

**IMPACT OF SUPPLIER RELATIONSHIP MANAGEMENT ON SERVICE DELIVERY OF AN
ORGANISATION: A CASE STUDY OF SHIPAX AFRICA LIMITED**

PEACE KISAKYE

M21B12/018

**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**

June, 2024



**UGANDA CHRISTIAN
UNIVERSITY**

A Centre of Excellence in the Heart of Africa

DECLARATION

I Kisakye Peace a hereby declare that this is my original work and has never been submitted to any Institution of Higher learning either in total or partially for any academic award or publication

Sign.....

KISAKYE PEACE

M21B12/018

APPROVAL

This is to certify that this dissertation was written and compiled by Kisakye Peace under my supervision until its completion and is now approved in partial fulfillment of the requirements of the institution for the award of a Bachelor of Procurement and logistics management.

Signature:

Date:

Mrs. Tumuhamyé Mpilirwe Comfort

DEDICATION

This study is dedicated to my beloved parents, whose unwavering love, sacrifices, and encouragement have been the foundation of my journey. Your support has been my guiding light, and this work is a tribute to your boundless belief in me.

To my dearest friends, who have stood by me through every challenge, your unwavering support and uplifting words have been a constant source of inspiration. Your belief in my abilities has fueled my determination.

This dissertation is dedicated to all of you who have been part of this journey. Your love, encouragement, and unwavering belief in me have shaped not only this work but also my growth as an individual. May this dedication reflect a fraction of the gratitude and admiration I hold for each of you.

ACKNOWLEDGEMENT

I take this opportunity to thank God for this far He has brought me and most especially sound health during this whole year. With prayer on my lips, I knew that the courage to face my challenge was guaranteed

I am indebted to my family for their support , which made it possible for me to pursue this program and I also appreciate all my colleagues and friends for their support as well.

I also wish to extend special gratitude to my supervisor Mrs. Tumuhanye Mpilirwe Comfort for her advice, guidance and constant feedback which helped in the completion of this research. Her guidance, encouragement and patience in reading, correcting, re-reading and refining this work are commendable.

TABLE OF CONTENTS

<u>DECLARATION</u>	ii
<u>APPROVAL</u>	iii
<u>DEDICATION</u>	iv
<u>ACKNOWLEDGEMENT</u>	v
<u>TABLE OF CONTENTS</u>	vi
<u>LIST OF TABLES</u>	x
<u>ABSTRACT</u>	xi
<u>CHAPTER ONE</u>	1
<u>INTRODUCTION</u>	1
<u>1.0 Introduction</u>	1
<u>1.1 Background to the study</u>	1

<u>1.2 Problem statement of the study</u>	3
<u>1.3 Purpose of the study</u>	3
<u>1.4 Objectives of the study</u>	3
<u>1.5 Research questions</u>	4
<u>1.6 Scope of the study</u>	4
<u>1.6.1 Subject scope</u>	4
<u>1.6.2 Geographical scope</u>	4
<u>1.6.3 Time scope</u>	4
<u>1.7 Justification of the study</u>	4
<u>CHAPTER TWO</u>	6
<u>LITERATURE REVIEW</u>	6
<u>2.0 Introduction</u>	6
<u>2.1 Theoretical review/ definition of key terms</u>	6
<u>2.2 Supplier financial stability and performance of an organization</u>	8
<u>2.3 Supplier quality commitment and performance of an organization</u>	9
<u>2.4 Supplier competence and performance of an organization</u>	11
<u>CHAPTER THREE</u>	12

METHODOLOGY.....12

3.0 Introduction.....12

3.1 Research Design.....12

3.2 Study Population.....12

3.3 Sample size.....12

3.4 Sampling Techniques.....13

3.5 Data sources.....13

3.5.1 Secondary data sources.....13

3.5.2 Primary data sources.....13

3.6 Data collection methods.....13

3.7 Data collection instruments.....14

3.8 Validity and reliability of the instrument.....14

3.9 Ethical considerations.....14

3.10 Limitations of the study.....15

CHAPTER FOUR.....16

DATA PRESENTATION, INTERPRETATION AND ANALYSIS OF RESULTS.....16

4.0 Introduction.....16

4.1 Background of the study.....16

4.1.1 Gender of respondents	16
4.1.2 Age of the respondents	16
4.1.3 Education levels of the respondents	17
4.1.4 Departments of work	17
4.1.5 Experience of respondents	17
4.2 Findings on supplier evaluation	18
4.5 Findings on dependent variable (service delivery)	27
4.6 Effects supplier financial ability, quality commitment and competence on service delivery	29
4.6 Discussion of findings	30
CHAPTER FIVE	32
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION	32
5.0 Introduction	32
5.1 Summary of findings	32
5.2 Conclusions	33
5.3 Recommendations	33
REFERENCES	35
APPENDICES	38
Appendix I; Research questionnaire	38

LIST OF TABLES

[Table 1: Gender](#).....16

[Table 2: Respondents age](#).....16

[Table 3: Highest education level](#).....17

[Table 4: Department of respondent](#).....17

[Table 5: Working experience](#).....17

[Table 6 Findings on Supplier financial ability](#).....18

Table 7: Findings on supplier quality commitment	23
Table 8: Findings on service delivery	27
Table 9: Multiple linear regression model results	29

ABSTRACT

The study was carried out at Shipax Africa limited. The purpose of the study was to establish the impacts of supplier relationship management on service delivery at Shipax Africa Limited.

The research methodology for the study was Correlational research design. The sample size was 59 respondents and both simple random sampling techniques and purposive techniques were applied in selecting the respondents who were included in the sample. The researcher used questionnaires to collect data and data was analysed using SPSS version 25 at univariate and multivariate levels.

Study findings revealed that supplier quality commitment had a coefficient of 0.2574, p -value=0.0094 and t value=1.70 which showed that there is some significant effect on service delivery. The results also show that supplier financial ability had no significant effect of supplier financial ability on the service delivery with coefficient of 0.1793, t -value of 1.42 and p -value of 0.162>0.05. Lastly, the results depicted that supplier competence has a coefficient of 0.4589, a p -value of 0.000 which is less than 5% significance level which indicates that there was a strong significant effect of supplier competence on service.

They concluded that procurement planning practices that affects service delivery which included supplier competence and supplier quality commitment.

The study recommended that Shipax Africa Limited should always address and educate its employees on the ways how to minimize on their production costs through minimal utilization of available resources from their supplier which will increase on the service delivery.

CHAPTER ONE

1.0 Introduction

Supplier relationship management is a critical aspect of supply chain management in various industries, including the manufacturing sector, where product quality and safety are paramount. The success of supplier relationship management hinges on building and maintaining long-term partnerships with suppliers to improve the performance of the supply

y chain. This chapter explains in detail the background of the study, problem statement, and research objectives, and research questions, scope of the study and the significance of the study.

1.1 Background of the study

Parasuraman et al (1985) defined reliability of the service as the extent to which the service is performed right at the first time, the organization keeping its promises on accuracy, correct records and in performing the service at the designated time.

Anuradha Josh (2010) said that the impact of transparency and accountability on service delivery has always been an underlying and due to the world becoming very competitive and uncertain where the service quality, customer satisfaction and service innovation must be into consideration to improve the service delivery of the organization.

According to Neely (2005) organization of all sizes in Kenya are realizing that they no longer have complete control over their market success. This is because Kenyan businessmen rely heavily on the performance of their service delivery partners. Many large organizations are now insisting that their small and medium industrial suppliers help them improve service delivery costs, reliability and responsiveness. Gadeikjene (2007) carried out a research on customer satisfaction and its long-term relationship with the service providers. In 2020 Afeez Kolawole Shittu explained that service delivery refers to the extent to which the service provided by the listed sector meet or exceed the expectation of the beneficiaries.

The growth of various sectors of Ugandan economy, such as wholesale and retail and the service industry with the ever-increasing number of logistic activities has led to increasing number of consumers due to the easy service delivery in the organization. These trends go well for organization which are making further investments to cater for the growing demand of the services by the customers. Shipax Africa Ltd deals with different types of customers who need good service delivery. Service delivery is therefore the extent

to which the organization is reliable in delivering the service and the attainment of value for money.

1.2 Problem statement

Suppliers are important stakeholders whose operations can impact the overall performance of an organization in terms of timely and quality service delivery. The choice of an organization's supplier should be guided by an elaborate evaluation of the potential suppliers since the suppliers can impact on quality and timely service delivery of any organization. Delayed deliveries, poor quality products or services, non-completion of orders and even threats of litigation due to delayed payments is a common scenario experienced (Mutai & Okello, 2016). Shipax Africa Ltd has put in place efforts like training employees on the effects of service delivery on the organization to be able to identify the risks and acquire strong relationship with their suppliers in order to increase on the performance of the organization (Shipax status report 2021).

Despite all the efforts done by Shipax Africa Ltd, the organization still faces challenges of delay in the delivery of products, service which has led to reputational damage to the organization (Shipax status report 2021) But Shipax Africa Ltd is trying to look for ways on how it can improve the relationship between the organization and suppliers so that their service is continuously protected and monitored. Therefore, this study aims at finding out the impact of supplier relationship management on performance of the organization.

1.3 Purpose of the study

The purpose of the study was to establish insights on the impacts of supplier relationship management on service delivery at Shipax Africa Limited.

1.4 Specific objectives

1. To examine the impact of supplier financial stability on service delivery at Shipax Africa limited

2. To evaluate the effect of supplier's quality commitment on service delivery at Shipax Africa limited

3. To assess the influence of supplier's competence on service delivery at Shipax Africa limited.

1.5 Research Questions.

1) What is the impact of supplier financial stability on service delivery at Shipax Africa limited?

2) What are the effects of supplier's quality commitment on service delivery at Shipax Africa limited?

3) What are the effects of supplier's competence on service delivery at Shipax Africa limited?

1.6 Scope of the study

1.6.1 Geographical scope

The study was carried out from Shipax Africa limited located in Ntinda, Kibera close, Tulip building block C, level 3, suite C5

1.6.2 Content scope

The study focused on supplier relationship management and quality of services offered by Shipax Africa limited.

1.6.3 Time scope

The study was conducted for a period of five months from January to May 2024. Whereby the study looked at approximately 5(2020-2024) years back because they contain recent data concerning supply chain visibility.

1.7 Justification of the study

The study findings will pave and provide adequate information to shipax Africa limited on how supplier relationship management is crucial for the organization in order to promote timely and quality service delivery.

The study will be a source of reference to future researchers and academicians who may wish to conduct a similar study thus, it may help to close other information gaps that may have not been catered for in this study.

The findings of the study will help organizations to understand that supplier relationship management is a process vulnerable to personal.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

A literature review is a body of text that aims to review the critical points of current knowledge and or methodological approaches on a particular topic. This chapter presents literature on what supplier relationship management (SRM) is, supplier financial stability, quality commitment, their competence and organizational performance in terms of service delivery.

2.1 0 Theoretical review/ definition of key terms

2.1.1 Supplier relationship management (SRM)

Supplier Relationship Management (SRM) refers to the systematic, evaluation of suppliers' assets and capabilities with respect to procurement goals, choosing the approaches on how to handle the activities assigned to select suppliers, planning and managing interactions with suppliers, in an efficient manner across the supply chain, to maximize the value realized that is needed for supply chain and organizational performance (Chapkwony et al., 2020). According to supply chain experts, SRM is a comprehensive design of defining what they demand from a supplier and managing the connectivity between the companies to reach the required necessities (Matunga et al., 2021).

The supply relationships involve interactions buyer and supplier purchasing. Supply relationships measures the degree of closeness entered into a relationship for the purpose of

mutual benefit. The level of relationships depends on trust between the supplier and the buyer. Buyer-supplier relationship range from adversarial, arm length, transactional relationship, closer tactical, single sourced, outsourcing relationship, strategic alliance relationship, partnership and Co-destiny relationships (Mukabi et al., 2014).

According to Wachira (2013) study, Supplier Relationship Management (SRM) is concerned with the activities involved in planning strategically and managing the interactions with supply chain stakeholders in an organization that provides goods, services and information to a company in order to satisfy customer needs. He continued and provided that the focus of SRM is to maintain mutually beneficial buyer-supplier relationships with key suppliers who can deliver goods at superior stages of invention and the much-needed gains on matters competitive advantage that may not be possible while operating independently through a transactional purchasing approach.

According to CIPS (2012) the relationship spectrum with the selected supplier can be competitive or collaborative as shown below;

Under traditional competitive relationship is short term and the buyer bargain to obtain the best price possible from the supplier without critical look on to total cost of ownership, for the required product or service. The buyer focuses on minimizing cost which in turn lowers supplier profit margins. The competitive approach negotiation leads to win-lose situation, where any profits for the buyer are at the expense of the supplier. Competitive relationships are associated with limited information sharing, win-lose negotiations, poor lead time management and poor organization performance.

In Collaborative relationships both the buyer and supplier seek win-win negotiations, there is trust, information sharing, cooperation and the aim is to arrive at mutual goals. The elements of buyer-supplier relationship include trust & communication. A good relationship builds trust between the buyer and the supplier. An organization should be able to identify a trustworthy supplier who can be relied upon to supply goods and services to the organization on time (Mutio, 2015).

2.1.2 Service delivery

Lambert, Stock and Ellram (1998) defined service delivery as the alignment of firms that brings products or services to market. Note that these concepts of service delivery include the final consumers as part of the delivery. Another definition notes a service delivery is the network of organizations that are involved, through upstream and downstream linkages, in the different process and activities that produce value in the form of products and services delivered to the final consumers.

Externally an emphasis on communication, information exchange, partnering and performance monitoring integrates individual firm process with source, make and deliver activities of suppliers and customers. Integrated services delivery has been linked to the performance improvement in customer service areas such as order cycle time reduction and increase in on-time delivery of shipments, as well as indicators of cost performance that is to say decreased expedited shipments of freight and routing and scheduling improvement (Stank et al 1996).

The logistic literature suggests that the inter firm coordination functional integration, for example purchasing functions, a customer focused logistic strategy, and the management of logistics as an integrated activity are positively associated with operational performance. From the supply perspective, supplier development, supplier partnership, supplier involvement and strategic sourcing all positively influence the buying firm's operational performance. In addition, supplier partnership, supplier development and service delivery flexibility, all positively impact the buying firm's business performance (Kannan et al 2005).

Closer coordination of activities within and among firms throughout the service delivery creates flexible operating system characterized by coordinated source, make and deliver operations that drastically cut raw materials to consumer cycle time, enabling the firm to respond to actual market needs rather than anticipate demand with inventory. Coordinate planning and control of market and promotions, distribution, manufacturing and raw materials characterize into the firm integration.

2.1.3 Performance of organizations

Performance is defined as the achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost and speed (Afshan, 2013).

According to Hamad (2020) study on the effect of supplier evaluation on procurement functions performance of the public sector organization in Zanzibar, the performance of public sector organizations in terms of service delivery can be measured basing on on-time deliveries, and cost reduction and value for money.

On-time delivery evaluates the time taken for the supplier to deliver the services to the buyer as per the agreed time stipulated in the contract of sale between seller and buyer. It can be measured in terms of hours, days or month. Poor delivery is fueled by a number of factors including complacency of supplier, supplier incapability and poor expediting from a buyer. The more the delay of delivery, the more the deteriorating of performance in the organization. Cost reduction that is cost is measured in term of the monetary value of the product/service from the supplier and commonly it is the price charged by the supplier for the product/service delivered to the buyer. The price of the product is supposed to be reasonable and fair from the supplier to the buyer.

2.2 Supplier financial stability and performance of an organization

Supplier financial viability refers to the ability of the supplier financially to fulfill the buyer requirements (Beil, 2010). Supplier's financial condition need to be evaluated at the earliest stages of supplier appraisal. Some purchasers view the processes as a pre-screening exercise that a supplier must pass before a detailed evaluation process can begin (Handfield et al., 2008). A supplier that is financially unstable may need to insist on quality but the supplier is forced to cut on costs; a buyer may have a claim against the supplier but he may not have sufficient working capital; to meet it and a buyer may wish to insist on speed delivery but supplier cannot pay overtime (Lysons, 2008).

According to the Chartered Institute of Purchasing and Supplies (2012), financial statu

s and stability are measured by factors such as profitability, cash flows management, as sets owned, debts owed among other factors.

According Pamela (2013) study on the determinants of supplier selection and evaluation in Pakistan Telecom industry, supplier financial capacity expertise is a key factor which determines the eventual performance of both the supplier and procurement of an organization in terms of timely and quality service delivery, the study results showed a significant correlation between the financial capacity of supplier and ability of supplier to deliver which in turn enhances procurement performance.

The study revealed that supplier financial stability is a significant determinant of procurement performance that boosts procurement performance function by minimizing costs associated with re-advertisements of tenders due to pre qualified supplier's financial inability. The study further recommended that procurement office should evaluate suppliers' financial stability in determining suppliers' financial capability of supplying procure d goods/services (Ouko & Juma, 2020).

2.3 Supplier quality commitment and performance of an organization

According to Noshad and Awasthi (2015), supplier quality commitment can be defined as the assessment and monitor of supplier quality system and certification in comparison to buyer specifications.

The study on the impacts of Supplier relationship management on service delivery at Universities in Kenya revealed that supplier quality commitment has significant effect on procurement performance that is suppliers' level of quality in products and services obtained through procurement activities enhances service delivery of an organization (Mutai & Okello, 2016).

Quality can also be defined as the ability of the item/product/service to consistently meet the customer specifications or customer's expectations (Lysons & Farrington, 201

6).

The supplier quality can be assessed by looking on diverse dimensions like quality reliability, quality planning, quality inspections, quality assurance in every aspect of supplier operations and quality productions process. The quality is determined in the organization through the degree of conformance of the products and the services to the organization's needs (Kaynak & Hartley, 2018).

The study on supplier and procurement issues in Rwanda reported that quality commitment is a determining factor for qualified supplier and is a key element and a good resource to cut production and material costs in order to survive or sustain competitive position in respective markets, hence development of an effective and rational supplier evaluation and selection is desirable (Mukarumongi et al, 2018). The study performed in South Korea by Tracey (2008) revealed that supplier quality evaluation function's role has dramatically increased as companies sought to gain competitive advantage in the global market place and the effects of supplier quality evaluation were seen as a strategic resource for reaching high quality levels, fast delivery and cost savings.

A study conducted by Kitheka (2013) on supplier evaluation practices established that supplier performance measurement, supplier audits, supplier development and supplier integration are the most used supplier quality management practices. As a result of supplier quality management, organizations may experience reduced lead times, increased responsiveness to customers', orders and inquiries, customer loyalty, increased profitability, reduced opportunity cost from lost sales and effective communication between the organization suppliers as well as customers. The study further recommended that organizations must build into their systems quality measures and continuous inspections so that disappointments of customers through discontinuous supply or supply of poor-quality products. The quality criteria help the supplier in performance improvement whereas supplier appraisal is an effective motivation tool when it leads to continuous improvement activities and real supplier performance improvement. A buyer that appraises its suppliers help them motivated to improve on quality, delivery, and cost especially if these are used as yardsticks to unearth the cause of performance difficulties, improve understanding of b

business operations, cultural factors and the leadership at the supplier. Supplier competence is a significant determinant of procurement performance, since overall supplier capability in terms of product/service quality responsiveness guarantees customer satisfaction (Gordon, 2006).

2.4 Supplier competence and performance of an organization

Supplier competence refers to the ability of a supplier to meet the assigned work successfully in the agreed time frame, place and quality (Cox, 2001). The study revealed that supplier competence has significant effect on procurement performance of organizations whereby the supplier competence determines the understanding and satisfaction of buyer's needs that directly enhances meeting such needs in the desired time hence timely service delivery (Mutai & Akello, 2016).

The study on determinants of organization's procurement performance in Kenyan Universities established that the main concern of procurement function is to make sure that one buys from the best suppliers and also improve the current suppliers, therefore, organizations choose suppliers who have the capacity to deliver. The study further observed that supplier evaluation can work as a tool to influence future behavior of both buyer and supplier organization and by connecting procurement targets to certain supplier competence, organizations achieve higher supplier performance thereby leading to improved procurement and organizational performance (Kirande & Rotich, 2014)

Organizations expect a lot from their suppliers because they are confident that they have filtered their suppliers on very efficient basis after the pre-qualification of suppliers based on supplier competence but still, they are uncertain about the quality of the items to be delivered, on time delivery, commitment to quality, technology leverage, and overall performance of suppliers (Masceko, 2013). The report on monitoring the performance of suppliers pointed that strategic monitoring of competence of suppliers is critical in management of performance operations and most importantly, management of supplier-buyer relationship therefore, it is important that any procurement and supplies professional

have the required skills in supplier relationship competence determination so as to be in a position to develop appropriate performance criteria both for suppliers and the entire procurement function so as to enhance their contribution towards achievement of the desired standards (CIPS, 2013).

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methodologies that were used in the study and they include; research design, target population, data sources, sampling techniques and sample size determination, data collection tools and techniques, data compilation and analysis, validity and reliability and ethical considerations.

3.1 Research Design

The main purpose of the study was to establish effects of supplier evaluation on service delivery. Correlational research design was used to establish the relationship between supplier financial stability, supplier quality commitment and supplier competence with service delivery. This enabled the researcher make both statistical and administrative conclusions concerning supplier performance and service delivery.

3.2 Study Population

The study targeted a population of 70 employees of which 40 employees were from the department of procurement, 20 from accounts and finance department and then 10 from Human Resource department since employees from those departments had enough information concerning supplier evaluation and performance of an entity.

3.3 Sample size

The sample size of this study was determined using Krejcie & Morgan's Table (1970) of sample size determination since the target population is known. The Krejcie & Morgan's

Department	Population, N	Sample size, S
Procurement	40	34