



**ROLE OF PROCUREMENT PRE- QUALIFICATION ON THE PERFORMANCE OF SELECTED PUBLIC INSTITUTIONS IN NAIROBI CITY COUNTY**

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## ROLE OF PROCUREMENT PRE- QUALIFICATION ON THE PERFORMANCE OF SELECTED PUBLIC INSTITUTIONS IN NAIROBI CITY COUNTY

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### ABSTRACT

Effective procurement policies are important from a development perspective. Prequalification procurement is a risk management strategy by procuring entities to reduce suppliers' related risks such as failure to deliver supplies on time, health and safety needs, litigation costs due to failure or cancelation of tender, suppliers' insolvency, technical competences as well as resource capabilities. Prequalification procurement is important especially in costly procurement and sensitive tenders. The main objectives of carrying out prequalification procurement are to remove potential bidders that are not capable of meeting contract requirements; short list those that meet basic requirements for the bid and remove unsuitable bidders on legal basis. Pre-qualification of suppliers ensures that organizations are able to optimize returns while cutting costs, enhancing competition and accountability, fostering the culture of fair play in the business industry and eradicating corruption. In this regard, therefore, the study of the role of pre-qualification of suppliers on organization performance is important. This study seeks to establish the role of procurement pre-qualification on the performance of selected public institutions in Nairobi County. These are: KNH, CAK, KENGEN, KeNHA and CPF. Using a stratified and simple random sampling, a sample size of 103 was drawn from a target population of 140 employees in departments of procurement of the respective companies. The researcher used structured questionnaires to interview the respondents and responses analyzed by descriptive statistics. Results also revealed that majority of the respondents were in support that prequalification of suppliers minimizes the cost incurred in screening and analyzing bids tendered however majority thought that prequalification was not in any way more cost effective when compared with open tendering. The study recommends measures to re-enforce the existing mechanisms and practices for better selection of suppliers. They should strive to strengthen their procurement planning and contract monitoring & control systems so as to ensure successful procurement prequalification. This way, their objectives of improved service delivery, reduced cost and quality will be realized.

**Key Words:** Procurement, Pre-qualification, Performance

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## INTRODUCTION

The concept of pre-qualification of suppliers in the procurement function is a strategic activity in public institutions in Kenya; it fosters competition in contracting, acquisition and disposal of goods and services. The procurement function in the business industry has been associated with adverse practices such as corruption and escalation of costs. There is therefore need to carry out a study with a focus on the impact of pre-qualification of suppliers with the aim of establishing its contribution to the procurement function in terms of cost, time and efficiency (Ntayi, J. M. 2013).

Chao, L. C., & Hsiao, C. S. (2012), defines prequalification as the process to evaluate supplier's ability to complete a contract bidding process using certain criteria such as supplier's reputation, past performance, financial stability, current workload, firm resources, technical capacity and decision making in order to draw conclusions on the qualification of the firm. The main objectives of carrying out prequalification procurement are to remove incompetent bidders, draw basic requirements for bidding and remove unsuitable bidders on legal basis. It is important to perform prequalification procurement when time and costs are realistic as compared to the risks facing the organization. Some of these risks include litigation for failure to meet stipulated quality standards, time and specification, loss of customers due to supply failures. It may also result in insolvency of both procuring entity and suppliers.

In Kenya, the business environment has been undergoing drastic changes due to globalization and liberalization of the economy (Makokha, H., & Theuri, F. 2014). Some of the challenges include the accelerated implementation of economic reforms, the liberalization of the economy, discontinuation of the price controls, privatization and commercialization of the public sector and

increased competition. Considering the foregoing changes, organizations have to continuously adapt their activities and internal configurations to reflect the new external realities.

Public institutions have therefore embraced the strategic changes such as competitive procurement. Pre-qualification of suppliers is one among many initiatives aimed at fostering competition and at the same time eliminating incompetent players. According to Organization for Economic Co-operation and Development report, 2001, procurement cost account to 7% of world GDP and 30% of world merchandise trade. Gale, K. (2013), suggested that central government in Africa spend 5-8% of GDP on procurement. Organization for Economic Co-operation and Development report (2003) suggested that local authorities in Kenya spend 1-2 times more than central government in procurement. This is a significant amount of revenue which if utilized well would positively impact the economic growth of counties in Kenya.

It is important to note that public procurement in Kenya has undergone tremendous changes since 1960 to date. However, a lot of concern has been raised by public and other development partners on the utilization of these policies. Worth to note is that major scandals in Kenya, like in other countries, revolve around faulty procurement practices which could have been avoided if prequalification procurement was executed properly. It suffices to cite prominent Kenyan examples namely; the Triton scandal, Maize scandal, Anglo Leasing, Nairobi cemetery scandal among many others. It is argued that they were occasioned by lack or failure to carry out strict prequalification procurement by public officers. However, with better training and application of the public procurement policies, such scandals could have been minimized according to Kipkorir, J. (2013). Rolfstam, M. (2014) asserts that corruption

has reached epidemic proportion in the world and is a major challenge to managers and policy makers. Procurement officers face other challenges when implementing prequalification procurement such as cost implication, lack of technical experts to evaluate, time constrain and evaluation standard setting. This paper evaluates the role of prequalification procurement and its challenges. Little or no previous literature exists with regard to local authorities in Kenya in this area.

### **Statement of the Problem**

The procurement function is one of the key pillars in any organization hence its contribution is significant. The procurement function has changed conventional purchase and suppliers' role in public institutions to strategic management to optimize returns while cutting costs, enhancing competition and accountability, fostering the culture of fair play in the business industry and eradication of corruption. The purpose of prequalification tendering is to allow a procuring entity to identify a shortlist of potential bidders who have the experience, technical, financial capacity as well as legal suitability to provide the product/service needed to be procured. Following this evaluation, the entity then invites the shortlisted bidders to tender.

Voordijk, H. (2015), contends that procurement systems contribute significantly to national productivity growth through the removal of non-value added activities in acquisition and disposal of goods and services. Adoption of pre-qualification of suppliers in Kenya has been slow with practical difficulties experienced in getting the system up and running according to Waweru, L. (2015). There is still discussion on implementation and management models of pre-qualification of suppliers and perhaps the inter-link of the models with suppliers, customers and other stakeholders. In fact, there appears to be little consideration for

the management or organizational issues associated with pre-qualification of suppliers.

Since other studies on procurement in Kenya have focussed on: challenges facing procurement systems in manufacturing industries; total quality management for purchasing management; the role of strategic purchasing in the efficiency of industries in Kenya ; evaluation of the purchasing department in local authorities and factors influencing the implementation of E-procurement among firms listed in the Nairobi Stock Exchange in Kenya. The results of these studies, however, do not explain the role of pre-qualification of suppliers on organizational performance. The available literature reviewed for the study outlined the various important elements of proactive procurement but its main shortcomings are that the studies are confined to the general aspects of Procuring Entity -Supplier Relationships and how to achieve them. None of the past studies provides a detailed contribution and the specific roles of such proactive procurement variables on an organization's strategic procurement performance. Getting an insight of this unexplored relationship will bring a greater meaning to the relationship between the Procuring Entity- Supplier Relationships while achieving efficiency and effectiveness in procurement performance as a system. In order to fill this gap and to resolve the current inefficiencies in the current relationship between organizations and its prequalified suppliers, clarity is essential for the purposes of understanding the role of proactive procurement prequalification on organizations performance. It is for this reason that the research study examined the role of procurement prequalification on organization performance at CPF, KNH, CAK, KENGEN and KeNHA which represent Financial, Health, Communications, Energy and Transport sectors. These sectors were selected because they

are deemed to involve considerable procurement in their processes.

### **Objectives of the Study**

The purpose of this study is to assess the role of procurement pre-qualification on the performance of selected public institutions in Nairobi County. The specific objectives were; to establish the role of service delivery and overall cost on the performance of selected public institutions in Nairobi County

### **Research Questions**

1. What role does service delivery play on the performance of selected public institutions in Nairobi County?
2. How does overall cost affect the performance of selected public institutions in Nairobi County?

### **Scope of the study**

The study targeted evaluating the role of Procurement pre-qualification on the performance of selected public institutions in Nairobi City County undertaken at CPF, KNH, CAK, KENGEN and KeNHA. These five companies were chosen on the basis of them embracing procurement-prequalification in their operations and represent services in the major sectors of Finance, Health, Communication, Energy and Infrastructure development all of which depend upon broad and well defined procurement procedures. The choice of selection of different sectors was to draw comparisons and to be able to determine the role of procurement prequalification across the sectors. The researcher interviewed staff in procurement departments of these institutions who are well versed with procurement procedures.

## **LITERATURE REVIEW**

### **Theoretical Review**

### **Dialectical Theory**

Dialectical theory begins with the Hegelian assumption that the organizational entity exists in a pluralistic world of colliding events, forces, or contradictory values that compete with each other for domination and control Bamfo-Agyei, E., Hackman, J. K., & Nani, G. (2015). These oppositions may be internal to an organizational entity which may have several conflicting goals or interest groups competing for priority. But oppositions may also be external to the organizational entity. Bausman, D., Chowdhury, M., & Tupper, L. (2013), uses dialectical theory to explain change in organizations as occurring when the opposing values, forces or events gain sufficient power to confront and engage the status quo. These opposing forces are termed thesis and antithesis, thesis being the status quo or the ruling way of “doing things”. In such situation a new “synthesis” is developed which at a later stage becomes the status quo and again may be confronted by an opposing force. It must be added that the new situation or “way of doing things”, the synthesis is not necessarily progress to a better state.

Using dialectics as research lens in my research will imply identifying challenges and dilemmas in terms of dialectical contradictions or theses and antitheses, and through data collection also identifying possible syntheses or solutions. These may be in the form of work around, e.g. by specifying requirements which favor other goals than just costs. As previously shown, findings from two case studies of procurement in local government identify different tensions in the procurement process (Basweti, D. N. (2013). However dialectics serves a limited role as analytical lens in identifying conflicts.

### **Agency Theory**

Agency theory attempts to describe the agency relationship, in which one party (the principal)

delegates work to another party (the agent), who performs that work (Göhlich, T., 2012). Two problems can arise in such relationships, the desires and goals of the principal and agent can conflict, and it is difficult for the principal to verify what the agent actually is doing. Principal-agent researchers are concerned with a general theory of the principal-agent relationship, a theory that can be applied to employer-employee, buyer-supplier and other agency relationships. Agency theory is most relevant in situations in which contracting problems are difficult. These include situations in which there is a substantial goal conflict between principals and agents and sufficient outcome uncertainty to trigger the risk implications of the theory (Fayezi, S., O'Loughlin, A., & Zutshi, A., 2012).

Fayezi, O'Loughlin, & Zutshi, (2012) discusses the assumptions of the theory and raises the issue of principals learning about the agents when there is a long term relationship, when there may be less need for outcome-based contracts. This may be more the case with procurement in the private sector, where there are fewer regulations than in the public sector, and where tendering is not required. Private businesses are free to have long term relationships with software developers and consulting firms.

### Conceptual Framework

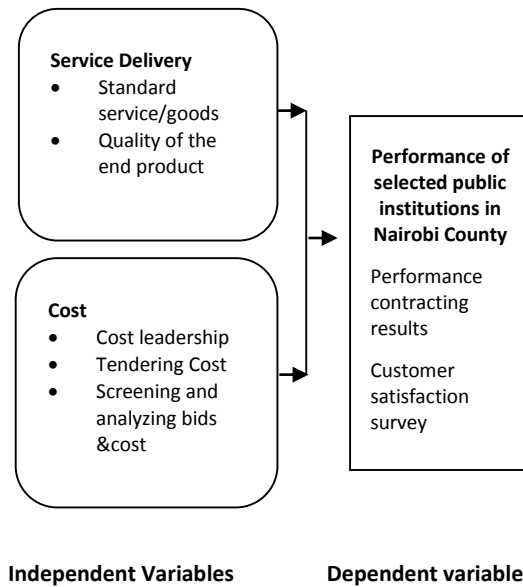


Figure 1: Conceptual framework

### Impact of procurement pre-qualification on Service Delivery

The award of tender to a competent supply organization should ensure effective delivery of service/goods to cost, time and quality standard. Mamavi, O., Nagati, H., Pache, G., & Wehrle, F. T. (2015), submit that it is generally accepted that the major goals in any supply are budget, schedule and quality. The overall success of a supply includes meeting goals related to cost, schedule, quality and safety. Therefore, the objective of taking all the required precaution and due process in the selection of supplier to execute a supply tender is to ensure performance of the supply in relation to the above-mentioned variables.

Time, cost and quality are three major factors that are of primary concern to the main parties involved in procurement (Idiako, J. E., & Shittu, A. A., 2015). A successful supply satisfies its clients and sponsors with an outcome that achieve objectives within time and cost constraints. It also produces a

quality product, ends when appropriate (i.e. avoid wasting time and money), maintains and promotes harmonious relationships among supplies stakeholders. Additionally, Kiage, O. J. (2013) stated that procurement planning has a significant impact on procurement performance. Selecting capable suppliers is one of the most important tasks faced by a procuring entity who wishes to achieve successful project outcomes according to (Thabane, M. (2014)). This is because suppliers are one of the major players in the supply chain and the services they render are critical to the quality of the end product as well as meeting cost and time targets. A good supplier is expected to supply on time, within budgeted cost and to the desired level of quality. This is because the quality of a product to a large extent depends on the skills and experience as well as the competence of the producing agents. Thus, in the construction industry where many players are involved, the procedure and process of determining participants most especially the suppliers must be such that emphasize their skills (Uttam, K., & Roos, C. L. L. (2015)). Duren, J. V., Dorée, A., & Voordijk, H. (2015) suggest that one method of improving construction performance is to prequalify suppliers prior to the bidding process so as to ensure that suppliers are able to execute the assigned project in accordance with client and project objectives. Suppliers' prequalification is therefore a commonly used process for identifying a pool of competitive, competent and capable suppliers from which tenders may be sought (Lam *et al.*, 2000). In view of the foregoing, it is expedient to investigate the effect of suppliers prequalification on service delivery, more importantly at this time when supplies have become more sophisticated.

#### **Impact of procurement pre-qualification on overall Cost**

To have diverse range of suppliers requires prequalification procurement. BA, L. A. A. (2014).

States that many suppliers may be advantageous to the firm as it open up positions for innovation or cost effectiveness solutions leading to strategic advantage through differentiations or cost leaderships. In order to achieve this, firms need to streamline their supplier network and enshrine prequalification and supplier diversity in their organization culture and procurement strategies (Neupane, A., Soar, J., Vaidya, K., & Yong, J. (2012, August).

Berjis, P. (2012) proposed the assessment of tenderers on the basis of ten key pre-selection criteria. They are finance, human resources, organization and management, project specific requirements, past experience, past performance, technology, quality system, health and safety system, and equipment. Weightings are assigned to represent the importance of these criteria and different scores are assessed for each criterion. The sum of the products of the weight and the score for each criterion form the multi-criteria scoring model for suppliers' selection.

An extensive literature review has revealed that the FIDIC (1997), World Bank (1997), and clients in the United States, the United Kingdom, Australia, Hong Kong, etc., have developed their own suppliers selection frameworks to improve the transparency of evaluation. The use of key performance indicators to monitor the efficiency and effectiveness of different levels of supply chain operations have been discussed at length by Avotri, N. S. (2012) and Hai, N. L., & Watanabe, T. (2014). However, these performance metrics (PMs) solely focused on assessing internal performance. It is seen that current PMs in the market only focus on investigating different level of supplier service according to a set of internal performance indicators. Hence, a set of external performance metrics has to be created for companies to perform supply chain benchmarking with the best-in-class company.

Selecting capable suppliers is one of the most important tasks faced by a procuring entity who wishes to achieve successful project outcomes (Welink, J., Gordon, J. D., & Stahl, M. (2014). This is because suppliers are one of the major players in the supply chain and the services they render are critical to the quality of the end product as well as meeting cost and time targets. A good supplier is expected to supply on time, within budgeted cost and to the desired level of quality. This is because the quality of a product to a large extent depends on the skills and experience as well as the competence of the producing agents. Thus, in the construction industry where many players are involved, the procedure and process of determining participants most especially the suppliers must be such that emphasize their skills (Arney, L., Yadav, P., Miller, R., & Wilkerson, T. (2014). Osei-Tutu, E., Mensdah, S., & Ameya, C. (2011) suggest that one method of improving construction performance is to prequalify suppliers prior to the bidding process so as to ensure that suppliers are able to execute the assigned project in accordance with client and project objectives. Suppliers' prequalification is therefore a commonly used process for identifying a pool of competitive, competent and capable suppliers from which tenders may be sought (Lagat, J. (2013). In view of the foregoing, it is expedient to investigate the effect of suppliers prequalification on service delivery, more importantly at this time when supplies have become more sophisticated.

To have diverse range of suppliers requires prequalification procurement. Mapulanga, P. (2015), states that many suppliers may be advantageous to the firm as it open up positions for innovation or cost effectiveness solutions leading to strategic advantage through differentiations or cost leaderships. In order to achieve this, firms need to streamline their supplier network and enshrine prequalification and supplier diversity in

their organization culture and procurement strategies (Falagario, M., Sciancalepore, F., Costantino, N., & Pietroforte, R. (2012).

The aim of prequalification process is to ensure that clients obtain a number of competitive, reasonable and easy-to-evaluate bids submitted by equally suitable and experienced suppliers. Therefore, suppliers' ability to perform on a project prior to the bidding process is evaluated during this process. This evaluation process allows clients and their consultants to select suppliers based on the suppliers' performance, reputation of delivering quality service and also the most competitive in terms of cost of supply. According to Ratanya, E. K. (2013), prequalification process provides suppliers with the opportunity to differentiate themselves from their competitors and to impress clients and consultants to have a place in their tender list. Therefore, considerable goals that could be achieved by effective suppliers' selection through prequalification process include economic cost and value for money (Al Manaseer, E. (2013).

Kipkorir, J. (2013), asserts that huge proportion of national resources could be salvaged through effective suppliers' selection especially using modalities of prequalification. Mwichigi, S. N., & Waiganjo, E. W. (2015) also opine that with the emergence of modern approaches in suppliers' selection through prequalification, there has been a trend away from a lowest price wins principle to a multi criteria selection approach.

### **Critique of Existing Literature**

From the literature reviewed, it is evident that there are various benefits associated with an effective supplier evaluation process such as mitigation against poor supplier performance or performance failures. The benefits typically include sourcing from suppliers that provide high standards of product and service levels whilst



offering sufficient capacity and business stability. Supplier evaluation can help customers and suppliers identify and remove hidden cost drivers in the supply chain.

The process of evaluating performance can motivate suppliers to improve their performance, thus, companies would be more interested to retain previous suppliers hence do not need to carry prequalification procurement. This may be due to several challenges related to prequalification or the operation models of the firm. Pearson et al (1993) suggested that such companies do so in order to establish long term buyer-supplier relationship in order to achieve competitive advantage through use of their supply base. Adobor & McMullen (2007) felt that adoption of modern techniques such as Just in Time would make firms want to buy from few preferred suppliers.

In addition, it not only overlooked but failed to address associated shortcomings of the process as challenges with supplier evaluation include resource and cost commitments in establishing and maintaining a robust and effective system, challenges with specifying and gathering meaningful and relevant information, data integrity, scorecards that do not get at the root causes of supplier problems, and subjective or inconsistent scoring which may result in inaccurate assessment.

Another challenge is making sure that evaluation of current suppliers goes beyond measurement to actual performance improvement by providing feedback to suppliers on their performance and working on continuous improvement opportunities. It may increase procurement lead time, although this can be minimized by good procurement scheduling, e.g., undertaking the prequalification process while bid documents are being prepared; the Employer is required to review all prequalification applications, whereas post

qualification requires the review of the qualifications of, normally, only one (the lowest evaluated) bidder; and collusion (and the possibility of price-rigging) is easier among a limited number of identified bidders, particularly if they are of the same nationality. Thus, management commitment to and support of a supplier evaluation process is essential.

### **Research Gaps**

Organizations whether in private or public sector, business oriented or non-profit making cannot down play the inherent challenges in the modern turbulent environment characterized by competition, undercutting, downsizing, and economic meltdown among others. To be successful in the current rapidly changing world, organizations need to understand the challenges facing them and to maximize the productivity of all their resources; physical, financial, information and human resources. The nature of strategic management is so dynamic that no one particular description can explain it since it is a process bound concept that depends on the environment, change, technology among others. It is therefore a phenomenon that organizations embrace not only to gain a viable fit but also seize a competitive advantage in the turbulent market.

## **RESEARCH DESIGN AND METHODOLOGY**

### **Research Design**

The study adopted a descriptive research design, which was found appropriate to collect information on people's attitudes feelings and opinions.

### **Target Population**

The target population of the study is 140 which is the combined number of procurement staff of the selected public institutions in Nairobi City County. This target population is versed with procurement procedures and the entire process of pre-

qualification and thus gave reliable information relevant to the study.

### **Sample and Sampling Technique**

The actual sample size of the study was selected from the target population which according to the Krejcie & Morgan sample size table of 1970, the target population of 140 corresponds to a sample size of 103 individuals. (Appendix iii for Krejcie & Morgan table)

### **Data Collection Instruments**

The researcher used questionnaires as the main research instruments for data collection. The questionnaires had both structured questionnaires (containing close or restricted questions) and unstructured questionnaires (designed for free response from respondents) for the Focus Group Discussions.

### **Data Analysis and Presentation**

The researcher carried out data analysis and presentation as follows:

The researcher organized the data that was collected in such a way that further analysis and interpretation of data was easy. The data was edited, coded and classified so as to present the results of the data analysis in a systematic and clear way. The researcher entered the data in SPSS Version 20 and analyzed. A correlation analysis on the independent variables and the dependent variable was performed to gauge the strength of their relationships.

Frequency tables showing distribution of responses with their percentages were used to present quantitative data together with pie charts and bar graphs. As for the qualitative data obtained from Focus Group Discussions, main themes that

emerged from the discussions were analyzed and presented as per the discussions.

## **DATA ANALYSIS AND DISCUSSION**

### **Response rate**

Since the researcher administered the questionnaires personally to the selected respondents, all of the 103 questionnaires issued were filled and returned. This translated to a response rate of 100% which were sufficient for analysis.

### **General information**

#### **Departments Role**

The researcher sought to find the importance respondents attach to the process of prequalification procurement. The study revealed that majority (94.2%) of the respondents said that their departments played a very important role in the prequalification procurement process while the minority (6%) felt that their departments were fairly important. It can therefore be deduced from the results that most of the departments are crucial in the prequalification procurement process.

#### **Service Delivery**

The researcher was interested in assessing the role of prequalification procurement on quality delivery at the respondent's institutions. The following are some of the statements where the respondents were asked to indicate as strongly agree, agree, undecided, disagree or strongly disagree to those statements to determine how effective prequalification procurement process would be on service delivered. Table 1 contains the responses obtained from respondents.

**Table 1: Analyzed results on Service Delivery**

Statement	Strongly agree		Agree		Undecided		Disagree		Strongly Disagree	
	F	%	F	%	F	%	F	%	F	%
Prequalification leads to effective service delivery	96	93.2	6	5.8	1	1.0	-	-	-	-
Quality target and prequalification process	78	75.8	20	19.4	3	2.9	2	1.9	-	-
Suppliers role on quality of the end product	98	95.1	5	4.9	-	-	-	-	-	-
Prequalifying suppliers prior to bidding process	94	91.3	6	5.8	3	2.9	-	-	-	-
Prequalification and reputation of delivering quality service	75	72.8	22	21.4	6	5.8	-	-	-	-

Table 1 reveals that 93.2% of the respondents who are also the majority strongly agree with the statement that prequalification in the procurement process would lead to effective delivery of quality standard service/goods, 5.8% agreed and only 1.0% were undecided. From the results it clearly reveals that prequalification has a major impact on quality delivery.

As to whether emphasis on quality target during prequalification improves quality delivery, 78(75.8%) out of the 103 respondents strongly agreed that the emphasis improves quality delivery 20(19.4%) of the respondents agreed, 3(2.9%) were undecided while 2(1.9%) disagreed. Results of the study show that majority of the respondents strongly agreed with the statement that there needs to be emphasis on quality target to improve quality delivery.

Results obtained indicate that 98(95.1%) of the respondents strongly agreed with the statement that suppliers play a critical role on quality of the end product while 5(4.9%) agreed. Of the 103 respondents results indicate that the majority strongly agreed with the statement that suppliers

are one of the major players and the services they render are critical to the quality of the end product.

As to whether prequalifying suppliers prior to bidding process improves performance, 94(9.3%) of the respondents interviewed strongly agreed, 6(5.8%) of the respondents agreed while 3(2.9%) were undecided. From the findings, it can be revealed that majority of the respondents strongly agreed that one method of improving performance is to prequalify suppliers prior to the bidding process so as to ensure that suppliers are able to execute the assigned project in accordance with and project objectives.

When asked whether prequalification enhances the supplier who has reputation of delivering quality service to get the tender, 75(72.8%) of the respondents strongly agreed, 22(21.4%) of the respondents agreed while 6(5.8%) of the respondents were undecided about it. Results obtained indicate that majority of the respondents strongly agreed that prequalification enhances the supplier who has reputation of delivering quality service to get the tender. These findings concurred with findings by (Idiako, J. E., & Shittu, A. A., 2015

**Cost**

The study also sought to investigate the role of prequalification procurement on cost in the respondent's institutions. The following are some

of the statements which the respondents gave as their responses and their analysed results.

**Table 2: Analyzed results on cost**

Statement	Strongly agree		Agree		Undecided		Disagree		Strongly Disagree	
	F	%	F	%	F	%	F	%	F	%
Prequalification brings about many suppliers thus opens up positions for innovation and cost effectiveness	83	80.6	16	15.5	4	3.9	-	-	-	-
Prequalification leads to strategic advantage through cost leadership of the suppliers	74	71.8	26	25.2	3	2.9	-	-	-	-
Prequalification of suppliers minimizes the cost incurred in screening and analyzing bids tendered	74	71.8	29	28.2	-	-	-	-	-	-
Prequalification is more cost effective than open tendering	-	-	-	-	-	-	14	13.6	89	86.4
Prequalification process ensures that clients obtain a number of competitive, reasonable and easy to evaluate bids	67	65.0	36	35.0	-	-	-	-	-	-
Prequalification enhances most competitive firms in terms of cost of supply to win the tender	76	73.8	27	26.2	-	-	-	-	-	-
Prequalification process brings about economic cost and value for money through effective suppliers' selection	89	86.4	14	13.6	-	-	-	-	-	-
Modalities of prequalification through effective suppliers' selection bring about huge proportions of national resources being salvaged	86	83.5	17	16.5	-	-	-	-	-	-
Prequalification has brought about Multi-criteria selection approach during tendering rather than the notion of lowest price wins	80	77.7	23	22.3	-	-	-	-	-	-

Table 2 shows that the majority 83(80.6%) of the respondents strongly agree that prequalification brings about many suppliers thus opens up positions for innovation and cost effectiveness, 16(15.5%) agreed while 4 were undecided on whether there was a role or not. The results support the statement showing that many suppliers are an added advantage to Institution as it opens up positions for innovation or cost

effectiveness solutions thus the need of prequalification

From the results obtained above, 74(71.8%) of the respondents strongly agreed that prequalification led to strategic advantage through cost leadership of the suppliers, 26(25.3%) agreed while 3(2.9%) were undecided on whether there was an effect or not. The results reveal that majority of the respondents were in favor of prequalification

leading to strategic advantage through cost leadership of the suppliers

Out of the 103 respondents 74 representing 71.8 % strongly agreed that prequalification of suppliers minimizes the cost incurred in screening and analyzing bids tendered while 29 representing 28.2% agreed. The above results indicate that majority of the respondents were in support that prequalification of suppliers minimizes the cost incurred in screening and analyzing bids tendered. The above results indicate that majority of the respondents 89(86.4%) strongly disagreed that prequalification was more cost effective compared to open tendering while 14 (13.6%) disagreed. From results obtained it can be concluded that majority thought prequalification was not in any way more cost effective compared to open tendering.

As to whether prequalification ensured that clients obtained a number of competitive, reasonable and easy-to-evaluate bids, 67(65.0%) of the respondents strongly agreed while 36(35.0%) agreed. Majority of the respondents were in agreement with prequalification ensuring that clients obtained a number of competitive, reasonable and easy-to-evaluate bids. Out of the 103 respondents, 76(73.8%) strongly agreed with the statement that prequalification enhances most competitive firms in terms of cost of supply to win the tender while 27(26.2%) agreed with the statement. it can be concluded that prequalification enhances most competitive firms in terms of cost of supply to win the tender.

From the results obtained from the respondents 89(86.4%) strongly agreed that prequalification process brings about economic cost and value for money through effective suppliers' election while 14(13.6%) agreed. majority of the respondents seemed to be in agreement with the prequalification process bringing about economic cost and value for money through effective

suppliers' election. As to whether modalities of prequalification through effective suppliers' selection bring about huge proportions of national resources being salvaged, 86(83.5%) of the respondents strongly agreed while 17(16.5%) agreed. the majority were of the support that modalities of prequalification through effective suppliers' selection bring about huge proportions of national resources being salvaged

From the above results it shows that out of the 103 respondents, 80(77.7%) of the respondents strongly agreed that prequalification has brought about multi criteria selection approach during tendering rather than the notion of lowest price wins while 23(22.3%) agreed. Thus it can be concluded that prequalification has brought about multi criteria selection approach during tendering rather than the notion of lowest price wins. These findings are in line with findings from (Avotri, N. S. (2012)), improving product quality (Ameyaw, C., & Mensah, S. (2013), utilizing supplier technological expertise (Al-Aama, A. Y. (2012)) and managing cost (Al Manaseer, E. (2013)

#### **SUMMARY OF FINDINGS**

From the results obtained, it is evident that procurement departments in the sample institutions played a very important role in the prequalification procurement process. It was also observed from the responses that prequalification in the procurement process would lead to effective delivery of quality standard service/goods and that there was a need to emphasize on quality target to improve quality delivery.

A strong agreement was also noted that suppliers are one of the major players and that the services they render are critical to the quality of the end product. Furthermore, respondents strongly agreed that one method of improving performance is to prequalify suppliers prior to the bidding process so as to ensure that suppliers are able to

execute the assigned project in accordance with and project objectives and that prequalification enhances the supplier who has reputation of delivering quality service to get the tender.

As far as cost implication is concerned, it was deduced that many suppliers are an added advantage to Institution as it opens up positions for innovation or cost effectiveness solutions brought by prequalification and further revealed that majority of the respondents were in favor of prequalification leading to strategic advantage through cost leadership of the suppliers.

### **Conclusion**

On service delivery, there are various factors affecting organizational performance emanating from procurement selection criteria and tendering methods. Cost, time and quality procurement related selective factors have demonstrated strong conditions for selection of any procurement method and have also influenced the performance of organizations.

### **Recommendation**

As a result of these study findings, the researcher puts forward the following recommendations;

Whereas the institutions under study should be commended for the efforts and mechanisms put in place to achieve effective procurement pre-qualification processes in order to meet their strategic objectives and fulfill their legal mandates,

it is clearly imperative to put in place the following measures to re-enforce the existing mechanisms and practices:

They should strive to strengthen their procurement planning and contract monitoring & control systems so as to ensure successful procurement prequalification. This way, their objectives of improved service delivery, reduced cost and quality will be realized.

Secondly, respective procurement departments should find out whether the supplier can provide exactly the goods or services required and at the required quality and whether the supplier enjoys recommendations from other firms. This should make clear precisely on what an institution's procurement department should expect of its chosen supplier as far as price, quality, consistency and reliability are concerned.

### **Areas for Further Research**

This study was conducted in only few selected sectors .A similar study should be conducted in other organizations in the country in order to establish whether these findings are valid for those organizations. The research can be done using other research instruments such as document analysis without necessarily using questionnaire. The target population of the study was staff in the department of procurement; future studies could target other organizations such as the food industry, insurance, banking and transport.

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