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**INFLUENCE OF GREEN PROCUREMENT PRACTICE TOWARDS ORGANIZATIONAL PERFORMANCE OF TEXTILE
AND APPAREL FIRMS IN NAIROBI COUNTY**

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INFLUENCE OF GREEN PROCUREMENT PRACTICE TOWARDS ORGANIZATIONAL PERFORMANCE OF TEXTILE AND APPAREL FIRMS IN NAIROBI COUNTY

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ABSTRACT

In poor nations like Kenya, the application of green supply chain management (GSCM) strategies remains uncertain. The study aims to find out the influence of green procurement practice towards organizational performance of Textile and Apparel firms in Nairobi County. Cross sectional descriptive research design was used in this research. The target population of this study was 92 Textile and Apparel industries in Nairobi County. The respondents were one procurement manager and one finance managers making a total of 184 respondents. This study however conducted a census on all the 92 Textile and Apparel industries in Nairobi County without adopting a sampling technique. The research utilized descriptive statistical tools called SPSS version 26 to analyses data. The study performed a regression analysis to quantify the strength of the relationship between the two variables. The study found that there was a strong significant positive relationship between green procurement practice and organizational performance of Textile and Apparel firms in Nairobi County. Base on the study findings, it was recommended that the green supply chain management practices should be viewed as a core factor in every manufacturing firms in the twenty-first century. The study recommended that Kenyan Government, through NEMA should develop rules and regulations that make it a requirement for all manufacturing firms to adopt environmentally friendly practices in the entire supply chain.

Key Words: Green Procurement, Textile and Apparel, Supply Chain Management

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INTRODUCTION

The art of Green Supply Chain Management can be viewed from different angles. Various scholars have come up with diverse definition of green supply chain management. It has been explained as a way of incorporating the environment into supply chain management right from the initial processes of production up to the final delivery of finished goods to the final consumer (Suryanto, Haseeb & Hartani, 2018). For any manufacturing sector to boost its performance, green supply chain management practices are mandatory (Çankaya, & Sezen, 2019). According to Younis and Vel (2016) GSCM should aim at ensuring that companies conduct their processes in a way that enhances environmental sustainability as well as maximizing on customer satisfaction. GSCM practices should incorporate internal environment management, cooperation among customers (Abdel-Baset & Gamal, 2019). From this sample of scholars, its clear indication that three are efforts to integrate the various definitions of GSCM so as to come up with a concrete explanation.

Generally, GSMC is a method that transforms raw materials into finished products with minimal waste or release of harmful products, which can be achieved by restructuring production processes. For GSCM to be successful, companies must ensure that they involve in production activities that embrace recycling, re use among others. This will reduce disposition of harmful products and also minimize input consumption (Khan & Qianli, 2017). The practice of GSCM aims at reducing packaging by emphasizing re use, recycling hence also minimizing of input use (Silva, Gomes & Sarkis, 2019). GSCM in transportation entails use alternative fuel vehicles. It can also include delivering goods in lager orders instead of small batches. This helps reduce environmental degradation that is caused by vehicle emissions. Green logistics, as explained by Scur and Barbosa (2017), is characterized by collection of garbage, packaging for customers, returning the packaging bags to processors for reuse. GSCM has been driven by global competitiveness where companies strive internationally to maximize

customer satisfaction while minimizing inputs (Khan and Qianli, 2017). From the global perspective, GSCM mainly involves green purchasing that aims at minimizing environmental degradation. This is according to Scur and Barbosa (2017).

GSCM has been seen of diverse merits to developing countries. It has played a major role in stirring continuous improvements in production processes so as to reduce on environmental pollution.

Countries in Europe and some in the Scandinavia have practiced green public supply chain for a long time. Sweden for instance, has been a long-standing and strong proponent of integrating environmental criteria in public procurement. Whilst implementation of green public procurement (GPP) is voluntary, the legal framework allows for criteria other than price (that is environmental) to be taken into account in the procurement process. Responsibility for sustainable procurement lies with the Swedish Ministry for the Environment; the Swedish Environmental Management Council (MSR) implements GPP. According to EU (2016), the latter are largely in the shape of product standards. Responsibility for policy development lies with the Ministry of Environment and implementation with the Agency for Public Management and Government (under the Ministry of Government Administration and Reform). Norway has also developed environmental criteria for 14 prioritized product groups. There are no set implementation targets and monitoring is ad hoc (Agi & Nishant, 2017). In the developing countries particularly in Africa, some of the countries that places importance in green procurement include South Africa, Egypt, Algeria, Morocco, Nigeria and Ghana. For instance, South Africa has a long-standing commitment to sustainable supply chain management. Responsibility for overall implementation lies with the Ministry of Infrastructure and the Environment, a federal body. This is supported by a number of other state bodies that have responsibility for implementation at regional and local government levels. Several organizations in Kenya have become aware of the importance of making significant efforts

to build successful organizational green supply chain management strategies (John, 2018; Mbaabu, 2016). This includes environmental action plans in both inbound and outbound logistics, such as production, green purchasing and eco-design which has reverse logistics. As the term suggests, these programs incorporate all relevant stakeholders, including end users, service contractors, vendors, materials suppliers and distributors who collaborate to eliminate any negative environmental impacts that may occur (Mutisya & Kinoti, 2017).

Statement of the Problem

Environmental sustainability, according to Balasubramanian and Shukla (2017), is a critical concern in corporate activity. Along with global warming and air pollution, the principal sources of environmental challenges are waste and emissions created by supply chain production. In Kenya, the existing green supply chain management technique is inefficient in insuring environmental performance. The Green manufacturing technology, green procurement, green distribution, and reverse logistics practices are not well considered. According to John (2018) and Onyinkwa and Ochiri (2016) studies, most Kenyan companies do not have a dedicated environmental unit in charge of all emissions, and the government does not aggressively regulate such activities. As a result, companies do not pay attention to their environmental performance. Thus, wastes are seriously affecting the nearby environment.

Research Objective

The study sought to determine the influence of green procurement practice towards organizational performance of Textile and Apparel firms in Nairobi County.

Research Hypotheses

H₀₁: Green procurement practices have no significant role towards organizational performance of Textile and Apparel firms in Nairobi County.

LITERATURE REVIEW

Institutional Theory

Hassan Younis (2016) explains the institutional theory as proposed by DiMaggio and Powell (1983) in the early 1980s, suggesting that corporations endeavor to adapt to their surroundings by conforming to legitimate rules and regulations on one hand and achieving social suitability on either. The researchers also state that a powerful social force driving the institution to proceed in a particular path might be any type of social force, such as culture, legislation, or rules. However, according to Zhu and Sarkis (2007), the application of GSCM methods is not necessarily motivated by efficiency, but rather by achieving social legitimacy and long-term company viability. One of the key institutional forces driving organizations to adopt green supply chain methods is government legislation. Because the surrounding habitat is a crucial success factor, particularly in the Textile and Apparel business, this theory also serves as the foundation for the eco-design variable.

Empirical Review

Green Procurement practice

Green procurement, as per Laari, Töyli, and Ojala (2017), is the classification and ownership of products and services which most effectively reduce adverse effects on the environment, and it includes the following environmentally sustainable initiatives: industrial production, shipping, use, and recycling and disposal. When making purchase selections, green procurement incorporates environmental factors as well as performance objectives. The ultimate goal is to reduce sourcing's ecological effect and increase resource productivity (Kirchoff & Mollenkopf, 2016). While manufactured products are to be utilized, green procurement gives a greening image to various firms. It is the most important factor in the adoption of green supply chain management in a variety of organizations (Khan & Khan, 2017). The technique of transport of a finished product, with the aspirations of reaching an international promotional community, is the

driver of GSCM, which asserts that organizational output. Green supply chain management has the power to take a business to another level by employing a range of methodologies. Green supply chain management is the practice of purchasing and selling items and services across most nations around the world while keeping environmental rules in mind (Fang & Zhang, 2018). The concept of GSCM has been extremely enabled by the advance of internet connectivity between nations wherever individuals are currently able to buy and sell product from one nation to another through the web. International marketing is marketing through the internet take advantage of international business and the international variations, opportunities and likeness in operating so as to improve organizational output (Mafini & Muposhi, 2017). Global aggressiveness is a GSCM factor that describes the competitive nature of diverse firms that service international clients. Once a year, the World Economic Forum compiles a ranking of the competition of nations around the globe. The term "international competition" is used to describe the global market and the battle of different firms or enterprises to outperform each other. Globalization can assist in the provision of GSCM procedures involving suppliers and customers, as well as the management of organizational distribution networks (Balasubramanian & Shukla, 2017).

Organizational Performance

The idea of quantifying the performance of a given course of action and then adjusting the process or procedure to enhance outcome, enhance productivity, or enhance the performance of the process or system is known as organizational performance. Among the most prevalent

organizational issues, according to John (2018), is determining how to evaluate performance outcomes of the firm. Different firms utilize different indicators, however the most prevalent ones are qualitative factors including employee satisfaction or quantitative factors includes profitability, operational expenses, and revenue growth. Singh and Kumar (2020) highlighted that organizational performance is how well a firm attains its market-oriented targets along with its financial goals. Performance is a determinant in providing competitive advantage to organizations in stiff competition in the market and hence the firm takes advantage of its competitors and performs better in the business. Cost of logistics is one of the most discussed factors of firm performance. Fang and Zhang (2018) considered cost performance as a major part of the firm performance. The part of logistics of the total costs may vary significantly but it is appropriately 10% of sales in industrialized nations, though dependent on the source and measurement methods used. Various measures of service performance are also considered to be an important part of the firm performance along with the most discussed cost performance. The measures of output performance according to Mafini and Muposhi (2017) include fill rate, on-time deliveries, stock out and consumer response period, manufacturing lead time, shipping errors and consumer complaints. Similar types of measures are included by Fang and Zhang (2018) as part of the operational level performance in source and deliver initiatives. According to Jaaffar and Kaman (2020) asset utilization in some form or another is usually mentioned among the critical performance metrics to the organization together with service performance.

Conceptual Framework

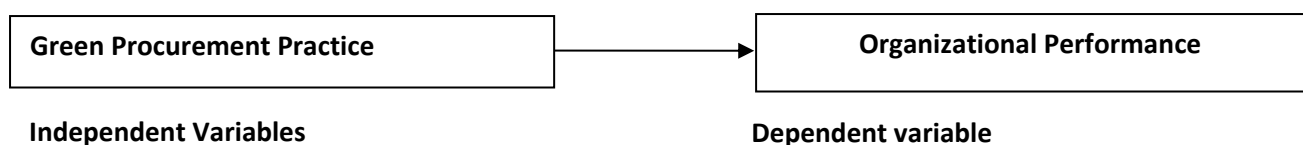


Figure 1: Conceptual Framework

METHODOLOGY

A cross sectional descriptive research design was used in this research which reports what happened or what is happening to the variables under study in the current situation. The target population of this study were 92 Textile and Apparel industries in Nairobi County (Kenya Association of Manufacturers [KAM], 2018). This study however conducted a census on all the 92 Textile and Apparel industries in Nairobi County without adopting a sampling technique. The study targeted two (2) respondents from each of the 92 Textile and Apparel industries operating in Nairobi County. The investigator intends to construct and employ questionnaires as the primary data collection instrument because this investigation is descriptive in nature and covers a rather large sample geographically scattered across Nairobi County. The collected information was quantitative in nature. Descriptive analysis was used in analyzing quantitative data. The study performed a regression analysis to quantify the strength of the relationship between the two variables.

DATA ANALYSIS AND PRESENTATION

Response Rate

This research targeted the two staffs from 92 Textile and Apparel firms in Nairobi County were selected because they are the key stakeholders of green supply chain management and who have the greatest potential of influencing organizational performance of Textile and Apparel firms in Nairobi

Table 1: Model Summary

| <i>Model</i> | <i>R</i> | <i>R Square</i> | <i>Adjusted R Square</i> | <i>Std. Error of the Estimate</i> |
|--------------|-------------------|-----------------|--------------------------|-----------------------------------|
| 1 | .738 ^a | .744 | .671 | 0.171 |

a. Predictors: (Constant), Green procurement practice

The model summary of the regression analysis in Table 1 showed that green procurement practice accounted for 54.4% of the variance in organizational performance of Textile and Apparel firms in Nairobi County, Kenya ($r^2 = 0.744$).

County. 144(782%) out of the targeted respondents of 184 employees responded to the questionnaire of this study.

Hypotheses Testing

H₀₁: Green procurement practices have no significant role towards organizational performance of Textile and Apparel firms in Nairobi County

The study sought to assess the influence of green procurement practice towards organizational performance of Textile and Apparel firms in Nairobi County. The results in table 4.13 showed that there was a strong significant positive relationship between green procurement practices and organizational performance ($r = 0.715$, $p < 0.00$). Thus, hypothesis one which states that green procurement practice does not have significant influence on organizational performance of Textile and Apparel firms in Nairobi County is rejected and the alternative that states that green procurement practice has significant influence on organizational performance of Textile and Apparel firms in Nairobi County is accepted.

Regression analysis

The study used a regression model to establish the effect of green procurement practice on organizational performance of Textile and Apparel firms in Nairobi County. This enabled the study to answer the research questions. The results for model summary are presented in Table 1 below.

This shows that 25.6% of the variance in organizational performance of Textile and Apparel firms in Nairobi County, Kenya was explained by factors not in the study.

Table 2: Analysis of Variance (ANOVA^a)

| <i>Model</i> | | <i>Sum of Squares</i> | <i>df</i> | <i>Mean Square</i> | <i>F</i> | <i>Sig.</i> |
|--------------|------------|-----------------------|-----------|--------------------|----------|-------------------|
| 1 | Regression | 190.511 | 4 | 47.628 | 3.511 | .000 ^b |
| | Residual | 159.482 | 139 | 1.147 | | |
| | Total | 349.993 | 143 | | | |

a. **Dependent Variable: FM= Firm Performance**

b. **Predictors: (Constant), GPP= Green procurement practice**

From the ANOVA statistics in table 2, the processed data, which is the population parameters, had a significance level of 0.000 which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. The analysis of variance results Table 2 indicates that the model fit is significant at p=0.000, F=3.511. This implies that green procurement

practice jointly has a significant and positive combined effect on organizational performance of Textile and Apparel firms in Nairobi County.

Determination of Regression Co-efficient

The study conducted a multiple regression analysis and from the regression model shown in Table 3.

Table 3: Regression Coefficients

| | <i>Model</i> | <i>Unstandardized Coefficients</i> | | <i>Standardized Coefficients</i> | <i>t</i> | <i>Sig.</i> |
|---|--------------|------------------------------------|-------------------|----------------------------------|----------|-------------|
| | | <i>B</i> | <i>Std. Error</i> | <i>Beta</i> | | |
| | | | | | | |
| 1 | (Constant) | 0.457 | 1.448 | | 6.084 | .000 |
| | GPP | .673 | .375 | .639 | 3.647 | .000 |

a. **Dependent Variable: FP= Organizational Performance, Independent variables: GPP= Green procurement practice**

The Unstandardized beta coefficients column in Table 3 were used to obtain the overall equation as suggested in the conceptual framework. When these beta coefficients are substituted in the equation, the model becomes:

$$Y = \alpha + \beta_1 X_1 + \epsilon$$

$$Y = 0.457 + 0.673 X_2 \text{ where}$$

From the model, it is observed that when all other factors are held constant a unit increase in green procurement practice will lead to an increase in organizational performance of Textile and Apparel firms by a factor of 0.673, this shows that there is a positive relationship between independent variables green procurement practice dependent factor organizational performance of textile and apparel firms in Nairobi County.

SUMMARY, CONCLUSION AND RECOMMENDATION

Summary of the Findings

Green procurement Practice Towards Organizational Performance

On the influence of green procurement practice towards organizational performance of Textile and Apparel firms in Nairobi County, the study found a strong significant positive relationship between green procurement practices and organizational performance ($r = 0.715, p < 0.00$).

Conclusions

The study also conclude that green procurement leads to successful implementation of procurement plans. The study also concluded that green procurement leads to sustainability of organizational productivity. The study green procurement leads to

compliance with customers 'requirements related to the implementation of environmental management systems. The green procurement ensures evaluation of the amount of waste flowing into business systems. The green procurement leads to decrease of consumption for hazardous/harmful/toxic materials

Recommendations

The study recommends that Textile and apparel firms in Kenya should adopt green supply chain practices in all their processes. This is because there are economic benefits in green supply chain management.

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