

**An Assessment of Factors Affecting the Development of Local Suppliers in the
Ministry of Roads, Nairobi Kenya**

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Abstract

Supplier development is a process of getting Suppliers to produce things the purchaser wants to quality standards, in the quantities required and to the right delivery schedule. The study revealed that; information flow was not conducive; Procurement Ethics was inconsistent with the development of local suppliers; the procurement rules& regulation were not fully implemented and that Supplier treatment was not effective and these had led to poor local supplier development in the Ministry of Roads Nairobi. It was concluded that, the Ministry of Roads and other Public organizations need to align their information flow to local supplier development policy; implement procurement ethics in all their procurement proceedings; implement fully the public procurement Act 2005 and Regulation 2006 which encourages the development of local supplier through fair and competitive bidding and also have local supplier treatment policy put in place.

Key words: *Assessment, supplier development, Information flow, procurement ethics, local supplier, supplier treatment.*

1. Background of the Study

Supplier development is concerned in assisting the actual and potential suppliers. Supplier should at all times try in meeting its present and future requirements, since no organization is capable of satisfying all its supplies requirements from its internal sources (Aghion,2002) .In most cases it involves large organizations extending a helping hand in form of resources to small vendors/small suppliers who have demonstrated willingness to meet the purchaser's requirements. It therefore involves looking at the various strengths and weakness of a supplier who is willing to supply you with the materials/services and helping them overcome these weaknesses so that they can serve you in a more efficient way (Andreastuck, 2009).

Supplier development is a process of getting suppliers to produce things the purchaser wants to quality standards, in the quantities required and to the right delivery schedule. The ideal supplier development is that, supply markets should not be treated as given but as something to be shaped. It is therefore the duty

of the purchasing organization to shape the supply market into what it really wants it to be. This should be by ensuring that they meet to the company's requirements. Leading organizations engage in supplier development, providing resources to improve their supplier's capabilities. This often involves training suppliers in methodologies such as Six Sigma or Lean, but really, it can be any collaboration that makes suppliers more capable of adding value to the organization (Magid, 2007).

One way of ensuring certainty of supplies is by the purchasing organization getting involved in the practice of supplier development. Purchasing controls a very big portion of the Government budget each year and therefore, it would be essential that the parties involved realizes the fast growing technology, and general trend in the growth of the economy, and acknowledge the need for spending wisely. This can only be done by according purchasing the right strategic position and employ purchasing professionals, for effective and efficient purchasing processes, and avoiding unnecessary interference by other functions in the purchasing functions, which has in most cases resulted to role conflicts (Couper, Traugott and Lamias, 2001).

Modern businesses are moving from traditional purchasing to strategic purchasing where suppliers, buyers and consumers are interlinked forming a supply chain (Drechsler, 2011). The Government is slowly adapting this concept by introducing modern ways of operational standards. It is expected that purchasing unit must work closely with suppliers and users as well, to make sure those operations are not interrupted.

1.1 Statement of the Problem

Supplier development locally has been quite a mystery among government agencies. Few know the importance for supplier's development and consequently fail to accord it the deserved importance yet stakeholders only speculate that the government agencies consider foreign suppliers once the latter hog all supply contracts. All through, the local supplier development, supplier development is perceived to be non viable; this not only complicates the realization of the government stated objective of seeing increased participation of local suppliers and vendors in doing business with it hence spurring growth in employment opportunities across the country, but also raises concern over the social justice in the spending of government funds given the massive amounts of money involved. A July 2011 Public Procurement and Oversight Ministry of Roads report noted that, the Ministry of Roads spent \$ 243.2 million (Kshs. 19.65 billion) on procurement of road projects in the year 2010/11, the bulk of which was awarded to foreign contractors - \$190.8 million (kshs 15.4 billion) while it's only a small chunk of \$ 52.6 million (Kshs 1.245 billion) that went to local suppliers.

Doing business with the Government agencies is one way of ensuring market for local suppliers hence job creation and fulfilling one of the governments broad objective of poverty alleviation. Despite these obvious benefits of doing business with the government, most local suppliers do not fully benefit from the contracts because of stiff competition from foreign suppliers. A December 2011 study report commissioned by Kenya Institute of Supplies and Management (KISM) titled, 'Supplier development in Kenya' notes that "most of major government roads contracts were awarded to foreign contractors." Therefore, determination of determinants in supplier development by the government agencies is crucial. This study therefore focused on factors affecting supplier development in Ministry of Roads. There were hardly any studies focusing only on supplier development in Governmental Organizations and particularly, the Ministry of Roads, hence the need for this study.

1.2 Objectives of the Research

1.2.1 General objective

To assess the factors affecting development of local suppliers in the Ministry of Roads, Nairobi; Kenya.

1.2.2 Specific objectives

1. To establish the effects of information flow in development of local suppliers in the Ministry of Roads.
2. To ascertain the effects of procurement ethics in development of local suppliers in the Ministry of Roads.
3. To determine the effects of Procurement rules & regulations in development of local supplies in the Ministry of Roads.
4. To identify the effects of supplier treatment in development of local suppliers in the Ministry of Roads.

1.3 Research Questions

1. How does the flow of information affect development of local suppliers in Ministry of Roads?
2. To what extent do the procurement ethics support the development of local suppliers in Ministry of Roads?
3. What role is the procurement rules & regulation Act playing in the development of local suppliers in Ministry of Roads?
4. How does the supplier treatment affect the development of local suppliers in Ministry of Roads?

1.4 Justification of the Research

The findings and recommendations may assist in understanding the dynamic effects dynamics that could help the purchasing function to put measures that are effective and efficient by re-examining the issues and hence create a strong organization culture of developing local suppliers. The research findings will be important to other researchers & scholars as it will form a base to build up issues that may not be addressed in this research. The government also being the largest buying entity in any countries economy will be able to take necessary actions in developing local suppliers.

1.5 Scope of the Study

The study covered the entire Ministry of Roads Nairobi; Procurement department, part of Finance, Planning and Administration. The target population was based at the Headquarter in Nairobi where the management and services operations are based.

1.6 Limitation of Study

During the study, the researcher encountered limitations such as financial challenges as funds initially allocated were not adequate due to the high cost of transport and printing involved. However, the researcher constrained to work within the budget. The time was not enough to gather and analyze the findings as per the time plan but the researcher worked overtime including very late in the evening to ensure that the objectives of the study were met within the planned time.

1.7 Assumptions of the Study

The researcher assumed that, the current Ministry of Road’s position on supplier development and Public Procurement Act 2005 and regulation 2006 remained constant during the study.

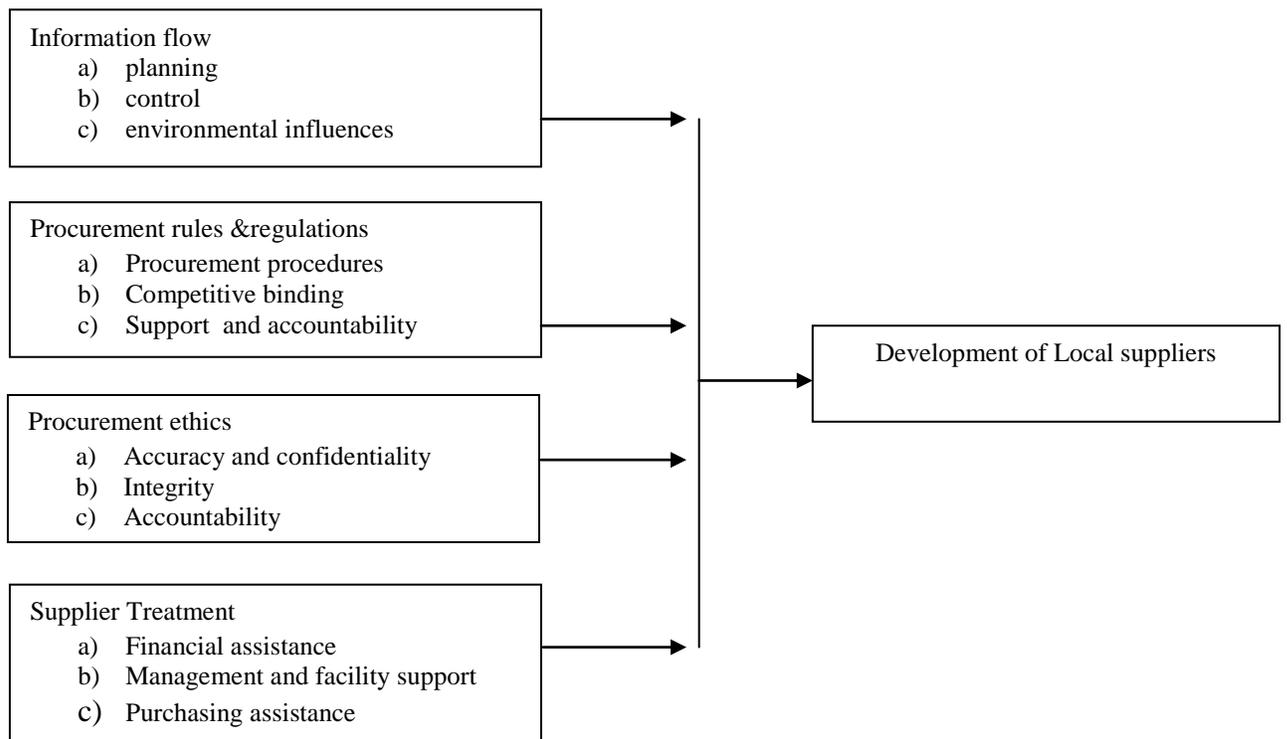
2. Literature Review

2.1 Introduction

Supplier development was pioneered in the automotive industry. Companies such as Toyota and Honda are masters at supplier development initiatives (Liker and Wu,2000), they have long since recognized that the supply chain is only strong as it’s Weakest link and therefore invest time and money into developing suppliers skills and capabilities. Supplier development is anchored firmly in both the customer’s and supplier’s organization, leading to joint team structures.

To this end the buyer must become involved with the supplier in training and education in order to address skills gaps. This requires a fundamental shift involving behavioral changes in the customer-supplier relationship (Batson, 2002). Expected outcomes of supplier development programmes include, improved efficiency and reduced costs through information sharing, communication, joint-problem solving and risk-sharing as well enhanced supplier performance in terms of technical, quality, delivery (Brown and Ulijn,2006).

2.2 Conceptual Framework



Independent variables

Dependent variable

Fig 2.2 Schematic conceptual framework

2.2.1 Information Flow

The major reason of ensuring that suppliers and buyers are at an agreement at all times is by ensuring that there is proper planning of communication and data, before being dispatched. The environmental influences assist in response by the government to various environmental influences such as the competitors, government policy, technology, suppliers, shareholders and the public at large. As a memory supplement by having some historical information about performances, transactions results of past actions and decisions which are available for references, personal memories and supplements (Chakrapai,2004).

Information flow as communication between buyer and supplier usually resulting into mutual benefit to both buyer and seller and especially the long term business, when the supplier provides a base —load contract, which is more attractive to supplier but beneficial to the buyer (Sako, 2004).If the supplier did not meet the buyer's requirements, in one or more of these areas, then the buyer might choose to upgrade its suppliers in order to achieve just in time (J.I.T) performance through:

- i. Computer aided design
- ii. Supplier interface improvement, through computer aided manufacturing (CAM)
- iii. Continuous supplier involvement
- iv. Total quality control approach

The study also shows that if a strategy involves developing local supplier to avoid reliance upon a foreign supplier, the constraints involved in currency management is reduced to some extent. It further states that, it would be foolish not to support even if, in the short term, it was more expensive.

2.2.2 Purchasing Ethics

The following areas require the guidance of ethics that is social responsibility between the suppliers and buyers. This could be done through the provision of practical help to the suppliers for example giving feedbacks on the unsuccessful bids, providing advice in the design required, practicing no biasness to some suppliers, and training of the human resource and involving qualified professionals(Clarke,2007)The purchasing policy, for example, supplier development and measurement of supplier performance, prompt payments, that is by paying invoices on time, and dealing with problems as expeditiously as possible.

All the procurement staff at all times should operate and conduct their decisions and actions based on the values of honesty and integrity that is by maintaining an unimpeachable standard of integrity in all their business relationships both within the organization and outside. The importance of this ethics will foster professionalism, responsible management, conformity to the laws and serving all suppliers equally. They also highlight practices which may compromise the professional objectivity and integrity and provides standards for the buyer to attain. All members should be guided by the rules of conduct which include declaration of interest, confidentiality, accuracy of information, completion, business gifts and hospitality, discrimination and harassment, environmental issues and interpretation (Couper,Traugott and Lamias, 2001).

2.2.3 Procurement Rules & Regulations

According to Kenya Institute for Public Policy Research and Analysis (KIPPRA) (GOK, 2005), Procurement and stores is crucial, important and critical. According to KIPPRA, almost 60% of Kenya's annual expenditure of GDP is on purchases. Therefore, there is need to absolute accountability of

resources that is left in the hands and processes of all procurement functions. Therefore, logic and responsibility should be applied appropriately to avoid loss and low growth. There is demand for quality services and quality products for consumers and users, so that production may be enhanced and the objective of the organizations may be timely realized (Don, 2000).

There is stiff and increased competition, especially on profit making organizations, hence survival depends on provision of high quality goods and services and at reasonable prices. Therefore, if Procurement rules & regulations are carefully adhered to, then this will help improve profitability, this is by increasing service levels, reduction of costs of materials, services purchased through application of better methods and techniques, enhancing working capital and by minimizing the time the stock is held (Dunn and Young, 2004). This helps to scrutinize contract terms and prices, applied when giving contract to local suppliers, to ensure that they favor the organization hence, enhancing reputation, improving the image of the organization, and the understanding of the organization, by the stakeholders, providing accurate information for planning and budgeting.

It also helps to train the upcoming managers so that they can quickly grasp the needs of the organization and generate experience in management, as they adopt the spirit of supply development in the supply and delivery of materials and services, to enhance social and environmental issues and proper disposal of wastes, and also improves the social welfare (Ekholm and Pashei, 2009). Procurement also, provides in the contribution of mechanisms that can be used to achieve objectives, or even in developing and delivering policies. Policies on procurement procedures assists on giving guidelines on how goods and services are purchased, in order to meet the needs of the organizations, through a fair and open local supplier development, guarding against corruption and seeking to ensure value for money with due respect to proprietary and regularity (Easton, 2000).

Delivering value for money in procurement means, securing the best mix of quality, and effectiveness for the least outlay over the lifetime of the goods or services from purchase through to disposal (Giannakis, 2008). Acting collaboratively is a key driver for delivering value for money in Ministry of Roads procurement and is particularly relevant in common spending such as commodity and goods and services.

2.2.4 Supplier Treatment

According to Gordon (2008) there is no straight forward method of developing suppliers whether locally or internationally, which can be said to be the method, but buyers have to find out the best method of developing their suppliers in accordance to circumstances at hand and their ability. However Monczka, Handfield, Glunipero and Patterson (2009) also gave some common areas of assistance on the same point:

(i) Financial assistance

This could be in the form of soft loans (loans with low interest rates and long term credit period), prompt payment of invoices and even buying shares of the Suppliers.

(ii) Management support

This can be in the forms of workshops which are fully catered for by the companies/organizations, providing advices on production control, providing some aid through research and passing viable information to suppliers that may assist in quality management.

(iii) Shared facilities

Placing the buyer's facilities at the disposal of the supplier, that is by allowing the supplier to use the buyer's inspection facilities.

(iv) Purchasing Assistance

Supply unit should not be treated as given, but as something to be shaped to what is needed. Therefore, the procurement function should seek to capture the following aspect as they seek on the various forms of improving their supply base, as to accommodate and give a room to improve to their local supply base.

2.3 Empirical literature

Market access remains one of the most serious constraints to the growth and competitiveness of local Suppliers (CBS et al 2009) Evidence shows that the problem of lack of local markets and increased competition for markets continue to worsen. The 2003 and 2009 baseline surveys shows that local suppliers who cited market constraints were 30.1 and 34.1 percent respectively. Lack of access to appropriate and relevant market information has also meant incurring high transaction costs as local suppliers are searching for alternative markets. With increased globalization and liberalization of the economy, local suppliers even face stiffer competition from products coming from other countries.

According to Kenya Institute for Public Policy Research and Analysis (KIPPRA) (GOK, 2005) Leading organization engages in supplier development - providing resources to improve their suppliers' capabilities. This often involves training suppliers in methodologies such as Six Sigma or Lean, but really can be any collaboration that makes suppliers more capable of delivering benefit to your organization, this is one way of ensuring certainty of supplies is by the purchasing organization getting involved in the practice of supplier development.

Brown and Ulijn (2006), on their part puts supplier development as a process of getting suppliers to produce things the purchaser wants to his quality standards, in the quantities required and to the delivery schedule he requires. Brown further states that the ideal supplier development is that supply markets should not be treated as given but as something to be shaped. It is therefore the duty of the purchasing organization to shape the supply market into what it really wants it to be. This should be by ensuring that they meet the company's requirements. The local suppliers are those suppliers that are found within the buyer's origin country.

Novak (2008) argues that, what is local must be determined; bearing in mind such factors as ease of transportation and communication aspects. The following are some of the factors the researcher has discovered that affects the development of local suppliers under the following headings, supplier treatment, procurement operational limits, purchasing ethics, information flow and Procurement rules & regulations.

2.4 Research Gap

Although the literature had examined the benefits of supplier development participation, few studies had examined the strategies and complexities of maintaining a supportive local development supplier culture when adopting major contracts. If a company does not address this local challenge with effective strategies then it may lose goodwill in the local supplier community that could result in a lack of cooperation related to the supply of critical goods and services. Most of the main factors such as procurement ethics, procurement rules & regulation, information flow and supplier treatment had not been looked into details by any researcher thus there was a literature gap. This study was to fill the gap by assessing these factors that affect the development for local suppliers in the Ministry of Roads.

3. Research Methodology

3.1 Research Design

The purpose of this study was to describe the determinants of supplier development in the Ministry of Roads; it means to describe the phenomena as it existed. Therefore, descriptive research design was used as it was deemed to be the most appropriate. Various authors recommended the use of descriptive design (e.g. see Orodho, 2004; Dane, 2000) to produce information that is of interest to policy makers even in business. Also Gordon (2008) contends that all research is partly descriptive in nature, insofar as the descriptive aspect defines and describes the research's who, what, when, where, why, and how, which are exactly some of the questions raised in the study. The descriptive research design also saved time and money.

3.2 Population of the Study

The Population of the study was made up of all the officers in the Ministry of Roads-headquarter Nairobi in the departments of Procurement, Finance, Accounts and Administration. Their total number was 330. This was selected because they were the ones tasked with the responsibility of developing supplier in the organizations.

3.3 Sample Size

A sample size of 10% of the population was taken to give a total sample of 33 staffs. This was informed by the principle that if the elements of a population are quite similar, only a small sample is necessary to accurately portray the characteristics of interest. Mugenda and Mugenda (2003) suggest that in descriptive studies ten (10%) percent of the survey population is representative enough to generalize characteristics being observed. Stratified random sampling was used where the sample size of 10% was taken from each of the four departments (strata) of the population. Stratified random sampling was used because it ensured a greater statistical efficiency, and reduced sampling error. Kothari (2004) supports random sampling as it satisfies the law of statistical regularity 'if a sample is chosen at random, on average it has the same characteristics and composition as the population'.

Table 3.3 Sample Size

Department	Total No. Of Est. In dept	Sample size
Procurement	150	15
Administration	60	6
Finance	60	6
Planning	60	6
Total	330	33

3.5 Research Instruments

The overall aim of the study was to establish the determinants of local supplier development in the Ministry of Roads. The bulk of data collected was therefore primary in nature. The questionnaires were the main instrument. The use of questionnaires for primary data collection is supported by many scholars among them; Mugenda (2008), and Don (2000). A questionnaire is easier to administer, less costly, and ensures greater depth of response, according to Mugenda (2008) a questionnaire also helps capture factual

information effectively. For the purpose of this study, the questionnaire were used for their economical, and appropriateness reasons.

3.6 Data Collection Procedure

These were step by step process that the researcher followed while collecting information using the data collection instruments.

3.6.1 Pilot Test

For validation purposes, the researcher initially submitted a sample of the set of survey questionnaires and after approval; the survey were conducted to five respondents. After the questions were answered, the researcher asked the respondents for any suggestions or any necessary corrections that ensured further improvement and validity of the instrument. The researchers excluded irrelevant questions and changed words that were deemed difficult by the respondents to much simpler terms.

3.6.2 Questionnaires

Structured and unstructured questionnaires were administered to the main respondents. These questionnaires were delivered by hand to the respondents at their duty stations during working hours. They were issued to the targeted staff in each of the four (4) departments and collected after a week to give respondents enough time to answer the questions.

3.7 Data Analysis Techniques

When the entire survey questionnaires were collected, the researcher used statistics to analyse all the data. The researcher was assisted by the statistical Package for Social Sciences (SPSS) in coming up with the statistical analysis for this study.

4. Research Findings and Discussion

4.1 Response Rate

The researcher administered 33 questionnaires which were issued to the respondents to fill and return, out of the 33 questionnaires issued, all responded, this was 100% of the sample size. This is an indication that all sampled respondents participated in the study and thus minimizes error of the data gathered.

4.1.1 Factors Affecting Information Flow in the Development of Local Supplier.

From the questionnaires analyzed by the researcher the following were the findings on factor affecting information flow:

Table 1. Information flow and its effects

Function	Strongly Agree	Agree	Disagree	Strongly Disagree
Planning affects information flow	10%	84%	6%	0
Information given to suppliers is not well controlled	4%	78%	10%	8%

Supplier development matches information flow	2%	80%	8%	10%
Competitors affect information flow	80%	10%	8%	2%
Government policy affects information flow	6%	80%	12%	2%
Technology affects information flow	84%	10%	6%	0

Table 1 above shows the effect of information flow in the development of local suppliers at Ministry Of Roads. A Likert scale was used to interpret the respondent's responses. According to the scale, those responses which were strongly disagreeing were awarded 1 while those which were strongly agreeing were awarded 4. According to the researcher those responses with a mean close to 3.0 were rated as agreeing while those with a mean close to 2.0 were rated as disagreeing.

From the findings all the analyzed responses were considered valid since they all had a mean of above 60%. The agreeing factors according to the respondents were that Competitors and technology affects information flow most while planning and government policy are the other factors affecting information flow. On the issue whether information given to suppliers is not well controlled and supplier development matches information flow, the respondents agreed with the statement. The finding conquered with Chakrapai(2004) who had earlier stated that, 'The major reason of ensuring that suppliers and buyers are at an agreement at all times is by ensuring that there is proper planning of communication and data, before being dispatched'. He also indicated environmental influences such as the competitors, government policy, technology; suppliers, shareholders and the public at large are the factors affecting information flow.

4.3 Effect of Procurement Ethics in Development of Local Suppliers

From the questionnaires analyzed by the researcher the following were the findings on the effect of procurement ethics in the development of local supplier in the Ministry of Roads

Table 2. Effect of procurement ethics in development of local suppliers

Function	Strongly agree	Agree	Disagree	Strongly disagree
Information given to suppliers is accurate	2%	15%	4%	79%
Accountability is highly regarded in Ministry of Roads.	4%	30%	50%	16%
Information regarding suppliers is confidential.	2%	8%	12%	78%
The Ministry of Roads supports community development programs	10%	78%	12%	0%
Honesty and integrity is emphasized in all procurement undertakings	1%	7%	14%	78%

Table 2. above shows the respondents' level of agreement with the statements related to the effects of procurement ethics on local supplier development at Ministry of Roads. From the findings the respondents strongly disagreed that information given to suppliers is accurate to demonstrate unethical practices in carrying out procurement of goods, works and services that the public wants and needs where 79% of them disagreed. It was also established that accountability is not highly regarded where 50% of them disagreed. The respondents also strongly disagreed that information regarding suppliers is confidential by 78%. They agreed that Ministry of Roads supports community development programs by 78%. They strongly disagreed that Honesty and integrity was emphasized in all procurement undertakings by 78%. The findings showed that procurement ethics was lacking in the ministry of roads. Earlier researchers had suggested that, procurement ethics can be done through the provision of practical help to the suppliers for example giving feedbacks on the unsuccessful bids, providing advice in the design required, practicing no biasness to some suppliers, and training of the human resource and involving qualified professionals (Clarke, 2007). All members should be guided by the rules of conduct which include declaration of interest, confidentiality, accuracy of information, completion, business gifts and hospitality, discrimination and harassment, environmental issues and interpretation (Couper, Traugott and Lamias, 2001). Most of this issues highlighted above were lacking in the Ministry and thus we can deduce that procurement ethics was inconsistent with the development of local suppliers in the Ministry of Roads.

4.4 Effects of Procurement Rules And Regulations On Local Supplier Development

From the questionnaires analyzed by the researcher the following were the findings on effects of procurement rules and regulations on local supplier development:

Table 3. Effect of procurement rules and regulations on local supplier development

Function	Strongly agree	Agree	Disagree	Strongly disagree
All procurement is undertaken in accordance to the laid down procurement rules and regulations	8%	40%	48%	4%
Procurement rules and regulations ensure accountability of all employees in the Ministry of Roads	14%	80%	6%	0%
Competitive bidding is fair to all suppliers	0%	5%	10%	85%
Procurement rules and regulations encourage suppliers development in the ministry of Roads	2%	6%	5%	87%

Table 3 above shows the extent to which the respondents' agreed with the statements that relate to the effect of procurement rules and regulations adoption on local supplier development at Ministry Of Roads. From the findings the respondents disagreed that all procurement is undertaken in accordance to the laid down procurement rules and regulations 48%. Adopting procurement rules and regulations ensure accountability of all employees in the Ministry of Roads as indicated by 80% of the respondents. The respondents also strongly disagreed that adopting procurement rules and regulations ensure Competitive bidding which is fair to all suppliers by 85%. Procurement rules and regulations does not encourage the

development of suppliers in the Ministry of Roads as strongly disagreed by 87% of respondents. The finding shows that procurement rules and regulations are not adhered to in the Ministry of Roads. Earlier researchers showed that, if Procurement rules and regulations are carefully adhered to, then this will help improve profitability, this is by increasing service levels, reduction of costs of materials, services purchased through application of better methods and techniques, enhancing working capital and by minimizing the time the stock is held(Dunn and Young, 2004).Policies on procurement procedures assists on giving guidelines on how goods and services are purchased, in order to meet the needs of the organizations, through a fair and open local supplier development, guarding against corruption and seeking to ensure value for money with due respect to proprietary and regularity(Easton,2000).These are the key factors that shows that procurement rules and regulations is not fully implemented in the Ministry of Roads.

4.5 Effect of Supplier Treatment on Local Supplier Development

Table 4. Effect of supplier treatment on local supplier development

Function	Strongly agree	Agree	Disagree	Strongly disagree
The Ministry of Roads gives financial support/assistance to local suppliers	0%	2%	20%	78%
The Ministry of Roads sponsors local suppliers with workshops as one way of supporting them	11%	54%	20%	15%
The Ministry of Roads shares its facilities & Equipments with the suppliers	16%	66%	15%	3%
Procurement assistant is offered through placing the buyers (Ministry of Roads) facilities at the disposal of the supplier.	2%	6%	77%	15%

Table 4 above shows the extent to which the respondents agreed with the statements on the effect of supplier treatment on local supplier development at Ministry of Roads. From the findings the respondents disagreed that Ministry of Roads gives financial support/assistance to local suppliers. This was disagreed by 78% of respondents. The Ministry of Roads sponsors local suppliers with workshops as one way of supporting them as agreed by 54%. The respondents also agreed that the Ministry of Roads share its facilities & equipments with the suppliers to operate 66%.

It was disagreed that Procurement assistant is offered through placing the buyers (Ministry of Roads) facilities at the disposal of the supplier where 77% disagreed. Earlier researchers had showed that, there is no straight forward method of developing suppliers whether locally or internationally, which can be said to be the method, but buyers have to find out the best method of developing their suppliers in accordance to circumstances at hand and their ability (Gordon, 2008).However Monczka (2009) also gave some common areas of assistance on the same point; Financial assistance e.g. soft loans (loans with low interest rates and long term credit period), prompt payment of invoices and even buying shares of the Suppliers; Management support e.g. workshops which are fully catered for by the

companies/organizations, providing advices on production control, providing some aid through research and passing viable information to suppliers that may assist in quality management; Shared facilities that is Placing the buyer's facilities at the disposal of the supplier, through allowing the supplier to use the buyer's inspection facilities; Purchasing assistance: Supply unit should not be treated as given, but as something to be shaped to what is needed. Therefore, the procurement function should seek to capture the following aspect as they seek on the various forms of improving their supply base, as to accommodate and give a room to improve to their local supply base. From the findings it showed that some of the mentioned supplier treatment elements were already applicable in the Ministry of Roads such as; sponsoring of local suppliers with workshops as one way of supporting them. The Ministry also shares its facilities and equipments with suppliers to operate. The supplier treatment that were found not have been applied in the Ministry of Roads were that, the Ministry does not give financial support/assistance to local suppliers and that procurement assistant is not offered through placing the buyers facilities at the disposal of the supplier.

5. Summary, Conclusions and Recommendations

5.1 Introduction

The specific objectives of the study were to establish the effects of information flow in development of local suppliers in the Ministry of Roads, to ascertain the effects of procurement ethics in development of local suppliers in the Ministry of Roads, to determine the effects of Procurement rules & regulations in development of local supplies in the Ministry of Roads and to identify the effects of supplier treatment in development of local suppliers in the Ministry of Roads.

From the findings it was revealed that planning, competitors, government policy and technology affected information flow at a higher level. It was also noted that information given to suppliers was not well controlled and that supplier development did not much information flow.

The study found that procurement ethics was affecting local supplier development at Ministry of Roads to a great extent. The study also found that the key component of procurement ethics that affected development of local suppliers at Ministry of Roads were that; the Information given to suppliers was inaccurate, Accountability was not highly regarded in Ministry of Roads, the Ministry supports community development programs and that Honesty and integrity was not emphasized in all procurement undertakings.

The study revealed that procurement rules and regulation Adoption affects development of local suppliers in Ministry of Roads to a great extent. The study also found that procurement rules and regulation have not been implemented fully and thus hindering procurement processes in the public sector as it affects internal efficiencies by lowering productivity and increasing costs. By not adopting procurement rules and regulation Ministry of Roads was unable to provide excellent service to their suppliers in an effective and transparent manner. The Ministry was also unable to meet today's procurement and operating challenges. Procurement rules and regulation adoption enhances the process of effective tendering through advertising, sourcing reviews, prequalification, potential for cost savings and greater awareness of new development. The study realized that procurement processes is not undertaken in accordance to the laid down procurement rules and regulation. The respondents also agreed that by not adopting Procurement rules and regulations accountability is not ensured of all employees in the Ministry of Roads. It was also agreed that by not adopting fully procurement rules & regulations it does not ensures Competitive

bidding, which should be fair to all suppliers. Lack of Procurement rules & regulations adoption also discourages supplier development in the Ministry of Roads.

The study revealed that no financial support/assistance is given to local suppliers. The respondents also agreed that Ministry of Roads sponsors local suppliers with workshops as one way of supporting them. The respondents also agreed that the Ministry of Roads shares its facilities/equipment with the suppliers to operate efficiently. It was also established that Procurement assistant is not offered through placing the buyers (Ministry of Roads) facilities at the disposal of the supplier to reduce costs and make product specifications available.

5.2 Conclusions

From the study findings, it can be concluded that;

- i) The information communication technology is not well adopted in the Ministry of Roads which has a major effect on how information flows both internally and externally. This may have resulted from the slowness of government adoption of ICT tool in its institutions as a means of modern communication.
- ii) Information given to suppliers is not accurate and that honesty and integrity lacks in all procurement undertakings, this clearly shows that procurement ethics is not emphasized to give room for corrupt deals within the Ministry.
- iii) Competitive bidding is not fair to all suppliers and that development of local suppliers is not encouraged, this goes against the procurement rules and regulation that are designed to be followed by all public institutions. It is clear that the Public Procurement Act 2005& Regulation 2006 is not fully implemented and this may have led to poor local supplier development.
- iv) The Ministry has been sponsoring local suppliers with workshops and also shares its facilities & equipments; this is a positive way of supporting them. For local suppliers to develop they require financial assistance which is more likely the major hindrance for the supplier treatment to be effective in development of local suppliers in the Ministry of Roads.

5.3 Recommendations

For local supplier development to be successful, Ministry Of Roads and other Public organizations need to align their information flow to local supplier development policy. Ministry Of Roads needs to address the flow of information both internally and externally by improving on ways of better communication. Information given should be well planned, timely, adequate and geared towards the development of local supplier. Information technology should be implemented fully to increase the efficiency and effectiveness of information flow to and from the organization. Local suppliers need upto date information for them to improve on specifications, standardization and other requirements that they may be required to enable them to have contracts with the organizations.

Ministry of Roads and other government organizations also need to implement procurement ethics in all their procurement proceedings by doing so, local suppliers will have confident with the organization, the community will be in forefront to support the organization, employees will be accountable of what they do and thus such organization will earn a lot of integrity and confidence both internally and externally. Local suppliers will feel free to seek for guidance in things that may disqualify them in tendering process.

Ministry of Roads and other Public organizations need to implement fully the Public Procurement Act 2005 and Regulation 2006 which encourages the development of local supplier through fair and competitive bidding. It should therefore ensure that the procurement rules and regulations are followed to the letter for local suppliers to develop .The Public Procurement Act 2005 & Regulation 2006 gives some preferences and reservations that should be implemented to support local supplier development in public institutions.

Ministry of Roads and other public organizations should have local supplier treatment policy put in place. The management should ensure that local suppliers are supported in one way or the other these might be through financial support to boost their capabilities for example part payment for works done, sponsoring local suppliers with workshops where major requirements and deliveries expectations like specifications and standards are discussed at length. This will boost the working standard of local suppliers even to compete internationally. The Ministry of Roads should largely share its facilities/equipments that it owns to support local suppliers in performing their contracts e.g. sub letting spaces available to local suppliers during the time of contract, giving hiring services of construction equipment to local contractor as they do not have enough capital to purchase such huge machines on their own and also offering technical guidance to ongoing projects.

5.4 Areas for Further Research

From the study and related conclusions, the researcher recommends further research in the area of the fully implementation of procurement rules & regulation and ICT adoption in enhancing local supplier development in government institutions.

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