

## **EFFECT OF SUPPLIER APPRAISAL PROCEDURES AND CAPACITY ASSESSMENT APPRAISAL ON ORGANIZATIONAL PERFORMANCE**

**Mutai Rose Jelagat & Philip Kiprotich Bii**

<sup>1</sup>Masters Student Jomo Kenyatta university of Science technology and Agriculture

P.O. BOX 3610-30100 Eldoret, **KENYA**

<sup>2</sup>Garissa University College School of Business and Economics

P.O. BOX 1801-70100 Garissa

### **ABSTRACT**

The study sought to establish effect of supplier appraisal procedures and capacity assessment appraisal on organizational performance. The objectives of the study were to establish supplier appraisal procedures used in Kenya Power Company and to determine effects capacity assessment appraisal on procurement performance. The theories adopted by the study are institutional theory. The study employed descriptive survey design. The area of study was Kenya Power Company (KPC), North rift region. The target population was 168 employees in procurement department and Heads of Departments (HODs) in KPC North rift region. Purposive sampling was used to select HODs and simple random sampling was used to select employees in the procurement department. Questionnaire was used as the main data collection instrument. The data was analyzed using descriptive statistics and correlation analysis. The company has supplier evaluation criteria in place for various supplier categories. There was a strong positive relationship between appraisal procedures and procurement performance. Kenya Power Company conducts site visits to establish supplier capacity, financial stability is an important criterion for selecting suppliers, the company conducts due diligence to establish the capacity of the suppliers, and suppliers are always required to provide proof of their technical competent in order to be considered for the supply. Capacity assessment appraisal was found to have a strong relationship with procurement performance. The study established that value for money is the major consideration in supplier appraisal, the organization settles to supplier after negotiating a fair deal. Recommendations; the organization should therefore invest on modern appraisal criteria that have been proven to have greater procurement performance, pursue capacity assessment techniques that are geared towards long term relationship, in order to save on the cost on regular supplier appraisal.

**Keywords:** Supplier appraisal procedures, capacity assessment, performance.