



# SUPPLIER SATISFACTION TOWARDS RAW MATERIAL PROCUREMENT PRACTICES IN A MANUFACTURING COMPANY

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## ABSTRACT

The efficiency of raw material procurement plays a vital role in the success of manufacturing companies. Supplier satisfaction is an important factor that influences the smooth functioning of procurement activities and long-term business relationships. This study focuses on analyzing supplier satisfaction towards raw material procurement practices in a manufacturing company.

It examines key factors such as timely payment, communication, transparency, and order management that affect supplier satisfaction. Primary data was collected through structured questionnaires from suppliers, and the data was analyzed using statistical tools such as percentage analysis and hypothesis testing. The findings reveal that most suppliers are satisfied with the company's procurement practices, with timely payment and effective communication being the most influential factors. The study also provides suggestions to improve procurement efficiency and strengthen supplier relationships.

## INTRODUCTION

Manufacturing firms depend heavily on effective raw material procurement in today's cutthroat business climate to guarantee seamless production procedures and uphold product quality. Any manufacturing activity is built on raw materials, and continuous operations depend on their timely availability. The process of locating, acquiring, and overseeing the raw materials needed for manufacturing is known as procurement. Effective procurement procedures assist businesses in cutting expenses, increasing productivity, and preserving a consistent production flow.

Because they supply the raw materials needed for manufacturing, suppliers are important players in the procurement process. The company's relationship with its suppliers plays a major role in the success of procurement activities. Thus, a crucial element that affects the efficiency and dependability of the supply chain is supplier satisfaction. Suppliers are more likely to provide high-quality goods, follow delivery dates, and sustain long-term business ties when they are pleased with a company's procurement procedures.



However, discontent among suppliers can result in a number of issues, including poor material quality, production interruptions, and delayed delivery. As a result, companies must prioritize keeping good ties with their suppliers by implementing equitable and open procurement procedures. Supplier satisfaction is significantly impacted by elements including prompt payment, effective order processing systems, transparent transactions, fair pricing policies, and clear communication.

Companies have been more aware of the value of supplier relationship management as a tactical tool for obtaining a competitive edge in recent years. Strong ties with suppliers boost supply chain resilience, overall organizational performance, and procurement efficiency. Businesses can enhance their procurement procedures and create enduring relationships by comprehending the demands and worries of suppliers.

The analysis of supplier satisfaction with a manufacturing company's raw material procurement procedures is the main goal of this study. It seeks to determine the critical elements influencing supplier satisfaction and assess the efficacy of current procurement procedures. Additionally, the study aims to investigate the connection between supplier performance and procurement procedures.

Additionally, the study offers insightful recommendations for enhancing supplier relationships and procurement efficiency. Manufacturing businesses can improve their operational efficiency, guarantee a steady supply of high-quality resources, and eventually achieve sustainable growth by concentrating on supplier satisfaction while purchasing raw materials.

## **OBJECTIVES OF THE STUDY**

The main objectives of the study are:

- To examine the raw material procurement practices followed by the manufacturing company.
- To measure the level of supplier satisfaction towards raw material procurement processes.
- To identify the factors influencing supplier satisfaction in raw material procurement.
- To analyze the relationship between raw material procurement practices and supplier performance.
- To provide suggestions for improving supplier relationship management and procurement efficiency.

## **LITERATURE REVIEW**

Katarzyna Ragin-Skorecka (2024) This study examines the factors affecting user satisfaction and dissatisfaction in public e-procurement systems. It uses a quantitative survey method and analyzes data using statistical techniques like PCA factor analysis. The results identify three satisfaction factors and two dissatisfaction factors, emphasizing support, system intuitiveness, and security. The study contributes to literature by highlighting how better design and technical support can improve user experience and sustainable procurement practices.

Kumar, Kushwaha & Kar(2022) Kumar et al. studied buyer-supplier relationships in small and medium enterprises and emphasized the importance of procurement practices in building strong supplier relationships. The research highlighted that communication, transparency, and fair procurement policies improve supplier experience and strengthen long-term partnerships between buyers and suppliers.

Asad Malik , Muhammad Faisal , Dr. Khuram Shahzad Digital procurement and data analytics improve supply chain efficiency and support better decision-making in organizations. The study used structural equation modelling (PLS-SEM) to analyze the relationship between digital procurement, supply chain performance, and business performance. Results show that improved supply chain performance leads to better overall organizational performance. The study suggests that companies should invest in digital procurement systems and data analytics to enhance operational efficiency and business growth.



Prajogoetal (2024) Prajogo and colleagues emphasized that socially responsible procurement practices influence supplier satisfaction and relationship continuity. The study showed that unfair purchasing practices or unethical behavior by buyers negatively affect suppliers' willingness to continue long-term partnerships. This highlights the importance of ethical procurement management.

Basu et al. (2023) Basu and co-authors highlighted that maintaining strong supplier relationships helps organizations manage supply chain disruptions. Their research emphasized that collaboration, trust, and transparent procurement processes improve supplier satisfaction and overall supply chain resilience.

## RESEARCH METHODOLOGY

### Research Design

The study adopts a descriptive research design to analyze supplier satisfaction towards raw material procurement practices in the manufacturing company.

### Source of Data Primary Data

Primary data were collected through structured questionnaires distributed to suppliers associated with the company.

### Secondary Data

Secondary data were collected from journals, research articles, company reports, websites, and textbooks related to procurement and supply chain management.

### Sample Size

The study considered a sample size of 50 suppliers who are regularly involved in supplying materials to the manufacturing company.

### Sampling Technique

Simple random sampling method was used to select the respondents.

## DATA ANALYSIS AND INTERPRETATION

### 1. Gender Distribution

GENDER	NUMBER OF RESPONDENTS	PERCENTAGE (%)
Male	35	70%
Female	15	30%
Total	50	100%

## INTERPRETATION

The gender distribution shows that the majority of respondents are male, accounting for 70% of the total sample, while female respondents constitute 30%. This indicates that supplier participation in the manufacturing sector is predominantly male-dominated. However, the presence of female suppliers reflects gradual diversification. The participation of both genders ensures a range of perspectives in procurement practices. Overall, the data suggests moderate gender inclusivity.



## 2. Supplier Satisfaction Level

SATISFACTION LEVEL	NUMBER OF RESPONDENTS	PERCENTAGE (%)
Highly Satisfied	15	30 %
Satisfied	20	40 %
Neutral	10	20 %
Dissatisfied	5	10 %
Total	50	100 %

### INTERPRETATION

The table shows that a majority of suppliers are satisfied with the procurement practices, with 40% being satisfied and 30% highly satisfied. A smaller portion of respondents expressed neutrality, while only 10% reported dissatisfaction. This indicates that the company maintains a generally positive relationship with its suppliers. High satisfaction levels reflect effective procurement and communication practices. However, the presence of dissatisfaction suggests the need for improvement in certain areas.

## 3. Factors Affecting Supplier Satisfaction

FACTORS	NUMBER OF RESPONDENTS	PERCENTAGE (%)
Timely Payment	18	36 %
Communication	14	28 %
Transparency	10	20 %
Pricing Policy	8	16 %
Total	50	100 %

### INTERPRETATION

The table indicates that timely payment is the most influential factor affecting supplier satisfaction, followed by communication. Transparency and pricing policy also play a significant role but to a lesser extent. Suppliers highly value financial reliability and clear communication in procurement processes. These factors directly impact trust and long-term relationships. Therefore, companies must prioritize these aspects to improve supplier satisfaction.



#### 4. Payment Delay Issues

RESPONSE	NUMBER OF RESPONDENTS	PERCENTAGE (%)
Yes	15	30 %
No	35	70 %
Total	50	100 %

#### INTERPRETATION

The table shows that 70% of suppliers have not experienced payment delays, while 30% reported facing delays. This indicates that the majority of suppliers receive payments on time, contributing to higher satisfaction levels. However, the existence of delays for a significant minority cannot be ignored. Payment delays can negatively affect supplier trust and relationships. Therefore, improving payment processes is essential for maintaining supplier satisfaction.

#### RESEARCH HYPOTHESIS

##### H0 (Null Hypothesis):

There is no significant relationship between raw material procurement practices and supplier satisfaction.

##### H1 (Alternative Hypothesis):

There is a significant relationship between raw material procurement practices and supplier satisfaction.

##### Formula (Chi-Square Test)

$$\chi^2 = \sum (O-E)^2 / E$$

#### INTERPRETATION

The Chi-square test was used to analyze the relationship between procurement practices and supplier satisfaction. The calculated value was found to be greater than the table value at a 5% level of significance. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This indicates that there is a significant relationship between procurement practices and supplier satisfaction. Hence, procurement practices play a crucial role in influencing supplier satisfaction.

#### FINDINGS

The study reveals that the majority of suppliers have a moderate to high level of satisfaction with the company's procurement practices. Timely payment is identified as the most important factor influencing supplier satisfaction, followed by effective communication between the company and suppliers. Most respondents prefer long-term business relationships, indicating the importance of trust and continuity in procurement activities. The study also shows that transparent procurement procedures help in building strong supplier relationships.



However, a few suppliers have expressed concerns regarding delays in payment processing and order approvals. Additionally, supplier satisfaction varies across departments, suggesting that certain areas require more attention and improvement.

## SUGGESTIONS

Based on the findings, it is recommended that the company should ensure timely payment to suppliers in order to maintain strong and long-term relationships. Procurement procedures should be simplified to reduce delays in purchase order approvals and improve efficiency. The organization should focus on enhancing communication with suppliers to ensure better coordination and understanding. It is also suggested that regular feedback should be collected from suppliers to identify issues and improve procurement practices. The company can adopt digital procurement systems to increase transparency and operational efficiency. Furthermore, special attention should be given to departments where supplier satisfaction is lower, and effective supplier relationship management strategies should be implemented.

## CONCLUSION

In conclusion, supplier satisfaction plays a crucial role in the effectiveness of procurement practices in a manufacturing company. The study highlights that factors such as timely payment, clear communication, and transparent procedures significantly influence supplier satisfaction levels. While most suppliers are satisfied with the current procurement system, certain issues like payment delays and procedural inefficiencies still exist. Addressing these challenges will help in strengthening supplier relationships and improving overall supply chain performance. Therefore, by focusing on continuous improvement in procurement practices, the company can achieve better operational efficiency and long-term success.

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