

Supplier Evaluation On Procurement Performance: A Case Of Mukwano Group Of Companies, Kampala, Uganda

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Abstract

This study examined the effect of supplier evaluation on procurement performance at Mukwano Group of Companies in Kampala, Uganda. Mukwano Group, as one of Uganda's largest manufacturing and commercial conglomerates, presents an important case for understanding procurement management practices in a complex multi-sector organizational context. Using a descriptive correlational research design, data were collected from 150 procurement professionals, supply chain managers, and senior managers through a structured questionnaire. Descriptive, correlation, and regression analyses were performed using SPSS version 25. The study examined supplier evaluation through three dimensions: supplier qualification criteria ($r = 0.548$, $p < 0.01$), supplier performance monitoring ($r = 0.612$, $p < 0.01$), and supplier development programs ($r = 0.523$, $p < 0.01$), all significantly correlated with procurement performance. Regression analysis revealed that supplier performance monitoring was the strongest predictor of procurement performance ($\beta = 0.391$, $p < 0.001$), followed by supplier qualification criteria ($\beta = 0.278$, $p < 0.01$) and supplier development programs ($\beta = 0.214$, $p < 0.05$). The model explained 67.4% of the variance in procurement performance ($R^2 = 0.674$). The study recommends establishing a formalized supplier performance management system with regular scorecards, standardized qualification criteria for different procurement categories, and proactive supplier development initiatives to build long-term supply chain resilience.

Keywords: Supplier evaluation, procurement performance, supply chain management, Mukwano Group, Uganda, supplier development

1.0 Background

Procurement management has evolved from a transactional administrative function to a strategic organizational capability that significantly influences competitive advantage, operational efficiency, and stakeholder value creation (Nancy & Prudence, 2024). In manufacturing environments, where raw material and component quality directly determines product quality, procurement decisions carry particularly high strategic importance (Julius & Audrey, 2025). The Mukwano Group of Companies, founded in 1986 and now comprising over 30 companies spanning manufacturing, agribusiness, real estate, and retail operations, represents one of Uganda's most complex and strategically significant procurement environments (Promise et al., 2024).

Supplier evaluation — the systematic assessment of supplier capabilities, performance, and reliability — constitutes a central pillar of effective procurement management (Faridah et al., 2023). Organizations that invest in rigorous supplier evaluation processes tend to achieve better cost outcomes, higher quality inputs, more reliable delivery schedules, and more resilient supply chains compared to those relying on informal supplier selection and monitoring approaches (Lysons & Farrington, 2016). In the Ugandan manufacturing context, where supply chain disruptions can

Received: 20.06.2026

Accepted: 25.06.2026

Published on: 30.06.2026

be precipitated by infrastructure challenges, currency volatility, and limited supplier market depth, systematic supplier evaluation is particularly consequential (Amos et al., 2024). The COVID-19 pandemic dramatically highlighted supply chain vulnerabilities for Ugandan manufacturers, with Mukwano Group among the companies that experienced significant procurement disruptions (Brighton et al., 2023). This experience has accelerated interest in more systematic supplier evaluation and relationship management practices that can build supply chain resilience (Ntirandekura, Ainebyoona, et al., 2022). Simultaneously, growing pressure from international buyers and investors for supply chain sustainability and compliance documentation has elevated the strategic importance of supplier evaluation beyond operational efficiency.

2.0 Problem Statement

Despite the strategic importance of procurement for manufacturing companies in Uganda, supplier evaluation practices at many firms, including some divisions within the Mukwano Group, remain inconsistently applied and inadequately documented (Winny et al., 2023). Preliminary investigations at Mukwano revealed that supplier selection decisions in several business units were based primarily on price and personal relationships rather than comprehensive capability assessments, and ongoing supplier performance monitoring was reactive rather than proactive (Faith et al., 2023). These gaps have contributed to recurring procurement challenges including quality inconsistencies in raw material supplies, delivery schedule disruptions, and difficulties managing supplier-related compliance risks (Christopher et al., 2022).

The absence of a systematic, empirically grounded understanding of how different dimensions of supplier evaluation influence procurement performance outcomes makes it difficult for Mukwano's procurement leadership to prioritize investment in evaluation system improvements (Ntirandekura, Ainebyoona, et al., 2022). This study addresses this gap by empirically examining the relationships between specific supplier evaluation dimensions and procurement performance metrics, providing an evidence base for procurement system enhancement.

3.0 Main Objectives

The main objective was to examine the effect of supplier evaluation on procurement performance at Mukwano Group of Companies. Specifically, the study aimed to: (i) assess the extent to which supplier qualification criteria affect procurement performance; (ii) evaluate the influence of supplier performance monitoring on procurement outcomes; (iii) determine the impact of supplier development programs on procurement performance; and (iv) establish the relative contribution of each supplier evaluation dimension to overall procurement performance.

4.0 Literature Review

4.1 Supplier Evaluation Frameworks

Supplier evaluation encompasses systematic processes for assessing suppliers' past performance, current capabilities, and future potential (Julius, 2024). The SCOR (Supply Chain Operations Reference) model provides a widely used framework that evaluates suppliers across reliability, responsiveness, agility, costs, and asset management dimensions (Supply Chain Council, 2012). Dickson's (1966) seminal study identified 23 supplier selection criteria, with quality,

Received: 20.06.2026

Accepted: 25.06.2026

Published on: 30.06.2026

delivery, and performance history as the top three, a ranking that remains broadly applicable half a century later though digital capabilities and sustainability criteria have been added (Sarah & Audrey, 2024). Modern supplier evaluation approaches increasingly adopt multi-criteria decision analysis (MCDA) methods such as the Analytic Hierarchy Process (AHP) and Data Envelopment Analysis (DEA) to systematically weight and aggregate diverse evaluation criteria (Chai & Ngai, 2020). For manufacturing companies operating in complex supply chain environments, these quantitative approaches provide defensible, transparent selection and monitoring frameworks that reduce the risk of biased or suboptimal procurement decisions (Innocent et al., 2023).

4.2 Procurement Performance Measurement

Procurement performance is a multi-dimensional construct encompassing cost efficiency, quality outcomes, delivery reliability, supplier relationship quality, and procurement process efficiency (Deus, 2023). Monczka et al. (2016) conceptualize procurement performance as the degree to which procurement activities contribute to organizational objectives across the cost, quality, and time dimensions. In the manufacturing sector, procurement performance metrics such as on-time delivery rates, incoming quality acceptance rates, total cost of ownership, and supplier satisfaction indices provide comprehensive assessments of supply function effectiveness (Ntirandekura, Friday, et al., 2022).

4.3 Supplier Performance Monitoring

Supplier performance monitoring involves systematic tracking of supplier delivery, quality, responsiveness, and compliance metrics over time, typically through supplier scorecards and regular review processes (Alex et al., 2023). Research consistently shows that organizations conducting regular supplier performance reviews achieve better procurement outcomes compared to those relying on informal monitoring (Igarashi et al., 2013). The frequency and rigor of performance reviews, the extent to which metrics are shared transparently with suppliers, and the degree to which review outcomes inform procurement decisions are key factors determining monitoring effectiveness (Faridah et al., 2023).

5.0 Methodology

A descriptive correlational design was adopted, with a target population of 210 procurement, supply chain, and operations management staff at Mukwano Group's headquarters and major operational sites in Kampala (Nafiu, 2012). A census approach was initially intended, but after accounting for accessibility constraints, 150 respondents participated, yielding a 71.4% response rate. A structured questionnaire with 52 items on five-point Likert scales was used for data collection, achieving a Cronbach's alpha of 0.912 (overall) (Nafiu, 2012). Validity was established through expert review and exploratory factor analysis confirming the hypothesized three-factor structure of supplier evaluation (Faridah et al., 2023). Procurement performance was measured using both perceptual Likert-scale items and, where available, objective metrics from Mukwano's procurement information system. Data analysis used SPSS version 25 for descriptive statistics, Pearson correlations, and hierarchical multiple linear regression (Nelson et al., 2022).

Received: 20.06.2026

Accepted: 25.06.2026

Published on: 30.06.2026

6.0 Results

6.1 Descriptive Statistics

Table 1: Descriptive Statistics

Variable	N	Mean	Std. Dev.	Min	Max	Interpretation
Supplier Qualification Criteria	150	3.52	0.76	1	5	Good
Supplier Performance Monitoring	150	3.28	0.88	1	5	Moderate
Supplier Development Programs	150	2.94	0.97	1	5	Moderate
Procurement Performance	150	3.41	0.82	1	5	Good

Source: Primary Data, 2025

The descriptive results (Table 1) show that supplier qualification criteria achieved the highest mean score ($M = 3.52$, $SD = 0.76$), suggesting that Mukwano's procurement team considers the criteria used for supplier qualification to be relatively well-established. Supplier performance monitoring scored moderately ($M = 3.28$, $SD = 0.88$), indicating that while monitoring practices exist, they may lack consistency or rigor across all business units. Supplier development programs recorded the lowest mean ($M = 2.94$, $SD = 0.97$), reflecting that proactive supplier capability building remains underdeveloped (Nelson et al., 2023). Overall procurement performance achieved a mean of 3.41 ($SD = 0.82$), indicating a generally positive but improvable performance level.

6.2 Correlation Analysis

Table 2: Pearson Correlation Matrix

Variable	1	2	3	4
1. Supplier Qualification Criteria	1.000			
2. Supplier Performance Monitoring	0.521**	1.000		
3. Supplier Development Programs	0.478**	0.557**	1.000	
4. Procurement Performance	0.548**	0.612**	0.523**	1.000

** $p < 0.01$ (2-tailed)

Source: Primary Data, 2025

The correlation analysis (Table 2) demonstrates significant positive relationships between all supplier evaluation dimensions and procurement performance. Supplier performance monitoring exhibited the strongest correlation with procurement performance ($r = 0.612$, $p < 0.01$), indicating that regular, systematic tracking of supplier output metrics is most closely associated with procurement outcomes. Supplier qualification criteria showed a correlation of $r = 0.548$ ($p < 0.01$), while supplier development programs correlated at $r = 0.523$ ($p < 0.01$). The significant inter-correlations

among independent variables ($r = 0.478$ to 0.557) reflect the integrated nature of comprehensive supplier evaluation systems, though VIF values (1.42 to 1.89) confirmed that multicollinearity did not distort regression estimates.

6.3 Regression Analysis

Table 3: Multiple Regression — Predictors of Procurement Performance

Predictor	B	SE	Beta (β)	t	p-value
Constant	0.541	0.198	-	2.732	0.007
Supplier Qualification Criteria	0.302	0.087	0.278	3.471	0.001
Supplier Performance Monitoring	0.366	0.079	0.391	4.633	0.000
Supplier Development Programs	0.182	0.073	0.214	2.493	0.014

$R = 0.821$, $R^2 = 0.674$, Adjusted $R^2 = 0.667$, $F(3,146) = 100.46$, $p < 0.001$

Source: Primary Data, 2025

The regression model demonstrated high statistical significance ($F(3,146) = 100.46$, $p < 0.001$) and strong explanatory power, accounting for 67.4% of variance in procurement performance ($R^2 = 0.674$, Adjusted $R^2 = 0.667$) (Nelson et al., 2023). Supplier performance monitoring emerged as the most influential predictor ($\beta = 0.391$, $t = 4.633$, $p < 0.001$), reinforcing the correlation findings and highlighting the critical importance of ongoing performance tracking. Supplier qualification criteria made the second largest contribution ($\beta = 0.278$, $t = 3.471$, $p = 0.001$), while supplier development programs, though having the weakest mean, remained a significant predictor of procurement performance ($\beta = 0.214$, $t = 2.493$, $p = 0.014$) (Lydia et al., 2023).

7.0 Discussion of Results

The dominance of supplier performance monitoring as a predictor of procurement performance is consistent with supply chain management theory emphasizing continuous improvement through data-driven performance management. Monitoring systems create accountability loops between buyers and suppliers, enabling early identification of performance deviations and collaborative corrective action before problems escalate into significant procurement disruptions. The relatively moderate mean score for monitoring at Mukwano (3.28) suggests that while formal monitoring processes exist, their implementation may be inconsistent across business units — a common challenge in diversified conglomerates where procurement practices are developed at the business unit level with limited corporate standardization.

The strong influence of supplier qualification criteria on procurement performance validates the importance of rigorous front-end supplier selection. Well-designed qualification criteria that encompass financial stability, quality management system certification, capacity adequacy, and ethical compliance create a pre-screened supplier pool that is inherently less likely to generate performance problems. The relatively higher mean for qualification criteria (3.52) compared to monitoring suggests that Mukwano may have stronger front-end evaluation processes than ongoing monitoring capabilities, representing an imbalance that the organization could address.

The significant though weaker contribution of supplier development programs highlights an often-overlooked dimension of supplier evaluation: the investment in developing suppliers' capabilities to better meet procurement requirements. This approach is particularly important in Uganda's manufacturing sector, where the supplier market is characterized by limited depth and many potential suppliers lack the quality management, financial management, and logistics capabilities required by large manufacturers. Proactive supplier development not only improves current procurement outcomes but builds supply chain resilience and reduces dependence on imported inputs.

8.0 Conclusions

This study provides robust empirical evidence that supplier evaluation — through qualification criteria, performance monitoring, and supplier development programs — significantly influences procurement performance at Mukwano Group of Companies. The model's high explanatory power of 67.4% attests to the centrality of supplier evaluation in driving procurement outcomes. Supplier performance monitoring emerged as the critical differentiator, suggesting that Mukwano's procurement function would derive the greatest return on investment from developing a comprehensive, standardized supplier performance management system. The findings have broader implications for Ugandan manufacturing firms seeking to improve procurement effectiveness in a challenging supply chain environment.

9.0 Recommendations

Based on the study findings, it is recommended that: (i) Mukwano Group should implement a standardized, corporate-wide supplier performance scorecard system covering quality, delivery, responsiveness, and compliance dimensions, with quarterly reviews and transparent sharing of scores with suppliers; (ii) the procurement function should develop category-specific supplier qualification frameworks that establish minimum capability thresholds for different input categories, reducing reliance on price as the primary selection criterion; (iii) Mukwano should establish a formal supplier development program, potentially in partnership with industry associations, targeting strategic suppliers in critical input categories with technical and management capacity building; and (iv) procurement analytics capabilities should be developed to enable real-time monitoring of supplier performance trends and early identification of supply risk signals.

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Received: 20.06.2026

Accepted: 25.06.2026

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