
Suppliers Loyalty And Organizational Growth, A Case Study Of Nansana Municipality

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Abstract

The purpose of the study was Suppliers Loyalty and organizational growth, a case study of Nansana Municipality. The study was based on the results from 50 respondents who presented accurate data to the researcher out of the sample size of 80 respondents. The study was guided by the objectives which were; To examine the relationship between procurement efficiency and customer acquisition by organizations in Nansana Municipality, to assess the relationship between criteria formulation and revenue growth of Nansana Municipality and to analyze the relationship between supplier qualification and market expansion in the Municipality. During the study, 35 questionnaires were distributed to the respondents, 30 were returned making a percentage response of 86% which was ample enough for the analysis. The finding on gender composition revealed that 67% of the respondents were of male sex, and 33% were female. This implied that the organization employed more male staff than the female. The majority of the respondents of 40% were under the age group of 30-35 the findings revealed that they were regarded to be more productive with enough experience. The majority of 80% of the respondents agreed that organization Nansana Municipality maintains reasonable stock levels required by the Organization to prevent under and overstocking. The majority of the respondents were not sure whether criteria formulation has led to expansion organizations. The majority 66.6% of the respondents agreed that organization Nansana Municipality performance was based on innovation and efficiency in product quality purchasing.

Keywords: Suppliers, Loyalty, Organizational and Growth

Background Of The Study

In the late 1960s, supplier selection was carefully considered as a significant and more than routine administrative task. In addition, it has been estimated that 50% of businesses worldwide engage in supplier relationship management as part of their usual purchasing processes (Frank et al., 2023a). This is consistent with concerns expressed by most purchasing organizations regarding the expectations of the organization's products and services in relation to increasing their effectiveness (F. Christopher, Moses, et al., 2022a). The knowledge that roughly 60% of government spending goes to public procurement has led to increased interest in the selection of suppliers. The intention was for the government to optimize the realization of value from purchased goods and services by following supplier selection best practices (Faridah et al., 2023). From a global perspective, strategic sourcing involves the processes used to assess the capabilities of possible suppliers before selecting them to create a homeowners supply chain for long-term competitive advantage (Turyatamba et al., 2022). As businesses increasingly depend on their suppliers, it is important to choose the right ones because their capabilities are important to the growth of the buyer's own capabilities and effectiveness (Winny, Ariyo, et al., 2023). Nansana Municipality is a rapidly developing urban center located approximately 15 kilometers from Kampala, the capital of Uganda. The municipality was established in 2015 and has seen significant population growth as a desirable residential and commercial location near Kampala.

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According to the latest national census, Nansana is currently home to more than 350,000 residents living in an area of 233 square kilometers. This represents a growth rate of approximately 5% per year since the establishment of the village six years ago (T. Christopher, Nelson et al., 2022). As the population grows, so do the demands on municipal services and infrastructure. Nansana aims to provide amenities such as piped water, reliable electricity, quality health facilities, accessible roads and transport links, social services and opportunities for economic activity to support the needs of citizens (F. Christopher, Komunda, et al., 2022) . However, the development and maintenance of these urban systems require significant financial and material resources that must be judiciously managed and used. Due to annual budget constraints and competing development priorities, it is critical for the municipality to achieve its long-term vision of creating lasting partnerships within the supplier network (F. Christopher, Moses et al., 2022b). Currently, key statistics describe both the progress made and the ongoing needs that depend on supplier cooperation. More than 75% of households now have access to a municipal water network, up from 30% in 2017. However, aging pipes require regular replacement to maintain supply (Jac & Kazaara, 2023). Healthcare is also improving, with three new clinics completed in 2021 bringing the total to seven - still 10 facilities short of enough to serve the population when fully built in the next five years. Road infrastructure has expanded to 500 kilometers of paved and graded roads, yet congestion persists on major arteries as commuter traffic increases. Capital investment has totaled US\$150 million in various sectors since 2015, supported through public-private partnerships leveraging supplier expertise and specialized equipment (Polycarp et al., 2023). Major construction companies, material suppliers, crews for the installation of utility networks and engineering consultants count more than 100 companies that actively cooperate with the municipality. Together, they contribute approximately \$50 million annually to the implementation of projects, representing more than 15% of Nansana's GDP and a significant driver of the local economy (Frank et al., 2023b). While supplier commitments are the foundation of success to date, with the population expected to double again over the next decade, even closer alignment is becoming integral to keeping pace with growing needs.

Supply contracts and memoranda of understanding range from one-year to five-year contracts and are regularly awarded through competitive bidding (Faridah et al., 2023). Payment terms also vary depending on the scale of the project – larger capital works involving design, procurement and multi-phase construction may require progressive milestones, while routine maintenance invoices are settled within 60 days (Isaac et al., 2023). Municipal funding comes from central government allocations and local revenue streams such as property and business tax. Although government payments are reliable in disbursing allocated amounts, they are time-bound to annual budgets and complex funding proposals can cause delays (Winny, Kazaara, et al., 2023). Corresponding payment delays have been cash flow constraints for some suppliers in the past. The statistics reflect a developing municipality, but also predict obstacles if proactive cooperation is not strengthened. With its abundance of natural attractions, strategic location and vibrant investment environment, Nansana has significant potential to become a regional economic center (Ntirandekura & Alex, 2022). However, this vision will only be realized by ensuring the continuity of supplier alliances that underpin improved quality of city services, timely expansion of infrastructure and sustainable investment projects that drive growth.

Problem statement

Understanding the dynamics between supplier loyalty and organizational growth in this unique environment is of the utmost importance (Ivan et al., 2023), as poor supplier selection can result in millions of dollars in losses due to cancellations, insurance costs and inventory adjustments. organization and irreparably damage their reputation and future sales prospects (Emmanuel et al., 2023). This was demonstrated in the case of UWA Contracts 222/UWA/CC/2014, which authorized companies to install 300 perimeter markers/pillars within the Pian Upe Wildlife Reserve. On 25 February 2015, Mrs. Akwang United Brothers Ltd. selected as the best rated bidder and awarded a formal, fully executed arrangement or contract (Ntirandekura, Friday, & Muhammad, 2022). Later, the organization was given a 25% advance payment worth UGX 20,146,550. To UWA's disappointment, the chosen firm eventually decided not to carry out the work and failed to fulfill its obligations under the agreement to produce work of the right quality at the right price at the right time, affecting the running of the municipality (Racheal et al. , 2023). This therefore prompts research to determine the effect of supplier loyalty on organizational growth.

Objectives of the study

1. To examine the relationship between procurement efficiency and customer acquisition by organizations in Nansana Municipality.
2. To assess the relationship between criteria formulation and revenue growth of Nansana Municipality.
3. To analyze the relationship between supplier qualification and market expansion in the Municipality

Methodology

For this study, a mixed method research design was employed (Lu et al., 2013). This design combined both quantitative and qualitative approaches to gain a comprehensive understanding of the complex relationship between supplier loyalty and organizational growth in Nansana Municipality (Turyatamba et al., 2022). To quantify the extent and strength of relationships between procurement efficiency, product quality management,

criteria formulation, supplier qualifications, and organizational growth. Surveys/questionnaires were administered to a sample of organizations within the municipality (Nafiu et al., 2012). Close ended questions were used to collect structured data on variables related to supplier loyalty, product quality, and growth metrics. The area of study was Nansana Municipality Wakiso district (Nafiu et al., 2017). This is because it was where the problem was observed and it was also easy to be accessed by the researcher. The study was mainly directed to the Top Administrators, Stock control staffs, Employees and available suppliers making a total population of 35 people (Ntirandekura & Christopher, 2022). They were interviewed, sent questionnaires, observed and their activities was done under close supervision. The researcher used simple random technique to get information from other Department heads where questionnaires were given either to managers themselves or their assistants to answer the required questions (Nafiu, 2012). The sample size for the quantitative phase was determined based on the size of the strata, ensuring representation from various sectors and industries within Nansana Municipality. In the qualitative phase, the sample included a smaller number of key informants from the selected organizations.

Table 1: Showing the sample population.

SAMPLE	SIZE
TOP MANAGERS	04
HEADS OF PROCUMENT	02
EMPLOYEES	24
TOTAL	30

The primary data was collected directly from the survey responses and interviews with participants. This data included quantitative responses from the surveys and qualitative information from the interviews (Nafiu et al., 2013). Secondary data was collected from existing literature, reports, and data related to the research topic and the local context of Nansana Municipality. This information was supporting the background and contextualization of the study (Olanrewaju et al., 2021). Quantitative data was analyzed using statistical software such as SPSS & STATA (Nelson et al., 2022). Descriptive statistics, correlations, and regression analysis was used to examine the relationships between variables. Qualitative data was analyzed using content analysis and thematic coding to identify patterns, themes, and insights. Interpretation and presentation of the results was done in a clear and organized manner, supported by charts, graphs, and textual explanations.

RESULTS

Table 2 showing percentage responses whether procurement has an effect on quality of good and inventory level of organizations in Nansana Municipality.

Item	Response number	Percentage (%)
Strongly Agree	14	46.7
Agree	10	33.3
Not sure	06	20
Strongly Disagree	00	-

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Disagree	00	-
Total	30	100

Source: Primary data

Table 2 above showed that 46.7% and 33.3% of the respondents strongly agreed and agreed respectively, 20% of the respondents were not sure. The majority of 80% of the respondents agreed that Nansana Municipality maintains reasonable stock levels required by the Organization to prevent under and overstocking. This was supported by Bogallath (2005) “procurement leads to maintenance of reasonable stock levels required by the Organization”

Table 3 showing percentage responses whether on the relationship between supplier criteria and revenue growth in organizations in Nansana.

Item	Response number	Percentage (%)
Strongly Agree	10	33.3
Agree	12	40
Not sure	00	-
Strongly Disagree	00	-
Disagree	08	26.7
Total	30	100

Source: Primary data

According to table 3 above indicated that 33.3% and 40% of the respondents strongly agreed and agreed respectively, while 26.7% of the respondents disagreed

This showed that majority of 73% of the respondents agreed that there is a relationship in organizations in Nansana Municipality (Musaibah et al., 2023). This was in agreement with Arora (2012) who argued that “various measures commonly used for material control

Criteria formulation has led to expansion of your organization.

Table 4

Item	Number of responses	Percentage (%)
Strongly Agree	02	6.6
Agree	11	36.6
Not sure	13	43.3
Strongly Disagree	00	-
Disagree	04	13.3
Total	30	100

Source: Primary data

Table 4 above showed that 6.6% and 36.6% of the respondents strongly agreed and agreed respectively, 13.3% disagreed and 43.3% of the respondents were not sure. This reflected that majority of the respondents were not sure whether criteria formulation has led to expansion organizations (Moses et al., 2023).

Procurement efficiency and customer acquisition by organizations in Nansana Municipality**Table 5 Response on procurement efficiency and customer acquisition.**

Item	Response number	Percentage (%)
Strongly Agree	13	43.3
Agree	07	23.3
Not sure	08	26.6
Strongly Disagree	00	-
Disagree	02	6.6
Total	30	100

Source: Primary data

From the above table, indicated that 43.3% and 23.3% of the respondents strongly agreed and agreed respectively, 6.6% of the respondents disagreed and 26.6% were not sure. Therefore 66% of the respondents as majority agreed that procurement efficiency and customer acquisition impacted the growth of organizations Nansana Municipality. This was backed by (Faith et al., 2023) “a Financial resource of the business is embraced by control of purchases, storage and consumption of materials in the store”.

Table 6 below showing percentage response on the growth of organization in Nansana Municipality was based on innovation and efficiency in product quality

Item	Response number	Percentage (%)
Strongly Agree	14	46.6
Agree	06	20
Not sure	02	6.6
Strongly Disagree	08	26.6
Disagree	00	-
Total	30	100

Source: Primary data.

According to table 6 above, 46.6% and 20% of the respondents strongly agreed and agreed respectively, 26.6% strongly disagreed and 6.6% of the respondents were not sure.

The majority 66.6% of the respondents agreed that Nansana Municipality performance was based on innovation and efficiency in product quality purchasing. This was in agreement with (F. Christopher, Komunda, et al., 2022) “Performance is linked with innovation through improvement in efficiency, Quality products or services”. High level of effectiveness and efficiency of staffs has led to good performance of Nansana Municipality in terms of productivity (Paul & Kazaara, 2023).

Table 7 below showing percentage response on whether high level of effectiveness and efficiency of staff had led to growth of organizations in of Nansana Municipality

Item	Response number	Percentage (%)
Strongly Agree	12	40
Agree	10	34

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Not sure	00	-
Strongly Disagree	04	13
Disagree	04	13
Total	30	100

Source: Primary data

According to table 7 above indicated that 40% and 34% of the respondents strongly agreed and agreed respectively, 13% and 13% of the respondents strongly disagreed and disagreed respectively. Thus 74% of the respondents as the majority agreed that high level of effectiveness and efficiency of staff had led to good performance of Nansana Municipality

This indicated that supplier qualification (high level of effectiveness and efficiency) of staff had led to high output in Nansana Municipality (Lydia et al., 2023).

Table 8 below showing percentage response whether the growth of organizations in Nansana Municipality strongly depended on control on ordering rates, storage and regulations in the use of components in production of goods or services.

Item	Response number	Percentage
Strongly Agree	17	56.7
Agree	05	16.7
Not sure	00	-
Strongly Disagree	01	3.3
Disagree	07	23.3
Total	30	100

Source: Primary data

Table 8 above revealed that 56.7% and 16.7% of the respondents strongly agreed and agreed respectively, 3.3% and 23.3% strongly disagreed and disagreed respectively. The majority 73.4% of the respondents agreed that organizations in Nansana Municipality performance strongly depended on control on ordering rates, storage and regulation in the use of components during production of goods and services (T. Christopher et al., 2023).

Table 9 below showing percentage response on whether frequent performance appraisal of employees had contributed to organizations in Nansana Municipality performance?

Item	Response number	Percentage (%)
Strongly Agree	16	53.3
Agree	14	46.7
Not sure	00	-
Strongly Disagree	00	-
Disagree	00	-
Total	30	100

Source: primary data

According to the table 9 above showed that 53.3% and 46.7% of the respondents strongly agreed and agreed respectively, whereas None of the respondents Disagreed nor Not sure.

This clearly reflected that all the respondents agreed that frequent performance appraisal of employees in Nansana Municipality contributed to its performance (Ntirandekura, Friday, Mbisi, et al., 2022). This was in line with the interview conducted with the Human Resource Personnel who agreed that the frequent performance appraisal is conducted in order to ensure quality performance

Table 10 below showing percentage response on whether proper supplier loyalty had led to high level of consistence in production in organizations in Nansana Municipality

Item	Response Number	Percentage (%)
Strongly Agree	15	50
Agree	09	30
Not sure	04	13.3
Strongly Disagree	02	6.7
Disagree	00	-
Total	30	100

Source: Primary data.

Table 10 above indicated that 50% and 30% of the respondents strongly agreed and agreed respectively. 6.7% strongly disagreed whereas 13.3 % of the respondents were not sure.

This proved that, majority 80% of the respondents agreed that proper supplier loyalty had led to high level of consistence in production of Nansana Municipality.

Conclusion of the findings.

In conclusion organizations in Nansana Municipality maintained reasonable stock level required by the Organization.

Furthermore, the growth organizations in Nansana Municipality depended on procurement and efficiency in product quality, high level of effectiveness and efficiency of employees and control of purchases, storage and regulations in the use of components in the production of goods and services.

There was a proportionate relationship between criteria formulation and growth of organizations in Nansana Municipality.

Recommendation.

There is need to improve on the supplier loyalty system especially in overstocking and under stocking.

Organizations should also improve on the communication skills between the different Departments for example Inventory and supply Department and production.

Organizations should also employ more staff in the procurement Department to improve on the level of purchases.

Organization in Nansana should also improve on the criteria formulation used in the supplier loyalty for instance the use of stock cards and stock register.

Organizations should also involve employees in decision making especially in their respective fields for

example in the stores Department.

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