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**INFLUENCE OF PURCHASING MANAGEMENT PRACTICES ON PERFORMANCE OF COMMERCIAL BANKS IN
NAIROBI COUNTY, KENYA**

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INFLUENCE OF PURCHASING MANAGEMENT PRACTICES ON PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI COUNTY, KENYA

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ABSTRACT

The general objective of the study was to examine the influence of purchasing management practices on performance of commercial banks in Nairobi County, Kenya. The study adopted a descriptive research design and was conducted in the commercial banks in Kenya and the 86 respondents were used to provide pertinent information about the research problem. It was notable that there existed a strong positive relationship between the independent variables and dependent variable. The coefficient of determination explained the extent to which changes in the dependent variable was explained by the change in the independent variables or the percentage of variation in the dependent variable and the four independent variables that were studied explained of the performance of commercial banks. This implied that these variables were very significant therefore needed to be considered in any effort to boost performance of commercial banks in Kenya. The study recommended that commercial banks should have adequate supplier base which is important to improve performance of its suppliers. The commercial banks should be concerned with the supplier credit terms to enhance service delivery. The commercial banks should strive to make timely dispute resolution with suppliers to enhance service delivery. There is need for the organizations to ensure that the procured goods match demand and supply. Technical expertise which is the base for strategic sourcing should be adequate to enhance service delivery. Sourcing functions should have active interaction with the other functions to enhance matching demand and supply improves cost of reduction. There is need for the organizations to ensure that there is adequate IT infrastructure, adequate level of automation for the procurement staff in the organization. This will facilitate procurement functions such as E-procurement to reduce procurement costs and enhance procurement usage to improve service delivery.

Key Words: *Supplier Relationship Management, Strategic Sourcing, ICT Integration, Purchase Control, Purchasing Management*

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INTRODUCTION

Liberalization and globalization of the banking sector has created an era of fierce competition, as a result of which, service management and performance is expected to assume an increasing important role in this industry. The adoption of purchasing management practices can lead to the banks to become stronger and effective only if they come out with better customer service, perceived quality, low costs and innovation (Selvaraj, 2009).

Purchasing management practices are increasingly becoming an important feature in the attainment of competitive advantage in most service organizations in the global markets today. The number of competitors is increasing and expanding both locally and globally, organizations not only have to re-establish their operations to produce goods and services of increased quality which will greatly differentiate them from others and make them respond to the changing market dynamics through the efficient and effective management of the purchasing (Kimechwa, 2015).

Globally, in many developed nations, public sector expenditure is substantial. Government organizations across the world tend to spend between 8 per cent and 25 per cent of GDP on goods and services (OECD 2006). In the UK, public procurement expenditure is approximately £150 billion (DEFRA 2007). Government is often the single biggest customer within a country, and governments can potentially use this purchasing power to influence the behavior of private sector organizations (Charles 2007). In particular, it has been noted that public procurement can be a lever to deliver broader government objectives, such as stimulating innovation in supply markets, using public money to support environmental or social objectives, and for supporting domestic

In the Sub Saharan Africa the importance of purchasing to commercial Banks performance is increasingly being noted, and is now considered more and more a procurement purchasing function. Viewed holistically, however, purchasing comprises all of the goods and services used by banks: from temporary help to recruiting; benefits to market research services; direct mail to advertising services; telecommunication services to computer maintenance and repair; janitorial services. And when viewed in totality, the true impact of purchasing on the bank's bottom line is hardly irrelevant, (Cousins & Spekman, 2013)

The public procurement system in Kenya is governed by amorphous legal framework such as Treasury Circulars from 1969; then Government Supplies Manual of 1978. In 1997, Government initiated the Public Procurement Reform and Enhanced Capacity Project following recommendations of two procurement audits carried out by consultancy firm, Society General Surveillance (SGS). The audit disclosed serious shortcomings. Thus, Government decided to reform existing practices in order to achieve and enhance economy, accountability and transparency. It harmonized all rules resulting in the Public Procurement Regulations, 2001.

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The CBK which falls under the National Treasury is responsible for formulating and implementing monetary policy and fostering liquidity, solvency and proper functioning of the financial system (CBK, 2011). As at December 2013 there are 43 commercial banks, 15 deposit taking microfinance and 119 Forex bureaus operating in Kenya. The banks in Kenya have come together under the Kenya Bankers Association (KBA) which serves as a lobby for the banking sector's interests. The association serves as a forum to

address issues affecting the members. Over the last few years, the banking sector has continued to grow in assets, deposits profitability and product offering. The growth has been mainly underpinned by; an industry wide branch network, expansion strategy both in Kenya and the extensive East Africa community region, automation of a large number of services and a move towards giving greater emphasis on the emerging complex customer needs rather than the traditional “off the shelf” banking products, not to mention the technological craze of internet and mobile banking which has completely revolutionised the banking industry (Njoroge, 2010).

Statement of the Problem

Over the last two decades, there has been renewed interest in the purchasing management practices of organizations, following collapses of some of the commercial banks around the globe (World Bank 2015). Although most sub Saharan African countries do not have significant improved commercial banks performance unlike in developed countries, the purchasing management practices have been adopted to enhance service delivery (Wyllis, 2017). In a study of a sample of commercial banks (over US\$5bn in assets) from 6 different countries dispersed across North America, Europe and Asia-Pacific, Clark and Urwin (2017) conclude that their superior performance is linked to strong purchasing management practices. Guleid(2017) indicated that effective purchasing management practices positively and significantly influence performance of commercial banks by more than 11%. Effective purchasing management practices can positively influence the improvement of performance of commercial banks as they experience new challenges (Higgs & Rowland, 2013).

However, in Kenya according to statistics from Central bank of Kenya (2014), the Kenya Commercial Bank in 2011 reported a 42.7 per cent drop in profits to Sh629 million from Sh1.64 billion a year earlier and

the banking sector recorded a decline in performance in some banks the total operating expenditure increased by 2% compared to similar period in 2011. Buxey (2016) believes that purchasing management is the central instrument to assist the efficient management of resources in an organization. Many purchasing management models have been developed, most of the Kenyan commercial banks but do not run fully developed in the purchasing management departments (KBA, 2011).

During the last decade, various scholars have found positive association between better purchasing management practices and organizational performance. On the contrary; the impact of purchasing management practices in commercial banks has not received much attention in empirical research in Kenya. For example, not much has been done on the purchasing management and performance of commercial banks in a single study in the Kenyan context. It is on this premise the current study sought to re-examine the influence of purchasing management practices on performance of commercial banks in Kenya.

Objectives of the Study

The general objective of the study was to examine the influence of purchasing management practices on performance of commercial banks in Nairobi County, Kenya. The specific objectives were:-

- To examine the influence of supplier relationship management on performance of commercial banks in Nairobi County, Kenya
- To analyze the influence of strategic sourcing on performance of commercial banks in Nairobi County, Kenya
- To determine the influence of ICT Integration on performance of commercial banks in Nairobi County, Kenya
- To assess the influence of purchase control on performance of commercial banks in Nairobi County, Kenya

LITERATURE REVIEW

Theoretical Review

Institutional Theory

The institutional theory is associated with various aspects of social structure that are deeper and more resilient. The theory focuses on the various processes where organizational structures are considered for provision of authoritative guidelines safeguarding social behavior such as schemes, rules, norms, as well as routines. In this aspect institutions are considered as the source where human interaction levels are devised and structured to suite the intended purpose. Therefore, these rules can either be formal or informal. The institutional theory considers institutions an important element within the society. This is since institutions provide platform that makes it possible for sharing of information, bounded rationality of human nature, as well as high transaction costs within the various exchange mechanisms.

Further, such theory considers the way in which structures and schemes operate within the institution. Such schemes include rules, norms as well as routines that become established authoritative guidelines within the social behaviour domain. This theory studies the impact the various effects of rational, regulative and normative structures that safeguard a firms operating environment (Normore, 2016).

Principal Agent Theory

The principal agent theory as advocated by Cohen et al., (2003) explains that procurement managers in public sector play a relationship role. The principal-agency theory holds that shirking is likely to occur when there is some disagreement between policy makers and the bureaucracy. The democratic perspective focuses on responsiveness to citizens and their representatives (Cronbanch, 2011).According to

Evenetteet al., (2005) agency theory if applied rigorously offers a versatile tool to identify and solve enduring puzzles in procurement law and policy, in part by breaking down traditional boundaries in the law. According to Hunja, (2011) while contract formation has centered on transparency, competition, and integrity, public contract administration have tended to emphasize an efficient allocation of risk between the public and private actors (Wanyama, 2013).

The principal-agent theory lends new perspectives on transparency of procurement process, along central theme in procurement reform (Jeppesen, (2010). In public procurement regulation the Accounting officer acts as the principal where procuring entity (agent) has to report to accounting officer in matters concerning procurement activities. Procuring entity must ensure acting in transparency when conducting procurement activities since they must be accountable to the accounting officer (Lysons& Farrington, 2006). Since transparency is primarily the publicizing of information on contract opportunities and awards that has traditionally been assessed from the perspectives of key stakeholders as a result, marginal improvements in transparency are assessed for the benefits they would afford those stakeholders (Wanyama, 2013).

Adaptive Structuration Theory

Based on structuration theory, the study intends to determine the effects of technology on procurement regulatory compliance. Anthony Giddens in his *Constitution of Society* in 1984 addresses issues of human behaviour in the context of technology based on social structure. In other words, the theory looks into the process of human usage of computer systems and at the nature of group-computer interaction (Poole and DeSanctis, 2009).With the main focus of communication using information technology, the theory highlights the concepts of appropriation and structuration.

In addition, the AST can be considered as a prime starting point to draw links between individuals and organisational learning. This is due to the core concept in AST that address issues of group interaction with technology as the basis of human activity (DeSanctis and Poole, 2008). AST is a viable approach in studying how information technology affects performance of commercial banks as it examines the change from distinct perspectives.

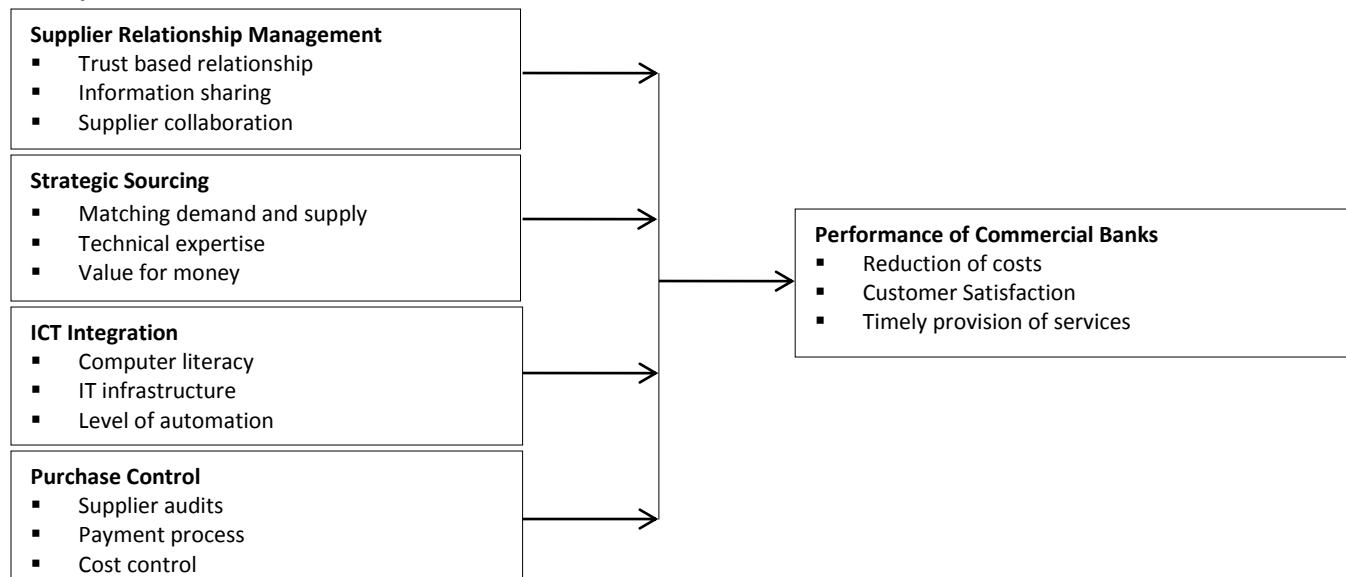
Auction Theory

This theory will guide the study in investigating the relationship between purchase control and performance of commercial banks in Kenya. According to Gunnar Alexanderson and Staffan Hultén (2006) open tendering when contracting out banks services is similar to performing common value

auctions with a sealed-bid procedure. However, the price of the bidders may not be the only factor (although often the most important) to take into account. The procuring public authority typically evaluates the competing bids regarding both price and quality once the bidding process has ended. He argues that, competitive tenders combine traits, advantages, disadvantages and risks, of both auctions and beauty contests.

Hultkrantz and Nilsson (2011) claim that a pure auction is better than a beauty contest because it offers a more market-oriented, objective and transparent method for awarding licenses. Their strongest argument in favour of open tendering is that firms in the auction process, by means of offering more and more money, reveal information about their estimation of the value of the good.

Conceptual Framework



Independent Variables

Dependent Variables

Figure 1: Conceptual Framework

Source: Author (2019)

Empirical review

Supplier Relationship Management

Mwangi (2014) sought to assess the effect of supplier relationship management on operational performance

of sugar firms in Kenya. The study worked towards attaining the following objectives; To determine the effect of supplier collaboration in product development on operational performance of sugar firms in Kenya, To establish the effect of information

sharing on operational performance of sugar firms in Kenya and To determine the effect of trust-based relationship on operational performance of sugar firms in Kenya. Three theories, namely the social capital theory, the theory of constraints, and the commitment trust theory, anchored this study. The research established that trust-based relationships, information sharing and supplier collaboration in NPD positively impact operational efficiency in the sugar sector in Kenya.

Kiarie (2017) sought to identify the influence of supplier relationship management practices on organizational performance the case being large manufacturing firms in Kenya with the specific objectives being three: firstly, the identification of the supplier relationship management practices used, secondly, an exploration of the effects of the supply chain attributes and finally the determination of the challenges of supplier relationship management. The study adopted the use of correlational and descriptive research design while the population consisted of 594 listed manufacturing firms in Kenya according to the Kenya Association of Manufacturers. Out of the population, a sample size was selected (60) through simple probability sampling more specifically simple random sampling which was a representative figure of the whole population. The regression analysis findings indicated that there was a relationship between the dependent and independent variables as well as the moderating variables that are supply chain attributes. The study further recommends the benefits that can be accrued from SRM practices deserve a strategy so as to impact positively on operational performance

Strategic Sourcing

Kihanya, Wafula, Onditi and Munene (2015) study was guided by the following objectives: to determine the role of quality of goods and services on organization's performance; to establish the role of cost of goods and service; to establish the role of supplier relationship; the role of timely delivery of goods and services and to

determine the role of effective procurement plans on organizational performance. Descriptive research design was used in conducting this study. The target populations for the study were the employees of Jomo Kenyatta University of Agriculture and Technology, Main Campus. The findings of this study suggested that strategic sourcing enables the organization to achieve strategic advantage and at the same time act as a means in which a business condition or problem can be alleviated in a more efficient and effective manner.

Munanu (2017) sought to examine the effects of strategic sourcing on organization performance, a case study of administration police training college quartermaster stores Embakasi. The study used a case study research design involving quantitative methods. Purposive examining strategy was utilized to choose the chiefs while straightforward irregular was utilized to choose the rest of respondents. Quantitative data was analyzed using descriptive statistics (frequencies and percentages). The findings revealed that strategic sourcing at Administration Police Service positively contributed to cost efficiency. The study established that outsourcing at APS somehow positively contributed to improved productivity. It was established that strategic sourcing at positively contributed to profitability. It is concluded that outsourcing positively affects Performance APS.

ICT Integration

Several studies have taken an international perspective to the study of procurement and Technology capabilities. For example, the study by Ebrahim, (2010) involved respondents from the United Kingdom and United States, while the ones conducted by Mcshane, (2009) has provided empirical insights based on data collected in Canada and UK, respectively. In addition, several studies have investigated IT and supply chain in specific geographical areas. Mzoughi *et al.* (2008) investigate the impact of supply chain management and

Enterprise Resource Systems (ERP) on organizational performance and competitive advantage in Tunisia by conducting a survey on 216 Tunisian managers. Their results show the importance of SCM and ERP systems adoption as well as reveal their positive impact on organizational performance and competitive advantage in Tunisians companies.

Moses (2009) noted that application of poor sourcing strategies is a key impediment to implementation of effective procurement practices in many government institutions in Kenya. A study by Oyugi (2010) noted that lack of e-procurement methods, lack of automated procurement systems, lack of supportive ICT infrastructure and absence of ICT skills amongst procurement staff greatly affect the implementation of effective procurement practices in tertiary public training institutions in Kenya. A study by George (2008) found that in Kenya many public institutions fail to succeed in embracing effective procurement practices due to lack of effective waste recycling technology and effective technology for utilizing renewable energy sources such as wind and solar energy. However, George (2008) failed to explain the type of technology that should be embraced by government training institutions in order to effectively implement effective procurement practices.

Purchase Control

Karungani and Ochiri (2015) sought to establish the impact of internal procurement process on organizational performance in the Nairobi County Government. The findings of this research reveal that internal procurement processes have a great influence on organizational performance. Respondent's perceptions are that internal procurement processes have a great influence on the performance of the organization. Purchase control like order processing, information sharing and payment processing bring forth improved organizational performance. The results also showed that internal procurement processes enhance

purchase quality, purchase controls in addition to managing self-interests in effect leading to improved organizational performance).

Kennedy and Kiarie (2015) studied the influence of purchase control in internal procurement processes on organizational performance revealing that there is a positive correlation between purchase control in internal procurement processes and organizational performance. The research further revealed that purchase control in internal procurement processes enhance organizational performance by integrating an organization's operational and support functions, ensuring that production is aligned with new orders; purchasing is aligned with demand while shipping and scheduling are aligned with the requirements of customers.

METHODOLOGY

The study used the descriptive research design. Research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure (Babbie, 2007). The study was based on the Kenyan banking sector where the population under study exclusively consisted of the commercial banks. As per CBK (2017), the banking system comprises of commercial banks, which formed the basis of the target population. The actual population in this study was made up of the 86 respondents. The study collected data from the respondents by the use of structured questionnaire. The collected quantitative data was coded and entered into SPSS (V.22) to create a data sheet that was used for analysis. The study used multi-linear regression model to measure the relationship and significance of the independent variables against the dependent variable (Cooper & Schindler, 2006).

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where:

Y = Performance of Commercial banks

X₁ = Supplier relationship management

X₂ = Strategic Sourcing

X₃ = ICT Integration

X₄ = Purchase Control

ε = Error Term

RESULTS

Supplier Relationship Management

The study sought to assess the influence of supplier relationship management on performance of commercial banks in Kenya. This section presented findings to statements posed in this regard with responses given on a five-point Likert scale (where 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree). Table 1 presented the findings. The scores of 'strongly disagree' and 'disagree' were taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of 'Neutral' was taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' was taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Table 1 presented the findings as tabulated, a majority of respondents were found to be neutral with the statement posed in regard to the influence of supplier relationship management on performance of commercial banks in Kenya. The study established that the organization believes in supplier base is

important to improve performance of its suppliers (Mean=2.788). The organization focuses on supplier credit terms to enhance service delivery (Mean=2.764). The organization made timely dispute resolution with suppliers to enhance service delivery (Mean=2.876). The organization conducted supplier base annually to enhance cost reduction (Mean=3.217). The organization had adequate supplier base to improve cost reduction (Mean=3.214); the organization dispute resolution with suppliers enhanced timely provision of services (Mean=2.908). The study results implied that supplier relationships influenced performance of commercial banks in Kenya.

The study findings were in agreement with literature review by Ansari (2009) that supplier management allows firm to make better use of their suppliers capabilities and coordinating operational activities through joint planning also results to inventory reduction, smoothing production, improve product quality, and lead time reduction. Browne (2004) contends that supplier relationship management is a comprehensive approach to managing an enterprise's interactions with the organizations that supply the goods and services it uses. The goal of supplier relationship management (SRM) is to streamline and make more effective the processes between an enterprise and its suppliers just as customer relationship management (CRM) is intended to streamline and make more effective the processes between an enterprise and its customers.

Table 1: Influence of Supplier Relationship on Performance of Commercial banks

Supplier Relationship Management	Mean	Std. Dev
The organization believes in supplier appraisal is important to improve performance of its suppliers	2.456	.435
The organization focuses on supplier credit terms to enhance service delivery	2.764	.231
The organization makes timely dispute resolution with suppliers to enhance service delivery	2.876	.342
The organization conducts supplier appraised annually to enhance supplier performance	3.212	.331
The organization has adequate supplier base to improve cost reduction	3.214	.329
The organization dispute resolution with suppliers enhance timely provision of services	2.908	.548

Strategic Sourcing

The study sought to assess the influence of strategic sourcing on performance of commercial banks in Nairobi County, Kenya. This section presented findings to statements posed in this regard with responses given on a five-point Likert scale (where 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1= Strongly Disagree). Table 2 presented the findings. The scores of 'strongly disagree' and 'disagree' have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of 'Neutral' has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

As tabulated, a majority of respondents were found to disagreed that the procured goods in the organization match demand and supply (3.568); Technical expertise was the base for strategic sourcing (3.236); Sourcing functions had active interaction with the other functions (2.908); Matching demand and supply improves cost of reduction (2.134); Value for money in procurement

enhance cost of reduction (2.565); Technical expertise sourcing improve customer satisfaction (3.218). The study findings implied that strategic sourcing enhance procurement performance in the public entities in Kenya.

The study findings were in agreement with literature review by Walker et al., (2013) notably, public strategic procurement integrates the concept of competitive advantage that is substituted with that of relational rent. In this case, the concept of relational rent was considered as an advantage generated collaboratively in an exchange relationship that cannot be generated by either organization in isolation and can be created only through the joint idiosyncratic contributions of the specific collaborating organizations. Strategic sourcing is well elaborated by the Agency theory that focuses on relationships between firms and organizations. Walker et al., (2013) argue that organizations may benefit more by collaboration than by acting alone because of economies of scale, process, and/or information. Strategic sourcing may reduce waste in the procurement system, achieve better outcomes for taxpayers, and, hence, improve the overall socioeconomic position.

Table 2: Influence of Strategic Sourcing on Performance of Commercial banks

Strategic Sourcing	Mean	Std. Dev
The procured goods in the organization match demand and supply	3.568	.439
Technical expertise is the base for strategic sourcing	3.236	.468
Strategic sourcing is based on value for money	2.908	.568
Matching demand and supply improves cost of reduction	2.134	.326
Value for money in procurement enhance cost of reduction	2.565	.580
Technical expertise sourcing improve customer satisfaction	3.218	.328

ICT Integration

The study sought to assess the influence of ICT integration on performance of commercial banks in Nairobi County, Kenya. The findings in Table 3 showed that 87 (75%) and 29 (25%) of the procurement staff strongly disagreed and disagreed respectively that the organization ensures that procurement staff are computer literate giving a

mean response of 1.25 (SD = 0.44) showing strong disagreement by majority of the respondents. In addition, 72 (62.1%) and 28 (24.1%) of the respondents agreed and strongly agreed respectively that the organization had ensured that there was adequate IT infrastructure while 16 (13.8%) held a neutral view thus giving a mean response of 4.10 (SD

= 0.61) indicating agreement by majority of the respondents regarding this.

The findings further showed that 41 (35.3%) and 38 (32.8%) of the respondents agreed and strongly agreed respectively that there was adequate level of automation for the procurement staff in the organization while 2 (1.7%) and 35 (30.2%) of the respondents disagreed and held a neutral view respectively regarding this giving a mean response of 3.99 (SD = 0.84) indicating agreement by majority of the respondents. In addition, 42 (36.2%) and 19 (16.4%) of the respondents agreed and strongly agreed respectively that the organization had ensured that there was enhanced e-procurement to facilitate reduction of costs while 12 (10.3%) and 43 (37.1%) disagreed and held a neutral view respectively regarding this giving a mean response of 3.59 (SD = 0.89) showing agreement by majority of the respondents.

Finally, the findings showed that 57 (49.1%) and 49 (42.2%) of the procurement staff agreed and strongly agreed respectively that the organization had

adequate procurement usage to enhance implementation of rules and regulations while 10 (8.6%) held a neutral view giving a mean response of 4.34 (SD = 0.63) indicating agreement by majority of the respondents. The overall mean response was 3.75 (SD = 0.35) indicating agreement by majority of the respondents regarding majority of the items on Technology capabilities though there was a gap in terms of the organization ensuring that procurement staff are computer literate. Information Communication Technology (IT) is a technology that involves use of computers, software and internet connections infrastructure for supporting information processing and communication functions (Crompton 2007). The use of computerized procurement systems demonstrates efficient use of information technology but in cases where the organization subjects all its procurement functions to manual procedures, the benefits of information technology are not experienced and a high level of inefficiency is experienced during execution of procurement procedures.

Table 3: Influence of Information Technology on Performance of Commercial banks

Statement	SD	D	N	A	SA	Mean	SD
The procurement staff are computer literate	75	25	0	0	0	1.25	.440
There is adequate IT infrastructure	0	0	13.8	62.1	24.1	4.10	.061
There is adequate level of automation	2	5	13	60	20	4.21	.008
E-procurement enhance reduction of costs	0	1.7	30.2	35.3	32.8	2.76	.003
Level of automation has enhanced timely delivery of services	3	10	25	40	12	2.67	.098
IT infrastructure has improved procurement process	0	0	8.6	49.1	42.2	2.45	.542

Purchase Control

The study sought to assess the influence of purchase control on performance of commercial banks in Nairobi County, Kenya. This section presented findings to statements posed in this regard with responses given on a five-point Likert scale (where 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly Disagree). Table 4 presented the findings. The scores of 'strongly disagree' and 'disagree' were taken to represent a statement not agreed upon,

equivalent to mean score of 0 to 2.5. The score of 'Neutral' was taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of 'agree' and 'strongly agree' was taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0. Table 4 presents the study findings.

As tabulated, a majority of respondents were found to disagree that the supplier audits were regularly carried to ensure that the bank receives quality products (3.568); Supplier audits were carried out

annually to enhance relationship with the bank (3.236); request for quotations enhance matching the demand and supply for goods (2.908); The bank ordering procedures were carried out promptly (2.134); There was cost control to increase the bank profits (2.565); There was adequate information sharing systems to improve development of new products and market share (3.218). This implies that the purchase control influence performance of commercial banks in Nairobi County, Kenya.

The study findings were in agreement with the findings by Siricha and Theuri (2016) stated that the purchase control enhance effectiveness of internal

procurement processes such as payment processing, order processing and information sharing has a direct positive impact on organizational performance. Therefore, to bring forth improved organizational performance, it was essential for the management to ensure that internal procurement processes are conducted at the highest level of effectiveness. Ordanini and Rubera (2008) also argue that improvement in such aspects of information sharing, order processing and payment process can bring forth enhanced organizational process particularly when internet technology is applied within the procurement process.

Table 4: Influence of Purchase Control on Performance of Commercial Banks

Purchase Control	Mean	Std. Dev
The supplier audits are regularly carried to ensure that the bank receives quality products	3.568	.439
Supplier audits are carried out annually to enhance relationship with the bank	3.236	.468
The organization continuously improves the payment process to enhance efficiency	2.908	.568
The bank ordering procedures are carried out promptly	2.134	.326
There is cost control to increase the bank profits	2.565	.580
There is adequate information sharing systems to improve development of new products and market share	3.218	.328

Performance of Commercial Banks

The study sought to examine the influence of purchasing management practices on performance of commercial banks in Nairobi County, Kenya, attributed to the influence of supplier relationship management, strategic sourcing, ICT Integration and purchase control. The study was particularly interested in three key indicators, namely reduction of costs, customer satisfaction and timely provision of services. Findings in Table 5 below revealed improved performance across the 5 year period running from the year 2014 to 2018. On reduction of costs, a majority of respondents affirmed having improved from less than 10% in 2014 (41.9%), to growth by 10% in 2015 (34.8%), then by more than 10% in 2016 (39.0%) and 2018 (36.2%). Customer satisfaction also recorded improvement with a majority affirming to

less than 10% in 2014 (42.3%) and 2015 (37.7%), to 10% in 2016 (36.1%) then more than 10% in 2017 (41.1%) and 2018 (37.5%).

A similar trend was recorded on timely delivery of services, growing from less than 10% (44.1%) in 2014, to more than 10% in 2015 (36.4%), 2016 (40.4%) and 2018 (37.3%). Supply deficits further recorded positive growth with a majority affirming to less than 10% in 2014 (37.9%) and 2015 (35.9%), to 10% in 2016 (35.9%) and 2017 (35.3%) then by more than 10% in 2018 (36.2%). It was deduced from the findings that key supply chain areas had considerably improved with the adoption of the procurement practices. Accordingly Muia (2013) argues that the influence of procurement practices on efficient and effective service delivery within public sector

organizations is undisputable over the years. The existence of sound procurement system requires the existence of competent workforce highly equipped with relevant skills for specified procurement activities (Makabira & Waiganjo, 2014). However, the process on creation of a procurement workforce with

the required skills and capabilities poses a challenge, given the various changes that always occur in areas such as procurement processes, the introduction or expansion of alternative contracting approaches, and increased reliance on services provided by the private sector (Mokogi et al., 2015).

Table 5: Performance of Commercial Banks

Reduction of Costs	2014	2015	2016	2017	2018
Improved by less than 10%	41.9	37.9	33.8	29.7	29.1
Improved by 10%	33.2	29.6	34.8	31.3	34.7
Improved by more than 10%	24.9	31.5	31.4	39.0	36.2
Customer Satisfaction	2014	2015	2016	2017	2018
Improved by less than 10%	42.3	37.7	31.6	30.7	29.5
Improved by 10%	31.8	32.9	36.1	28.2	33
Improved by more than 10%	25.9	29.4	32.3	41.1	37.5
Timely provision of services	2014	2015	2016	2017	2018
Improved by less than 10%	44.1	35.2	33.4	25.7	27.1
Improved by 10%	31.7	32.6	30.2	33.9	35.6
Improved by more than 10%	23.5	32.2	36.4	40.4	37.3

Correlation Analysis

Table 6: Correlation Matrix for Independent and Dependent Variables

		P	SRM	SS	ICT	PC
Performance	Pearson Correlation	1				
	Sig.(2-tailed)					
	N					
Supplier Relationship Management	Pearson Correlation	.229	1			
	Sig.(2-tailed)	.000				
	N	65				
Strategic Sourcing	Pearson Correlation	.301	.324			
	Sig.(2-tailed)	.000	.003	1		
	N	65	65			
ICT Integration	Pearson Correlation	.287	.216			
	Sig.(2-tailed)	.000	.004			
	N	65	65	65		
Purchase Control	Pearson Correlation	.241			1	
	Sig.(2-tailed)	.000	.004	.006		
	N	65	65	65	65	
Purchase Control	Pearson Correlation	.244	.008	.003	.008	1
	Sig.(2-tailed)	.000	.004	.005	.003	
	N	65	65	65	65	

*. Correlation is only significant at the 0.05 level (2-tailed)

Multiple Regression Analysis

Table 7: Model Summary (Overall)

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.831	.691	.678	.032

Table 8: ANOVA

Model		Sum of Squares	d.f	Mean Square	F	Sig.
1	Regression	76.959	4	19.240	29.214	.033
	Residual	40.175	61	.6586		
	Total	117.674	64			

NB: F-critical Value = 17.987;

Table 9: Regression Coefficient Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	P-value.
		B	Std. Error	B		
1	(Constant)	9.747	1.398		6.972	.000
	Supplier Relationship Management	.870	.122	.644	7.138	.000
	Strategic Sourcing	.762	.125	.632	6.097	.002
	ICT Integration	.732	.147	.559	4.976	.003
	Purchase Control	.679	.149	.521	4.545	.007

CONCLUSIONS

The regression coefficients of the study showed that supplier relationship management had a significant positive influence performance of commercial banks in Kenya. This implied that increasing levels supplier relationship would increase the levels of performance of commercial banks in Kenya. This showed that supplier relationship management had a strong positive influence performance of commercial banks in Kenya.

Further, the regression coefficients of the study showed that strategic sourcing had a significant positive influence performance of commercial banks in Kenya. This implied that increasing levels strategic sourcing would increase the levels of performance of commercial banks in Kenya. This showed that strategic sourcing had a strong positive influence performance of commercial banks in Kenya.

Additionally, the regression coefficients of the study showed that ICT integration had a significant positive influence performance of commercial banks in Kenya. This implied that increasing levels ICT integration would increase the levels of performance of commercial banks in Kenya. This shows that ICT integration has a strong positive influence performance of commercial banks in Kenya.

Finally, the regression coefficients of the study showed that purchase control had a significant positive influence performance of commercial banks in Kenya. This implied that increasing levels purchase control would increase the levels of performance of commercial banks in Kenya. This showed that purchase control had a strong positive influence performance of commercial banks in Kenya.

RECOMMENDATIONS

The study recommended that commercial banks should have adequate supplier base which is important to improve performance of its suppliers. The commercial banks should be concerned with the supplier credit terms to enhance service delivery. The commercial banks should strive to make timely dispute resolution with suppliers to enhance service delivery.

There is need for the organizations to ensure that the procured goods match demand and supply. Technical expertise which is the base for strategic sourcing should be adequate to enhance service delivery. Sourcing functions should have active interaction with the other functions to enhance matching demand and supply improves cost of reduction.

There is need for the organizations to ensure that there is adequate IT infrastructure, adequate level of automation for the procurement staff in the organization. This will facilitate procurement functions such as E-procurement to reduce procurement costs and enhance procurement usage to improve service delivery.

Areas for Further Research

Since the study utilized the multiple linear regression analysis model there is need for a similar study to be conducted using other models such as the ordinal regression model to determine whether similar or different results will be obtained. In addition to this the researcher only used one data collection instrument which was a closed-ended questionnaire there is need to explore the use of other instruments such as interview schedules, experimentation, observation among others. Secondly, this study was done in the Procurement Function in the Kenyan commercial banks there is need to conduct a study in other organizations more so those that have adopted best practices in Procurement management. Further, the replication of the same study in other Kenyan financial institutions to find out if similar findings will be obtained and further a comparative study between commercial banks and other financial institutions is needed. Finally, the study focused only on supplier management, strategic sourcing, ICT integration and purchase control as the purchasing management practices. There is need to conduct a study that will capture other factors which are considered important in purchasing management to further improve on the procurement functions in the commercial banks in Kenya.

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