



**INFLUENCE OF PROCUREMENT PROCEDURES ON THE OPERATION OF BANKS IN KENYA: A CASE FIRST
COMMUNITY BAND, WAJIR BRANCH**

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COMMUNITY BANK, WAJIR BRANCH**

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ABSTRACT

The process of procurement usually begins when the procurer starts to search the market for bidders. After identifying the suppliers, a request for bids, proposals, quotes, and information can be made. However, direct contact with bidders can also be made instead of advertising the above requests. After selecting the suitable bidders, a quality check is essential in order to confirm the suitability of the goods in question. The next step would be negotiation of the terms, conditions, quality, and delivery schedules. Logistics and payment are the next two important processes that determine the safe delivery and the payoff of goods. The objective of the study was to investigate the influence of procurement procedures on Performance of Banks in Kenya. The methodology used involved descriptive research design seeking to explore the procurement practices in First Community bank. The study targeted 25 employees who were employed in the procurement department. Primary data was collected using structured questionnaires. Data was then analyzed and presented using tables and graphs to provide a clear understanding. From the study, the researcher found that First Community Bank needed to carefully improve its procurement system so as to face the challenges and become more efficient. The study also recommended that there should be more coordination between the senior staff and other employees so as to develop proper support between the management and other staffs.

Key Words: Regulations, Technology, Procurement Procedures, First Community Bank

INTRODUCTION

Procurement is the acquisition of goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place and from the right source for the direct benefit or use of corporations, or individuals, generally by contract (Breitman and Lucas 1987). Procurement decisions include factors such as delivery and handling, marginal benefit, and price fluctuations. Procurement generally involves making buying decisions under conditions of scarcity. If good data are available, it is good practice to make use of economic analysis methods such as cost-benefit analysis or cost-utility analysis. An important distinction is made between analysis without risk and those with risk. Where risk is involved, either in the costs or the benefits, the concept of expected value may be employed. Procurement is the acquisition of goods or commodities by a company, organization, institution, or a person. This simply means the purchase of goods from suppliers at the lowest possible cost. The best way to do this is to let the suppliers compete with each other so that the expenses of the buyer are kept at a minimum. Procurement usually involves a bidding process in which the bidders or sellers quote their prices and the buyer accepts the lowest possible bid. This is the most efficient and cost effective method of procuring goods or services if the quality of the goods meets the buyers' requirement (Cooper and Ellram, 1993).

"Economic forces and technological advances have combined over the past 20 years to increase the impact of procurement/supply management on company profitability and long-term business success. Procurement is now in a position to affect company profitability faster and more dramatically than any other corporate function" (Fitzgerald, 2002, p. 1). Many high profile organizations in the United States have implemented systems of supply chain management as a way of integrating strategic

purchasing and logistics goals. Supply chain management is a tool which allows organizations to improve quality, customer service and competitive advantage within the 21st century (Tan, Lyman & Wisner, 2002).

Statement of the Problem

The 1990's witnessed significant shifts in the environment which included globalization of the world's economy, deregulation and liberalization of markets, and privatization of industries. Sheikh 2000 notes that the business environment in Kenya changed drastically in the 1990's and these changes have raised serious issues about the way business processes are run. Changes in the business environment in Kenya have had a profound influence on corporate behaviour. Hofer and Schendel (1978) observed that for firms to be effective and successful, they should respond appropriately to changes that occur in their respective environments. For the First Community banks, changes and new trends in the context of procurement have posed new challenges to procurement managers and their procurement policies.

Procurement is a sensitive area in any organisation; it involves buying on behalf of the organization. There is the issue of technology; this had also affected procurement practice in many organizations. The banks have experienced many corruption activities and have also lagged behind in implementing better technological facilities.

Previous studies have done little to address the issue of procurement policies in the manufacturing sector in Kenya. Local studies include procurement of insurance services a case of KenGen (Ndirangu 2007), which recommended that there is need for better ways of managing procurement of insurance services, by undertaking procurement methods that could add value to Public Procurement Entities in Kenya. With an ever changing business environment, procurement managers are faced

with new challenges. The need to lower costs against inflationary trends and the pressure to acquire quality goods and services to meet consumer needs are some but a few of the new set of challenges. There is therefore need to conduct studies to find out what commercial banks in Kenya are doing in relation to dealing with procurement policies. This study was seeking to discover the procurement procedures used in the operation of First Community Banks.

Objectives of the study

The general objective of the study was to investigate the influence of procurement procedures on Performance of Banks in Kenya. The specific objectives were:

- To assess the effect of Regulations on Performance of Banks in Kenya
- To assess the effect of technology on Performance of Banks in Kenya

LITERATURE REVIEW

Theoretical Review

Procurement function is an integral part of organization either private or public entity or all business are administered or managed by co-ordinating and integrating the six functions of creating, finance, personnel, procurement conversion and distribution and that is according to Lamer (2002). According to Kenneth Lysons (2006) and Brian Farrington, apart from procurement activities, such as participation in the preparation of specifications and budget decisions, procurement has traditionally involved three main phases that is the identification phase, ordering phase and post ordering phase and each phase requires specific documents and considerable transaction activities. According to Leenders Fearson (1991), the state of Oklahoma was first to establish centralized procurement in 1910, with that start, in the 1920's along the budget reforms, many additional states adopted centralized procurement. However, in

many state, there is not total centralized procurement, for many state agencies often handle there

procurement separately from the central procurement office. A good example for this is the state universities. Of the 35 FCB participating to the 1999 CAPs, procurement performance Benchmarks for municipal government 38.9% operates in a centralized procurement structure, 61.1% are in decentralized structures.

In Sunday Nation of January 13th 2008, "Procurement Reforms now Gather Speed", the creation of Public Procurement Disposal Act (2005), that came into force on 11 January 2007, the authority is supposed to be an autonomous body mandated to oversee how all public entities procure there goods and or services. The entities include the Government Ministries (even the treasury) departments of L.A. State Corporations. Co-operative Societies, Central Bank of Kenya (CBK), and Public Education Institutions.

Mr. Oande the Council Chairman of KISM says "with the above in place, will craft curriculum to be used by all institution offering training in procurement. This should ensure competence and consistently that is currently lacking in the profession".

Odhiambo et al (2005) in his book "Management of local authorities states that local authorities in Kenya operates in an environmental which they can hardly determine since all their policies, regulation and budgets have to be rectified by the local government Minster as outlined in the local government Act chapter 256. He continues that local authorities are weak in managing their financial and human resources they are poor in service provision due to corrupt practice.

The UK economic environment changed from the late 1970s and early 1980s then the new conservative government, under Margaret Thatcher, brought an emphasis upon competition. Subsequently much commercial organization

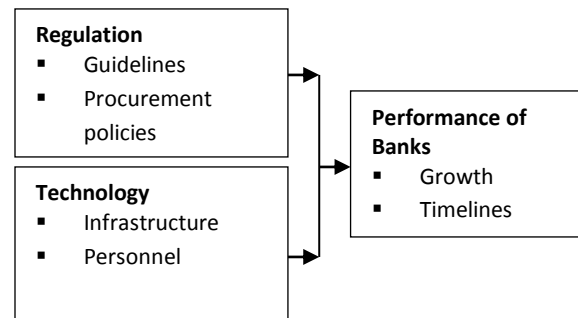
changed the way that they operated. In due course the public sector, too, changed the way that it undertook much of its business, generally taking on board a new public management philosophy, which followed considerable legislation that allowed greater competition for professional services in the public sector, and this is particularly manifest in the search for greater economy efficiency and effectiveness

Following a major multi-departmental report on government procurement (with a foreword from Margaret Thatcher herself) a central unit on procurement (CUP) was established. The report, and then the CUP, provided “the best procedures” guidance to assist government department to become more efficient and effective in their procurement activities (much of this best procedures was made available in the form of guidance notes for government department). This work is now being taken further by the Office of Government Commerce (OGC).

A source of innovation in the procedures of public procurement arises from the white paper, setting New Standards. A strategy for Government procurement (HM Treasury, 1995). This identified ambitious proposal for the public sector including, seeking to develop world class professional procurement staff; seeking to introduce best practice in terms of whole life costs savings; co-operative relationship with contractors and suppliers within the constraints of competition; the promotion continuous improvement (Kaizen). This recognized that since the mid-1970s the influence of Japanese management philosophies and their subsequent derivatives have had a considerable impact on the survival and profitability of commercial organizations. Approaches such as JIT, TQM and the recognition of the importance of customer-supplier relationships, the increasing strategic significance of supply chain management

and the adoption of lean and agile concepts have all had major impacts upon the commercial sector. The beneficial effects on these, within the public sector could not be ignored and government department’s local authorities, NHS and other have been keen to utilize these within their need for public accountability (Kaminza, 2006)

Conceptual Framework



Independent Variables Dependent Variable

Figure 1: Conceptual Framework.

Regulation

There are three main types of European procurement practice that can be chosen by a contracting authority, the open practice; the restricted practice the negotiated practice, the opportunity exists to accelerate two of the practices in circumstances of extreme urgency outside the contracting authority control.

The open practice is generally used where the contracting authority anticipates that competition is likely to be very limited because of the few known available suppliers or the specialist nature of the goods or service. The use of the open practices increases the level of interest and competition to the maximum available since all interested supplies are invited to tender. The practice is represented in below:

The restricted practices have a two-stage process and as the name suggests, restricts the number of competitors that the contracting authority permits to enter the competition. This is the practice most commonly used by UK government department for

their supplies and services requirement.

The open and restricted practices have been placed on the same footing as each other, so as to provide a free choice for contracting authorities to use either of these practices. The open producers has high resource and time implications, the restricted practice aids the minimization of such implications, through the ability to select those it is felt most suit the criteria and legitimately rejecting the rest.

Under the restricted practices, a tender notice advertising the requirement dispatched and published in the OJEC supplement. Interested suppliers will then notify the contracting authority of their interest. Under the open practice all of these will be invited to tender. Under the restricted practice the contracting authority will select, from among the interested parties, those who may submit tenders.

With the normal restricted practices, a prescribed minimum period of 37 days is set aside from the date of dispatch of the tender notice to give interested supplies sufficient time to respond. Under the normal restricted practices, using the normal time scale, tenders are given a minimum of 40 calendar days from the date of dispatch of the tender document in which to complete and return procurements where an indicative notice under the pre-information practice has been used. When requested by the tenderness additional information relating to the tender documents must be supplied by the procurement organization not less than 6 calendars days before the deadlines for receipts of tenders.

Technology

According to Keeneth et al (2006), procurement ethic is “a subdivision of business ethics, which in turn is the application of general ethical principal in a commercial or industrial context”.

Ethics is all about what is morally right and morally wrong, so procurement ethics is concerned with

what is morally right in procurement as profession. This is very important in procurement management because procurement staffs deal with suppliers represent the whole organization and that will determine the face of the organization towards the suppliers which may create goodwill or destroy it, so nobody can be a professional in procurement with bad ethical conduct and that’s why the government of Kenya enacted a parliamentary act of “Public Office Ethic Act”.

Performance of banks

Commercial banks in Kenya are 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 banking sector was liberalised in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance’s docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The Central Bank Kenya publishes information on Kenya’s commercial banks and non-banking financial institutions, interest rates and other publications and guidelines. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks’ interests and also addresses issues affecting its members.

Currently, there are forty-nine commercial banks in Kenya according to the CBKs statistics on its website. Thirty-five of the banks, most of which are small to medium sized, are locally-owned. The industry is dominated by a few large banks most of which are foreign-owned, though some are partially locally-owned. Six of the major banks are listed on the Nairobi Stock Exchange.

The commercial banks offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services

including investment banking. They are faced with a lot of challenges that requires only those with the best mix of personnel and objectives to survive. Such challenge is competition. The increasing competition amongst commercial banks in Kenya has forced the management to use various tools they deem best to manage their employee performance. The choice of method to use to manage employee performance is the challenge that most of the commercial banks face (Lee and Billington 1992).

Empirical Review

According to linders and Fearon (2003) of procurement and materials management a strategy is an action plan designed to permit the achievement of selected goals and objectives. It well developed a strategy will link firm to the environment as part of the Long planning process. An overall procurement strategy is made up of sub strategies, each of which is developed by using all available information in the formulation of plan directed at the achievement of a specific purpose. All procurement sub strategies can be grouped together into five major categories

Assurance of supply strategy- which is designed to ensure that future supply of needs are met at least in terms of quality and quantity, Assurance of supply strategy must consider change in both demand and supply.

Cost reduction strategy -which is designed to reduce the laid down cost of what is acquired or the total cost of acquisition and use life cycle cost with change in the environment and technology, alternative may be available to reduce an organization overall cost through change in materials, sources and procurement methods.

Supply- support strategy which is designed to maximize the likelihood that the considerable knowledge and capabilities of suppliers are

available to the buying organization. For example better communication system (computerize) may be between buyer and seller to facilitate the timely notification of change and to ensure that supplier inventory and production goods are consistent with the buying firms needs buyers and sellers may also need better relationship for the communication needed to ensure high and/ or more consistent quality.

Environmental change strategy- which is designed to anticipate and recognize shifts in the total environmental (economic, organizational, people, legal, government regulation, control system available) so that it can turn them to a long term advantage of the buying organization.

Competitive edge strategy- which is designed to exploit market opportunity and organization strengths to give the buying organization a significant competitive edge. In public sector the term competitive edge may usually be interpreted to mean strong performance in achieving program objectives.

According to Nisar Ahmed Saleemi (1997), a procedures adopted by the procurement department of a particular organization may not be suitable for the procurement department of another organization. Some adjustments may be required. The size of the organization, the type and nature of the products, type of material purchased, sources of suppliers, terms and conditions of purchase, financial requirements and several other factors influence the procurement methods and procedures

Procurement people are counted on to choose suppliers who will operate efficiently and effectively and they are also expected to follow the correct procedures in place while carrying out their duties. Therefore, procurement plays an important central part in the operations of organization.

According to observations by Alonzo Decker (1997),

“Management depends on procurement to provide profit through savings development from well planned and carefully executed procurement programmes. The FCB was found to face its own procurement problems and it was trying to solve them, the procurement problems, however, had led to low service level 5 with most council clients fairly satisfied. The main problem was lack of proper information technology equipment used in procurement department thus lagging it behind in becoming more effective.

According to public procurement act (2005), public sectors buy substantial amount of goods and services with the same objective as procuring them for the rest of the world, However the difference is that the public sector uses money to fund procurement, received part by taxation hence need for accountability.

The government compels public procurement to follow certain procurement guidelines such as a set of clear objectives, a full understanding of the market and the law, a clear specification, good sourcing and careful consideration when choosing suppliers, service providers and contractors, well considered award criteria, effective negotiation and contract management, a sound supplier and contract performance review process.

The government objective in intervening in the public procurement is to; increase transparency, aid in free movement of goods and services without discrimination, develop effective competition for public sector contracts, standardize specification, provide advance information to ensure that business for public sector market is publicized early enough for the market to respond.

There are various characteristics of public sector procurement are low salary levels, lack of confidentiality, lack of logistic expertise, the change process is lengthy and difficult to make, budgetary limitation/restrictions, outside pressure, supply

base is constant non procurement people make many procurement decisions, public procurers buy more services influencing special interest groups/segments and opportunity costs of funds, lack of formal inspection (Parsons, Green, and Mead, 1991).

In Kenya, public procurement is governed by “The Public Procurement Disposal Act, 2005” The act establishes procedures for procurement and disposal of unserviceable, absolute or surplus stores and equipment by public organization which are the government, the courts, the commissions, the local authority, the state corporations, the central bank, cooperative society, public schools, public universities and colleges.

The bodies which regulate public procurement are Public Procurement Oversight Authority (PPOA), Public Procurement Oversight Advisory Board (PPOAB) and Public Procurement Administrative Review Board (PPARB)

Procurement procedures are open tendering, restricted tendering, direct procurement, request for proposal, requesting for quotation, specially permitted for low value procurements.

There are various procurement committees such as the Central Bank of Kenya Tender Committee, Local Authority Tender Committee, Ministerial Tender Committee, District Tender Committees, College Tender Committee, Schools Tender Committees, Cooperative Tender Committees and Voluntary Organization and Institutions Tender Committee

RESEARCH METHODOLOGY

The descriptive survey was deemed the best strategy to fulfil the objectives of this study. The target population of the study was the employees at the procurement department of FCB. They were eighty five (85) staff that were employed in the procurement department and are involved in one way or the other in procurement.

A census was adopted. Here a sample of 85

employees was selected from the entire population and the information obtained from the sample represented the entire population. The purpose was that this would enable the researcher to easily get the information required for the study. Primary data was collected using structured questionnaire which had both closed ended and open ended. Data collected was first checked for completeness, and then coded where it was converted to numerical codes so as to be entered into the computer for analysis. The data was then summarized and analyzed by use of percentage. Results from data analyzed were presented using tables and graphs to provide a clear understanding.

DATA ANALYSIS, RESULTS AND DISCUSSION

The response of 86% facilitated towards gathering sufficient data that was generalized to reflect the opinions of respondents This was in tandem with Graham (2002) that a response rate above 70% of the total sample size contributes towards gathering of sufficient data that could be generalized to represent the opinions of respondents in the target population on the sought study problem. To establish the validity of the data collection instruments, the research instruments were given to 15 respondents. The coefficient of the data gathered from the pilot study was computed with assistance of Statistical Package for Social Sciences (SPSS) Version 22. A context validity coefficient index of above 0.82 was obtained and this implied that the questionnaires were valid research instrument for the study.

Kirk and Miller (1986) argue reliability refers to the degree to which the findings are independent of accidental circumstances of their production and deals with replicability. This study adopted Kirk and Miller (1986) view point and used Cronbach's Alpha to determine the reliability.

Demographically, majority 57.6% of the respondents who were students in the age category

of 25-35 years, 26.9% both were in the age category of 36 and above years 15.38 were in the age category of below 25 years. 52.07% of the respondents were female while 47.11% were male.

The study sought to establish the education level held by the respondents in order to ascertain if they were equipped with relevant knowledge and skills to understand the study.

From the study findings as presented, majority (64%) of the respondents were post graduate students followed by 21% Graduate education level and 15% who were diploma education level. The study sought to establish the sector the respondents worked in order to establish the major sector. Majority (80.33%) of the respondents belong to the informal sector while (19.67%) to the formal sector. The study sought to establish the length of service the respondents worked in order to establish the familiarity with the sector. 38.89% had worked less than five years, 25.5% had worked between 5 to 10 years, 11.11% had worked 11 years and 15 years, 6.35% had worked 16 years and 20 years, 7.94% had worked between 21 years and 25 years and 10.32% were not employed.

The study sought to establish the specialization of the respondents in order to establish the familiarity with the study. 31.45% were drawn from procurement and 20.9% from HRM. Informal sector amounted to 13.71%. The study sought to establish the nature of work of the respondents. Majority of the respondents were employed on permanent terms, followed by contract and finally freelance.

Study Variables

Findings on the study variables were analyzed. Findings were cross tabulated and presented in charts and tables.

Employment guidelines

The study sought to investigate the influence employment guidelines on bank performance in the formal and informal sectors. 14.6 % strongly agree

that employment guidelines affected bank performance, 32.2% agreed while 21.5% disagreed and 4.6% strongly disagreed. These findings are in line with Ryder (2016) that employment guidelines affect bank performance.

On policy enforcement, the study sought to investigate the influence of Policy Enforcement on bank performance in the formal and informal sectors. The results showed that 8.1 % strongly agreed that Policy Enforcement affected bank performance, 25% agreed while 25.8% disagreed and 13.7% strongly disagreed. These findings tally with AGC (2011) that policy enforcement is a critical aspect of bank performance.

On policy adherence, the study sought to investigate the influence of Policy Adherence on bank performance in the formal and informal sectors. The results showed that 9.8 % strongly agreed that Policy Adherence affected bank performance, 24.4% agreed while 25.2% disagreed and 12.2% strongly disagreed.

On policy awareness, the study sought to investigate the influence of Policy Awareness on bank performance in the formal and informal sectors. The results showed that 10.4 % strongly agreed that Policy Awareness affected bank performance, 33.6% agreed while 25.6% disagreed and 8.0% strongly disagreed.

On regulation, the study sought to investigate the influence of Regulation on bank performance in the formal and informal sectors. The results indicated that 26.6 % strongly agreed that Regulation majority agreed that Regulation affected bank performance, 34.1% agreed while 14.7% disagreed and 4.7% strongly disagreed. These findings are in line with Ryder (2016) that bank performance is a key outcome of government policies.

On bases of overqualified workers, the study sought to investigate the influence of overqualified workers on bank performance in the formal and informal sectors. The results indicated that 22.2 % strongly

agreed that overqualified workers affected bank performance, 30.2% agreed while 17.0% disagreed and 7.5% strongly disagreed. These findings are in line with Ryder (2016) that bank performance is a key outcome of government policies.

Based on generic skills, the study sought to investigate the influence of generic skills on bank performance in the formal and informal sectors. The results indicated that 22.6 % strongly agreed that generic skills affected bank performance, 30.2% agreed while 17.0% disagreed and 7.5% strongly disagreed. These findings are in line with Ryder (2016) that bank performance is a key outcome of government policies.

Based on soft skills, the study sought to investigate the influence of soft skills on bank performance in the formal and informal sectors. The results indicated that 34.9 % strongly agree that soft skills affected bank performance, 47.2% agreed while 8.5% disagreed and 2.8% strongly disagreed.

The study also sought to investigate the influence of Curriculum on bank performance in the formal and informal sectors. The results in indicated that 28.4 % strongly agreed that Curriculum affected bank performance, 17.6% agreed while 21.5% disagreed and 10.7% strongly disagreed.

Technology

This section sought to examine the effect of Technology on bank performance in Kenya. 9% strongly agreed that Technology affected bank performance, 20% agreed that Technology affected bank performance, 28% disagreed and 16% strongly disagreed. This is supported by World Bank (2013) that Technology was a major hindrance to bank performance.

On sectoral difference the questionnaire sought to get from the respondents on the effect of Sectoral Difference on bank performance in Kenya. 24.6% strongly agreed that Sectoral Difference affected bank performance, 43.3% agreed that Sectoral Difference affects bank performance, 10%

disagreed and 1.5% strongly disagreed.

On wages the questionnaire sought to get from the respondents on the effect of Wages on bank performance in Kenya. 23% strongly agreed that Wages affects bank performance, 37.6% agreed that Wages affects bank performance, 12.3% disagreed and 2.3% strongly disagreed.

On Private Sector, the questionnaire sought to get from the respondents on the effect of Private Sector on bank performance in Kenya. 23% strongly agreed that Private Sector affected bank performance, 37.6% agreed that Private Sector affected bank performance, 12.3% disagreed and 2.3% strongly disagreed.

The questionnaire also sought to get from the respondents on the effect of Collaboration on bank performance in Kenya. 33.3% strongly agree that Collaboration affects bank performance, 24.6% agree that Collaboration affects bank performance, 9.2% disagree and 1.5% strongly disagree.

Bank performance

The questionnaire sought to get from the respondents the status on bank performance in Kenya. The findings indicate that 52.9% strongly agreed that bank performance is a major issue in Kenya. 35.5% agreed, 5.8% disagreed and 5.0% strongly disagreed.

These findings are supported by ROK (2014) that bank performance is an issue that needs to be addressed with urgency.

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The study established that regulation and technology affected bank performance in Kenya. Rather, they require sustained and concerted action – by several actors over an array of policy areas.

The Ministry of youth affairs and sports (MOYAS) had developed the National Action Plan on Bank

performance (NAP). The NAP was an operational document – a methodology to steer country action on bank performance on the basis of a common agreement reached by all interested parties. All priority programmes were alignment to Kenya vision 2030 flagship projects and programmes. Basically the development plan was being implemented in a systematic manner under overall national macro policy framework of the sector Medium Term Plans (MTPs) for the spans of five year planning period. Within the macro context, youth empowerment was critical for the nation both in the short and long run.

Conclusion

Regulation is a major factor in bank performance and that policy priorities for tackling the current youth unemployment in Kenya must be set; these priorities aim to cut across both the risk factors and the engagement dynamics Unskilled labor/ Informal sector Vocational education Soft-skill development Goal-oriented approach Job-responsiveness Skilled labor/ Organized sector Specialist's professions Highly demanded in the active labour market Semi-skilled labor/ Informal sector Emerging job market For Kenya Largest job market Kenya identified in the National youth policy on youth development of 2007 and vision 2030 flagship projects and programmes .There is no denying that a number of economic, social and political factors that have put youth at-risk of engaging in risky behavior and as well as the factors that facilitate youth actually crossing the line and participating in violent behavior. These policy priorities are not presented in any order of precedence.

Sectoral policies, in particular, can promote job creation in the medium to long term, provided they are well designed and targeted to sectors with high potential for employment growth. Well-targeted policies can promote private initiatives in traditionally “youth-friendly” sectors such as tourism, catering, information and communications

technology (ICT) , basic and social services, including health, as well as in the sports sector.

In developing countries, 75% of the youth living in poverty are found in rural areas. Rural youth is more likely to have started work in childhood. They are the favourite victims of human trafficking and sexual exploitation and are more vulnerable to being recruited by militant extremist groups. Most urban poverty, in turn, is the result of rural deprivation and resulting distress urban migration (ILO, 2005).

Therefore, special attention should be given to the agricultural sector by moving away from subsistence agriculture, and introducing commercialization and productivity improvements through technological changes and infrastructure support. The international trade and aid policy should also be taken into consideration in this context.

Technology

While there are many indicators that provide evidence suggesting skill mismatches of one kind or another, an understanding of how mismatches emerge is less well developed. On the one hand, mismatches may suggest that the signals connecting the demand and supply sides are not sufficiently strong (c.f. the move to a demand-led skills system). On the other, they may reflect various other barriers that prevent individuals acquiring skills that the economy values. This may be especially the case with regard to skills obsolescence where individuals – typically experienced ones - may face a number of constraints to obtaining the skills that will keep them in employment (e.g. lack of information about or access to locally available training).

Often a mismatch between the demand for young workers and the supply, the availability of appropriately skilled workers, has been at the roots of their weak integration into the labour market. Supply-side interventions are most effective when they meet current demand on the labour market,

for example, for skills development in high-growth sectors.

An integrated approach (e.g. national action plans on bank performance), where not just the Ministry of Employment/Labour, but also other key Ministries, address the issue of bank performance, could be helpful in this regard.

Recommendations

The study established that regulation and technology operations affected bank performance in Kenya; therefore they need to be checked in a more appropriate for change. There should be creation of entry-level positions and other opportunities for youth to gain the critical experience required to secure decent jobs in the formal economy including skills training and jobs creation programmes, internships, strategic interventions to provide job placement and matching services under a public-private sector partnership.

Provision of accessible and practical skills training that has been developed with youth input, either additionally or independently of formal education. Training programs should comply with nationally recognized quality assurance standards to ensure training is relevant and appropriate for youth development. Life-long career paths must be brought to the fore of bank performance rather than focusing on “short-term” isolated job interventions.

Suggestions for Further Research

The results of this study can be further utilized to suggest several directions for future research. Finally, more research on this area is needed because this study investigated a subset of the variables found to be important determinants. Other variables that may affect private label projects need be investigated. Further research can examine these possibilities and the extent of their influence.

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