

Effect Of Supplier Selection On Product Quality In Government Statutes. A Case Study Of National

Planning Authority

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Abstract.

Supplier selection from a global point of view encompasses the activities used to evaluate the capabilities of potential suppliers and then to select them to configure a buyer's supply chain for long-term competitive advantage. The aim of this study therefore was to examine the effect of supplier selection on product quality in government statutes, a case study of National Planning Authority (NPA). The study as well supported the secondary objectives that included, to examine the relationship between problem identification and product quality in NPA and to assess the relationship between criteria formulation and product quality management in NPA. The researcher adopted a quantitative and qualitative research approaches with a case study design which focused on a single entity. The case study approach was applicable because only employees of National Planning Authority was selected for the study, in order to place more emphasis on a full and in-depth contextual analysis of fewer events and their interrelationship. Summary of the key findings indicated there was a strong positive relationship between criteria formulation and product quality management in NPA which was statistically significant ($r = 0.851$; $p < 0.000$). The findings as well revealed that there was a strong positive relationship between problem identification and product quality management in NPA which was statistically significant ($r = 0.828$; $p < 0.000$). The researcher therefore recommended that there is need for the NPA management to pay closer attention to problem identification which registered the lowest mean compared to other constructs and secondly, criteria formulation is another aspect that registered a low mean. This implies that it's a factor that is not comprehensively considered during supplier selection in NPA.

Key words: Supplier selection, Product quality and Government statute.

Background of the study

In the late 1960s, supplier selection was well thought of as important and considered more than just an administrative function (Faridah et al., 2023). It is also estimated that 50% of firms worldwide have performed supplier selection activities in their regular purchasing operations, which represent supplier relationship management (Alex & Kazaara, 2023). This is consistent with most supplier firms' concerns about how valuable supplier products and services are to improving their performance (F. Christopher, Moses, et al., 2022). The finding that public procurement

accounts for about 60% of government spending has led to increased interest in supplier selection (Paul et al., 2023). By following good supplier selection practices, the government was expected to maximize value from the purchased goods and services. Supplier selection from a global perspective includes activities used to evaluate the capabilities of potential suppliers and then select them to configure the buyer's supply chain for long-term competitive advantage (T. Christopher, 2022). Supplier selection is critical as businesses become increasingly dependent on their suppliers; the capabilities of these suppliers serve as key

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resources in developing the buyer's own capabilities and performance (Tasha et al., 2023). For example, Gonzalez and Quesada (2004) found that supplier selection was the most influential supply management process for achieving product quality (Turyatamba et al., 2022). However, a firm's ability to create or improve its own capabilities in a strategically important area such as quality by leveraging a supplier's quality capabilities may depend not only on its ability to select a capable quality supplier, but also on its ability to integrate successfully. supplier to the company's operation and network (Faridah et al., 2023). Successful supplier selection is a source of competitive advantage; they have a positive effect on the competitive performance of organizations if they are effectively selected (K. Moses et al., 2023). The study followed the widely used and recognized agency theory proposed by Jensen &

Meckling (2006). The main premise of empowerment theory is that in a principal-principal relationship, the agent tends to maximize utility in the contractual arrangement while compromising the principal's goals (F. Christopher, Komunda et al., 2022). An agent is in a position to act opportunistically because it has access to transactional information based on a delegated position than the principal (Annet et al., 2023). A related assumption of agency theory is that to mitigate opportunistic behavior and maximize the objectives of the procuring entity, the procuring entity must implement mechanisms to control the behavior of the agent. Identifying suppliers is a key activity in the procurement process that is essential for continuous procurement improvement. cycle and overall supplier and organization performance (N. Moses et al., 2022)

Problem statement

Poor supplier selection can cost an organization million in losses due to recalls, warranty costs and related inventory adjustments and has caused untold damage to their reputation and future sales potential (Faridah et al., 2023). This was illustrated in the case of NPA Contracts Committee meeting 222/NPA/CC/2014 approving firms for the construction of 300 boundary markers/pillars in the Pian Upe Wildlife Reserve (F. Christopher & Felex, 2022). Ms. Awang United Brothers Ltd emerged as the highest rated bidder and was awarded a formal fully signed contract or agreement on 25 February 2015. The company was later issued a 25% advance payment worth UGX 20,146,550 (Gracious, 2023). To the dismay of the NPA, the selected firm ultimately failed to perform the work and failed to meet its contractual obligations to deliver work of the right quality at the right price at the right time (Isaac et al., 2023). Poor supplier selection can therefore be responsible for futile product quality management due to the selection of inept suppliers who do stupid jobs or deliver poor quality products (Turyatamba et al., 2022). To avoid such direct consequences, it is paramount to have effective vetting processes to help identify top suppliers before contracts are awarded. This dilemma therefore compels an investigation into the selection of suppliers and product quality management of procuring and disposing entities with a specific focus on the National Planning Office.

Objectives of the Study

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- 1.To examine the relationship between problem identification and product quality management in National Planning Authority.
- 2.To assess the relationship between criteria formulation and product quality management at National Planning Authority.

Methodology.

The researcher adopted a quantitative and qualitative research approaches with a case study design which focused on a single entity. The case study approach was applicable because only employees of National Planning Authority was selected for the study, in order to place more emphasis on a full and in-depth contextual analysis of fewer events and their interrelationship, (Yin, 2009). The research focused on National Planning Authority, Kampala district. The place was chosen by the researcher because it's one of the public sector organizations (PDEs) that practice supplier selection, the study population of 65 included the procurement staff, contracts committee members, sub contracts committee members and top management staff. The study targeted 60 respondents where 14 procurement staff who were primary respondents, 5 contracts committee members, 32 sub contracts committee members and 9 top management staff. These was determined using Krejcie and Morgan (1970) as reported in Amin (2005). Simple Random sampling was used to select other staff of the organization from the different strata. This is because not all of the staff was involved in the study, so this gave equal chances of attaining the views from respondents to conclude to the generalization from the findings (Lokesh, 2003). Primary source was collected by use of survey questionnaires consisting of closed ended questions from NPA staff. The questionnaires were used to obtain primary data.

The study involved moving to National Planning Authority headquarters and National parks for direct responses. These responses obtained were the basis of primary source collected through use of questionnaires. This consists of scholarly works in the field of supplier selection and product quality management (Turyatamba et al., 2022). This put into account annual audit reports, journal articles, procurement reports, bid documents and other books from the libraries. In the effort to test for validity, research was first prepared, and then presented to the supervisors to check on how correct they were. After constructing the questionnaire, field testing was conducted to establish its reliability. The data from closed-ended questionnaires relating to Supplier selection and product quality management variables was checked for completeness and accuracy. The data collected was categorized, coded and then fed into SPSS and then analyzed to examine the relationship between the variables (Nelson et al., 2022). Pearson correlation coefficient was used to determine the relationship between supplier selection and product quality management. Qualitative data was interpreted by explanations and substantiated using open responses from the field. While analyzing qualitative data, conclusions were made under different themes and inter-related to ascertain the relationship between supplier selection and product quality management in NPA.

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Results.**Table 1: Correlation Matrix between Problem identification and product quality management**

		Problem identification	Product quality management
Problem Identification	Pearson Correlation	1	.828**
	Sig. (2-tailed)		.000
	N	58	58
Supplier performance	Pearson Correlation	.828**	1
	Sig. (2-tailed)	.000	
	N	58	58

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

The correlation analysis findings in the table 16 above show the relationship between problem identification and product quality management. The findings hence revealed that there was a strong positive relationship between problem identification and product quality management in NPA which was statistically significant ($r = 0.828$; $p < 0.000$) (Nelson et al., 2023). In regard to interviews conducted, one of the respondents who had worked with

		Criteria Formulation	Product quality management
Criteria Formulation	Pearson Correlation	1	.851**
	Sig. (2-tailed)		.000
	N	58	58
Product quality management	Pearson Correlation	.851**	1
	Sig. (2-tailed)	.000	
	N	58	58

NPA for more than 6 years and coming from a senior management level noted that:

Table 6: Correlation between criteria formulation and product quality management

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

The correlation analysis findings in the table above show the relationship between criteria formulation and product quality management. The findings hence revealed that there was a strong positive relationship between criteria formulation and product quality management in NPA which was statistically significant ($r = 0.851$; $p < 0.000$) (Polycarp et al., 2023).

Discussion of the study findings.

Problem identification in National Planning Authority was highly practiced within the organization and later on was correlated against product quality management using the Pearson's correlation coefficient, and it was

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revealed that there was a strong positive relationship between problem identification and product quality management in NPA which was statistically significant (N. Moses et al., 2022). This implied that problem identification was proficiently adhered to by National Planning Authority hence resulting into a strong positive relationship between problem identification and product quality management. This implied that criteria formulation was proficiently adhered to by National Planning Authority hence resulting into a strong positive relationship between criteria formulation and product quality management (N. Moses et al., 2022).

Supplier qualification in National Planning Authority was highly practiced and later on was correlated against product quality management using the Pearson's correlation coefficient, and it was revealed that there was a strong positive relationship between supplier qualification and product quality management in NPA which was statistically significant. This implied that supplier qualification was proficiently adhered to by National Planning Authority hence resulting into a strong positive relationship between supplier qualification and product quality management (Alex & Kazaara, 2023). In view of the foregoing, it is expedient to investigate the effect of supplier qualification on service delivery, more importantly at this time when supplies have become more. This therefore implies that NPA highly carries out supplier qualification during their procurement practices. Product quality management in National Planning Authority was highly practiced in the organization and later on was correlated against product quality management using the Pearson's correlation coefficient, and it was revealed that there was a strong positive relationship between supplier selection and product quality management in NPA which was statistically significant (Jac & Kazaara, 2023). This implied that supplier selection was adeptly adhered to by National Planning Authority hence resulting into a strong positive relationship between supplier selection and product quality management.

Conclusions

Basing on the above findings, the researcher concluded that: the respondents highly agreed that there was a strong positive relationship between problem identification and product quality management in National Planning Authority, the respondents highly agreed that there was a strong positive relationship between criteria formulation and product quality management in NPA, the respondents highly agreed that was a strong positive relationship between supplier qualification and product quality management in NPA and finally, it was revealed that, the respondents highly agreed that was a strong positive relationship between supplier selection and product quality management in NPA. The strong positive relationship between supplier selection and product quality management can be attributed to other factors like contract management, etc.

Recommendation of the study

The researcher puts forward the following recommendations for National Planning Authority; There is need for the NPA management to pay closer attention to problem identification which registered the lowest mean compared to other constructs.

Secondly, criteria formulation is another aspect that registered a low mean. This implies that it's a factor that is not comprehensively considered during supplier selection in NPA.

Lastly, product quality management also had a low mean and therefore is need for NPA management to embark

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on other factors influencing product quality management that should be put into consideration for example contract management, technological advancements and economic environment, etc.

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