AN ASSESSMENT OF THE EFFECTS OF PROCUREMENT RISK MANAGEMENT PRACTICES AND SUPPLY CHAIN PERFORMANCE: A CASE OF KISII BOTTLERS LIMITED

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DECLARATION AND APPROVAL

I declare that this research project is my original work and has never been submitted to any other University for assessment or award of a diploma or degree to any other University.

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Approval
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DEDICATION

I dedicate this work to my parents, Mr. and Mrs. Henry, my brothers, Darwin, Stephen and my sister Ruth for their encouragement and moral support.
ACKNOWLEDGEMENTS

First and foremost I would like to acknowledge the Almighty God for giving me the ability to complete this undertaking. My sincere gratitude goes to my supervisor Mr. Malach Omwenga and Mr. Wycliffe Otera who tirelessly supervised me during the preparation of this project. Their patience, encouragement and suggestions go beyond measure. I would also like to thank the class mates for their solid contribution towards making this project a success. The Almighty God gives them everlasting blessings.
ABSTRACT

The study was conducted to establish the relationship between procurement risk management practices and supply chain performance among companies. This main objective was to assess the effect of procurement risk management practices on supply chain performance. The specific objectives were to assess the effect of Multiple sourcing on supply chain performance, to examine the effect of Insurance policy on supply chain performance and to establish the effect of Regular negotiation policy with suppliers on supply chain performance. In order to satisfy the objectives of the study, a survey was conducted. The research was conducted at Kisii Bottlers Limited. This is because the study area was convenient and cheap for the research. The research design was a descriptive study. The target population of the study included 147 employees of Kisii Bottlers Limited company who were working in different sections. The study used 44 employees as the sample size according to Mugenda 30% of the population. Data was collected using a questionnaire that was administered through drop and pick later method. Means and standard deviation were used to analyze objective one whereas regression analysis was used to analyze the relationship between procurement risk management practices and supply chain performance. The managements of the company should keep on doing regular risk assessments in their supply chains as a way of averting adverse effects of uncertainty. The firms can also benchmark themselves against the best players in the world as a way of improving their supply chain risk management practices. The study was concerned with establishing the relationship between procurement risk management practices and supply chain performance of Kisii Bottlers providers. The study also indicated that procurement risk management should be on top of management’s agenda since there is greater awareness that risks can lurk in areas where traditionally they have not been sought. The study also indicated that procurement risk management practices could account for or explain supply chain performance.
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ACRONYMS AND ABBREVIATIONS

- ABC Activity Based Costing
- BSC Balanced score Card
- CA Communications Authority of Kenya
- CEO Chief Executive Officer
- CIPS Certified Institute of Purchasing and Supplies
- GDP Gross Domestic Product
- ICT Information and Communication Technology
- KPI’s Key Performance Indicators
- PRM Procurement Risk Management
- SCOR Supply Chain Operations Reference
- SCRM Supply Chain Risk Management
- UK United Kingdom
- UPS Uninterrupted Power Supply
- USAID United States Agency for International Development
- VAS Value Added Services
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Given today’s turbulent supply markets and volatile, pan-global business environment, corporate buyers need to make consistently superior decisions. Developing a formal, structured, risk management capability for procurement is an outstanding way to do just that (Accenture, 2010). One consequence of Procurement Risk Management (PRM) is that procurement risk has emerged as a comprehensive topic in its own right rather than being a facet of specific but fragmented procurement tasks. The benefit of this promotion’up management’s agenda is the requirement for more clarity about what is ‗procurement risk‘and greater awareness that risks can lurk in areas where traditionally they have not been sought (Russell, 2008). According to survey results, the global recession made companies significantly more aware of the need for advanced risk management practices. 50% percent of responding companies gave more attention to procurement risk management (Accenture, 2010).

Dynamic supply chains believe in continuously improving performance. This has become a critical issue for many suppliers, manufacturers, and the related retailers who intend to achieve and sustain competitiveness. In practice, supply chain based companies such as Dell and Toyota, have used different performance management tools to support their supply chain strategies (Cain, Dingdong and Zhuhai, 2008). It’s until around three decades ago when pioneers like Wal-Mart started to view their supply chain performance not as a cost minimizing tool but as their core competencies. Nowadays, we can see many major companies (Dell, Amazon.com, UPS, and Zara, just to name a few among many others) whose supply chains play a key role in their competitive position in the market. Their primary goal is not necessarily minimizing the logistical costs. These companies exploit their novel supply chain designs and practices to satisfy their customers’need better than their competitors, and hence gain competitive advantage and higher profits (Elahi, 2010). Aon’s 2009 Global Risk management Survey includes supply chain failure in its top ten most pressing risks around the world. Interestingly, at least half of the risks
in the top ten can be directly related to procurement activity, and hence would fall within the remit of Procurement risk management (Russell, 2008).

1.1.1 Procurement Risk Management Practices

Procurement risk exists for an organization when supply market behavior, and the organization’s dealings with suppliers, create outcomes which harm company reputation, capability, operational integrity and financial viability‘(Russell, 2008). Accenture (2010) identifies these procurement risks as; a company's dependency on a supplier, unanticipated price volatility of raw material, supplier quality problems, supply chain disruptions, unanticipated price volatility through currency exchange rates, supplier bankruptcy, legal/regulatory issues and supplier dependency on a company. Procurement risk management practices are the measures taken including changes to behaviors, procedures and controls which remove procurement risks (Russell, 2008).

Accenture (2010) indicates that there is a need for a structured risk management capability within the procurement organization since procurement has become a major focal point for companies’ risk management concerns. Wilson (2008) indicates that procurement risk management is as much an art as it is a science that should be running top on procurement’s mind as a key management concern (Russell, 2008) indicated that ignoring procurement risk management can have serious economic effects and the organization may underperform or may not survive, as a consequence. Effective procurement risk management practice requires an understanding of the relationship between procurement and organizational objectives (CIPS 2013). Supply chain performance is the core competency tool for meeting the organizational objectives (Elahi, 2010). Volatility is expected to remain high within procurement's environment in the near future and it will affect supply chain performance.

This implies that formal and sustained procurement risk management practices are enacted to countermand that trend (Accenture, 2010). Supply chain performance is defined as the entire chain's ability to meet end-customer needs through product availability and responsive, on-time delivery (Fisher, 1997). Simchi-Levi et al., (2003) defines it as the operational excellence to deliver leading customer experience. The performance of a supply chain is influenced by external factors, corporate supply chain factors and management of extended supply chain.
Organizations have moved from individual company performance to supply chain performance with a view of improving the bottom line performance of the entire chain (Vogel, 2011).

**1.1.2 Supply Chain Performance**

There are various studies on supply chain performance. Authors like Ramdas and Spekman (2000) looked at performance in view of Inventory, time, order fulfillment, quality, and customer focus and customer satisfaction. Li et al. (2005) looked into six construct approach of supply chain practices such as strategic supplier partnership, customer relationship, information sharing, information quality, internal lean practices and postponement. Gunasekaran et al. (2004) indicates that there are both financial and non-financial measures looking into process and management based metrics. Shepherd and Günter (2006) categorize supply chain performance measures into supply chain processes and quantitative or qualitative measures. Stewart (1995) indicated that Supply Chain Performance can be measured in the context of the following supply chain activities/processes: plan, source, make/assemble, and delivery/customer satisfaction. Gunasekaran et al. (2004) considers these activities at various levels of management - strategic, tactical, and operational levels. Smith (2012) indicated that supply chain system responds rapidly to changes in product volume demanded by customers and to changes in product mix demanded by customers. Kingori (2013) indicates that the Supply Chain Management is highly correlated with Supply Chain practices and e-Procurement applications.

The Key performance indicators (KPIs) of a supply chain’s performance has both quantitative and qualitative aspects (CIPS, 2013). The achievement or non-achievement of these indicators can be directly traced to procurement practices. For example, quantitative KPIs such as cost and time can be directly related to the cost of raw materials and delivery times by suppliers. Qualitative KPIs such as degree of satisfaction expressed by customers emanate from procurement’s ability to develop the correct specifications on orders for resale. The performance of a supply chain is therefore mainly influenced by procurement practices.
1.2 Statement of the Problem

The interest of the study has been motivated by the gap between Procurement Risk Management practices and the research in this area. Procurement Risk Management practice entails taking measures which remove procurement risks or reduce them to what is considered to be an acceptable level including changes to behaviors, procedures and controls. However, risk management in procurement requires efforts beyond what most companies are doing and to identify leading practices, metrics and solutions (Accenture, 2010). Contemporary business organizations are finding it essential to develop procurement risk management practices in order to prepare for uncertainties in the supply and demand patterns and achieve a sustainable competitive edge. However, most procurement functions have not moved as quickly to address supply chain efficiency as some organizations have demanded (KPMG, 2011). One of the most important achievements of procurement risk management practices is the ability to not only withstand market forces, but also capitalize on them and that has largely enhanced the performance of supply chains. Organizations are however more focused on Supply Chain risk management with little attention to procurement risk management.

The company firm’s supply chains have undergone major shifts during the past decade, and are still turbulent (Agrell, 2004). The company in Kenya have also been faced by stiff competition due to globalization and advancement in technology (Gesimba, 2012). The bulk of the performance in the supply chains can be directly linked to procurement as a process. The exposures facing procurement can significantly disrupt the entire supply chain’s performance through a company’s drop in market share, drop in revenue, increase cost and negatively impact production distribution. The challenges portrayed above cannot be ignored because the Kisii Bottlers service industry in Kenya plays a significant role in the economy (Gesimba, 2012). To ensure sustained operational efficiency in the industry, procurement risk management practices ought to be put in place by the company in Kenya.

Therefore it is evident that the foregoing studies have not focused on the effect of procurement risk management practices on supply chain performance. To address this gap, this study focused
on the effect of procurement risk management practices on supply chain performance in Kisii bottlers.

1.3 Research Objectives

This main objective was to assess the effect of procurement risk management practices on supply chain performance of company in Kenya. The specific objectives were to:

i. To assess the effect of Multiple sourcing on supply chain performance

ii. To examine the effect of Insurance policy on supply chain performance

iii. To establish the effect of Regular negotiation policy with suppliers on supply chain performance

1.4 Research questions

i. What is the effect of multiple sourcing on supply chain performance?

ii. What is the Insurance policy affect supply chain performance?

iii. What is the regular negotiation policy with suppliers affect supply chain performance?

1.5 Significance of the Study

The findings of this study were to provide more knowledge for researchers and academicians who may be interested in studying the relationship between procurement risk management practices and supply chain performance.

The findings of the study were enable procurement employees of the company in Kenya to appreciate their role towards the performance of their supply chains. The study was service providers and institutions outside the company was also benefit from the findings of this study since it was shed more light on the relationship that exists between procurement risk management practices and supply chain performance.
1.6 Assumptions of the study

This study was put assumptions that some important facts to be true although not verified. All the respondents to be interviewed are aware and clearly informed about supply chain performance and risk management practices. The management provided real information about the risk management and the firm was in operation during the time of the research.

1.7 Scope of the study

The study was focus on company mainly in Kisii bottlers limited. The descriptive research design was used with sample of 50 employees which was sampled out of Accessible population of 147 employees. Data was collected by use of questionnaire.

1.8 Limitations of the study

Data collection was done using the questionnaire leaving out other data collection methods like observations, interviews which are important to the study. Again, respondents were have their own views about youth entrepreneur development funds which they was not want to share. Some other respondents were not responding to the questionnaires that limits the generalization of the findings.

1.9 Operational Definition of Terms

**E-Procurement** - Purchase of goods, service and works through the internet

**Procurement** - Acquisition of goods, service or works

**Directorate** - Structural segments in the organization for the purpose of smooth work flow

**Integration** - Combining different systems to work as one

**Merger** - Combine
Model - Simulation

Adversarial - Negative Relationship

Collaborative - Co-Operative in a relationship

Partnership - Coming negative/synergy
CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Review

2.1.1. Grey System Theory

Tsai (2003) argued on 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. From this theory, the grey correlation analysis model with seven progressive steps was developed Zou (2008). These steps 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.

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 Zou, (2008). In a supplier selection environment, this theory can be applied evaluation of critical performance areas by the procuring entities.

2.1.2. 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 International Journal of Economics, Finance and Management Sciences 2016; 4(3): 98-106 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 Xu (2007).

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(2013).

2.2 Empirical Literature Review

A growing number of suppliers are running into financial trouble given declining orders, increasing raw material costs, and tightened credit markets. Yes, procurement needs to cut costs but perhaps in some companies the greater job is identifying troubled suppliers and moving to mitigate the risk Wilson (2008). The business environment within which the Bottlers sector operates has been very volatile. Political anxieties, competition from new entrants, social reforms, technological advancement and globalization are some of the challenges that have greatly affected the growth of this sector. As such, it is very important for a company to establish a competitive advantage which is sustainable, meaning it is not easily eroded by environmental changes or imitated by existing and potential competitors Kamande (2010). The procurement risk management practices include;
2.2.1 Multiple Sourcing Practices

Treleven (1987) defines Multiple sourcing as purchasing from two or more vendors an identical good or service. (Pochard, 2003) indicated that multiple sourcing is often cited as a possible solution to protect against disruption in supply. The continued competition in the Kisii Bottlers service in Kenya could limit the cost of goods and services in the organizations and reduce dependency on the suppliers. Some of the benefits that the companying Kenya can achieve from multiple sourcing include; Protecting the buyer during times of shortages or other emergencies, provide a back-up source, maintain competition, keep a market feeling, avoiding complacency on the part of a single supplier and meeting customer’s volume requirements. Key supply chain performance indicators include; responsiveness, time between order placing and fulfillment and portion of back orders.

2.2.2 The Practice of Regular Negotiation with Suppliers

Regularly negotiating transactions can lead to satisfaction or dissatisfaction with the relationship on the part of the supplier and the business buyer. The company in Kenya pursues competitive strategies to gain competitive advantage that allows them to outperform rivals and achieve average profitability. One of the strategies to achieve this is by regularly negotiating with suppliers. Suppliers can excise a great deal of bargaining power in an industry by threatening to raise prices or reducing the quality of products. This power in turn squeezes profitability out of an industry if it is unable to recover these cost increases from its pricing Kamande(2010). Regular negotiation would enable the organizations manage their costs, maintain profitability and guard against effects of currency fluctuation and obsolescence. Key supply chain performance indicators include costs, responsiveness, time between order placing and fulfillment and delivery accuracy.

2.2.3 Insurance Practice

Christopher and Lee (2004) indicate that Managing risks in the modern environment is becoming increasingly challenging. Procurement should consider insurance as an option to leverage against uncertainties such as loss or damage to goods in transit or failure to meet liabilities of third
parties. The company in Kenya procure globally, high value capital infrastructure for managing the networks through base stations. However, today's Just-in-time globalized procurement is more vulnerable than ever before due to operational and external (natural and man-made) disruptions as well as natural disruptions that require insurance. Insurance may not be necessary for some aspects if the risks can be managed properly CIPS(2013).

Accenture (2010) indicates that integrating risk sharing clauses in the contract is an effective risk management strategy in procurement. In a back to back contract the issue is mostly related to warrantees or Guarantees due to delays etc. where in normal case the subcontractor always escape without a penny lost from his pocket and the Contractor has to bear the brunt. However, in a back to back case the subcontractor is not relieved of his responsibilities and shall have to fulfill his obligations. The company in Kenya have also been faced by stiff competition due to the rapid advancement in technology Gesimba(2012). They would leverage themselves by engaging their key suppliers in back-to-back contracts especially where huge capital assets are involved such as the rapidly evolving network infrastructure. The key supply chain performance indicator here is cost.

**2.3 Supply Chain Performance**

The supply chain performance measure is the process of qualifying the efficiency and effectiveness of the supply chain Kess& Sillanpaa (2011). Many firms look to continuously improve their operations to enhance core competitiveness using supply chain measurement Gunasekaran, et al(2004). The key to successfully improving supply chain performance is to focus on those areas that are not only under-performing but, also, those that are aligned with the overall supply chain strategy Aronovich et al (2010). It is a continuous process that requires both an analytical performance measurement system, and a mechanism to initiate steps for realizing key performance indicators (KPI) goals. To measure supply chain performance, there are a set of variables that capture the impact of actual working of supply chains on revenues and costs of the whole system. Some of the metrics for measuring supply chain performance include; profitability, revenue, market share, time to market, stock availability, stock turnover, efficiency, savings, order cycle times, on time delivery in full, customer satisfaction and employee motivation. CIPS (2013). The Key performance indicators (KPIs) of supply chain performance
can have both quantitative and qualitative aspects. Quantitative KPIs include; cost, time and quantity. Qualitative aspects include; degree of satisfaction expressed by customers, proportion of outcomes rated satisfactory, proportion of requests and proposals responded to, how quickly they are responded to, scores on commitment to quality obtained via attitude surveys, number of critical incidents illustrating irresponsible conduct, etc. CIPS(2013). After identifying KPIs, managers have to achieve improvement in them, through continuous planning, monitoring and execution. According to the results of selected KPIs' accomplishment, managers may create current reports on KPIs, to compare multiple plans of supply chain management. In this performance management cycle, there are many challenges, both in performance measurement and its improvement Cai et al(2008).

Many scholars have come up with various studies on supply chain performance measures. In order to study the large number of performance measures available, researchers have categorized them. Njuguna(2013) indicated that there are three major approaches for supply chain performance for the company industry and they include: management approach which focuses on the three levels strategic, tactical and operational Gunasekaran et al, (2004). Time based approaches identifies as most wide known supply chain management capability. It is identified as the important source of competitive advantage. Time is identified as the most accurate and useful measure. The organizations levels, strategic, tactical and operations use time measurement in terms of lead time, order cycle time, time- to market and other time measures Sillanpää(2010). Lastly qualitative and quantitative approaches-quantitative measures are cost that is distribution, company, inventory, incentive, warehouse and any other sensitivity cost that occur in the long-term. Resource utilization which covers labor, energy, machine and capacity where the under or over utilization of these resources is measured. Qualitative measures are quality, flexibility, visibility, trust and innovativeness. The type of measure chosen must coincide with organizations strategic goal Kess& Sillanpaa (2011).
Neely et al. (1995) present a few of the categories in the literature, including: quality, time, flexibility, and cost. This categorization is a useful tool in systems analysis. For example, a model may be developed to improve one characteristic of a system, for example, time. The model may then compare company lead time or due-date performance by changing the system's configuration. In this way, a single type of measure has been chosen, time, but within this category, many different specific measures of time may be used. Thus, measures within a category can be compared and analyzed, so that performance measure selection within a category may be easier. Although with this approach, the performance category is already determined.

Gunasekaran et al (2004) presents a number of characteristics that are found in effective performance measurement systems, and can therefore be used in evaluation of these measurement systems. These characteristics include: inclusiveness (measurement of all pertinent aspects), universality (allow for comparison under various operating conditions), measurability (data required are measurable), and consistency (measures consistent with organization goals). Besides analyzing the measures based on their effectiveness, benchmarking is another important method that is used in performance measure evaluation. Benchmarking can be useful in that it can serve as a means of identifying improvement opportunities.

Gunasekaran (2004) also argues that a supply chain performance measurement system that consists of a single performance measure is generally inadequate since it is not inclusive, ignores the interactions among important supply chain characteristics, and ignores critical aspects of organizational strategic goals. Strategic goals involve key elements that include the measurement of resources, output and flexibility. Resources measures (generally cost) and output measures (generally customer responsiveness) have been widely used in supply chain models. Although flexibility has been limited in its application to supply chains, many advantages exist to a flexible supply chain.
Gichuhi (2011) indicated that many metrics used in supply chain performance evaluation have been designed to measure operational performance, evaluate improved effectiveness, and examine strategic alignment of the whole supply chain management. However, since many measurement systems lacked strategy alignment, a balanced approach and systemic thinking, they had difficulty in systematically identifying the most appropriate metrics. The main focus for this paper will be qualitative and quantitative measures.

2.4 Procurement Risk Management Practices and Supply Chain Performance

A high-performance risk-aware procurement process provides the bonus of competitive advantage, with the ability to capitalize, rather than suffer, from the occurrence of unexpected events Russill(2008). Supply chain management is one of the most strategic functions of an organization which can be exploited to gain a sustainable competitive advantage in the marketplace. The revolutions in technology and business practices have also brought a revolution in the world of supply chain management by organizations Gichuhi(2011).

It is important now for corporations to search for new business paradigms to gain a sustainable competitive advantage in the marketplace. There are different examples available such as Total Quality Management (TQM), Theory of Constraints (TOC), Supply chain management practices adopted by corporations for cutting costs, increasing performances, and beating the competition. Information is now a competitive advantage as well as a "challenge" for corporations in the marketplace Gichuhi(2011). Information has enabled firms to reengineer activities and practices for being competitive in the marketplace. The above revolutions have led to improvement in the performance of the supply chain. The supply chain consists of all the processes directly or indirectly involved in providing solutions to customer problems by firms. A supply chain of an organization includes manufacturer, supplier, and channel intermediaries like wholesalers/retailers. Awad & Nassar (2010)
Accenture (2010) indicates that there is a need for a structured risk management capability within the procurement organization since procurement has become a major focal point for companies’ risk management concerns. He identifies several procurement risk management practices that impact on the performance of the organization. For example, the use of procurement risk management practices such as dual sourcing and regular negotiations with suppliers to anticipate supply risks related to quality and supply chain disruptions.

CIPS(2013) describe the benefits that an organization can gain from procurement risk management. with an emphasis on the importance of procurement to an organization’s strategic agenda, and the value the procurement profession can deliver to strategic commercial decisions. This includes contributing to decisions, such as the outsourcing of business processes and functions, which in some organizations may be taken without the involvement of procurement expertise. Such decisions always have a positive impact on the performance of an organization’s supply chain although the focus will be not on supply chain performance.

Russill (2008) also provides a short guide to procurement risk management since in most organizations; procurement is not treated as a strategic tool in helping organizations gain competitive advantage. He explains that most companies are so focused on managing the people and assets employed in the business and on satisfying their customers that they fail to realize what is going on in their supply markets. Procurement risk management equips the organization with the ability to capitalize, rather than suffer, from the occurrence of unexpected events.

In conclusion, by integrating Procurement Risk Management in their activities, procurement professionals and practitioners will be better positioned to engage with top management concerning their organizations’ strategic agenda and corporate governance. CIPS(2013). While the purported goal of procurement risk management is to derive a competitive advantage, it is not
clear whether the procurement risk management practices of firms are always strategically aligned with their overall competitive strategy. It has also been found that the level of supply chain performance in a firm is positively and significantly associated with the firm's business performance.

2.5 Conceptual Framework

The literature review confirms that a lot has been done on supply chain risk management and its benefits to the organization. Whereas supply chain risk management is one of the several enterprises in the entire supply chain, it will not be the case with procurement risk management practices which focuses on the organization in question and its effects filter across to the entire chain. It is therefore clear that there is need to find out the effect of procurement risk management practices of an organization on its supply chain performance.

Independent Variable

Dependent Variable

Procurement risk management practices

Multiple Sourcing
Insurance policy
Regular negotiation

Supply Chain Performance
-Cost effective,
-Efficiency of service delivery efficient and effective

Government regulation
Organization policy
Technology know how
Intervening Variable

Figure 2.1 conceptual framework

Source (Researcher 2017)

An efficient and effective supply chain was dependent variable and independent variable on availability of a multiple sourcing; regular negotiation and insurance cover as risk management practices for this study.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The research adopted descriptive approach for the study. The design was considered the most appropriate since it ensured that the data obtained gave appropriate answers to the research question. A survey was used to collect information.

3.2 Study Area

The research was conducted at Kisii Bottlers Limited. This is because study area was convenient and cheap for the research.

3.3 Population

The target population of the study was including 147 employees of Kisii Bottlers Ltd Company who were working in different sections.

3.4 sample size

The study used 44 employees as the sample size according to Mugenda 30% of the population.

According to Mugenda 30% of the population was appropriate for a study.

3.5 Data Collection Procedure

The researcher administered the questionnaire personally to the respondents through drop and picks method and collected them after 3 days to provide time for the respondents to answer appropriately. The questionnaire was served to all the 147 employees.
3.6 Instrumentation

The researcher used questionnaires to gather the relevant data. Items on the questionnaires were structured.

The researcher used questionnaires because they are easy to administer and collect a lot of information over a very short period of time and the information is easily described in writing, (Wacker 1985).

3.6.1 Validity of the Instruments

Validity is the degree of accuracy and relevancy of the information derived from the respondents. Questionnaires were given to the supervisor to ascertain its validity. Validity was achieved by Kisii University supervisors, crosschecking the questionnaire to ensure that the questions are accurate and relevant.

3.6.2 Reliability of instruments

Reliability is the ability to obtain consistent results every time the tool is used. Reliability was censured by test retest run method.

3.6.3 Data Collection Procedure

The researcher used questionnaires to collect data through drop and pick method. This was preferred because it was more convenient both to the researcher and the respondents as it allows them to respond to the questionnaire items.

3.7 Data Analysis and Presentation

Data was analyzed using statistical measures of percentages and weighted averages. The quantitative data was presented through tables.
CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

The objective of the study was to assess the effect of procurement risk management practices on supply chain performance of company. The specific objectives were to assess the effect of multiple sourcing, Insurance policies and to establish the effect of Regular negotiation policy with suppliers on supply chain performance.

4.2 Response Rate

The study sampled 44 respondents from Kisii Bottlers. A total of 44 questionnaires were administered, and the study managed to obtain 28 completed questionnaires representing 63.6% response rate. Out of the 44 questionnaires administered by the researcher, only 28 filled questionnaires were collected translating to a 63.6% of the response rate.

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>28</td>
<td>63.6</td>
</tr>
<tr>
<td>Non Response</td>
<td>16</td>
<td>36.4</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>100</td>
</tr>
</tbody>
</table>

Field data (2017)

In this study, the majority (63.6%) of the respondents had been at their respective sections for response rate while 36.4%. According to Babbie (2002), any response of 50% and above is adequate for analysis and therefore, the response rate of 63.6% is satisfactorily. This questionnaire has been developed with an aim of obtaining information with regard to the
management of Kisii Bottlers limited

4.3 Respondents Information and Profile

4.3.1 Academic Qualification (Highest level of education)

The study sought to establish the academic qualification (Highest level of education). Table 4.3 presents academic qualification.

Table 4.3 Academic Qualification (Highest level of education)

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>18</td>
<td>64.3</td>
</tr>
<tr>
<td>Degree</td>
<td>6</td>
<td>21.4</td>
</tr>
<tr>
<td>Masters</td>
<td>1</td>
<td>3.6</td>
</tr>
<tr>
<td>Others (please specify)</td>
<td>3</td>
<td>10.7</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>100</td>
</tr>
</tbody>
</table>

Field Data (2017)

In this study, there were employee with diploma qualification were 18 respondents for 64.3% followed by Degree with 6 respondents represented 21.4 percent and masters 1(3.6 %.). This indicates that the researcher obtained data from reliable people by virtue of the education qualification they held. The level of education would enable the respondents to give information based on their job experience in the company’s operations. In this study, the majority (64.3%) of the respondents had been at their respective qualification. This implies that the respondents had been working with education in their respective companies long enough to understand the procurement risk management practices. The education levels held indicate that the responses were from those with hands-on experience in the company operations and were responding to the researcher’s queries appropriately. The study shows the academic qualification of respondents and found that the highest level of education in years was followed by diploma, and respectively. The study revealed that most if the respondents have diploma.
4.3.2 Experience in the company

The study sought to examine the experience in the company of respondents as presented in Table 4.4.

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 5 years</td>
<td>17</td>
<td>60.71</td>
</tr>
<tr>
<td>6 – 10 years</td>
<td>7</td>
<td>25</td>
</tr>
<tr>
<td>11 – 15 years</td>
<td>1</td>
<td>3.6</td>
</tr>
<tr>
<td>16 – 20 years</td>
<td>3</td>
<td>10.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Field data (2017)

The study indicated that the frequency at which respondents have experience in the company had 17(60.71%) of the respondents were between 1-5 years, 7(25%) of the respondents have worked for 6-10 years, 3(10.7%) of the respondents have worked for 16-20 years, and 1 (3.6%) of the respondents have worked for 11-15 years. This implied that level of experience was to better management practices for the development of their procurement risk management practices about five years. This indicates that different companies were able to adopt procurement risk management practices in various periods as the organizations grew as they gain more experience.

4.4 Multiple sourcing on procurement risk management practices

The study sought to establish the most appropriate option using the scale provided as presented in
Table 4.5 multiple sourcing on procurement risk management practices

<table>
<thead>
<tr>
<th>Aspect</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>Total</th>
<th>mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The business portfolio is balanced to reflect different types of risk</td>
<td>11</td>
<td>15</td>
<td>2</td>
<td>1</td>
<td>94</td>
<td>3.34</td>
</tr>
<tr>
<td>The organization utilizes information from reference bureaus in evaluating risks</td>
<td>9</td>
<td>10</td>
<td>4</td>
<td>5</td>
<td>79</td>
<td>2.82</td>
</tr>
<tr>
<td>It is responsible for prioritization of risk programmes</td>
<td>12</td>
<td>7</td>
<td>5</td>
<td>4</td>
<td>28</td>
<td>2.96</td>
</tr>
<tr>
<td>They seeks reference information to supply chain</td>
<td>10</td>
<td>8</td>
<td>7</td>
<td>3</td>
<td>28</td>
<td>2.89</td>
</tr>
<tr>
<td>Another type of classification of user community on the basis of sourcing service they make use</td>
<td>8</td>
<td>10</td>
<td>6</td>
<td>4</td>
<td>28</td>
<td>2.79</td>
</tr>
</tbody>
</table>

The study indicated that to Multiple Sourcing Practices are the basis on the business portfolio is balanced to reflect different types of risk that the greatest mean of 3.14 to Information sharing adds value with regard risk identification followed by the statement that employees, it is responsible for prioritization of risk programmes at a mean of 2.89 and customers are generally 150 satisfied with the level of service and order delivery with an average of 1.75 indicating that the level of agreement was to a very large extent. The least agreement was on the statement that there is a little dependency on suppliers that recorded a mean of 2.79 indicating agreement to a large extent. The overall mean registered indicated that the overall level of agreement was to a very large extent. However, the responses were spread out as shown by mean. They are there any factors that may be considered important for a sourcing policy.

4.5 Regular Negotiation Policy
The study sought to establish the most appropriate option using regular negotiation policy scale provided. In this section, the study sought to know the extent to which the regular negation policy had been practicing procurement risk management practices. The extent was measured on a Likert scale of 1-5 where: 1= Very Large Extent, 2= Large Extent, 3= Moderate Extent, 4=
Table 4.6 Regular Negotiation Policy

<table>
<thead>
<tr>
<th>Factor</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>F</th>
<th>Σfx</th>
<th>Σfx/f</th>
</tr>
</thead>
<tbody>
<tr>
<td>The study relaxes risk approval terms with regard to client’s negotiation consistently paying.</td>
<td>9</td>
<td>7</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>28</td>
<td>99</td>
<td>3.54</td>
</tr>
<tr>
<td>Risk assessment is a priority in approving credit</td>
<td>7</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>1</td>
<td>28</td>
<td>98</td>
<td>3.5</td>
</tr>
<tr>
<td>Procurement records users, who have little or no information seeking skills at all with a broad range of library resources</td>
<td>5</td>
<td>9</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>28</td>
<td>83</td>
<td>2.96</td>
</tr>
<tr>
<td>The risk management policy serves its purpose</td>
<td>11</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>28</td>
<td>98</td>
<td>3.5</td>
</tr>
<tr>
<td>There is able to recognize your good customers</td>
<td>5</td>
<td>9</td>
<td>4</td>
<td>8</td>
<td>2</td>
<td>28</td>
<td>91</td>
<td>3.25</td>
</tr>
<tr>
<td>They always rely on previous risk in approving loan.</td>
<td>7</td>
<td>8</td>
<td>6</td>
<td>6</td>
<td>1</td>
<td>28</td>
<td>98</td>
<td>3.3</td>
</tr>
</tbody>
</table>

The study showed that relaxes risk approval terms with regard to clients who are consistently paying their loan at 3.54; risk assessment is a priority in approving credit at 3.5, followed by there was able to recognize your good customers at a mean of 3.25, procurement records users, who have little or no information seeking skills at all with a broad range of library resources at a mean of 2.96. The study showed that relaxation of risk approval terms with regard to clients are consistently with payment of procurement loan, however, procurement records users, who have little or no information seeking skills at all with a broad range of library resources.

The study concluded that the practice of regular negotiation with suppliers: The respondents were further prompted to indicate their level of agreement regarding various practice of regular negotiation with suppliers. On whether the company is regularly bargain with suppliers whenever there is a new order to be fulfilled, the respondents agreed to a very large extent as shown by the mean of 1.25. On whether there exists a good relationship between the organization and its suppliers with the hope for continued future agreements, the respondents also agreed to a very large extent. However, on whether the firm has managed its costs and maintained profitability,
the respondents only agreed to a large extent as shown by the mean of 2.0. Overall, the respondents agreed to a very large extent as indicated by the overall mean of 1.675. However, the respondents’ opinions on the statements varied considerably as shown by the standard deviations recorded. Can a loan be approved without being subjected to the credit terms and can credit terms be revised on a running negotiation.

4.6 Effect of Procurement Risk Management Practices
In this section, the study sought to know the extent to which the company had been practicing Procurement Risk Management Practices as presented in table 4.7.

Table 4.7 procurement risk management practices and supply chain performance

<table>
<thead>
<tr>
<th>Aspect</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>Total</th>
<th>mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The alerts clients of procurement activities such as inquiry, delinquencies, employment changes, new accounts</td>
<td>10</td>
<td>8</td>
<td>7</td>
<td>3</td>
<td>28</td>
<td>2.89</td>
</tr>
<tr>
<td>The procurement observes the collection period given to each client and monitoring through subscription basis.</td>
<td>5</td>
<td>9</td>
<td>4</td>
<td>8</td>
<td>2</td>
<td>3.25</td>
</tr>
<tr>
<td>There are systematic written down steps in handling of risk</td>
<td>12</td>
<td>7</td>
<td>5</td>
<td>4</td>
<td>28</td>
<td>2.96</td>
</tr>
<tr>
<td>The company is very often takes clients to realize theft</td>
<td>11</td>
<td>15</td>
<td>2</td>
<td>1</td>
<td>94</td>
<td>3.34</td>
</tr>
<tr>
<td>There is efficiency in the keeping of client statements</td>
<td>8</td>
<td>10</td>
<td>6</td>
<td>4</td>
<td>28</td>
<td>2.79</td>
</tr>
</tbody>
</table>

Field Data (2017)

The study indicated that The company is very often takes clients to realize theft at 3.34, procurement observes the collection period given to each client and monitoring through subscription basis mean of 3.25, the company is very often takes clients to realize theft at a mean of 3.34 and a very large extent where the respondents agreed that effective sourcing had resulted in saving transaction cost and standardized procurement process with a mean of 2.96. Then followed by the observation that the client’s alert of procurement activities such as inquiry, delinquencies, employment changes, new accounts had a strategy that ensures procurement attracts the strongest possible field of tenders for goods and services.
4.7 Procurement Performance

In this section, the study sought to know how the respondents rated the procurement performance of the Company they worked for. Different parameters were used to measure procurement performance. The extent was measured on a Likert scale of 1-5 where: 1= Very Large Extent, 2= Large Extent, 3= Moderate Extent, 4= Small Extent and 5= Very Small Extent. The lower the mean, the greater the degree of procurement performance, indicating it was estimated to be performing well to a very large extent. Other parameters measured to a very large extent are accuracy of orders delivered; order cycle time, quality of orders, profit maximization, stock available, operational efficiency, supplier response time, revenue maximization, customer satisfaction and stock turnover. Overall, procurement was rated to be performing well to a very large extent.

Table 4.1 Procurement Performance

<table>
<thead>
<tr>
<th>Procurement Performance</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full delivery on requests and</td>
<td>0.3077</td>
<td>0.66023</td>
</tr>
<tr>
<td>projects</td>
<td></td>
<td>.90034</td>
</tr>
<tr>
<td>Quality of orders</td>
<td>1.3846</td>
<td>1.12090</td>
</tr>
<tr>
<td>Profit maximization</td>
<td>1.4167</td>
<td>0.76795</td>
</tr>
<tr>
<td>Stock available</td>
<td>1.4615</td>
<td>0.92442</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>1.5455</td>
<td>0.72501</td>
</tr>
<tr>
<td>Supplier response time</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Field data (2017)

The study showed that supplier response time had a mean of 0.3077, stock available at a mean of 1.4167. The study showed that the respondents agreed to all statements to a very large extent. The statement that the Kisii Bottlers provider has insurance arrangements with an insurance company was the most agreed on statement with a mean of 1.25 followed by the statement that insurance premiums are regularly paid with a mean of 1.3125 and then the statement that the Kisii Bottlers provider ensures all goods in transit with an average of 1.375 while the statement that the Kisii Bottlers provider has insurance arrangements with an insurance company had the least deviation indicating that the responses were more clustered towards the mean.
Supply Chain Financing Practice: In regard to Supply Chain Financing Practice, the study established that on whether working capital of both the supplier and the buyer is never affected where high-cost capital supplies are involved, the respondents agreed to a great extent followed by the statement that loans are advances based on the creditworthiness of the Kisii Bottlers service provider and not the supplier with a mean of 2.625. On whether letters of credit are undertaken where necessary and on whether vendor financing is practiced where the suppliers have the capacity, the respondents agreed only to a moderate extent as shown by the overall mean of 3.5000 and 3.5625 respectively.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of study
The result of the study also showed that procurement risk management practices affects supply chain performance. This means that independent variables investigated in the study (procurement risk management practices) could account for or explain dependent variable, supply chain performance. The other variables that are not under study on the degree of the vulnerability of a supply chain are determined to a large extent by the level of complexity of the network. In recent times, the complexity has increased many-fold due to firms’ focus on their core competence and greater dependence on outsourcing.

The study also indicated that procurement risk management should be on top of management’s agenda since there is greater awareness that risks can lurk in areas where traditionally they have not been sought. The study also indicated that procurement risk management practices could account for or explain supply chain performance. Other variables can explain the remaining 35.

The study established that outsourcing plays a significant role in uplifting the supply chain performance of the Kisii Bottler. Despite the challenges faced in the implementation of procurement risk management practices, the company has embraced it as a strategic tool for gaining a competitive advantage, customer satisfaction and therefore profit maximization to their shareholders.

5.2. Conclusions
The first objective of the study was to determine the procurement risk management practices used by company in Kenya. The study concludes that the primary procurement risk management practices used by Bottlers Providers are: Risk sharing where obligations of both the contractor and subcontractors are clearly spelt out in the contract clauses, developing products that meet different needs of the various customer segments to avoid the risk of financial loss, having insurance arrangements with an insurance company where insurance premiums are regularly paid, insuring all goods in transit and undertaking insurance cover against unpredictable and
unavoidable natural disruptions. The second objective was to determine the relationship between procurement risk management practices and supply chain performance of the company in Kenya. The study concluded that there is a positive relationship between procurement risk management practices and supply chain performance. Procurement risk management explains 64.6% of the supply chain performance.

5.3.1 Recommendations
This study recommends the following measures to ensure continued improvement in procurement performance: The managements of the company should keep on doing regular risk assessments in their supply chains as a way of averting adverse effects of uncertainty. The firms can also benchmark themselves against the best players in the world as a way of improving their supply chain risk management practices. The study further recommends that all company in Kenya should endeavor to understand the procurement risk management practices fully to drive them to the undisputed performance of their supply chains. The study was concerned with establishing the relationship between procurement risk management practices and supply chain performance of Kisii Bottlers providers. Around 64.6% of the supply chain performance can be explained by procurement risk management practices. However, the remaining 35.4% can only be explained other factors, not under consideration in this study.

5.3.2 Suggestions for Further Research
There is need to establish the other factors. Further research on the same study can be done in other countries to establish whether implementing procurement risk management practices can yield the same effect on supply chain performance of company firms.
REFERENCES


Niknia, B. (2007). Customer Relationship Management (CRM), shoe industry, the fourteenth year, No. 118, pp. 52-53.


Zuckerman, A. (2002). *Supply Chain Management: Operations* 06.04 (Express Exec), Publisher: Capstone; 1 edition.
APPENDIX 1: LETTER OF INTRODUCTION

Esther Henry
P.O BOX 1268,
KISII
04/05/2017.

TO WHOM IT MAY CONCERN,

Manager
Kisii Bottler Limited
P.O. BOX, 3456-40200
KISII

Dear Sir/Madam.

RE: REQUEST TO CONDUCT RESEARCH.

I am a student pursuing a diploma in procurement management at Kisii University in the school of business and economics studies. I am undertaking a detailed research on the topic underlined above for the purpose of academic knows how. There's no any other hidden use, the information to be granted to me will be subjected to except the intended one.

Your corporation will highly be appreciated.

Yours faithfully

Esther Henry
APPENDIX 2: RESEARCH QUESTIONNAIRE

The questionnaire is expected to collect necessary data in achieving educational objectives. The information will be treated with confidentiality.

**BIO-DATA**

1. What is your education level?

   Diploma ( ) Degree ( )

   Masters ( ) Others (please specify) ____________________

2. Experience in the industry?

   0 – 5 years ( ) 6 – 10 years ( ) 11 – 15 years ( ) 16 – 20 years ( )

**SECTION B: multiple sourcing**

4. Please tick the most appropriate option using the scale provided

1- Strongly disagree  2- Disagree,  3- Neutral  4 – Agree  5 – Strongly agree

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The business portfolio is balanced to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>reflect Different types of risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. The organisation utilizes information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>from reference bureaus in evaluating risks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Information sharing adds value with</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>regard risk identification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. They seek reference information to supply chain

5 Are there any factors that you consider important for a risk policy? Please specify……………………………………………………………………………………………………………………

SECTION C: INSURANCE POLICY

(a) Please tick the most appropriate option using the scale provided
1 - Strongly disagree  2 - Disagree,  3 - Neutral  4 – Agree  5 – Strongly agree

(b)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>They takes the following factors into account in risk supervision:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Character/ Integrity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) Capacity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii) Collateral/security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iv) Capital/contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>v) Cash flow statements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi) Trade and bank reference about the loan applicant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. The bank is highly rated in terms of loan supervision and loan approval

3. The bank’s risk policy support increased revenue to the company.

4. There are few or no loan defaulters due to the bank’s efficient lending policy

Which other factors do you consider important in developing risk mitigation standards?
**SECTION D: REGULAR NEGOTIATION POLICY**

Please tick the most appropriate option using the scale provided

1- Strongly disagree  2- Disagree,  3- Neutral  4 – Agree  5 – Strongly agree

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The strictly observe the terms before approving any action</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>The relaxes credit approval terms with regard to clients who are consistently paying their loan.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Risk assessment is a priority in approving credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>The risk management policy serves its purpose.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>There is able to recognize your good customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>They always relies on previous record in approving the loan.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) Can a loan be approved without being subjected to the credit terms?

(b) When can credit terms be revised on a running loan?
SECTION E: procurement risk management practices and supply chain performance

(a) Please tick the most appropriate option using the scale provided

1- Strongly disagree  2- Disagree,  3- Neutral   4 – Agree   5 – Strongly agree

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The bank alerts clients of information activities such as credit inquiry, public records, delinquencies, employment changes, new accounts &amp; other changes to ones credit history.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The bank observes the collection period given to each client and offers credit monitoring through subscription basis.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>There are systematic written down steps in the handling of defaulting customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The bank very often takes clients to court when they realize theft or fraud during credit monitoring.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>There is efficiency in the keeping of client statements</td>
<td></td>
<td></td>
<td></td>
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<td>6</td>
<td>Clients are encouraged to reconcile their statements with the institution</td>
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<td>7</td>
<td>Banks grant regular access to ones credit history, alerts of critical changes to ones credit history.</td>
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</table>

(b) How often does management induct new employees on credit monitoring?

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