



**DETERMINANTS OF PROCUREMENT PERFORMANACE IN STATE CORPORATIONS IN KENYA: A CASE OF
GEOHERMAL DEVELOPMENT CORPORATION**

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DETERMINANTS OF PROCUREMENT PERFORMANCE IN STATE CORPORATIONS IN KENYA: A CASE OF GEOTHERMAL DEVELOPMENT CORPORATION

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ABSTRACT

The main objective of this study was the purpose of the study was to establish the determinants of procurement performance in state corporations in Kenya. The specific objectives of the study were Establish how supplier management influence procurement performance in state corporations in Kenya and to examine how procurement planning influence procurement performance in state corporations in Kenya. The descriptive research design was adopted for this study. The primary data was collected through the use of questionnaires. The secondary data was obtained from published documents such as journals, periodicals, magazines and reports to supplement the primary data. A pilot study was conducted for the data collection instrument. The data was analyzed with help of SPSS version 22. The study established that majority of respondents indicated to a great extent that the specifications of suppliers were based on their capacity thus enhancing timely delivery of goods and services. The pre-qualifications of the suppliers enhanced quality managements to effectively ensure there was reduction of procurement costs. The study concluded that procurement planning was the second important factor that affected procurement performance in state corporations in Kenya. The study recommended for specifications of suppliers were based on their capacity thus enhancing timely delivery of goods and services. The pre-qualifications of the suppliers enhanced quality management to effectively ensure there was reduction of procurement costs. The study recommended that other factors affecting procurement performance in state corporations need to be established. These may include the existing legal and policy framework, employee competency among others needs further investigation.

Key Words: Supplier Management, Procurement Planning, Procurement Performance

INTRODUCTION

In order to maximize procurement performance, an organization needs to adjust its structure and management processes to the changes in the outside competitive environment and also to facilitate the necessary cooperation between various parts within the company. The issue of structural design becomes especially relevant as purchasing is a part of a company that lies in the meeting point of those environments. As such, it has to meet both external as well as internal communication requirements (Telgen, 2011). Procurement Management is the process of planning, implementing, evaluating, and controlling strategic and operating purchasing decisions for directing all activities of the purchasing function toward opportunities consistent with the firm's capabilities to achieve its long term goals, Delivering economically sound solutions and Good business practice with an aim of attaining value for money (Eyaa & Oluca, 2011).

In Australia, Procurement management provides a basis for effective control and stewardship of resources and demonstrates the value of the procurement function. This was not available in 2005 (Thai, 2011). Citing a report on the review of Purchasing and Logistics in the Queensland Government, (Smee, 2012) reports that forty four percent (44%) of state organizations in Australia reported that they had no performance measures in place for assessing procurement efficiency and effectiveness. Of those that did have measures, many are qualitative statements rather than specific targets to achieve. Only one state agency reported benchmarking against other agencies or external organizations.

Queensland Purchasing has developed a procurement capability and performance assessment methodology in conjunction with a private sector procurement consultancy and training organization. Based on a business

excellence model, it incorporates measure points within the categories of: Policy and Procedures; Strategy; People and Culture; Business Systems; Practices, and Performance Management. Each of the measures has links to external benchmarking against Government and private sector organizations in Australia and overseas (Thai, 2011). The methodology has been successfully trialed in the sector and is suitable to form the basis for the external assessment of agencies. It is proposed that agencies' procurement capability and performance be externally assessed every three years. These reviews would be designed to be conducted in collaboration with agencies and aimed at assisting agencies with identifying areas in which they are performing well and areas in which they can increase their capability to improve outcomes (Service Delivery and Performance Commission (SDPC), 2009).

The expansion of procurement has largely expanded post-implementation of county governments in Kenya. Chapter 11 (Cap 11) of the Kenya Constitution that was promulgated on August 27, 2010 paved way for the realization of the current devolved system of governance (Obanda, 2010). Juma (2010) noted that public procurement is a critical process in the economy owing to the fact that it controls a sizeable proportion (10%) of Kenya's GDP. The Kenya constitution of 2010 devolved procurement powers such that at County levels, citizens are responsible for their own purchases (Constitution of Kenya, 2010). As such, each of the 47 counties has an established procurement function bestowed with the responsibility of purchasing goods and services for their departments. Procurement performance of such complex institution is founded on adoption of effective supplier management. An ideal procurement system should also focus on effectiveness, where procuring entities should meet the commercial, regulatory and socio-economic goals of government in a manner that is appropriate to the procurement requirement to

enhance procurement performance (Orioki, 2013).

In Kenya, the Public Procurement and Disposal Act, of 2005 was assented to on 26th October 2005 and was revised in 2009 to establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities (Mwangi, 2009). With the gazettment of the subsidiary legislation, the PPDR of 2006, the law became operational on 1st January, 2007 (Kirugu, 2010). The Act established three independent bodies; an oversight body, the PPOA, Public Procurement Oversight Advisory Board (PPOAB) and the Public Procurement Administrative Review Board (PPARB).

Statement of the Problem

State Corporations play a major role in the development of the country through provision of public services and have become a strong entity in Kenya and very useful engines to promoting economic and social development. State Corporations in Kenya have been experiencing a myriad of problems including corruption, nepotism and mismanagement (R.o.K, 2009). Mahmood (2010) also reiterated that state corporations represent 18.42% of the world GDP. In Kenya, the central government spends about Kshs. 234 billion per year on procurement. However, on annual bases, the government losses close to Ksh. 121 billion about 17 per cent of the national budget due to inflated poor E-procurement optimization especially through the parastatal sector (KISM 2010). According to Public Procurement Oversight Authority (PPOA 2009), most of the tendered products/services in the state corporations have a mark-up of 60 per cent on the market prices. The inefficiency and ineptness of overall implementation of e-optimization in many state corporations contributes to loss of over Ksh.50 million annually (Tom, 2012). For example state corporations operations had become inefficient and non-

profitable, partly due to multiplicity of objectives, stifled private sector initiatives and failing of joint ventures requiring the government to shoulder major procurement burdens (McCrudden, 2004). 31% of state corporations rely on old records in selecting their suppliers, while 69% research through internet catalogue in selecting suppliers (Chau et al 2007).

Due to the colossal amount of money involved in government procurement and the fact that such money comes from the public, there is need for accountability and transparency by the adoption of E-optimization (Hui *et al.*, 2011). A study by (Chan & Lu, (2004) found that organizations which adopted e-procurement strategies have reduced costs through transactional and process efficiencies and thereby promoting their procurement performance. Lai & Li, (2005), in Singapore, previous research on the survey of the role of e-procurement adoption strategy shows that global state corporation use of the internet is high, while in Kenya, previous research by Kim et al, (2008) on usage, obstacles and policies on e-procurement show that only 33% of state corporations have implemented e-procurement as a strategy to improving services. It is on this premise the study sought to establish the determinants of procurement performance in state corporations in Kenya.

Objectives of the Study

The general objective of the study was to establish the determinants of procurement performance in state corporations in Kenya. The specific objectives were:

- Establish how supplier management influence procurement performance in state corporations in Kenya.
- Examine how procurement planning influence procurement performance in state corporations in Kenya.

LITERATURE REVIEW

Theoretical Framework

Contingency Theory

Wren (2005) observes that the contingency theory is a class of behavioural theory that claims that there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. Several contingency approaches were developed concurrently in the late 1960s. The authors of these theories argued that Marx Weber's bureaucracy and Fredrick Taylor's scientific management theories had failed as they neglected environmental influences and that there is not one best way to manage an organization (Azjen, 2005). These influences shape the individual behaviour in a certain situation while managing organization

Contingency theory is about the need to achieve fit between what the enterprise is and wants to become (its strategy, culture, goals, technology, staff and external environment) and what it does; how it is structured and the processes, procedures and practices it puts into effect (Purcell, Kinnie, Hutchinson, Rayton & Swart, 2007). Rue & Byars (2004) argue that the contingency theory is an extension of humanistic theories where classical theories assumed universal view in procurement performance; that is, whatever worked for one procurement performance could work for another.

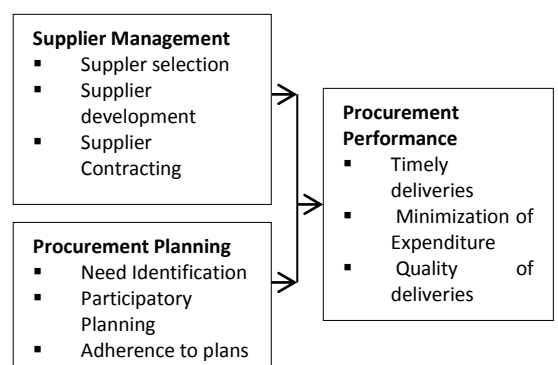
Auction Theory

This theory guided the study in establishing the relationship between supplier selection strategies and procurement performance in Kenya According to Gunnar Alexandersso and Staffan Hultén (2006) supplier selection when contracting out public 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 licences. 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. Hultkrantz and Nilsson (2011) point out several disadvantages with beauty contests: the process is slow and cumbersome, in particular if the final decision is challenged in court, it is difficult to achieve transparency, and many criteria are not objective or difficult to quantify. They further suggest that, even when social concerns are important, an open tendering is a better alternative since it can also include minimum requirements and can allow both positive bids in attractive regions and negative bids in unattractive regions. This helps in performance of county government because the best supplier or bidder depending on the criterion that will be will be selected. The theory facilitate the understanding of the first research question: How do supplier management influence procurement performance?

Conceptual Framework



Independent variables

Dependent variable

Figure 1: Conceptual Framework

Supplier Management

Supplier appraisal is of importance as it is an essential aspect of both strategic sourcing, supplier management and the achievement of competitive advantage. The importance of supplier appraisal is that it is an essential aspect of both strategic sourcing, supplier management and the achievement of competitive advantage (Pearson & Ellram, 2008). Supplier evaluation is a crucial purchasing activity for many firms as it could improve on the firm's resources and core competencies (Hsu, Kannan, Leong & Tan, 2008). The importance of purchasing and materials management has been agreed by the top management for organizations that rely heavily on their suppliers to sustain competitive advantage and improved performance for example the top executives of Honda of America and Daimler-Chrysler agree that supplier evaluation should be rigorous so that they can concentrate on their core competencies (Fitzgerald, 2008; Krause, 2009).

The need for a defined contracting period is crucial as the performance is considered satisfactory by the Government, the fixed fee is payable at the expiration of the agreed-upon period, upon contractor statement that the level of effort specified in the contract has been expended in performing the contract work. Renewal for further periods of performance is a new acquisition that involves new cost and fee arrangements (Abosag *et al.*, 2008).

Benchmarking Public Procurement is designed to support and enhance decision-making by policymakers in order to increase private sector participation in public tender and stimulate competition, which would ultimately reflect positively on both private and public sides of public procurement. The project will help identify areas for reform and achieve more transparent, competitive, and efficient public procurement systems. Benchmarking Public Procurement

presents data that capture important dimensions of the quality and efficiency of public procurement systems to which business communities across the world are confronted (Chidambaranathan *et al.*, 2009). Product development and innovation could be employed to manage problems buying firms may experience in their supply networks. Firms that include their suppliers in the early stages of innovation projects seem to substantially outperform their peers that do not. Yet a large proportion of companies, does not include suppliers in over 90% of their New Product Development projects. This is based upon our initial findings from World Café sessions and survey respondents. There is strong evidence that organizations today are increasingly implementing SD programs to improve supplier performance and remain competitive (Wagner, 2010).

Procurement Planning

Government regulations are laws enacted to reduce the waste of resources and the overutilization of available resources. Procurement plans aim to ensure that entities work within the budgets and money allocated for various purposes fulfill their intended purpose. One way is through strict legislation that would dwell on waste reduction of which would be aligned to the national waste management policy and working frameworks that ensure transparency and plans that ensure the selected tenders are the most economically advantageous ones (Rotich, 2011).

The Kenyan Government has moved to implement the enacted laws. All public entities must use the Procurement Manual 2009 and provides a way for the user to apply the Public Procurement and Disposal Act, 2005 and the Public Procurement and Disposal Regulations 2006. It serves as a reference tool for guiding the practice of the public procurement in Kenya and ensuring full compliance with the requirements of the Public Procurement Law and Regulations. No public procurement should be carried out without first

ensuring compliance with the requirements set out in this manual (PPOA, 2015).

The Public Procurement and Disposal Act (PPDA) 2005 and Regulation 2006 which is an act of Parliament to establish procedures for efficient public procurement and for the disposal of unserviceable, obsolete or surplus stores, assets and equipment by public entities and to provide for other related matters. The Public Private Partners (PPP) 2013 is an Act of Parliament to provide for the participation of the private sector in the financing, construction, development, operation, or maintenance of infrastructure or development proposals of the Government through concession or other contractual arrangements (KLR, 2015).

Procurement Performance

Smith and Conway (2013) identified seven key success factors which influence procurement, namely; a clear procurement strategy, effective management information and control systems, development of expertise, a role in corporate management, an entrepreneurial and proactive approach, co-ordination and focused efforts. An eighth is fundamental; communicate the key success factors to all levels of the organization and set out a procurement strategy to achieve continuous improvement in value for money. This should be based on total cost, quality, and enhancement of competitiveness of suppliers using best procurement practice. Supplier performance has an impact on procurement performance. According to Leenders and Fearon (2012), decisions to buy instead of make to improve quality, lower inventories, integrate supplier and buyer systems, and create co-operative relations underline need for good supplier performance. Recent trends are to fewer suppliers; long-term contracts, eprocurement, and continuing improvement in quality, price, and service require closer co-ordination and communication between key procurement partners. Supplier switching for lower prices may

not result in the best long-term value. Sharing information and assisting suppliers to improve performance is a necessity for world-class performance.

Batenburg & Versendaal (2006) noted that use of inappropriate means can be a barrier to change and may lead to deterioration of procurement operations. Organizations which do not have performance means in their processes, procedures, and plans experience lower performance and higher customer dissatisfaction and employee turnover. Measuring procurement performance yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage. Electronic processes have replaced physical and paper-based processes. E-procurement moves tendering, negotiation and purchasing processes to websites. Improvement to a PE's procurement performance can be realized through reduced costs and wider choice available.

Empirical Review

According to Thai (2011), his study on "Public Procurement Re-examined in India", stated that a sound public procurement system needs to have good procurement laws and regulations. Procurement laws and regulations lead to procurement efficiency or inefficiency. Ideally, procurement laws and regulations should be clear, consistent, comprehensive, and flexible. Thai & Grimm (2009) stated that, different from public procurement regulations and rules, the legal environment refers to a broad legal framework that governs all business activities. This aspect addresses the issues of; research and development, manufacturing, finance, marketing, personal, and contract terms and law. According to Blair (2014), study "Developing Sustainable procurement as a shared priority – vision to reality", states that the procurement department with required qualification and relevant experience has to demonstrate global

responsibility and support others in achieving attainment and adherence to procurement legislations and regulations set. The department has to take calculated risks for others to follow. The vision of the desired long-term outcomes, together with a clear plan for prioritized continuous improvement was hence be considered.

According to SDPC (2009), "Report on the Review of Purchasing and Logistics in the Queensland Government", states that Procurement planning is an existing requirement of the governments purchasing policy. It is a methodology for determining how to position, resource, and operate the agency's procurement function to best support service delivery. The purpose of a central procurement authority receiving the plans is to: review the plans in terms of quality and completeness, enable independent advice, guidance and support to agencies in establishing and maintaining appropriate procurement capability and performance management systems, allow a central authority to take a high level view of Government business to identify and prioritize opportunities for more agency collaboration, and improve business outcomes through more active management of common areas of expenditure, and contribute to a consolidated annual report to Government on the capability and performance of the sector's procurement (SDPC, 2009)

According to a study by Lee (2008); the impact of supplier selection criteria and supplier involvement on business performance: high-technology medical equipment in hospitals in Malaysia: results indicate that most commonly used criteria such as competitive pricing, product quality, delivery service and supplier capability are found to be insignificant related to hospitals business performance. Only buyer-supplier fit is positively impact on supplier performance. Nevertheless, greater emphasis should be placed on supplier involvement because the intangible criteria have significantly impact on the hospitals

business performance. Consequently, supplier performance does not have the mediating effect on the relationship between supplier selection criteria, supplier involvement and hospital business performance. Hospitals should carefully select their suppliers to enhance their competitive advantage and long-term needs.

According to Ng'ang'a (2014) on Supplier Selection Criteria and Supply Chain Performance in Non-Governmental Organization's In Kenya: he states that Trade-offs among criteria has to be made to align the final sourcing decision with Competitive priorities and business plans. Sourcing location Selection is the first, and thus an important, step in the supplier selection process. Critical factors such as infrastructure, market attractiveness, and cost levels are typically characteristics of regions or countries rather than of specific suppliers.

According to Rogers *et al.*, (2013), "A supplier development program: rational process or institutional image construction?", states that Procurement decisions was be made based on government laws on whole life cost taking into account life cycle issues, whose direct or indirect benefits was be acknowledged even when accrued to other parts of government and wider society. Lack of leadership from the top is then reflected down the organization in lack of accountability as the staff in most developing nations are ill equipped and not highly trained in evolving public procurement management practices. Blair (2014) opines that a wide group of stakeholders have been involved in the development of the Strategy which was be reviewed on a regular basis. The Strategy will cover both national and international public procurement impacts. The Strategy was give clear guidance and direction by setting a minimum level of environmental, social and economic specifications for a list of products and services that form the highest impact areas of government spend.

RESEARCH METHODOLOGY

The study was descriptive in nature as it is deemed appropriate because it will involve use of written questionnaires to be administered to respondents. Baker (2009) recommends descriptive design as it allows the researcher to describe, record, analyze and report conditions that exist or existed. The target population of the study was the 105 employees of GDC drawn from procurement related departments. Since the population(100) was relatively small, a census survey was used implying that all the targeted respondents was studied. The data was analyzed using quantitative techniques, whereby the findings were presented in the form of frequency distribution tables and pie charts while qualitative techniques were incorporated in the study to facilitate description and explanation of the study findings.

DATA ANALYSIS, PRESENTATION AND DISCUSSIONS

A total of 90 questionnaires were distributed to the targeted respondents. Out of the covered population, 65 were responsive representing a response rate of 72.22%. A pilot study was carried out to determine reliability and validity of the data collection instrument. The pilot study did not involve the sample respondents.

The study sought to establish the gender distribution of the respondents. From the results, both male and female respondents participated in the study and results showed that 46.15% (30) were male, 40.00% (26) were female and 13.85% (9) of the respondents did not indicate their gender. The findings showed that 53.85% of the respondents were aged between 18 to 35 years, 32.76% were more than 35 years old while 13.39% did not indicate their age. The findings were in agreement with those of Price & Banham (2011) who established that there were two natural age peaks of the late 20s and mid 40s which are correlated to procurement performance

in the counties. It was important to establish the education level held by the study respondents in order to ascertain if they were equipped with relevant knowledge and skills on procurement performance in the county governments. Majority (70%) had college education level, 20% had university education level, 5% had post graduate education level, 3% had secondary education level and 2% had professional qualifications. The study determined the working experience held by the respondents in order to ascertain the extent to which their responses could be relied upon to make conclusions on the study problem using their working experience. From the findings, (60%) indicated to have a working experience of 6-10 years, 20% had a working experience of less than 5 years, 15 % had a working experience of 11-15 years and 5% had a working experience of 16 years and above.

Supplier Management

The study sought to assess the influence of supplier management on in the state corporations in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point likert scale (where 5 = Very Great Extent; 4 = Great Extent; 3 = Moderate Extent; 2 = Small Extent; 1= Very Small Extent). Table 1 presents the findings. The scores of 'Very Great Extent' and 'Great Extent' have been taken to represent a statement not agreed upon, equivalent to mean score of 3.5 to 5.0. The score of 'Moderate Extent' has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of 'Small Extent' and 'Very Small Extent' have been taken to represent a statement highly agreed upon equivalent to a mean score of 1.0 to 2.5

The study findings in Table 1 with a grand mean of 3.331, a majority of respondents indicated to a great extent that the specifications of suppliers are based on their capacity thus enhancing timely delivery of goods and services (3.654); the pre-qualifications of the suppliers enhances quality

managements to effectively ensure there is reduction of procurement costs (3.765); the rating methods to the suppliers is based on merit thus influencing timely delivery of goods and services (3.543); the pre-qualifications of the suppliers has the capacity to meet the long term needs of the suppliers to reduce stock out reduction (3.654); The pre-qualifications of the appraisals of the suppliers is based on the recalls and complaints

systems in place to enhance timely delivery of goods and services (3.987); The rating methods of the suppliers is based on the compliance and the regulatory track records to reduce procurement costs (3.459) The study findings are in agreement with literature review by Pearson and Ellram (2008) who established that supplier management plays a critical role on the procurement performance in an organization.

Table 1: Supplier Management

Statement	Mean	Std
The specifications of suppliers are based on their capacity thus enhancing timely delivery of goods and services	3.654	.234
The pre-qualifications of the suppliers enhances quality managements to effectively ensure there is reduction of procurement costs	3.765	.412
The rating methods to the suppliers is based on merit thus influencing timely delivery of goods and services	3.543	.432
The pre-qualifications of the suppliers has the capacity to meet the long term needs of the suppliers to reduce stock out reduction.	3.654	.245
The pre-qualifications of the appraisals of the suppliers is based on the recalls and complaints systems in place to enhance timely delivery of goods and services	3.987	.113
The rating methods of the suppliers is based on the compliance and the regulatory track records to reduce procurement costs	3.459	.230
Composite Mean	3.331	

Procurement Planning
 The study sought to assess the influence of procurement planning on procurement performance in the state corporations in Kenya. This section presents findings to statements posed in this regard with responses given on a five-point likert scale (where 5 = Very Great Extent; 4 = Great Extent; 3 = Moderate Extent; 2 = Small Extent; 1= Very Small Extent). Table 2

presented the findings. The scores of 'Very Great Extent' and 'Great Extent' have been taken to represent a statement 'Great Extent', equivalent to mean score of 3.5 to 5.0. The score of 'Moderate Extent' has been taken to represent a statement agreed upon moderately, equivalent to a mean score of 2.6 to 3.4. The score of 'Small Extent' and 'Very Small Extent' have been taken to represent a statement 'small extent' equivalent to a mean score of 1.0 to 2.5

The study findings in Table 2 with a grand mean of 3.3.210, a majority of respondents indicated to a moderate extent that the organization prepares an annual Procurement plan (3.321); Organization procurement plan has description of the requirement (3.345); Organization procurement plan has the estimated value of the requirement (3.900); Organization procurement plan details the procurement method (3.468); Organization involves the User Department in formulating annual procurement plans (3.813); Organization

procurement plan details the expected award date (3.921); The organization does annual prequalification of bidders(3.671); organization adheres to the procurement plans (3.903) Awarding of all tenders is guided by the evaluation criteria The study findings are in agreement with literature review by Pearson and Ellram (2008) who established that procurement planning plays a critical role on the procurement performance in an organization.

Table 2: Procurement Planning

Statements	Mean	Std
Organization prepares an annual Procurement plan	3.321	.837
Organization procurement plan has description of the requirement	3.345	.615
Organization procurement plan has the estimated value of the requirement	3.900	.092
Organization procurement plan details the procurement method	3.468	.718
Organization procurement plan details the expected award date	3.813	.347
Organization involves the User Department in formulating annual procurement plans	3.921	.565
Organization adheres to the Procurement plans	3.671	.462
The organization does annual prequalification of bidders	3.903	.565
Awarding of all tenders is guided by the evaluation criteria	3.145	.412
Composite Mean	3.210	

Procurement Performance

The study sought to determine procurement performance, attributed to the influence of supplier management, procurement planning, legal framework and information communication and technology. The study was particularly interested in three key indicators, namely Quality of goods purchased, Cost reduction and Timely Purchases-stock out reduction, with all the three studied over a 5 year period, running from 2012 to 2016. Table 3 below presents the findings.

Findings in Table 3 reveal improved procurement performance across the 5 year period running from the year 2012 to 2016. Quality of goods purchased recorded positive growth with a majority affirming to less than 10% in 2012 (42.3%) and 2013 (37.7%), to 10% in 2014 (36.1%) then more than 10% in 2015 (41.1%) and 2016 (37.5%). A similar trend was recorded in cCost reduction, growing from less than 10% (44.1%) in 2012, to more than 10% in 2013 (36.4%), 2014 (40.4%) and 2016 (37.3%). Timely Purchases-stock out reduction further recorded positive growth with a majority affirming to less than 10% in 2012

(37.9%) and 2013 (35.9%), to 10% in 2014 (35.9%) and 2054 (35.3%) then by more than 10% in 2016 (36.2%). It can be deduced from the findings that key procurement performance indicators have considerably improved as influenced by among other procurement management attributes, supplier management, procurement planning, legal framework and information communication

and technology The Quality of goods purchased and Timely Purchases-stock out reduction have particularly improved by at least 10 percent across the organization pointing to the significance of supplier management, procurement planning, legal framework and information communication and technology in the procurement performance.

Table 3: Procurement Performance

Quality of goods purchased	2012	2013	2014	2015	2016
Increased by less than 10%	42.3	37.7	31.6	30.7	29.5
Increased by 10%	31.8	32.9	36.1	28.2	33
Increased by more than 10%	25.9	29.4	32.3	41.1	37.5
Cost reduction	2011	2012	2013	2014	2015
Increased by less than 10%	44.1	35.2	33.4	25.7	27.1
Increased by 10%	31.7	32.6	30.2	33.9	35.6
Increased by more than 10%	23.5	32.2	36.4	40.4	37.3
Timely Purchases-stock out reduction	2011	2012	2013	2014	2015
Increased by less than 10%	37.9	35.9	31.2	25.7	33.1
Increased by 10%	36.2	31.3	35.9	35.3	30.7
Increased by more than 10%	25.9	32.8	32.9	39	36.2

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The study established that a majority of respondents indicated to a great extent that the specifications of suppliers are based on their capacity thus enhancing timely delivery of goods and services. The pre-qualifications of the suppliers enhance quality managements to effectively ensure there is reduction of procurement costs. The rating methods to the suppliers are based on merit thus influencing timely delivery of goods and services. The pre-qualifications of the suppliers have the capacity to meet the long term needs of the suppliers to

reduce stock out reduction. The pre-qualifications of the appraisals of the suppliers is based on the recalls and complaints systems in place to enhance timely delivery of goods and services. The rating methods of the suppliers are based on the compliance and the regulatory track records to reduce procurement costs.

The descriptive statistics a majority of respondents were found to highly agree that organization procurement plan has description of the requirement and awarding of tenders is guided by the evaluation criteria. The organization procurement plan details the procurement method, the organization does annual

prequalification of bidders and that organization adheres to the Procurement plans. A majority however only moderately agrees that organization involves the user department in formulating annual procurement plans and organization procurement plan has the estimated value of the requirement. Further the respondents indicated that organization prepares an annual Procurement plan, prepares an annual Procurement plan and that organization procurement plan details the expected award date.

Conclusions

Based on the study findings, the study concludes that the procurement performance is affected by supplier management, procurement planning, legal framework and information communication and technology as the major factors that mostly affect procurement performance in the state corporations in Kenya.

The study concludes that supplier management is the first important factor that affects procurement performance in state corporations in Kenya. The regression coefficients of the study show that supplier management has a significant influence on procurement performance in the state corporations in Kenya. This implies that increasing levels of supplier management would increase procurement performance in state corporations in Kenya. This shows that supplier management has a strong positive influence on procurement performance in state corporations in Kenya

The study concludes that procurement planning is the second important factor that affects procurement performance in state corporations in Kenya. The regression coefficients of the study

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show that procurement planning has a significant influence on procurement performance in the state corporations in Kenya. This implies that increasing levels of procurement planning would increase procurement performance in state corporations in Kenya. This shows that procurement planning has a strong positive influence on procurement performance in state corporations in Kenya

Recommendations of the Study

The study recommends for specifications of suppliers are based on their capacity thus enhancing timely delivery of goods and services. The pre-qualifications of the suppliers enhance quality managements to effectively ensure there is reduction of procurement costs. The rating methods to the suppliers should be based on merit thus influencing timely delivery of goods and services.

The study recommends for the organization procurement plan to have a description of the requirement and awarding of tenders is guided by the evaluation criteria. The organization procurement plan details the procurement method. There is need for the organization to have annual prequalification of bidders and that organization adheres to the Procurement plans.

Recommendations for Further Studies

This study could not exhaust all the determinants of procurement performance in state corporations in Kenya. Other factors affecting procurement performance in state corporations need to be established. These may include the existing legal and policy framework, employee competency among others needs further investigation.

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