

## ABSTRACT

Performance of most sugar companies in Kenya has been taking downward trend overtime with shareholders complaining of the ever declining asset values. South Nyanza Sugar Company located in Migori County is one such organization where the performance has never been stable. Organizations have devised various strategies to improve on the performance trends. One key strategy adopted by South Nyanza Company is supplier sourcing with an aim of ensuring that right sourcing strategy would give better procurement performance which in turn would lead to better organizational performance. Supplier sourcing is an important aspect to most organizations. This is because it leads to identification of a reliable and credible supplier. In purchasing, the most important decision is not where to buy from, but selecting the right source of supply, that will supply goods and services to organization's requirements. Despite adopting and implementing these strategies, performance of the companies are still having unpredictable trend. The purpose of this research was therefore to determine the effect of supplier sourcing strategies on organizational performance in South Nyanza Sugar Company Limited, Migori County, Kenya. Specifically, the study sought to establish the level of influence of open sourcing, single sourcing, multiple sourcing and partnership sourcing; on organizational performance. The study was guided by a conceptual framework where the dependent variable was organizational performance and independent variable were supplier sourcing strategies like open sourcing, single sourcing, multiple sourcing and partnership sourcing. The study was based on both economic transaction cost and resource-based view theories. Correlation design was adopted. Census survey on all the 120 employees was used. Primary data was collected using structured questionnaires. Validity was gauged using research supervisor's criticism while reliability was tested using test retest and an  $r=0.81$  showed consistency. Regression results revealed that sourcing strategies together explained 2.3% of the variance in performance (Adj.  $R^2=.023$ ). Moreover, open sourcing and single sourcing were negative predictors of performance though not significant: Open sourcing ( $\beta_1 = -0.068$ ,  $p>0.05$ ) and single sourcing ( $\beta_2=-0.059$ ,  $p>0.05$ ). On the other hand multiple sourcing and partnership sourcing were found to be positive predictors of performance with multiple sourcing being significant predictor while partnership sourcing not a significant predictor. Hence multiple sourcing ( $\beta_3= 0.203$ ,  $p<0.05$ ) and partnership sourcing ( $\beta_4= 0.044$ ,  $p>0.05$ ). The study concluded that open sourcing, single sourcing and partnership sourcing have no significant influence while multiple sourcing had significant influence on organizational performance. The study recommended that Companies should invest much on multiple sourcing since it has a significant positive influence on the overall performance.