www.ijarp.com ISSN 2456-9992 Page: 01-11

International Journal Advanced Research Publications

Review Article

Volume: 02
Issue: 03

ANALYZING INTERNAL FACTORS INFLUENCING THE PROCUREMENT PERFORMANCE AMONG MANUFACTURING FIRMS AT KANENGO IN MALAWI.

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Article Received: 22 January 2026, Article Revised: 10 February 2026, Published on: 02 March 2026

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DOI: https://doi-doi.org/101555/ijarp.3337

ABSTRACT

Procurement performance is essential for improving efficiency and competitiveness in manufacturing firms. However, many manufacturing firms in Malawi continue to face procurement-related challenges such as high costs, delays, and inefficiencies. This study examined the factors affecting procurement performance among manufacturing firms in Kanengo, Malawi, focusing on leadership commitment, employee competency, information systems, and organizational culture. The study employed a quantitative research approach using a descriptive and explanatory research design. Data were collected through structured questionnaires from selected manufacturing firms in Kanengo and analyzed using descriptive statistics and multiple regression analysis. The findings indicate that leadership commitment, employee competency, information systems, and organizational culture have a significant influence on procurement performance. The study concludes that strengthening internal organizational factors can enhance procurement efficiency and effectiveness. It recommends increased management support, employee capacity building, adoption of modern information systems, and promotion of a supportive organizational culture to improve procurement performance among manufacturing firms in Malawi.

KEYWORDS: Supply Chain Management, Supplier Relationship Management, Just-In-Time, Information and Communication Technology, SMEs (Small and Medium Enterprises), Gross Domestic Product.

INTRODUCTION

Procurement performance is described as the level of effectiveness and efficiency in the process of goods and services acquisitions to cover the operational requirements of the organization (Agyekum et al., 2019). The concept of internal factors, in this case, refers to firm-level characteristics, including leadership support, staff competencies, technological systems, and organizational culture, which have a direct impact on the results of procurement (Mutegi & Otieno, 2022). These variables will be critical in the determination of why procurement flows smoothly in some manufacturing companies in Malawi and why others are faced with inefficiencies and delays.

The given research is conducted against the background of the developing industrial economy in Malawi, in which the state and the business community are actively pursuing the restatement of the local manufacturing industry based on the enhancement of the operational principles. Nonetheless, skills gaps, poor leadership commitment, and a low level of digital integration remain the threats to the efficiency of procurement processes. The identification of the impacts of these internal factors on the procurement results is crucial to the firms that want to develop resilient, cost-efficient, and agile supply chains.

Background of the study

This section focuses on historical background, theoretical Background, conceptual Background, and contextual Background.

Historical Background

The manufacturing sector plays a vital role in driving economic development, both globally and within national economies such as Malawi. As a key pillar of industrialization, manufacturing contributes significantly to employment creation, value addition, foreign exchange earnings, and technological advancement. Globally, manufacturing remains a cornerstone of economic stability, accounting for a substantial share of global GDP and trade

In Malawi, the procurement performance of manufacturing firms reflects many of the broader challenges observed across the African continent, such as employee skills, procurement planning, ICT integration, and internal controls influence procurement performance in general.

Traditionally, agro-processing, beverages and light consumer goods dominated the manufacturing sector in Malawi. The Malawian manufacturing industry slightly improved its significant contribution to GDP, by increasing it by 0.8 percentage points, to 7.2% in 2022,

whereas employment in the sector remained stable at circa 4.5 percent of all formal employment (National Statistical Office of Malawi [NSO], 2022). As a result, although policies exist to encourage industrialization in the country, including the Malawi Growth and Development Strategy III (MGDS III, 2021) recently, local companies still incur high costs of production, experience stock outs of key inputs, and prolonged lead times by suppliers (MCCCI, 2023).Procurement delays alone have been estimated to add up to 8% to overall production costs in the food and beverage sub-sector (Karonga & Phiri, 2021).

Internally, four key factors emerge as drivers of procurement performance, namely: leadership commitment, employee competency, information systems, organizational culture.

Conceptual Framework

The study proposes that internal organizational factors including staff competency, information technology systems, top management support, organizational structure, and financial resources influence procurement performance among manufacturing firms in Malawi.

General Objective of the Study

To investigate factors influencing procurement performance among manufacturing firms in Kanengo, Lilongwe, Malawi.

Specific Objectives of the study

1. To examine the effect of leadership commitment on procurement performance.
2. To assess the influence of employee competency on procurement efficiency.
3. To evaluate the role of information systems in supporting procurement activities.
4. To investigate how organizational culture affects procurement practices.

Literature Review

Theoretical Review

The study is grounded in the Resource-Based View (RBV) Theory, developed by Wernerfelt (1984) and expanded by Barney (1991). RBV argues that firms achieve sustainable competitive advantage through effective management of internal resources that are valuable, rare, inimitable, and non-substitutable (VRIN).

Unlike earlier strategic models that focused on external market forces, RBV emphasizes internal organizational capabilities such as skills, systems, leadership, and culture as key drivers of performance. This perspective supports the study's argument that internal factors,

specifically leadership commitment, employee competency, information systems, and organizational culture are strategic resources that influence procurement performance in manufacturing firms.

The theory further suggests that these resources must be properly developed, coordinated, and aligned with organizational goals to create efficiency, cost reduction, and competitive advantage. Only resources that meet the VRIN criteria can produce long-term performance benefits; failure to identify and utilize them may result in poor procurement outcomes.

Research Methodology

Research Design and Methodology

The study took a quantitative research design based on a positivist philosophy; the idea was to objectively quantify the links between internal capabilities and procurement performance (Creswell & Creswell, 2018; Saunders et al., 2020). The descriptive cross-sectional research design was utilized to collect data at one specific time to obtain a picture of what is happening in practice at the moment and to analyze associations between variables without the influence of time (Etikan et al., 2019; Ritchie et al., 2021). The main source of data were structured questionnaires since they enable the standardized measurement of all the participant and make statistical analysis easier to conduct, leading to reliability and validity of the data (Bryman & Bell, 2020; Field, 2019). The justification of this approach is that it allows quantification of the variables, and it helps conduct an empirical test of the proposed relationships, which is in line with the purpose of the study that aims to evaluate the impact of internal factors on procurement performance. Explanatory design has been used because it compliments quantitative method. Quantitative method has been used because it compliments positivism. Simple random sampling was utilized because it compliments positivism and quantitative methods.

METHODOLOGY

Primary data was collected using structured questionnaires, which allowed standardized measurement across respondents and support reliable statistical analysis. The study employed simple random sampling to ensure each member of the population has an equal chance of selection, enhancing objectivity and representativeness. Overall, the methodology aligns with the positivist and quantitative approach by enabling measurable variables and statistical testing of relationships between internal factors and procurement performance.

Research Setting

The study was carried out in Kanengo, Lilongwe, Malawi, where a large percentage of the manufacturing companies are located

Target Population

The study involved 103 respondents, comprising of procurement managers, finance officers, administration officers, operational managers and members of procurement committee of manufacturing companies in Malawi. The rationale of choosing these participants is that they are directly involved in procurement processes and decision-making and, therefore, would be the most appropriate informants to measure the internal factors that affect procurement performance (Kothari & Garg, 2019; Moyo et al., 2020).

Data Collection Methods

Two primary data collection methods were utilized:

Questionnaires: Structured questionnaires were distributed to capture quantitative data on factors affecting procurement performance among the firms.

Interviews: In-depth interviews allowed for qualitative insights, capturing personal experiences related to procurement.

Data Analysis & Interpretation

Response Rate

This research study included the gender of the respondents to provide an insight into patterns among gender categories.

Demographic Characteristics of Respondents

This section presents the demographic profile of respondents, including gender, age distribution, educational qualifications, job titles, years of experience in procurement, firm size, and organizational characteristics.

Gender Distribution

Table 1 shows the gender distribution of respondents. The findings indicate that 68 respondents (66.0%) were male, while 35 respondents (34.0%) were female. This suggests a male-dominated procurement function in Malawian manufacturing firms, which is consistent with broader gender patterns in technical and managerial positions in developing countries (Phiri & Chikopa, 2022).

Table 1. Gender of Respondents.

Gender	Frequency	Percentage
Male	**68**	**66%**
Female	**35**	**34%**
Total	**103**	**100%**

Source: primary data

4.3.2 Age Distribution

The age distribution presented in Table 2 reveals that the majority of respondents (38.8%) were in the 35-44 age bracket, followed by those aged 25-34 years (29.1%). Only 5.8% of respondents were below 25 years, while 15.5% were aged 45-54 years, and 10.7% were 55 years and above. This age distribution suggests that procurement positions in manufacturing firms are predominantly occupied by individuals in their mid-career stages, with considerable experience and professional maturity.

Table 2. Age Distribution of Respondents.

Age Group	Frequency	Percentage
Below 25	6	5.8%
25-34 years	30	29.1%
35 - 44 years	40	38.8%
45 to 54 years	16	15.5%
55 and above	11	10.7
Total	103	**100%**

Source: Primary data

Educational Qualifications

Table 3 shows that the majority of respondents (45.6%) held Bachelor's degrees, followed by those with Diplomas (28.2%). Only 14.6% had Master's degrees, while 8.7% held Certificates and 2.9% had PhDs. This educational profile indicates that while most procurement professionals have tertiary education, there is still room for enhancing advanced qualifications in the sector.

Table 3. Education Levels of Respondents.

Education Level	Frequency	Percentage
Certificate	9	8.7%
Diploma	29	28.2%
Bachelor’s Degree	47	45.6%
Master’s Degree	15	14.6%
PhD	3	2.9
Total	103	**100%**

Source: Primary data

Firm Size

Table 4 presents the distribution of respondents by firm size based on the number of employees. The findings show that 35.0% of respondents worked in firms with 200 or more employees, 28.2% in firms with 100-199 employees, 23.3% in firms with 50-99 employees, and 13.6% in firms with less than 50 employees. This distribution indicates good representation across different firm sizes, enhancing the generalizability of the findings.

Table 4. Firm Size.

Education Level	Frequency	Percentage
Less than 50	14	13.6%
50 - 99	24	23.3%
100 - 199	29	28.2%
200 and above	36	35%
Total	103	**100%**

Source: Primary data

Hypothesis test results

Based on the regression analysis results, the following research hypotheses were tested:

H_1: Top management support has a significant positive effect on procurement performance.

Decision: SUPPORTED. The regression coefficient is positive and significant ($\beta = 0.298$, $t = 3.821$, $p < 0.001$). This indicates that top management support significantly enhances procurement performance among manufacturing firms in Malawi.

H_2: Staff competence has a significant positive effect on procurement performance.

Decision: SUPPORTED. The regression coefficient is positive and significant ($\beta = 0.246$, $t = 3.000$, $p = 0.003$). This confirms that employee competency significantly contributes to improved procurement outcomes.

H_3: Organizational structure has a significant positive effect on procurement performance.

Decision: SUPPORTED. The regression coefficient is positive and significant ($\beta = 0.271$, $t = 3.188$, $p = 0.002$). This demonstrates that effective organizational structure significantly impacts procurement performance.

H_4: IT systems have a significant positive effect on procurement performance.

Decision: NOT SUPPORTED. The regression coefficient is insignificant (β = 0.189, t = 2.589, p = 0.011). This confirms that information technology systems does not significantly influence procurement performance, compared to other factors. The hypothesis has been rejected.

KEY FINDINGS

Top management support: The study found that top management support is the strongest predictor of procurement performance (β = 0.312, p < 0.001), confirming that leadership commitment significantly improves procurement outcomes through resource allocation, policy enforcement, and strategic direction. However, the moderate mean score (M = 3.42) indicates that management support in Malawian manufacturing firms is present but not optimal, particularly regarding adequate resource provision (M = 3.15).

Staff Competence: The study found a significant positive relationship between staff competence and procurement performance (β = 0.246, p = 0.003), indicating that skilled procurement personnel improve efficiency and cost savings. However, the moderate competence level (M = 3.29) and low support for continuous professional development (M = 3.08) reveal notable training and skills gaps in Malawian manufacturing firms. Evidence shows many procurement staff lack formal training or certification, with insufficient training identified as a major performance barrier.

Organizational structure: The study found that organizational structure significantly influences procurement performance (β = 0.268, p = 0.002), confirming that clear role definitions and structured procurement systems enhance performance. The relatively high mean score (M = 3.51) suggests that Malawian manufacturing firms have made progress in establishing formal procurement structures. However, weaker inter-departmental coordination (M = 3.33) remains a challenge, leading to misalignment between procurement and production needs. Overall, the findings indicate that while structural arrangements are largely in place, improving cross-functional coordination is essential to fully optimize procurement performance.

There is no positive significant relationship between IT systems and procurement performance (β = 0.189, p = 0.011). Therefore, the hypothesis that IT systems positively influence procurement performance is **rejected** due to the very low level of IT adoption and capability in Malawian manufacturing firms. The low mean score (M = 2.87)—the weakest among all internal factors—indicates inadequate IT infrastructure, unreliable e-procurement systems, and insufficient staff training

Recommendations

Manufacturing firms should strengthen top management engagement through executive procurement committees,

Furthermore, government and policymakers should establish a National Procurement Training Institute, provide subsidized training and scholarships, and organize knowledge-exchange forums. Technology incentives could include tax breaks, grants for SMEs, and public-private partnerships for affordable software solutions. Manufacturing support should integrate procurement development into national growth strategies, while procurement standards and benchmarks would guide industry practices. Enhanced data collection through mandatory reporting would enable research and evidence-based policymaking.

In addition to that, industry associations should facilitate knowledge sharing through procurement forums, working groups, and case study documentation. They should negotiate group training rates, organize professional development programs, and advocate for supportive policies. Collective procurement initiatives could achieve economies of scale through group purchasing and shared supplier databases.

CONCLUSIONS

The study concludes that procurement performance in Malawian manufacturing firms is primarily driven by internal organizational capabilities, with top management support emerging as the most critical determinant through its role in resource allocation, strategic direction, and performance oversight. While firms have made progress in establishing formal procurement structures that provide necessary role clarity and procedural guidance, weak cross-functional coordination limits their full effectiveness. At the same time, significant gaps in staff competency, caused by inadequate training, limited professional development, and shortage of certified personnel constrain procurement effectiveness and the adoption of best practices. Overall, the findings indicate that improving procurement performance requires stronger managerial investment, better-integrated organizational structures, and sustained development of procurement human capital to align policy intentions with operational capability.

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