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Effect of supplier selection on organizational performance in Oryx Energies Limited

Silver Phidelis Muthoni Muchiri and Samson Kitheka
Jomo Kenyatta University of Agriculture and Technology.

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ABSTRACT

The study aimed to assess the effect of supplier selection on the performance of Oryx Energies Kenya Limited. The objectives of the study were to determine the effect of supplier selection on the organization performance, to assess the effect of supplier qualification on organization performance, to find out the effect of contract award to the suppliers on organization performance. The study used Greg system theory, the Lean supplier competence model and Agency theory. The research used descriptive survey design because it collects data in order to answer questions concerning the current situation of subject. The study involved 231 officers in procurement department. The survey used stratified random sampling technique in order to achieve its purpose. A sample size of 92 respondents was reached through proportionate stratified sampling. The study used questionnaires which were self-administered to the respondents who were given a period of two weeks to fill them. The study adopted qualitative data analysis. The analyzed data was then presented in tables, charts and graphs so as to facilitate clear interpretation of results and assist in drawing of conclusions and discussions followed immediately explaining on the same. The descriptive statistical tool helped in describing the data and determining the respondents' degree of agreement with the various statements under each factor. Data analysis was done with the help of SPSS version 22.0. The study showed that all the variables had Cronbach Alpha of more than 0.9 this shows that the tool used to collect data set was reliable and consistent; All variables had skewness and kurtosis value within the acceptable range, which shows that the data was normally distributed. The study also concludes that that supplier contract award, supplier qualification and supplier identification have direct correlation with organization performance such that organization performance increases with each increment in the effectiveness of each factor. The study also conclude that the organization financial position has really been affected because the company relies so much on the supply chain in terms of cost cutting, it's also clear that the organization takes long to implement the laid down policies. The study recommended that the management should introduce regular performance reviews and set up suppliers screening process this will help to keep tabs on their work and ensure they are fulfilling the organizations needs accordingly, the organization needs to have more than one supplier, and the supplier can be relied on in case of emergency orders. The researcher suggested that a similar study should be conducted in other related organizations in the oil business in other counties.

INTRODUCTION

According to Martin (2014), supplier selection in particular is crucial in management of a supply chain in any organization. The decision is one of the most fundamental and important decisions made by buyers and organizations. This is because supplier selection and management can be applied to a variety of suppliers throughout a products' life cycle from initial raw materials acquisition to end-of-life service providers supplier increasingly focus on their co activities it helps them to align their business model to avoid unplanned cross-subsidization of services and to be more competitive If you want to cut down the time it takes you to serve your customers, suppliers that offer you faster delivery will rate higher than those that compete on price alone Julian (2011).

Beil (2010) indicated that supplier selection as a process by which the buyer identifies, evaluates, and contracts with suppliers. The challenges in an organization make supplier selection a fertile topic for operations and management performance. Modern method of supplier selection are based on price of items which sometimes could not result into desired quality standards, therefore if supplier selection is done in an improper way quality is bound to be compromised and purchasing department may bare the blame. Proper supplier selection is very crucial and the most important decision purchasing personnel can make to obtain value for money this will lead to quality performance of organization which will translate to high sales volume of organization product (Erick, 2011).

Supplier selection in Supply chain is becoming the integral part of modern manufacturing organizations. Supply chains help the manufacturing organizations to increase their profit margins by means of effective procurement through a network of best chosen suppliers. It is estimated that for each dollar an organization earns on the sale of a product, it spends about 50-60% on goods and services efficient supply chains not only help to increase the profit margins by means of enhanced sales volume but also result in savings through reduced procurement costs. Bringing down the procurement costs can have a dramatic effect on the bottom line - a 5% cut can translate into a 30% jump in profits (Ferreira and Borenstein , 2012).

Athawale and Chakraborty (2011) deduced that the evaluation of suppliers was mostly done through a single criterion approach i.e. based on the lowest invoice cost. Ongoing research in the supplier selection domain has proved that this approach not only ignores other sources of indirect supplier costs associated with late delivery, poor quality etc., but also does not take into account the effects of other important criteria, like service, flexibility, reliability etc. Therefore, the supplier selection problems are now being treated and solved using multiple criteria approaches.

According to Jim and Phil (2010), efficiency of an organization depends on its performance Goals in its system Performance is referred to as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions. Denis & Terry (2015) indicated that strategic thinking is essential to the long-term success of organizations. The scope of strategic thinking encompasses the totality of an organization's long-term operations, including concurrent scanning of the organization's internal and external business environment. Effective management of the knowledge gleaned from these continuous reviews, in turn, then becomes a crucial factor influencing future strategic decisions related to alignment

Alexander (2012) indicated that specific performance gaps typically involves evaluating the Magnitude of the Gap knowing the specifics of the performance gap its important because they determine the scope and the type of response the Company needs the term Performance Measurement refers to any integrated, systematic approach to improving organizational performance to achieve strategic aims and promote an organization's mission and values.

Profile of Oryx energy's Kenya limited

Oryx Energies Kenya Ltd Kenya Limited was founded in Ten years ago as a Petroleum Trading Company, whose major Objective was to fundamentally trade in petroleum products with less emphasis in retailing and downstream markets. Recently in the year 2009, the Company acquired the LPG assets of Triton Petroleum Company (under Receivership) as part of a transformation program, where the company is Repositioning itself from a Trading Company to a fully-fledged downstream oil company. The company is now marketing the Trigas LPG Brand and Oryx Lubricants. Fuels marketing are now focusing on Exporting products to the Great Lakes Region. Oryx Energies Kenya Ltd Kenya Limited is registered under the companies act CAP 486. . (Oryx Energies, 2015)

The company is headed by the Managing director who is the Chief Executive officer of the company and a member of the board of directors. The Managing Director Oversees the day running of Oryx Energies Kenya Ltd Kenya Limited and reports directly to the Board of Directors. Oryx Energies Kenya Ltd Kenya Limited receives support regionally from the Oryx Oil Company (Dar es Salaam Tanzania.) Oryx Oil Company Tanzania is a bigger subsidiary of the AOG in the Eastern and Southern Africa Region In performing his duties the Managing Director is assisted by a management team comprising three Managers i.e. the Finance Manager, the Operations Manager, and the Sales Manager. (Oryx Energies, 2015)

The company is currently made up of four departments: Finance and Planning Department, Sales Department, Operations & Supply Department, Administration Services Section The company has various Depots based in different Geographic locations eg Nairobi ,Mombasa ,Nakuru, Eldoret, Kisumu. Which helps the company with a steady flow of goods and services to satisfy and delight its customers; it is with this Understanding in mind that there is need to evaluate the effects of supplier selection on organization performance. An Oryx Depot is yet to enjoy the Advantages of Inventory reduction, cost reduction, Damage reduction among others. The supplier selection controls has been forgone and not put to place appropriately, this has resulted to increased operating cost, minimizing, profit leading to Customer frustrations, unsettled customer complains, therefore this study aim at coming up Workable recommendations that will help to evaluate effects of supplier selection in the Depot operation The study will be carried out in Oryx Energies Kenya Ltd Kenya Limited Mombasa Depot located next to Bandari College Near sea forth shipping company (Oryx Energies, 2015)

Objective of the Study

1. To assess the effect of supplier identification and selection on performance at Oryx Energies Kenya Limited.
2. To determine the effect of suppliers qualification on performance at Oryx Energies Kenya Limited.
3. To find out the effect of supplier contract award of suppliers on performance at Oryx Energies Kenya Limited.

RELATED LITERATURE

Theoretical Frame Work

The following section presents theories on supplier selection. This study is anchored on two Major theories namely, Greg system theory, lean supplier competence theory, agency theory.

Greg System Theory

Grey system, originally developed by Deng (2012) on the basis of grey sets, is an important methodology for solving problems which involve uncertainties and aims at handling systems with unknown or incomplete information. Here, on the grounds of grey relations "grey" means poor, incomplete or uncertain information. Thus, the systems which lack information are referred to as Grey Systems Deng (2012). A grey system is a system which contains both known and uncertain unknowns, according to the theory the information is classified into three categories. This classification depends on the degree of information obtained. It is said to be white when it is completely certain; black when it is totally unknown and grey when it is insufficient (Cenglz, 2015).

According to Grey System Theory, in a practical business environment, in most instances, supplier selection takes place in an environment with less than perfect information. As such, there is some level of uncertainty in the decisions related to supplier selection. In such an environment, it is important to develop certain indicators or criteria; qualitative or quantitative that the supplier can be subjected to before selection.

The grey correlation analysis model has seven progressive steps was developed which include; grey generation aimed at gathering information on grey aspects, grey modeling done to establish a set of grey variation equations and grey differential equations, grey prediction aimed at achieving a qualitative prediction, grey decision, grey relational analysis and grey control Liu, (2012).

The theory of Grey System considers the following factors in deciding on the best supplier; Existence of key factors important to the buyer, the numbers of factors are limited and countable and can be directly attributed to potential suppliers, in dependability of factors and factor expandability. The theory applies the principle of series comparability to generate a grey relation. An evaluation matrix may be developed to facilitate this process. The best supplier is selected by choosing a goal and weighting the values of all evaluation factors based on the characteristics of materials to be sourced based on demand patterns in a supplier selection environment, this theory can be applied evaluation of critical performance areas by the procuring entities (Yang *et al*., 2014).

The Lean Supplier Competence Model

The Lean Supplier Competence Model was developed by Marks (2007).Through the model, a gap analysis can be charted and an action plan drawn to bridge the disparity in the organization. The model evaluates the supplier against the five categories supports the Lean techniques of Kaizen – continuous improvement. The Supplier Competency Model explains how organizations interact in the five areas of competency where there is varying degrees of performance ultimately to achieve lean organizational operations. Each category is broken down into specific "behaviors" or ways the company and the supplier interact with each other. These behaviors are rated from a"1" as "Less Lean" to a rating of a "5" as "More Lean." This measurement allows a company to determine placement of business based on common values and common strategic goals. Using this model, as the business philosophies of the company and the supply base draw together to eliminate waste, the natural result is a reduction of cost to the supply chain and to the ultimate customer

This theory is relevant in supplier selection since it advocates for working together. It is particularly important for an organization that is intending to foster lasting supplier relationship and those intending to build strategic partnership with suppliers. The sourcing organizations evaluate suppliers based on certain competence parameters and select the one that it would best work together with Kitheka *et al*., (2013)

Kuo and Lin (2012) indicated that with uncertainty in competitive business environment, OEMs placed in the middle of supply chain are facing challenges about product variety, lower cost and better quality. Lean thinking which aims eliminating wastes, reducing cost and improvement continuously provides a strategic guiding tool for OEMs so as to gain competitive advantages, Lean production system cannot be realized without a lean supply. A lean supply arrangement should provide a flow of goods, services and technology from suppliers to the Company It is important to emphasize on lean supply seamlessly between the Company and suppliers.

So the selection criteria for lean suppliers are usually focused on quality, cost, cycle time and delivery. It depends on the Company's specific situation.

Kim and Wagner (2012) deduced that the selection criteria is not a 'one size fits all'. But there are some basic principles to develop the selection criteria. In order to meet the need for lean production, the potential suppliers may be examined through the followings: quality assurance system; flexibility of production; responsiveness to changeable plans; capability for managing inventories; flexibility of delivery; reputations. Then suppliers need to be categorized based on short-term and long-term needs. The categorization determines the extent and responsibility for the metrics defamation expectations, gaps/opportunities, and improvement phases.

Agency Theory

Agency relationship is asserted to be a contract under which one or more persons (principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent, It is posited that when carrying out the tasks within the principal-agent relationship, the agent must choose actions that have consequences for both the principal and the agent. Furthermore, it is said that due to the fact that the aforementioned outcomes can be either positive or negative for each of the actors, the chosen action of the agent affects the welfare of both Rotich, (2015).

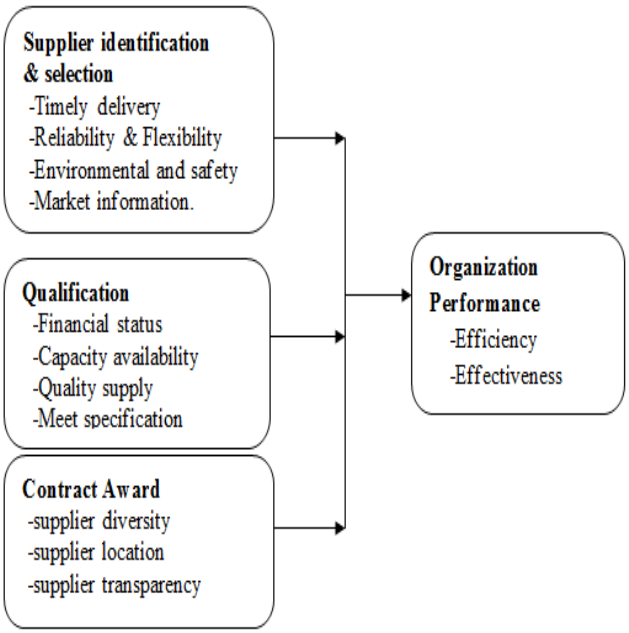
Relationship between buyer and supplier embodies principal agent relationships, where buyer is a principal and supplier is an agent, buyer and supplier are represented by different companies who have own goals and interests that might not be matching, this applies to environmental goals as well. Talking about supplier-buyer relationships in supply chains, it is important to take into account risks associated with this type of relationships. Companies entering into relationships

Expose themselves to a certain degree of risk coming from the lack of information about the other side and uncertainty about behavior of the counterparty. There could be a great number of 10 uncertainties coming from different parts of the supply chain that make the whole supply chain inherently vulnerable Maria (2013).

When buyer makes a decision regarding the supplier to buy from, it simultaneously accepts the waste stream generated by that supplier. In other words the company acquires not only a desired item but also “the waste created during the production of the good or service purchased and the waste associated with the disposal of the product at the end of its useful life Wiese (2013).

According to Faiz (2012) developments in agency theory are largely based on two important streams of inquiry, namely, principal-agent research and positivist agency theory. The classical approach to understanding agency theory has historically followed the principal-agent relationships route, which assumes that the principal and agent will attempt to maximize their positions through individual interpretation of the contract; this theory helps the two parties in the contract to manage and handle their contract role.

Conceptual Framework



(Independent variables) **(Dependent variable)**

Figure 2.1. Conceptual Frame Work.

Supplier Identification & Selection on Organization Performance

According to Benton (2012) before selecting your supplier, it is important to gather the opinions of stakeholders and define the criteria for the selection process. This list of stakeholders may include members from research and development, purchasing, marketing, quality assurance and any other area of operation. Partovi (2013) it is important to identify a few suppliers to assess their capabilities and compare pricing. The supplier selection team should work with the potential suppliers to establish specifications. Keeping in mind that the ultimate goal is win-win situation for the supplier and manufacturer; therefore, open and transparent communication is extremely important a key criterion in selecting the right supplier is value.

Marcus (2014) indicated that final product delivery reliability supply chain delivery reliability refers to the performance of the supply chain in delivering the correct product to the correct place at the correct time in the correct condition and packaging in the correct quantity with the correct documentation to the correct customer. Reliability generally refers to the ability to deliver products when promised An organization can have long lead times, yet still maintain a high level of reliability Three indicators identified to measure supply Chain delivery reliability are delivery performance, Maija (2010). The strength of supplier's commitment for on-time delivery service includes follow-up services is considered in the supplier selection The supplier's ability to deliver more quickly than its competitors can be an added advantage and satisfy their customers in respect to the overall business performance. Late deliveries may cause extra costs to the buyer. For example, if a certain component is missing from production, the whole production stays still costing the manufacturer a lot of money

According to Oliveira (2014) , flexibility in the supply chain is its agility in responding to random changes in the marketplace in order to gain or maintain competitive advantage Flexibility is thus a performance dimension that considers how quickly automotive manufacturers can respond to the unique needs of customers Flexibility has become particularly valuable in new product development.

Some organizations compete by developing new products faster than their competitors. This requires supply chain partners who are flexible and willing to work closely with designers, engineers and marketing personnel. Supply chain response time and production flexibility are two indicators for flexibility Supply chain response time measures the number of days it takes a supply chain to respond to marketplace changes without cost penalties Reliability should be another key consideration for choosing suppliers.

Reliable suppliers deliver the right goods or services on time, as described.

Large suppliers are generally reliable because they have enough resources and systems in place to make sure they can still deliver if anything goes wrong Oliveira (2014).

Kitheka *et al*., (2013) conducted a study on supplier evaluation practices established that supplier performance measurement, supplier audits, supplier development and supplier integration are the most used supplier quality management practices. The study also established that from supplier quality management, an organization may enjoy among other benefits reduced lead times, increased responsiveness to customers', orders and enquiries, 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 suppliers should maintain reliable records so as to avoid the problem of poor visibility and traceability and that the 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.

According to Suresh (2014), performance can be measured against agreed standards to reveal when and where improvement is needed. Active self-monitoring reveals how effectively the health and safety management system is functioning. Self-monitoring looks at both hardware (premises, plant and substances) and software (people, procedures and systems, including individual behavior and performance). If controls fail, reactive monitoring should find out why they failed, by investigating the accidents, ill-health or incidents that could have caused harm or loss

According to Beil (2010), information requests to suppliers once the buyer has identified potential suppliers, the next step in supplier selection are to formally request that the suppliers provide information about their goods or services. While there is no agreed-upon terminology, Suresh (2014) Supply market analysis is a technique which enables a contracting authority to understand how a market works, the direction in which a market is heading, the competitiveness of a market, the key suppliers and the value that suppliers place on the contracting authority as a customer. This can help inform, improve and shape the tendering process leading to improved procurement outcomes such as better value for money or service, reduced prices or achieving whole of government outcomes.

According to Garly (2012) distributor sharing of strategic information with suppliers is an important but under researched issue within the marketing discipline distributors share strategic information with suppliers based on factors that impact the perceived benefits, costs, and risks of such behavior. The sharing of internal strategic information has distinct determinants compared to those of external strategic information. The inter-relationships between environmental uncertainty and the sharing of internal strategic information, involving main and interactive effects, are especially interesting

Supplier Qualification on Organization Performance

According to Beil (2010) to avoid the dire outcomes of supplier non-performance, buyers typically take proactive steps to verify a supplier's qualifications prior to awarding them a contract. The primary goal of supplier qualification is to reduce the likelihood of supplier non-performance, such as late delivery, non-delivery, or delivery of non-conforming (faulty) goods. A secondary goal is simply to ensure that the supplier will be a responsible and responsive partner in the day-to-day business relationship with the buyer. Justus (2016) indicated that qualification of suppliers is a risk mitigation strategy employed by many major contractors, builders and government authorities. The process does not consist of a one-off assessment but is, in fact, a continuous process of review. The main objectives are to enable the assessment of the capabilities of suppliers and identify those with a requisite technical, managerial and financial capacity to deliver the contracted works in accordance with the specified requirements, minimizing contractual risks.

Mwikali & Kavale (2012) revealed that cost factors, technical capability, quality assessment, organizational profile, service levels and risk factors, in that order of relative importance, are key factors affecting supplier selection in procurement management. Supplier selection should be done by experts who are knowledgeable and have expertise to conduct the exercise professionally since supplier selection is a process vulnerable to personal and political interference especially in the public sector.

According to Hossein (2011) financial status checks the buyer may use published supplier ratings to determine the supplier's financial status and likely financial viability in the short to medium term. Financial Position is assessment of the financial stability and fiscal outlook of the supplier is a factor gaining in importance in the growing trend of forging supplier-buyer partnerships. Both buyers and sellers are looking for partners that are viable, ongoing concerns that will contribute to the relationship both for the present and in the future. A supplier on financially unstable footing will have much more difficulty contributing to the partnership venture, as it must focus its efforts on improving its financial soundness. Hence, both suppliers and buyers are becoming more mindful of the financial position of their potential partners in their decision making.

According Pamela (2013) supplier financial capacity expertise is one of the key factors which determine the eventual performance of both the supplier and organization performance, the financial capacity of supplier and ability of supplier to deliver which in turn enhances organization performance indicating a need for a strategic alliances for improved performance of the parties. Marcus (2014) indicated that cost is an important performance indicator. Performance costs include all costs associated with operating in the organization , including the cost of goods and total organization management costs are associated with forecasting, administration, transportation, inventory, manufacturing, customer service and supplier relationship management. Because cost performance is critical, it is tracked more carefully and comprehensively than any other aspect of competitive performance Cost control and cost reduction capabilities must be intrinsic to structure, processes, culture and technology foundation for an organization to survive and thrive.

According to Oliveira (2014) supplier's capacity to increase delivery quantities within short lead times is important as the buyer may be uncertain about their exact quantity needs over the life of the contract.

This is particularly true for long-term contracts where demand for the buyer's product may be heavily tied to unforeseen market events Lena (2012) Today, companies need to be more aware of their supply chains to stay competitive and meet an increased demand. The pressure on company leaders to know their whole supply chain is high and capacity planning is one of the key areas in order for operations to stay competitive. Planning starts with a forecast of a product need. The need can change over time and no forecast is definite since no one can predict the future. To be as well prepared for the changes as possible, specific detail decisions can preferably be taken later in the process, by postponing detailed decisions. Insecure capacity planning can create a problem with insufficient product availability. There are two different sides of a capacity problem, over- and under capacity. A capacity problem can be about whether to increase capacity or not, to decide between investing in new resources or use existing resources in a more efficient way. Kirande & Rotich (2014) indicated that organization function is to make sure that one buys from the best suppliers and also improve the current suppliers. The organizations therefore choose suppliers with who have the capacity to deliver supplier evaluation can work as a tool to influence future behavior of both buyer and supplier organization.

According to Noahad (2015), managing quality of suppliers is of prime importance in supply chains to minimize costs arising due to poor-quality products and services. Supplier quality development (SQD) is a strategic quality development activity for increasing quality, reliability and efficiency of suppliers. Indications of supplier quality the buyer might require that suppliers have ISO 9000 4 certification (or similar), indicating that the supplier has policies, procedures, documentation, and training in place to ensure continuous adherence to quality standards.

Hossein (2011) indicated that quality is generally defined as conformance to requirements or fitness to use. Customers require products and services of a given quality to be delivered by, or be available by, a given time, and to be at a price that reflects value for money. These are the needs of customers. An organization will survive only if it creates and retains satisfied customers and this can only be achieved if the products or services meet customer needs and expectations. Price and delivery are transient features whereas the impact of quality is sustained long after the attraction or the pain of price and delivery has subsided. Therefore, the fact that quality is on top of the list of critical success factors for supplier selection should not be surprising.

According to a study by Sanewu (2013) on the relationship between Supplies Quality and Organizational Performance indicated that the effective management of technology and quality is the key to increased quality and enhanced competitive position in today's global environment quality and operational efficiency are known as the greatest supply chain challenges. As a result the level of supplier selection practice positioning influences the degree of the organizational performance relationship between the firm's operational quality approaches and their performance. Quality management practices and supply chain management practices must be implemented conjointly to realize superior finance business results

According to Kitheka *et al*., (2013) supplier evaluation practices established that supplier performance measurement, supplier audits, supplier development and supplier integration are the most used supplier quality management practices. The study also established that from supplier quality management, an organization may enjoy among other benefits reduced lead

times, increased responsiveness to customers', orders and enquiries, customer loyalty, increased profitability, reduced opportunity cost from lost sales and effective communication between the organization suppliers as well as customers.

Marcus (2014) indicated that quality is conformance to requirement or fitness for use. Managing product quality in the supply chain is the shared responsibility of all participants.

Managing quality in the supply chain is the integration of the quality philosophy of the supplier quality system, the internal system of the vantage point firm and the quality the customer expects. Some of the indicators of quality include a formal quality assurance system, continuous improvement, statistical process control, six sigma limits.

According to Beil (2010) ability to meet specifications to rigorously check the supplier's capabilities the buyer might: Request samples of supplier products and test them to ensure conformance to the buyer's requirements. Visit the supplier's production facility and interview line workers and engineers to ensure that all members of the supplier team understand the critical features of the product in their charge. For example, a buyer seeking to purchase tires from a supplier may interview the design engineers to ensure they understand each aspect of the tire's design (for instance, the role of gum strips in preventing tread separation at high speeds). Audit the production facilities to ensure that production can and will only proceed in a manner approved by the buyer. For instance, the buyer may require the supplier to restrict their production to small batch sizes in order to prevent contamination outbreaks from spoiling the entire production run.

Sanewu (2013) deduced that the Purchaser must evaluate the quotes in accordance with the evaluation criteria stated in the Request for Quotes (RFQ). If a quote contains an apparent mistake (such as a math error), the Purchaser should put any requests for clarification in writing to the vendor and request that the response be in writing and submitted by a specified deadline. The Purchaser selects a vendor in accordance with the Evaluation Criteria and documents the results on the Vendor Selection Form (VSF). Depending on the specifications included in the Request for Quotes (RFQ), it may be necessary to request that a subject matter specialist (with no conflict of interest) provide technical input (such as an IS/IT staff to review computer specifications). The subject matter expert would review only the detailed specifications in the quotes received to determine if they meet the technical specifications in the RFQ.

Supplier Contract Award on Organization Performance

According to Dimitra (2014), a contract is awarded once the buyer has a sound methodology for evaluating suppliers, the process of contract awarding can begin. During this phase the buyer determines which supplier or suppliers to award a contract to. Supplier evaluation is a key ingredient in this process, but award decisions can hinge on more than just how the buyer evaluates the supplier. A contract with a supplier specifies what the supplier should do and how they will be paid by the buyer. At the highest possible level, contract terms relate to either monetary transfers (payment terms) or how the contract will be executed (non-payment terms). Contracts can specify any number of payment and non-payment arrangements. A few common ones are listed here to provide the reader with a sense of what types of contract terms the buyer might consider during negotiations and when making a contract award decision.

As a concept 'supplier diversity' is frequently taken to mean any initiative to broaden an organization's supply base, for example by increasing the number of suppliers with whom the organization does business. While this perception is understandable, it is not totally correct to essence the basic idea of such initiatives is to offer under-represented businesses the same opportunities to compete for the supply of quality goods and services as other qualified suppliers Diversity is a fact of life. With increases in international migration and globalization, countries are becoming more socially, economically and culturally diverse. Given current trends, such diversity can be seen as an asset that can be exploited strategically by organizations which seek to build diversity into employment, marketing and purchasing policies Brian (2013)

According to Jon (2014), diversity strengthens business by fostering unique perspectives, ideas and solutions. The same is true when it comes to procuring materials and services for business. Strive for a diverse set of suppliers that can help add value to business.

To promote opportunities for diverse suppliers to do business and providing competitively priced, high quality products and services – while enhancing economic opportunity in the communities in which the business is done. Jean (2014) in her study deduced that the buyer determines which supplier or suppliers to award a contract to. Supplier evaluation is a key ingredient in this process, but award decisions can hinge on more than just how the buyer evaluates the supplier.

Hossein (2011) indicated that dealing with distant suppliers might mean longer delivery times and extra freight costs. If you need something quickly, a local supplier might be a better option. But be sure to investigate freight policies of distant suppliers. Bulk orders, for instance, might get you free shipping or you might be able to combine different orders to reduce costs. With the advances in logistics and information technology, business has transcended geographical boundaries. The globalization of the world economy has resulted in an increase in the number of firms that have shifted their concentration on domestic sourcing to development of supplier bases around the world The relaxation of trade barriers and the awareness of the relative strengths of the diverse geographical regions of the world have led to this increased interest in international sourcing.

According to Ruth (2012), information technology continues to introduce more advanced means for closer coordination of supply chains; we can anticipate further reduction in the importance of the geo-graphic location of the vendor in the supplier selection decision problem. The location of the supplier and its physical and social status should be analyzed properly before selection of global partner. The home country of the supplier, the location of plant, the nature of natural calamities, and other factors should be checked before the selection because for long-term relation it may create problems in the supply of the good. Wawasan (2011) deduced that geographical location is another important factor in supplier selection, as it impacts delivery lead time, transportation, and logistics costs. Some organizations require their suppliers to be located within a certain distance from their facilities.

3. METHODOLOGY

The study employed a descriptive research design. Fluid (2014) indicated that descriptive study is one in which information is collected without changing the environment (i.e., nothing is manipulated). Sometimes these are referred to as correlational or observational studies. Descriptive studies, in which the researcher interacts with the participant, may

involve surveys or interviews to collect the necessary information Cooper and Schindler, (2013).

Descriptive studies in which the researcher does not interact with the participant include observational studies of people in an environment and studies involving data collection using existing record descriptive research is conclusive in nature, as opposed to exploratory. This means that descriptive research gathers quantifiable information that can be used for statistical inference on your target audience through data analysis. As a consequence this type of research takes the form of closed-ended questions, which limits its ability to provide unique insights. However, used properly it can help an organization better define and measure the significance of something about a group of respondents and the population they represent.

In this study the population will be the procurement department in Oryx Energies Kenya Limited which is situated in head office. The study involved 231 officers in procurement department as indicated in the table below (Oryx Energies, 2016).

Table 3.1. Population Size

Officers	Target population
Tender committee	53
Procurement	39
Finance controller	51
Logistics	46
Warehousing	42
Total	231

Source: Oryx Energies Kenya Ltd Kenya Limited, 2016

A sample size of 92 respondents was reached through proportionate stratified sampling as worked below. This is a 40% selection criterion. According to Mugenda and Mugenda (2003), a representative sample is one that is at least 10% of the population of interest but for better and more representative results a higher percentage is better.

Within each stratum (organization) simple random sampling was employed to specifically pick on the sample size from each department. The formula used was as follows, for example

Sample Size = $^{x}/_{n}$ * Z = y

Where: $^{x}/_{n}$ = weight over population

Z = sample space

Y = sample size

Hence, sample size determined in each stratum was achieved as follows;

Table 3.2. Sample Size.

Officers	Target Population	Percentage	Sample Size
Tender committee	53	40%*53	21
Procurement	39	40%*39	16
Finance controller	51	40%*51	20
Logistics	46	40%*46	18
Warehousing	42	40%*42	17
Total	231	40%*231	92

Source: Oryx Energies Kenya Ltd Kenya Limited, 2016

Data Analysis and Processing

Data analysis method refers to examining what has been collected in a survey or experiment and making deductions and inferences; it included scrutinizing the acquired information and making inferences Kombo & Tromp (2006). Once the questionnaires were collected, they were carefully edited to detect errors and omissions for consistency and completeness. The objectives were analyzed therefore, descriptive and inferential statistics were employed to analyze the data in form of percentages and frequencies, then presented in tables, charts and graphs so as to facilitate clear interpretation of results and assist in drawing of conclusions and discussions follow immediately explaining on the same. Data analysis was done with the help of SPSS version 22.0. Regression and correlation analysis was conducted to test the relationship of the variables with Organization performance. The study assumed a multivariate regression model. The multiple regression models were computed as follows;

$Y = ß0 + ß_1X_1 + ß_2X_2 + ß_3X_3 + \varepsilon$

Whereby;

Y = Organization Performance (value of dependent variable)

β = The constant Variable or coefficient of intercept

X_1=Supplier's Identification

X_2=Supplier Qualification

X_3=Supplier Contract award

ε =An error term

β1...β3 =The corresponding coefficients for the respective independent variables

Hypothesis Testing

Symbolically the hypotheses are expressed as;

Ho: = 0.5 or Ha: ≠ 0.5

The stated alternative hypotheses will be tested at 95% confidence level (α = 0.05), whereby;

When P - value ≥ 0.5 the observed difference is "not significant" and When P - value ≤ 0.5 the observed difference is "significant". There are two types of statistical hypothesis. The null hypothesis is usually the hypothesis that sample observations result purely from chance, while alternative hypothesis indicates that sample observations are influenced by some non- random cause.

RESEARCH FINDINGS

Supplier Qualification

Table 4.1. Supplier Qualification.

Supplier Qualification	Mean	SD
Does the committee audit the supplier financial status before awarding contracts	4.29	.873
Is Orx energies Kenya certified	4.64	.909
Does your company purchase against agreed specification	4.65	.912
Does your supplier have the capacity to meet the organization demand	4.62	.952
Is quality control system in place in the organizations supply chain line	4.10	.750
The organization request for thesis from suppliers	4.17	.848
The selection committee uses reference checks with other procuring entities	4.29	.838

The respondents were asked to rate the extent to which supplier qualification affect performance, at Oryx energies and the results were as shown in table below 4.1. Whether the company purchase against agreed specification had a mean of 4.65 with a standard deviation of 0.912. Whether the supplier have the capacity to meet the organization demand was supported by amean of 4.62 and a standard deviation of 0.952.

Table 3.3 Hypothesis Testing.

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.		Decision
	B	Std. Error	Beta			
(Constant)	3.950	.420		9.399	.000	significant
Qualification	.629	.045	.703	2.896	.000	Significant
Identification	.237	.101	.236	2.338	.023	Significant
contract award	.657	.114	.582	5.762	.000	Significant

b. Dependent Variable: performance

Whether quality control system is in place in the organizations supply chain line had a mean of 4.10 and a standard deviation of 0.750. Whether the organization request for thesis from suppliers had a mean of 4.17 with a standard deviation of 0.848. Whether the selection committee uses reference checks with other procuring entities was supported by a mean of 4.29 and a standard deviation of 0.834. These findings are in line with the study by Sanewu (2013) on the relationship between Supplies Quality and Organizational Performance which indicated that the effective management of technology and quality is the key to increased quality and enhanced competitive position in business environment quality and operational efficiency. As a result the level of supplier selection practice positioning influences the degree of the organizational performance relationship between the firm's operational quality approaches and their performance.

Supplier Identification

The respondents were asked the extent to which extent they agree on the influence of some of the components of supplier identification on Organizational Performance.

Table 4.2. Supplier Identification .

Supplier Identification	Mean	SD
Is your company compliant with the relevant licensing body	4.05	.890
How frequently does your supplier carry out market survey to update the organization on current market trends	4.00	.949
Your supplier has stock monitoring system which helps to control stock levels	4.82	.860
How frequently does the organization incur extra expenses related to suppliers delays	4.01	.770
Can you rely of your supplier just in case of an emergency need	4.92	.907
The organization considers the price, delivery and quality of service	4.58	.991
The organization arranges pre-bid meetings with suppliers	4.48	.852

As shown in the Table 4.2 above, the researcher sought respondent's views on the effect of supplier identification on performance at Oryx Energies Kenya Limited: whether the company compliant with the relevant licensing body was supported by a mean of 4.05 and a standard deviation of 0.890.

The frequency of the supplier to carry out market survey to update the organization on current market trends had a mean of 4.00 and a standard deviation of 0.949. Whether the supplier has stock monitoring system which helps to control stock levels had a mean of 4.82 with a standard deviation of 0.860. The frequency the organization incur extra expenses related to supplier's delays was supported by a mean of 4.01 and a standard deviation of 0.770. Whether the organization arranges pre-bid meetings with suppliers was supported by a mean of 4.48 and a standard deviation of 0.852. Results show that the respondents agreed that most of the components of the supplier identification affect organization performance.

These findings are in line with the study by Partovi (2013) which indicated that it is important to identify a few suppliers to assess their capabilities and compare pricing. The supplier selection team should work with the potential suppliers to establish specifications, keeping in mind that the ultimate goal is win-win situation for the supplier and manufacturer; therefore, open and transparent communication is extremely important a key criterion in selecting the right supplier is value.

Supplier Contract Award

The respondents were asked the extent to which they agree on the influence of some of the components of supplier contract award on Organizational Performance.

Table 4.3. Supplier Contract Award.

Supplier Contract Award	Mean	SD
Your company has contract management system to monitor ongoing contracts	3.93	.812
The company observes total transparency during contractor awarding	4.13	.954
The organization considers the location of the supplier before they award the contract	4.20	.809
Does your company rely on only one supplier	4.10	.752
Does the company mostly create long term or short term customer supplier relationship	3.62	.931
The organization ensures that suppliers implement effective supplier management programmes	4.19	.933
The organization developments of strong relationships with suppliers after the awarding of the contracts	3.70	.889

As shown in the Table 4.3 above, the researcher sought respondent's views on the effect of supplier contract award of suppliers on performance at Oryx Energies Kenya Limited: whether the company has contract management system to monitor ongoing contracts was supported by a mean of 3.93 and a standard deviation of 0.812. Whether the company observes total transparency during contractor awarding had a mean of 4.13 and a standard deviation of 0.954. Whether the organization considers the location of the supplier before they award the contract had a mean of 4.20 with a standard deviation of 0.809. Whether the company relies on only one supplier was supported by a mean of 4.10 and a standard deviation of 0.752. Whether the organization ensures that suppliers implement effective supplier management programs had a mean of 4.19 with a standard deviation of 0.933. Whether the organization developments of strong relationships with suppliers after the awarding of the contracts was supported by a mean of 3.70 and a standard deviation of 0.889. These findings are in line with the study by jean (2014) who deduced that the buyer determines which supplier or suppliers to award a contract to. Supplier evaluation is a key ingredient in this process, but award decisions can hinge on more than just how the buyer evaluates the supplier.

Organization Performance

In this research the dependent variable was organizational Performance. The summary of the descriptive statistics is given by table 4.4.

Table 4.4. Organizational Performance.

Organizational Performance	Mean	Std. Deviation
The financial position of the organization has been stable and increasing for the last one year	4.03	.890
There has been an increase in sales due to increase in customer purchases	4.24	.921
The organization has acquired new assets for the last one year	4.36	.836
It takes long to implement a new policy in the organization due to undefined company procedures	4.46	.893
There has been an increase of the market share the company hold for the last one year	4.14	.974
The organization is putting greater pressure than ever on supply chain	4.23	.872
The organization focus on supply chain that are both fast and efficient	4.19	.981

As shown in the Table 4.4 above, the researcher sought respondent's views on the trend of organizational

performance in Oryx Energies Kenya Limited: whether the financial position of the organization has been stable and increasing for the last one year was supported by a mean of 4.03 and a standard deviation of 0.890. Whether there has been an increase in sales due to increase in customer purchases had a mean of 4.24 and a standard deviation of 0.921. Whether the organization has acquired new assets for the last one year had a mean of 4.36 with a standard deviation of 0.836. Whether it takes long to implement a new policy in the organization due to undefined company procedures was supported by a mean of 4.46 and a standard deviation of 0.893. Whether there has been an increase of the market share the company hold for the last one year had a mean of 4.14 and a standard deviation of 0.974. Whether the organization is putting greater pressure than ever on supply chain had a mean of 4.23 with a standard deviation of 0.872. Whether the organization focus on supply chain that are both fast and efficient was supported by a mean of 4.19 and a standard deviation of 0.981. Respondents were in agreement with all statements on the various components of the organizational performance. These findings are in line with the study Marcus (2014) performance management in an organization requires continues improvement and review as the company strives to meet higher standards to yield good performance.

Descriptive Statistics.

Table 4.5 highlights basic features of the data in the study, summarizing the sample and measures.

Table 4.5. Descriptive Statistics.

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
							Std. Error
Qualification	73	1.67	4.67	3.4002	.73241	-.834	.281
Identification	73	1.14	4.43	3.1169	.86831	-.413	.281
contract award	70	1.50	4.67	3.2655	.75679	-.679	.287
Performance	71	1.00	4.43	3.2284	.85692	-.978	.285

Normality Test

Normality is one of the assumptions of a linear regression model. Various methods exist in the literature on how to test the normality of a given set of data. Ali *et al*., (2016), showed that the measures of Skewness and Kurtosis statistics test was used to assess the normality of a given set of data. Kothari & Garg, (2014), states that skewness test statistics is based on mean and median while kurtosis measures the peaked-ness of the curve of the frequency distribution (Kothari & Garg, 2014). A data set with skewness and Kurtosis statistics of between -1 and +1 is considered to be normal. The results in Table 4.2shows that all the variables had a skewness and kurtosis values within the acceptable range.. Based on these results, it wasconcluded that data was normally distributed since their statistic values were between -1 and +1.

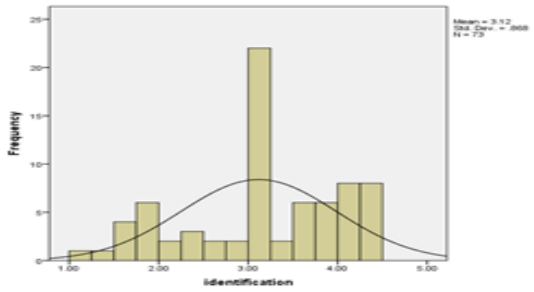


Figure 4.5.1.

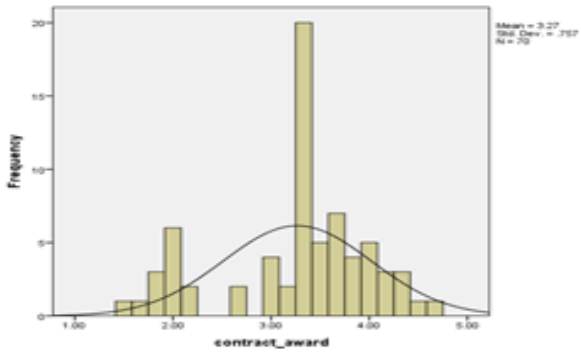


Figure 4.5.2.

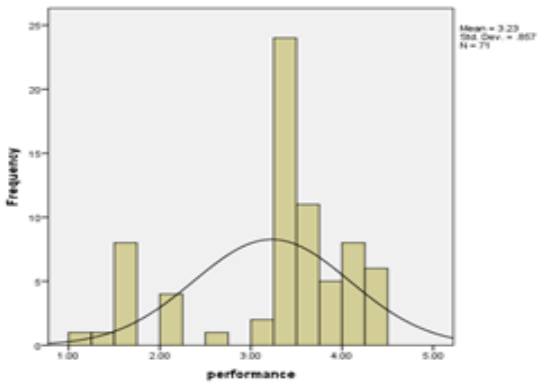


Figure 4.5.3.

Figures 4.7.1, 4.7.2, 4.7.3 and 4.7.4 confirm that all the dependent variable and the independent variable are normal. This supports the results of skewness and kurtosis.

Correlation Analysis

To establish the relationship between the independent variables and the dependent variable the study conducted correlation analysis as indicated in below table 4.6.

Table 4.6 shows that the study used Karl Pearson's coefficient of correlation and all the variables have a strong positive correlation with the independent variable.The correlation coefficient can range in value from -1 to +1, the larger the absolute value the coefficient the stronger the

Table 4.6. Correlation Matrix.

		Qualification	Identification	Contract Award	Performance
Qualification	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	73			
Identification	Pearson Correlation	.519**	1		
	Sig. (2-tailed)	.000			
	N	73	73		
contract award	Pearson Correlation	459**	.444**	1	
	Sig. (2-tailed)	.000	.000		
	N	70	70	70	
Performance	Pearson Correlation	.826**	.856**	.903**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	71	71	68	71

**. Correlation is significant at the 0.01 level (2-tailed).

relationship between the variables. It can be concluded that there is statistically significant positive correlationbetween the independent variables and the response variables.

Multiple Regression Analysis

Regression Results

In this study, regression analysis was used to test significant effect of independent variables on Organization performance. All the variables in the model were tested for multicollinearity based on correlation matrix and Variance Inflation Factor (VIF) values. According to Bryman and Cramer (2005) tolerance values between each pair of independent variables should lie between 0 and 0.80 and VIF should be between 1 and 10. Table 4.6 shows that all the variables Tolerance and VIF were within the acceptable range hence the issue of multicollinearity will not arise.

Table 4.7. Coefficients.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.950	.420		9.399	.000
	Qualification	.629	.045	.703	2.896	.000
	Identification	.237	.101	.236	2.338	.023
	contract award	.657	.114	.582	5.762	.000

a. Dependent Variable: performance

Regression results show that supplier qualification (supported by β=0.337, p-value = 0.000), supplier identification (supported by β=0.237, p-value = 0.023) and supplier contract Award (supported by β=0.657, p-value = 0.000) are all statistically significant in explaining organization performance.

After the computation of the factors under study against the organization performance; the findings indicated that qualification had a scored a p<0.001 connoting a strong relationship between supplier qualification and organization performance. These findings concur with a by Sanewu (2013) on the relationship between Supplies Quality and Organizational Performance which indicated that the effective management of technology and quality is the key to increased quality and enhanced competitive position in business environment quality and operational efficiency. As a result the level of supplier selection practice positioning influences the degree of the organizational performance relationship between the firm's operational quality approaches and their performance.

The findings indicated that identification had a P=.023 which is less than the significance level of 0.05. This shows a strong relationship between supplier identification on organization performance. These findings are in line with the study by Partovi (2013) which indicated that it is important to identify a few suppliers to assess their capabilities and compare pricing. The supplier selection team should work with the potential suppliers to establish specifications, keeping in mind that the ultimate goal is win-win situation for the supplier and manufacturer; therefore, open and transparent communication is extremely important a key criterion in selecting the right supplier is value.

Contract award had a p<0.001 connoting a strong relationship between supplier contract award and organization performance. These findings concur with a study by jean (2014) who deduced that the buyer determines which supplier or suppliers to award a contract to. Supplier evaluation is a key ingredient in this process, but award decisions can hinge on more than just how the buyer evaluates the supplier.

Therefore the best equation for this study:

$= Y = ß0 + ß_1X_1 + ß_2X_2 + ß_3X_3 + ε$

Whereby; $Y=3.950+0.237\ X_{1+}\ 0.629\ X_{2\ +\ 0.657}\ X_3$

As depicted in table 4.11 there was positive and significant effect of supplier identification on organization performance (β=0.237, p-value = 0.023), there was positive and significant effect of supplier qualification on organization performance (by β=0.337, p-value < 0.001), there was positive and significant effect of contract award on organization performance

(β=0.657, p-value < 0.001

Test of Hypothesis

Therefore, based on the research objective, the following hypotheses were formulated which were tested from table 3.9 below were the results which show that supplier qualification (supported byβ=0.337,p-value= 0.000), supplier identification (supported by β=0.237, p-value = 0.023) and supplier contract Award (supported by β=0.657, p-value = 0.000) are all statistically significant in explaining organization performance. This implied that the null hypothesis is rejected in all the cases and the alternative hypothesis is accepted.

Ho_1: There is no relationship between supplier identification and selection and organization performance at Oryx energies while the results in table 3.9 (by β=0.237, p-value = 0.023) supplier identification was found to have significance value in organization performance.

Ho2: There is no relationship between supplier qualifications and organization performance at Oryx energies, the results in table 3.9 (β=0.337, p-value = 0.000) supplier qualification was found to have significance value in organization performance

Ho3: There is no relationship between contract award and organization performance at Oryx energies, the results in table 3.9 (β=0.657, p-value = 0.000) contract award was found to have significance value in organization performance.

Goodness-of-fit Model

Table 4.8.Goodness-of-fit Model.

Model		R	R Square	Adjusted R Square
1		.920[a]	.847	.840

Table 4.8 illustrates that the multiple correlation coefficient R = 0.920 indicates there is a strong positive correlation between independent variables (suppliers identification, supplier qualification and supplier contract award) and organization performance at Oryx Energies Kenya Limited. Table 4.8 also reveals that the independent variables had explanatory power on organization performance as it accounted for 84.7% of the variability (R Square = 0.847) on the Model. This implies that the independent variables have a strong influence on the response variable.

Analysis of Variance (ANOVA)

Table 4.9 shows the analysis of variance of the study on the independent variables and the response variable. The results show that a significant relationship exists between independent and the response variable (F = 118.583, p = 0.000) as indicated in table 4.9.

Table 4.9. ANOVA.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	40.910	3	13.637	118.583	.000[b]
	Residual	7.383	64	.115		
	Total	48.293	67			

a. Predictors: (Constant), supplier's identification, supplier qualification and supplier contract award.

b. Dependent Variable: performance.

The analysis of variance (ANOVA) in Table 4.9above shows that the p value for the model is 0.000 and this implies that the model is statistically significant as it is lower than the

significance level of 0.05. This means that an increase in supplier selection in Oryx Energies Kenya Limited lead to an increase in organization performance while a decrease in supplier selection will lead to a decrease in organization performance in Oryx Energies Kenya Limited

Discussion of Key Findings

Supplier Qualification

The respondents were asked the extent to which they agree on the influence of some of the components of the Supplier qualification on Organizational Performance .The employee agree that the committee rarely audit the supplier financial status before awarding the contract enough times they doesn't purchase against the agreed specification and the quality control is not in place throughout supply chain, , but the organization is ISO certified and they committee use reference checks with other procuring entity , This shows that staffs strongly agree that the supplier Qualification has effect on organization performance, with overall mean of 4.39 and standard deviation of 0.7324. Supplier qualification had skewness and kurtosis value within the acceptable range the statics values were between -1 and +1, Regression analysis showed strong relationship between supplier qualification and organization performance $p<0.001$less than the significant level, This was also noted in ANOVA analysis that the p value was lower than the significant level which indicates increase in supplier qualification leads to increase in organization performance and vice versa. The process of supplier qualification is not a one off assessment; it's a continuous process of review, whose main objective is to assess the capability of the supplier.

Supplier Identification and selection

The respondents were asked the extent to which they agree on the influence of some of the components of supplier identification on Organizational Performance. The employee agree that the company is compliant with the licensing body and the committee arranges pre-bid meeting with suppliers however in rare occasion does the supplier update the organization on the current status in market and suppliers stock monitoring system is not in place thus they are not able to update the organization on stock levels, the company concentrates much on price more than delivery and quality service from the supplier ,resulting frequency emergency purchases which the company cannot rely on their supplier on emergency needs when they arise. The results shows that the staffs agree that there is effect of supplier identification in organization performance with the overall mean of 4.41 and standard deviation of 0.868, supplier identification had skewness and kurtosis value within the acceptable range the statics values were between -1 and +1, regression results showed P=0.023 which is less than the significance level of 0.05. This shows a strong relationship between supplier identification on organization performance the p value for the model is 0.000 and this implies that the model is statistically significant as it is lower than the significance level of 0.05. This means that an increase in supplier identification in Oryx Energies Kenya Limited lead to an increase in organization performance while a decrease in supplier identification will lead to a decrease in organization performance in Oryx Energies Kenya Limited the hypothesis testing too showed there is an effect of supplier identification on organization performance.

Supplier Contract Award

The respondents were asked the extent to which they agree on the influence of some of the components of supplier contract award on Organizational Performance. Results show that in all the cases the respondents were in agreement that supplier contract award influences organizational performance with an overall mean of 3.98. There was no significance variation among respondents. The employees were not sure if the organization targets to form long term or short term relationship with suppliers, they also disagreed that the company has put in place the system of monitoring the ongoing contracts, but there is strong agreement on the transparency in awarding contract despite that the organization rely on one supplier. Meeting organization demand is much considered than the location of the supplier. The 4.10.4 Organization Performance Dependent Variable

In this research the dependent variable was organizational Performance. The employee agree that financial position has been affected by the by the supply chain operations and the company relies on the supply chain to cut down operational cost, much of the company finances has been held in terms of stock, sales have been decreasing these affects the financial position of the company, however the organization takes long to implement policy, Respondents highly agreed with all statements on the various components of the organizational performance with a mean of 4.24 and standard deviation 0.857 hence no significant variation in response. Skewness and Kurtosis statistics of between -1 and +1 is considered to be normal. The results showed that all the variables including contract award had a skewness and kurtosis values within the acceptable range. Based on these results, it was concluded that data was normally distributed since their statistic values were between -1 and +1.Regression analysis showed that Contract award had a $p<0.001$ connoting a strong relationship between supplier contract award and organization performance.

4. CONCLUSION

From the finding the study established that supplier qualification has positive influence on organization performance, increase in supplier qualification increases organization performance. Supplier qualification involve resource and cost commitments in establishing and maintaining a robust and effective system, Specifying and gathering meaningful and relevant information, data integrity, Implementing a good supplier qualification program increases the confidence of testing facilities. Such a program should include at a minimum initial and yearly audits of the defined processes, documentation, equipment maintenance and staff training at the manufacture's facilities.

Supplier identification is a major core for an organization performance, from the study it qualifies identifying the right supplier is the back bone of organization performance right supplier is vital to organization, consideration need to be put in place of the right supplier who should be able to deliver products, at the right time, in compliance with the organizations Quality standards. Process such as mitigation against poor supplier performance and failures need to be put in place, When this process are in place the organization will enjoy high standards of product and service levels whilst offering sufficient capacity and business stability. This process helps customers and suppliers identify and remove hidden cost drivers in the supply chain and can be a motivator to suppliers to improve their performance and thus organization performance improvement.

The study establishes that contract awards have strong relationship with organization performance , proper contract awards to the right and qualified party improves the performance of the organization , mostly once contracts have been awarded they need continues management to ensure that

all parties to the contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money. It also protects the rights of the parties and ensures required performance when circumstances change, continues managing may include monitoring and documenting performance. Depending on the organization goals and objectives.

5. RECOMMEDTIONS

Based on the findings and the conclusions drawn, this study recommends the following managerial recommendations.

Oryx energies should consider establishing a supplier qualification program this will allow the management to create a comprehensive understanding that can be leveraged to influence stakeholders and create better decisions in ensuring effective supplier qualification. Management of Oryx energies should also strive to strengthen and monitoring the control systems so as to ensure successful prequalification system.

Oryx energies should introduce regular supplier performance reviews, and set up suppliers screening process which will help them keep tabs on their work and ensure they are fulfilling the organizations needs accordingly, Management of Oryx energies should ought to have well documented list of factors to be used in the initial stages of supplier identification so as supplier will be fully aware of what is expected of them, and the action to be taken if the agreed objectives are not met timely, this will help in identifying the right supplier.

Oryx energies need to implement contract management systems and should be adopted to monitor all the contracts that have been awarded this will help to conduct due diligence checks, it is important to verify past performance. These checks are especially important with all contracts high risk and high value contract, you can do reference checks or request for testimonials to check for past performance. Consider not awarding the contract to a supplier where performance issues have been identified negatively. Top management of the organization need to put in place control measures and checks of compliance with the agreed contracts.

Areas of Further Research

The researcher suggested that a similar study should be conducted in other related organisations in the oil business in other counties and even in other sectors of the economy in order to see if the same results will be achieved.

Further studies should also be conducted to examine what additional criteria are considered by procuring entity in supplier selection in multinational companies.

Further research can also be conducted to determine the impact of e-procurement systems on supplier selection.

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