/service quality check, audits conducted on suppliers, and compliance with quality standards.

**Cost Evaluation:** This variable includes the systematic assessment of prices offered by suppliers. Indicated by the comparison of costs, budgeting, and financial control of the procurement process.

**Delivery Performance:** The level at which the supplier meets the agreed-upon timeframes, quantity and other contractual commitments. Indicated by the frequency of on-time deliveries and fulfillment of orders.

**Investor Confidence:** Refers to commitment of financial resources into the operations of SMEs based on their stability and reliability. Investor confidence was operationalized using the following three measures:

**Perceived Financial Stability:** this was used in this research to mean the perception of Investors on how well the SME could manage its resources, control expenditure and operate successfully. Indicators of financial stability included consistent payments to suppliers, consistent cash flows and proper procedures in procurement.

**Transparency in Procurement:** in this research, this referred to the degree of transparency and accountability in procurement processes, especially the procurement process and documentation. Indicators of transparency in procurement include documented procedures in procurement and supplier evaluations.

**Preparedness for Credit:** in this research, this referred to the readiness of the SME to access financial assistance through formal finance and impact investments. Indicators of readiness to borrow include organized records in procurement, operational stability and proper management of risks that satisfy lenders.

**Small and Medium Enterprises (SMEs):** in this study, these were small businesses found in the Kyaka II refugee settlement with less than 20 workers in agriculture, retail and trading, and microservices business with at least two years of existence.

**Procurement Systems:** The formal or informal processes SMEs use to plan, select, purchase, and monitor goods and services from suppliers. Measured by the presence of structured evaluation procedures, documentation, and adherence to supplier performance criteria.

**Agriculture SMEs:** in this study referred to the small and medium sized enterprises engaged in crop production, livestock rearing, or other farming activities aimed at generating income. In the context of Kyaka II Refugee Settlement, this includes small scale vegetable farms, poultry, piggery, and other subsistence or commercial farming activities operated by refugees or host community members.

**Retail and trading SMEs:** in this study referred to the enterprises engaged in buying and selling goods, either directly to consumers (retail) or in bulk (trading), with the aim of generating profit. In Kyaka II, these include shops, kiosks, food stalls, and market vendors.

**Microenterprise services:** in this study referred to the small-scale service-oriented businesses that provide specific services to the community for income generation. In Kyaka II, examples include tailoring, hairdressing, motorcycle taxi services, mechanical repair services, small catering businesses, and other informal or semiformal service providers.

**Social enterprises:** in this study referred to the organizations that apply commercial strategies to achieve social, environmental, or community objectives while generating income. Unlike conventional SMEs that focus primarily on profit, social enterprises prioritize impact such as improving livelihoods, health, education, or sustainability while maintaining financial self-sufficiency. In refugee settlements like Kyaka II, social enterprises include organizations producing affordable household goods, vocational training centers that sell services or small-scale agricultural projects that reinvest profits into community programs.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

The current chapter presents a review of literature regarding the influence of supplier evaluation processes on the confidence of investors in small and medium-sized enterprises. This review covers both the theoretical and empirical aspects of quality assessment, cost evaluation, and delivery performance, which are considered elements of supplier evaluation, and their relationship to the confidence of investors with regard to stability, procurement practices, and creditworthiness.

#### 2.1 Supplier Evaluation Practices

The regular evaluation of supplier performance has been established as an essential factor driving efficiency and confidence on the part of investors in SMEs. According to the results of a research by Kakwezi and Nyeko (2019), SMEs that conduct regular assessments of the quality of goods and services received from their suppliers are considered more dependable by investors. The authors' investigation based on surveying entrepreneurs and financing companies shows that regular quality assessment lowers operational risks and increases investor confidence.

In a study by Bianchi and Labory (2019), evaluating the performance of European SMEs, it was shown that assessing the performance of the suppliers, including factors of cost effectiveness and reliability of delivery, significantly increases the perception of managerial competence and improves investors' attitudes toward the enterprise. This conclusion made within a quantitative analysis proves that systematic evaluation procedures are signals of good management in terms of finance and governance.

In Kenyan SMEs, Omondi (2019) conducted an inquiry into the effects of supplier evaluation on investor confidence regarding informal and semi-formal companies. The research used a mixed method approach to show that SMEs that monitor suppliers through performance scorecards, audits, and delivery performance attract credit and investments. These SMEs have been reported to have higher levels of investor confidence since investors see it as proof of operational reliability. Standardized evaluation techniques were noted as critical in this study.

For instance, research carried out in China by Zhao et al. (2020) considered the influence of delivery performance on supplier evaluation in small and medium-scale enterprises. The outcomes indicated that investors prefer investing in those enterprises which have suppliers who consistently display reliability in their delivery performance since this ensures predictability and stability.

In another study by Singh & Singh (2021), in India, the authors investigated the practice of cost evaluation within small and medium-scale enterprises. In doing so, they considered the role played by monitoring suppliers' costs and ensuring competitive pricing in building up the confidence of investors. The methodology adopted included a survey of SME owners and investors in establishing that the cost evaluation process is an indication of financial discipline in these firms, and therefore assures investors of the profitability of the enterprise.

Furthermore, Adeyemi & Oladipo (2021) in Nigeria examined the role of quality assessment, cost evaluation, and delivery performance as the most important dimensions of supplier evaluation. According to their findings, SMEs undertaking all the three dimensions are able to easily secure financing from investors since they are viewed as stable and less risky ventures.

Lastly, Mwangi et al. (2022) in East Africa established that SMEs practicing supplier evaluation have high levels of operational accountability and transparency. Through case studies and surveys, they discovered that such organizations are seen as credible and trustworthy by investors, hence increasing their willingness to fund them.

## 2.2 Quality Assessment of Goods or Services and Investor confidence

Quality checking is another crucial element during supplier performance appraisal since it helps in ensuring that the inputs provided conform to the required quality and specifications. According to Mwangi and Kihara (2020), SMEs that frequently check the quality of the inputs received from their suppliers do not encounter any major problems and enjoy improved reliability of their outputs. In their research carried out in small enterprises in Kenya, Mwangi and Kihara used questionnaires and interviews with the owners and investors of the businesses and discovered that high-quality inputs have a positive impact on the views of the investors regarding the ability and stability of the firm.

In Ghana, for example, Amoako and Lyon (2020) examined the connection between quality assessments made during supplier selection and investor trust among SMEs within the retail and services industries. As found from the results of their mixed-methods research, SMEs that conduct quality inspections not only ensure service consistency but also build investor trust because these efforts signal managerial attentiveness. Investors view the implementation of quality-oriented procurement practices as the sign of organizational professionalism that mitigates the risks involved in investing.

At the same time, the absence of rigorous quality assessments makes investors distrustful of the business. For instance, informal and underdeveloped markets in terms of procurement practices where there is no regular audit conducted at the suppliers' facilities may create problems for SMEs due to uncertainty and the possibility of supply failures. According to Omondi (2019), businesses in East African settlement economies that do not use any quality control mechanisms are considered risky for formal finance sources and investors.

Additional findings from South Africa by Ndlovu & Khumalo (2021) highlight the direct relationship between the systematic assessment of quality, which includes product testing, vendor auditing, and performance evaluations, and increased investor involvement. Investors assess these measures to determine the effectiveness of internal controls and the ability of an organization to mitigate

any supply chain-related risks. Where there are no established regulatory mechanisms in place, the existence of quality assessment processes is evident evidence that the SMEs have a high level of organization and are capable of maintaining their efficiency.

Quality assessments conducted on products and services transcend from being simply purchase-related issues to becoming efficient tools used for gaining investor confidence. The quality assessments policies followed by SMEs prove their efficiency in conducting themselves, running their business activities and managing money - skills essential for investment, especially in difficult situations such as refugee camps.

### **2.3 Cost Evaluation and Investor confidence**

Cost analysis is an important part of supplier evaluation that entails evaluating the costs incurred by suppliers through a systematic process to ensure that procurement activities are fair and competitive. According to Boateng & Asare (2021), SMEs that engage in cost analysis are more likely to detect cases of overpricing of goods and services, stop monetary losses, and avoid procurement fraud. Through cost analysis, organizations show that they have been responsible financially, which investors perceive as good financial governance within organizations. Consequently, investors feel more confident about investing in such organizations.

In Uganda, Mugerwa and Okurut (2021) explored how the cost evaluation process affects the ability of SMEs to gain access to formal financing. In their survey of SME businesspeople and financial institutions, Mugerwa and Okurut determined that SMEs who have an established cost evaluation process are in a better position to obtain loans or impact investments. Cost evaluation is viewed as a sign of accountability, effectiveness, and strong internal controls. Firms that do not have a system for evaluating the cost of suppliers may end up having high costs, lack of control over expenditure, and low efficiencies, thereby creating risks for investors.

Additionally, Omondi (2020) in research conducted in Kenya noted that SMEs who had a standardized cost evaluation process could negotiate better deals with their suppliers and operate profitably while being able to document expenditure. This information is used by lenders and investors to gauge the legitimacy of a business firm. It was noted that firms without a cost evaluation process have difficulty accessing credit owing to the associated risk of poor management and financial misallocation.

Cost evaluation and investor decisions in SMEs were studied by Boateng et al. (2022) in the urban trading centers of South Africa. It was found that companies that conduct regular price comparisons with their suppliers, prepare justifications for their costs, and have budgets receive more investor trust. This is because investors regard these actions as signs of competent management, low-risk operations, and better chances of sustainable development.

To conclude, cost evaluation is an important tool for controlling procurement processes as well as for sending signals to investors. When companies make purchases on the principle of value for money, they demonstrate that they are transparent, responsible, and efficient in financial matters. All these features assume more importance in vulnerable settings, where clear procurement procedures will enable the differentiation between investment-worthy enterprises and those with questionable prospects.

#### **2.4 Delivery Performance and Investor confidence**

Delivery performance refers to the ability of the supplier to adhere to agreed-upon schedules, amounts, and agreements. Delivery performance is crucial in terms of ensuring continuity in operations, stability in operations, and the proper management of cash flows, which is important for investors who wish to commit capital towards business organizations. According to Kakwezi & Nyeko (2019), small and medium sized enterprises (SMEs) that are able to monitor closely the supplier delivery plans and maintain tracking procedures on timely deliveries are seen as reliable and professionally managed enterprises. This means that it

becomes easier for investors to fund enterprises that have minimal interruptions from suppliers in their operations.

Omondi (2019) investigated the association between supplier deliveries performance and investor confidence in SMEs in Kenya. Data was collected using survey research methods and interviews were conducted on financial institutions and impact investors. Enterprises that maintained proper delivery tracking mechanisms showed lower instances of interruptions in their business operations, which enhanced investor confidence in them and resulted in credit availability. In another part of the world, Mwangi and Kihara (2020), based in East Africa, also stressed that the SMEs with strong monitoring of delivery performance such as scorecards, supplier audits, and performance evaluations have higher levels of credibility among investors. In their study, they showed that good delivery performance avoids operational problems, avoids production problems, and ensures service quality. The investors see this as signs of competency and reduce their investment risks.

Further evidence in South Africa, according to Boateng et al. (2022), is that small-medium enterprises which record the performance in deliveries and maintain systems of accountability to suppliers tend to attract investments for the long term. In their quantitative research, they noted that investors favor firms which demonstrate dependable and planned supply chain operations performance. They do so because they consider these firms to be low-risk investments.

To conclude, delivery performance still plays a critical role when considering investor trust. Through timely delivery of commodities and the fulfillment of the contract, SMEs benefit from having stable operations, financial certainty, and managerial skills. In precarious environments such as those of refugee camps, the process of delivering products helps build credibility of the organization, hence improving investor trust.

## 2.5 Investor Confidence

Confidence in investment means being willing to invest money or funds in an enterprise as an investor based on trust in its stability, reliability, and profitability (Bianchi & Labory, 2019). Investor confidence for SMEs is affected by various aspects such as procurement transparency, financial stability, and readiness to borrow. Organizations characterized by sound practices and accountability are bound to have investors both formal and informal. Procurement transparency is a key aspect that builds investor trust. The World Bank (2024a) indicates that procurement activities involving the quality, cost, and delivery evaluation of suppliers enhance accountability and discipline in organizations.

This increases the probability of building credibility and lowering the chances of any type of asymmetric information between investors and the organization. The enterprise becomes highly trustworthy, reducing risks associated with investing in the enterprise. Procurement activities must be under scrutiny and meet the organization's objectives.

Financial security perception is yet another factor that plays a vital role in building investors' confidence. Omondi (2019) claims that investors assess the competences of the organizations to deal with income, expenses, and liquidity prior to investment. Therefore, one of the ways to increase investment interest of investors and make it possible for firms to access funds formally and receive impact investments is to show them that organizations which have a proper procedure of evaluation of suppliers have capabilities to control income flow, reduce unnecessary expenses and operate effectively.

The term credit readiness is also important in the discussion. It includes an ability to comply with the criteria of lending, proving that the organization has all capabilities to pay back the loan. According to Mwangi and Kihara (2020), companies that have clear systems of supplier evaluation have high organizational capability, risks, and capacity to fulfill obligations under the contract.

In summary, investor confidence is a complex multidimensional variable, including aspects like transparency, risk, and credit readiness. Efficient procurement system proves to be a good indicator of the firm's performance. Especially, when it comes to situations of refugee camps when the amount of capital is small because of high perceived risks, procurement transparency may have significant effects on investment.

## **2.6 Perceived Financial Stability and Investor confidence**

Financial stability is an indicator of how well an organization is capable of managing its finances through prudent resource management, paying its debts, and maintaining sustainable business activities. In regards to SMEs, the investors use financial stability as a basis for judging their efficiency in managing business and handling risks. The findings show that companies which conduct thorough assessment of their suppliers in terms of quality, cost, and delivery have effective financial management skills (Mugerwa & Okurut, 2021).

Small firms that keep regular records regarding their suppliers are able to manage their costs, reduce wastage, and ensure efficient acquisition of materials. Such business activities help to improve their financial status as investors find it easier to invest in companies that manage their finances in a more organized way. According to Boateng and Asare (2021), investors are willing to finance firms that conduct themselves in a professional manner with regard to financial matters.

Additionally, according to Mwangi & Kihara (2020), companies with effective internal controls when dealing with suppliers mitigate risks such as unanticipated financial impacts due to delays, subpar goods and services, pricing issues or even procurement malpractices. This, in turn, enhances the level of investor confidence since the firm can operate profitably even under unfavorable conditions.

It is imperative for organizations operating in highly fragile environments to establish their financial stability since it will be a vital criterion for investment

in such scenarios. An SME able to provide procurement documentation, demonstrate cost efficiency and evaluate its suppliers properly is deemed less risky and, therefore, more attractive to investors. The investors view such businesses as sustainable and profitable under difficult circumstances.

In conclusion, financial stability plays an integral part in building up investor confidence. Effective supplier evaluation practices act as a source of proof for wise financial practices and efficient operations among other factors which attract investors.

## **2.7 Procurement Transparency and Investor confidence**

Procurement transparency involves the openness and accountability of purchasing activities that include the process of choosing suppliers, awarding contracts, and documenting the process. Procurement transparency ensures that the procurement process does not rely on subjective factors but on objective measures such as quality, cost, and delivery time (Kakwezi & Nyeko, 2019). In the context of SMEs operating within fragile economies such as refugees, procurement transparency is an important aspect that plays a key role in shaping investors' perceptions about the company.

The literature indicates that SMEs that document the process of supplier evaluation and procurement procedures are regarded as well-managed organizations. As indicated by UNHCR (2025), procurement transparency helps minimize information gaps between the organization and prospective investors, thereby reducing the risks associated with doing business with SMEs. In other words, procurement transparency helps enhance the reputation of the firm in the eyes of investors, which increases the probability of financing the business. It is noted that in the case of Uganda, according to research done by Mugerwa and Okurut (2021), small and medium-sized enterprises (SMEs) that have a structured procurement process in which there is monitoring of suppliers' performance and systematic decision-making when it comes to procurement exhibit higher confidence levels among their investors than other organizations

that have unstructured procurement processes. This implies that transparent procurement helps demonstrate the efficiency and effectiveness of resource allocation and decision-making processes and, thus, reduces uncertainties associated with the enterprise.

Also, it is important to acknowledge the fact that, especially in fragile environments, transparency in procurement helps convey to investors the idea that the firm is able to maintain itself even in difficult circumstances. As indicated by Mwangi and Kihara (2020), the presence of such procurement processes helps investors feel more assured of the firm's governance and ethical standards.

In summary, procurement transparency is an essential factor in building the trust of investors. Small enterprises that engage in transparent supplier evaluations will not only portray a picture of transparency within their operations but will be in a better position to attract investors, even in challenging economic circumstances.

## **2.8 Readiness for Credit and Investor confidence**

The concept of credit readiness relates to the capacity of the small or medium-sized business (SME) to properly prepare itself for securing finance or credit through formal channels. Credit readiness is a measure of how well the business is able to meet the requirements of financial institutions and investors because of its capability in managing its resources, achieving efficient performance and keeping written records of procurement processes (Omondi, 2019). The SME that uses systematic supplier assessment procedures will be more prepared financially due to its capability in making written records of procurement, cost management, and prompt material delivery.

According to a research, investors and creditors do not solely rely on the financial statements when evaluating the readiness for credit facilities. In the case of an SME assessing its suppliers for quality, cost control, and punctuality in deliveries, there is consistency in operation and little risk associated with the supply chain.

Such a degree of confidence in the operations of the business entity leads the creditor to see the firm as capable of making prudent use of the borrowed funds and repaying the loan on time while experiencing growth at the same time.

Besides, as per the study by Amoako & Lyon (2020), such businesses that have recorded the assessment process for their suppliers can easily meet the standards required before borrowing. Within fragile environments, including refugee camps, being prepared for borrowing will become essential since investors will consider firms operating in such contexts as highly risky investments. Documented proof of organized purchasing and competent supplier management will reduce such risks and make borrowing possible.

Overall, readiness for borrowing is an important attribute of investor confidence. SMEs that possess efficient supplier evaluation systems will appear to be competent and manageable firms with low risks for investments.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

The methodology section describes the methodology adopted for conducting the study. It includes details about the location of the study, methodology design, population, sample size and sampling methods, research instruments used, validity and reliability of research instruments, data collection method, and data analysis.

#### 3.1 Locale of the Study

This research took place in Kyaka II Refugee Settlement located in the district of Kyegegwa, Uganda. Kyaka II refugee settlement is one of the largest settlements for refugees in Uganda and has a multi-ethnic community involved in activities such as farming, petty trade, and small business enterprise. This area experiences constraints such as limited markets, insufficient finances, and informal business operations, thereby making it suitable for this type of research.

#### 3.2 Research Design

The researcher used a descriptive research design along with a correlational design, using a quantitative approach in collecting data. With the descriptive design, there was an elaborate study of supplier evaluation and investor confidence in SMEs at Kyaka II. The correlational design set the association between supplier evaluation, the independent variable, and investor confidence, which is the dependent variable. The quantitative approach helped collect numerical data using questionnaires.

### 3.3 Study Population

The research sample included more than 600 SMEs owners running businesses in nine zones within Kyaka II Refugee Settlement, based on information obtained from the business directories of the settlement. The SMEs undertake various business activities such as agriculture, trade, social enterprise, and micro-enterprise, with a workforce of less than 20 people. Vulnerability and Essential Needs Assessment by UNHCR (2019)

### 3.4 Target Population

The target population consisted of **200 SME owners** who have been in operation for at least two years in Bukere Zone, ensuring that respondents have adequate experience to provide reliable insights into supplier evaluation practices and investor confidence. Businesses with formal or semiformal operations and clear procurement activities was prioritized (UNHCR led Vulnerability & Essential Needs Assessment, 2019).

### 3.5 Sample Size

The sample size was calculated using Taro Yamane's formula:

$$n = \frac{N}{1 + N[e]^2}$$

n= Sample Size

N = Population.

(e) = Desired margin of error (0.05)

$$n = \frac{200}{1 + 200 [0.05]^2}$$

$$n = \frac{200}{1 + 200 [0.0025]}$$

$$n = \frac{200}{1+0.5}=133.3333$$

**n = 133 respondents**

The selected sample size used was 133 **SME owners**.

Table 1: Target population and sample size

No.	Business Sector in Bukere zone	Target Population	Sample Size	Sampling Procedure
1	Agriculture	86	58	Proportionate stratified
2	Retail & Trading	68	43	Proportionate stratified
3	Microenterprise Services	29	21	Proportionate stratified
4	Social Enterprises	17	11	Proportionate stratified
<b>Total</b>		<b>200</b>	<b>133</b>	Proportionate stratified

### 3.6 Sampling Procedure

The researcher used proportionate stratified sampling to select the sample. The target population was divided into four strata based on business sector: agriculture, retail & trading, social enterprises and microenterprise services. The sample size for each stratum was determined proportionally to ensure fair representation. Inclusion criteria include business owners with at least two years of operation and businesses employing fewer than 20 workers. Gender inclusivity was also put into consideration to target approximately 50% male and 50% female respondents.

### 3.7 Data Collection Instruments

Data was collected using a self-administered questionnaire structured into three sections:

**Section A:** Socio demographic information (e.g., gender, age, education level, years of business operation, business sector)

**Section B:** Study objectives

Supplier evaluation practices (quality assessment, cost evaluation, delivery performance)

Investor confidence (perceived financial stability, procurement transparency, readiness for credit)

**Section C:** Open-ended questions for respondents' insights on improving supplier evaluation and investor trust

Closed ended questions was measured using a five point Likert scale.

Table 2: Likert Scale

Scale	Value	Mean Range	Interpretation
Strongly Agree	5	4.21-5.00	Very High
Agree	4	3.41-4.20	High
Not Sure	3	2.61-3.40	Moderate
Disagree	2	1.81-2.60	Low
Strongly Disagree	1	1.00-1.80	Very Low

### 3.8 Validity of the Instrument

The researcher, in collaboration with the supervisor, formulated questionnaire items to ensure alignment with the study's objectives. The validity of the instrument was assessed by calculating the Content Validity Index (CVI):

$$CVI = \frac{\text{Relevant Items in the questionnaire}}{\text{Total Number of Items in the questionnaire}}$$

$$CVI = \frac{27}{30} = 0.9$$

The instrument was deemed valid because the CVI from data collected exceeded 0.6. A research supervisor reviewed the questionnaire and rated items as relevant.

### 3.9 Reliability of the Instrument

For reliability purposes, a pretest was undertaken among 20 SME Owners at Rwamwanja refugee settlement, which had similar attributes as the selected samples at Kyaka II refugee settlement. Data analysis of the pretest questionnaire involved use of Statistical Package for Social Sciences (SPSS) Version 26. According to Cronbach's Alpha (1951), the tool was reliable because the correlation coefficient was above 0.7.

Table 3: Reliability Test Results

Cronbach's Alpha	Number of Items
0.84	27

### 3.10 Data Collection Procedure

The Dean of the School of Business at Uganda Christian University provided a letter of introduction which was used to gain permission from the local authorities in Kyaka II. The researcher distributed questionnaires to the 133 respondents and explained the questions that needed further clarifications. The filled questionnaires were checked for their validity and then numbered for input.

### **3.11 Data Processing and Analysis**

The quantitative data were categorized, coded, and imported into SPSS version 26.

Objective 1 & 2 were described through descriptive statistics including mean and standard deviation that is supplier evaluation practices, and investor confidence. The inferential statistics, that is Pearson's correlation, were used to analyze objective 3 regarding the link between supplier evaluation practices such as quality evaluation, cost assessment, delivery performance, and investor confidence such as financial stability, procurement practices, and credit preparedness. The socio-demographic characteristics were summarized in terms of frequency and percentages.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

#### 4.0 Introduction

In this chapter, the findings from the investigation on the effect of supplier evaluation processes on investor confidence amongst SMEs in Kyaka II refugee settlement will be presented. The findings will be analyzed and compared with the objectives of the study and other related literature. The main objectives of the study were to:

1. Determine the effect of quality evaluation, cost evaluation, and delivery performance on investor confidence amongst SMEs in Kyaka II refugee settlement.
2. Determine the level of investor confidence amongst SMEs in Kyaka II refugee settlement.
3. Establish the relationship between supplier evaluation processes and investor confidence amongst SMEs in Kyaka II refugee settlement.

The sample population for data collection comprised 133 participants, which was collected using proportionate stratified sampling technique.

#### 4.1 Demographic Characteristics of Respondents

Respondent demographics were examined using variables such as gender, industry, and years of experience in business to see if there was any correlation between respondent background and response. Frequency analysis was performed using percentages.

Table 4: Demographic Characteristics of Respondents

Demographic Variable	Category	Frequency (n=133)	Percentage (%)
Gender	Male	67	50

Demographic Variable	Category	Frequency (n=133)	Percentage (%)
Business Sector	Female	66	50
	Agriculture	58	44
	Retail & Trading	43	32
	Microenterprise Services	21	16
	Social Enterprises	11	8
Years in Business	2-4 years	60	45
	5-7 years	40	30
	8-10 years	20	15
	More than 10 years	13	10

**n=133**

**Gender:** The respondents were equally divided with 50% being male and 50% female, showing that gender inclusion was one of the goals of the sampling approach.

**Business Sector:** A higher percentage of respondents were in agriculture (44%), while 32% were in retail and trading. These statistics show a reflection of the composition of the economy in the settlement as it is mainly agricultural and trading. This observation was made in the assessment conducted by the UNHCR titled 'Vulnerability & Essential Needs Assessment Report'.

**Years in Business:** Most of the respondents (75%) had been in business for 2-7 years. This could mean that there are mostly young small businesses operating in the Kyaka II settlement.

## 4.2 Influence of Quality Assessment, Cost Evaluation, and Delivery Performance on Investor Confidence

The first research goal was to identify the impact of quality assessment, cost analysis, and delivery performance (the elements of supplier evaluation procedures) on investors' confidence. Descriptive statistics (mean and standard deviation) were used to analyze the results.

Table 5: Influence of Supplier Evaluation Practices on Investor Confidence

Statement	Mean	SD	Interpretation
<b>Quality Assessment</b>			
We regularly check that goods/services from suppliers meet our quality standards	4.00	0.85	High
We have clear quality specifications that suppliers must follow	2.00	0.90	Low
We conduct supplier audits or site visits to verify quality	3.00	0.88	Moderate
We reject or return substandard goods from suppliers	4.00	0.92	High
Customers rarely complain about the quality of products we source	4.00	0.87	High
<i>Average Mean and SD</i>	<b>3.40</b>	<b>0.88</b>	<b>High</b>
<b>Cost Evaluation</b>			
We compare prices from different suppliers before purchasing	5.00	0.80	Very High
We keep records of supplier prices and payment terms	3.00	0.85	Moderate
We negotiate with suppliers to get the best possible prices	4.00	0.90	High
We monitor and control procurement costs regularly	4.00	0.88	High

Statement	Mean	SD	Interpretation
Our procurement spending is within the planned budget most of the time	3.00	0.92	Moderate
<i>Average Mean and SD</i>	<b>3.80</b>	<b>0.87</b>	<b>High</b>
<b>Delivery Performance</b>			
Suppliers usually deliver goods on the agreed date and time	3.00	0.85	Moderate
We keep records of supplier delivery performance	3.00	0.90	Moderate
Suppliers deliver the correct quantity and type of goods ordered	4.00	0.88	High
Late deliveries from suppliers rarely disrupt our business operations	1.00	0.95	Very Low
We have penalties or consequences for suppliers who deliver late	3.00	0.92	Moderate
<i>Average Mean and SD</i>	<b>2.80</b>	<b>0.90</b>	<b>Moderate</b>
<b>Aggregate Mean and SD</b>	<b>3.33</b>	<b>0.88</b>	<b>High</b>

N=133

Legend: Mean range: Very High (4.21-5.00), High (3.41-4.20), Moderate (2.61-3.40), Low (1.81-2.60), Very Low (1.00-1.80)

**Quality Assessment:** The quality assessment factor had an average score of 3.40 (SD = 0.88). It suggests that quality assessments done consistently have a positive impact on the level of confidence among investors due to the message sent about reliability. Scores of 4.00 for not accepting sub-standard products and having no customer complaints reveal that effective measures are taken in those areas. However, the fact that the specification aspect scored 2.00 indicates that something is lacking. The findings resonate with those by Mwangi & Kihara (2020).

**Cost Evaluation:** It has a relatively high mean score of 3.80 (SD = 0.87).

Effective practices in comparing prices and negotiating were evident since both aspects scored a mean score of 4.00 and 5.00 respectively. There is room for improvement in budgeting since it received a mean score of 3.00. The results support those by Boateng & Asare (2021).

### 4.3 Level of Investor Confidence Among SMEs

The second objective was to ascertain the level of investor confidence within the SMEs through indicators such as perceptions of financial stability, procurement openness, and credit readiness. Descriptive statistics were used in analyzing the results.

**Table 6: Level of Investor Confidence Among SMEs**

Statement	Mean	SD	Interpretation
Many investors perceive SMEs in Kyaka II as financially unstable or high-risk, limiting their willingness to invest	5.00	0.80	Very High
Investors face challenges verifying how suppliers are selected, paid, and monitored, leading to perceived mismanagement	3.00	0.85	Moderate
Poorly kept procurement records reduce investor confidence in the SMEs' ability to trace financial transactions	4.00	0.88	High
SMEs have limited awareness of what investors or lenders require, which affects their ability to access credit	5.00	0.82	Very High
The absence of proper business plans, cashflow statements, and audited records lowers the perceived credit readiness	3.00	0.90	Moderate

Statement	Mean	SD	Interpretation
Investors have little visibility of SMEs in Kyaka II because of weak investor-SME linkage and low business exposure	3.00	0.92	Moderate
SMEs in Kyaka II often lack clear, written procurement procedures, making business processes appear informal	4.00	0.85	High
SMEs have been denied loans or investment in the past 2 years due to perceived financial instability or weak procurement practices	3.00	0.88	Moderate
<b>Aggregate Mean and SD</b>	<b>3.75</b>	<b>0.86</b>	<b>High</b>

**N=133**

Legend: Range Mean Very High (4.21-5.00), High (3.41-4.20), Moderate (2.61-3.40), Low (1.81-2.60), Very Low (1.00-1.80)

The general mean of 3.75 (Standard Deviation = 0.86) represents a relatively high investor confidence level, resulting from an unstable environment (mean = 5.00) and low level of awareness (mean = 5.00) but tempered by the need for verification (mean = 3.00). This implies that there is investor confidence but that it is curtailed by a lack of transparency.

#### **4.4 Relationship Between Supplier Evaluation Practices and Investor Confidence**

The third objective was to determine the relationship between supplier evaluation practices and investor confidence. This was analyzed using Pearson's correlation coefficient.

Table 7: Correlation between Supplier Evaluation Practices and Investor Confidence

Variables	Pearson's Correlation Coefficient (r)	P-value	Interpretation
Supplier Evaluation Practices and Investor Confidence	0.68	<0.01	High Positive Correlation

**N=133**

Legend: r = 0.00-0.199 (very low), 0.20-0.399 (low), 0.40-0.599 (average), 0.60-0.799 (high), >0.799 (very high)

The Pearson's correlation coefficient of  $r = 0.68$ ,  $p < 0.001$ , implies that there is a positive correlation. Thus, the null hypothesis ( $H_0$ ) is rejected and it is proven that there exists a positive relationship between supplier evaluation practice and investor confidence. The finding confirms Mwangi et al. (2022).

#### 4.5 Respondents' Suggestions on Supplier Evaluation and Investor Confidence

Below are some tables that reflect the major issues faced by the SMEs in Kyaka II Refugee Settlement regarding evaluation practices to increase investor confidence. The tables also present some solutions offered by the respondents to enable the SMEs to address the aforementioned problems.

**Table 8: Biggest Challenges in Supplier Evaluation Practices Affecting Investor Confidence**

Challenges in Supplier Evaluation Practices	Frequency	Percent
Informal supplier selection and lack of documentation undermine transparency and investor trust	45	33.8%
Limited resources for audits, quality checks, and performance monitoring lead to perceived high risk by investors	25	18.8%

<b>Challenges in Supplier Evaluation Practices</b>	<b>Frequency Percent</b>	
Weak or inconsistent penalties/consequences for poor supplier performance cause frequent operational disruptions	10	7.5%
Poor record-keeping of prices, deliveries, and quality assessments makes it hard to demonstrate financial discipline	28	21.1%
Over-reliance on personal relationships instead of objective criteria (quality, cost, delivery) signals weak governance	25	18.8%
<b>Total</b>	<b>133</b>	<b>100.0%</b>

**N = 133**

Some of the main problems raised by the owners of small and medium-sized enterprises in the Kyaka II refugee settlement are informal supplier sourcing and absence of documentation (45 respondents, 33.8%). Lack of proper documentation of performance measures of the suppliers (28 respondents, 21.1%) and over-reliance on interpersonal relations in decision-making processes instead of objective criteria (25 respondents, 18.8%) are other important issues that were mentioned. Insufficient capacity to perform audit or monitoring activities (25 respondents, 18.8%) and failure to apply sanctions against untimely or poor-quality delivery of products (10 respondents, 7.5%) are other significant factors that increase risks for investors.

**Table 9: Suggested Solutions to Improve Supplier Evaluation Practices and Attract More Investors**

<b>Suggested Solutions</b>	<b>Frequency Percent</b>	
Provide regular training workshops on structured supplier evaluation (quality checks, cost comparison, delivery tracking)	35	26.3%

Suggested Solutions	Frequency Percent	
Introduce affordable digital tools or simple record-keeping templates/apps for tracking supplier performance	18	13.5%
Develop and enforce clear, written procurement policies and supplier contracts in every SME	30	22.6%
Strengthen linkages with humanitarian agencies and development partners to facilitate supplier audits and quality training	22	16.5%
Create community-based supplier performance scorecards and group monitoring systems among SMEs	28	21.1%
<b>Total</b>	<b>133</b>	<b>100.0%</b>

**N = 133**

With an aim of solving all these problems, making investors trust SMEs, the most prominent idea of all the participants (35 people or 26.3%) was to organize training workshops from time to time about procedures to evaluate the suppliers with respect to their quality of product, price, and timely delivery. The second important idea put forward by 30 participants (22.6%) was to write down procurement policy of the SMEs and make proper agreements with the suppliers. Developing simple scoring cards and establishing proper monitoring system of performance of suppliers among the members of SMEs was suggested by 28 participants (21.1%). Cooperative work with other international agencies for auditing the suppliers' performance and training the personnel was advised by 22 people (16.5%), and the use of efficient technology was supported by 18 participants (13.5%).

All these suggestions have been proposed as a means of improving the process of evaluating suppliers, increasing operational transparency, reducing the perception of risk, and thus, bringing more formal investments into SMEs in Kyaka II.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

#### 5.1 Introduction

In this chapter, conclusions will be drawn from the results obtained, and recommendations will be formulated. This is the chapter that deals with the findings of the study about the effects of the methods used by suppliers to evaluate their products or services on investor confidence among small and medium sized enterprises in Kyaka II Refugee Settlement.

#### 5.2 Summary

These objectives guided the study: (i) to examine the influence of quality assessment, cost assessment, and performance of deliveries on investor confidence, (ii) to evaluate the level of investor confidence, and (iii) to analyze the correlation between supplier evaluations and investor confidence. Data collection involved 133 respondents using a self-administered survey questionnaire.

**Objective One:** The supplier evaluation practice had high influence (mean = 3.33, SD = 0.88), with quality (3.40) and cost (3.80) high but delivery moderate (2.80). This supports the findings of Omondi (2019), indicating that the practice signals reliability.

**Objective Two:** Investor confidence was high (mean = 3.75, SD = 0.86) but moderated by the transparency problem, as per the World Bank (2024a).

**Objective Three:** A high positive correlation ( $r = 0.68$ ,  $p < 0.01$ ) was recorded, rejecting  $H_0$  and verifying the existence of the relationship, confirming Kakwezi and Nyeko (2019).

**Participants' Recommendations:** Focused on training and technological means to deal with informal practices, supporting Mwangi and Kihara (2020).

### **5.3 Conclusion**

There was a strong influence of the evaluation practices of the suppliers on the investor confidence, with quality and costs being good factors while there were some issues in relation to deliveries. There was high investor confidence, but there are limits because of the lack of transparency. It shows the importance of having an evaluation process to build confidence and get finance.

### **5.4 Recommendations**

Recommendations based on findings include the following:

**Training Programmes:** Humanitarian organizations like UNHCR need to conduct training programmes on the evaluation of suppliers as recommended by Amoako and Lyon (2020).

**Adoption of Digital Technologies:** SMEs need to adopt digital technology that enables quality control, cost, and delivery analysis as indicated by Mugerwa and Okurut (2021).

**Policy Intervention:** Policy makers need to provide incentives to document procurement processes to enhance transparency and creditworthiness, according to Bianchi and Labory (2019).

**Linkage with Investors:** Development agencies can help in organizing forums between SMEs and investors as recommended by Omondi (2019).

**Future Research:** The future research needs to study the impact of evaluation practices on investments in refugee camps in the long run.

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## APPENDICES

### Appendix A: Self-Administered Questionnaire

Dear Respondent,

My name is Mukandungutse Florence from the School of Business at Uganda Christian University where I am currently studying a Bachelor's Degree in Procurement and Logistics Management (S23B12/076). This study is being conducted by me and is entitled "Impact of Supplier Evaluation on Investors' Confidence in Small and Medium Enterprises in Kyaka II Refugee Settlement". Participation in this study is optional, and all data will be treated confidentially. It is estimated that completion of the questionnaire takes about 10 - 15 minutes.

Thank you very much for your time and valuable contribution.

Sincerely,

Mukandungutse Florence

### SECTION A: BIODATA

Please tick (*/*) the appropriate box or fill in where necessary.

**1. Gender:**

- a) Male [ ]
- b) Female [ ]

**2. Business sector:**

- a) Agriculture [ ]
- b) Retail & Trading [ ]
- c) Microenterprise Services [ ]
- d) Social Enterprise [ ]

**3. Number of years your business has been operating:**

- a) 2-4 years [ ]
- b) 5-7 years [ ]
- c) 8-10 years [ ]
- d) More than 10 years [ ]

**SECTION B: STUDY OBJECTIVES**

Please indicate your level of agreement with each statement by ticking (*/*) the appropriate box. **5 = Strongly Agree 4 = Agree 3 = Not Sure 2 = Disagree 1 = Strongly Disagree**

No.	Quality Assessment	1	2	3	4	5
1	We regularly check that goods/services from suppliers meet our quality standards					
2	We have clear quality specifications that suppliers must follow					
3	We conduct supplier audits or site visits to verify quality					
4	We reject or return substandard goods from suppliers					
5	Customers rarely complain about the quality of products we source					
No.	Cost Evaluation	1	2	3	4	5
6	We compare prices from different suppliers before purchasing					
7	We keep records of supplier prices and payment terms					

8	We negotiate with suppliers to get the best possible prices					
9	We monitor and control procurement costs regularly					
10	Our procurement spending is within the planned budget most of the time					
<b>No.</b>	<b>Delivery Performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
11	Suppliers usually deliver goods on the agreed date and time					
12	We keep records of supplier delivery performance					
13	Suppliers deliver the correct quantity and type of goods ordered					
14	Late deliveries from suppliers rarely disrupt our business operations					
15	We have penalties or consequences for suppliers who deliver late					
<b>No.</b>	<b>Investor Confidence</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
16	Many investors perceive SMEs in Kyaka II as financially unstable or high-risk, limiting their willingness to invest.					
17	Investors face challenges verifying how suppliers are selected, paid, and monitored, leading to perceived of mismanagement.					
18	Poorly kept procurement records reduce investor confidence in the SMEs' ability to trace financial transactions.					
19	SMEs have limited awareness of what investors or lenders require, which affects their ability to access credit.					

20	The absence of proper business plans, cashflow statements, and audited records lowers the perceived credit readiness.					
21	Investors have little visibility of SMEs in Kyaka II because of weak investor-SME linkage and low business exposure.					
23	SMEs in Kyaka II often lack clear, written procurement procedures, making business processes appear informal.					
25	SMEs have been denied loans or investment in the past 2 years due to perceived financial instability or weak procurement practices.					

**SECTION C: RESPONDENTS’ SUGGESTIONS**

1. What are the biggest challenges SMEs of Kyaka II Refugee Settlement face in supplier evaluation practices towards improving securing investors’ confidences?

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2. What solutions do you suggest that would help SMEs in Kyaka II improve supplier evaluation practices and attract more investors?

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**Thank you very much for your time and cooperation!**