



EFFECT OF SUPPLIER APPRAISAL POLICY ON PROCUREMENT PERFORMANCE IN STATE CORPORATIONS IN KENYA; A CASE OF KENYA MEDICAL SUPPLIES AUTHORITY

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ABSTRACT

The general objective of the study was to assess the effect of supplier appraisal policy on procurement performance in state corporations. The study was significant to the public sector, KEMSA, researcher as well as other scholars. The study used descriptive research design. Data was collected through self-administered questionnaires procedure, the drop and pick method was used to collect information from the selected respondents. A sample size of 72 respondents was drawn from the sample frame using stratified random sampling procedure. Pilot testing was conducted using 7 respondents from the sample size to test validity of data collection tool. Reliability of the data collection instrument was conducted using alpha Cronbach analysis. The collected data was then analyzed using descriptive and inferential analysis and the data presentation was done using frequencies and percentages. The findings of the study confirmed that supplier appraisal policy had a positive impact towards procurement performance. Quality management is an integral element towards sustaining competitive procurement performance. Procurement costs do share a large portion of total expenditure and thus measures should be put in place to ensure cost reduction, sustainability and value for money. Supplier competency was evidently a major determinant of procurement performance. Effectiveness, efficiency and consistency of the suppliers should be well monitored and managed to enhance overall performance in procurement. Ethical practices were found to be key towards enhancing competitive advantage in an institution. Through managing transparency levels, integrity and accountability of all the stakeholders' involved, tangible results can be realized in an organization. The study recommended that further studies should be conducted so as to assess the factors that hinder implementation of sustainable supplier appraisal policy in the public sector and how it affects the overall procurement performance.

Key Words: Quality Management, Procurement Costs, Supplier Competency, Lead Time, Procurement Performance

INTRODUCTION

According to Rorich (2015), supply chain management in an organization plays a critical role towards the achievement of major milestones in the organization. Supply chain operations are not limited to just the procurement and supplies aspect but rather it is an end to end process which entails detailed processes and procedures. Supplier appraisal policy is one of the main supporting policies in supply chain operations. An organization that aims at enhancing effectiveness and efficiency in the system implements supplier appraisal policy as it has been proofed to be essential in terms of enhancing the organizations competitive advantage, (Jens, 2014).

Supplier appraisal policy is a tested process that indeed acts as a link between the organization objectives and the supplier performance. The appraisal process varies depending on the need of the organization though there are some appraisal areas that cuts across the board, (Sigma 2011). Organizations aim at assessing the supplier capacity not only in the short term but long term. Financial ability of the supplier is an item that stands out in the appraisal process. The evaluation of a supplier based on their financial ability towards overseeing their contract obligations is key. Major projects and contract agreement worldwide comes with a hefty budget which calls for an audacious financial backup from the suppliers, (Jack, 2011).

According to Chang (2012), companies that have applied a competitive supplier appraisal policy have recorded major gains as opposed to those with less competitive supplier appraisal policy. Organizations in the modern procurement setup are appraising their suppliers' technical as well as technological capacity. This is key towards enhancing after sales services and professional buyer-supplier relationship that extends beyond the contract performance to the supplier training and

development. Successful supplier appraisal policies are developed through close collaborative relationship with key stakeholders in the organization thus enhancing the team engagement and participation in the entire process, (CIPS, 2012).

Supplier appraisal policy development and implementation being a continuous process in the procurement operations is guided by the organization's main mandate. Quality in the modern setup in services, works and goods industry is the ultimate target guide, (Ntayi, 2010). Quality assurance is the main competitive agenda that have forced institutions to put in place measures that guarantees quality focus and quality assurance. Through supplier appraisal, companies are able to assess the supplier ability and capacity to achieve the quality objectives before engaging them in any form of contract. Due diligence is a main component of the supplier appraisal process where institutions aim at assessing the reliability of the information provided by the suppliers before contracting them, (Hughes, 2012).

According to Aspuro (2015), Procurement department plays a major role towards the achievement of the set organizational strategic plan and realization of mission and vision statement of any given corporate body. The Japanese procurement methods set precedence over the years to emerge as one of the most sought processes in the world both in the public as well as private sectors with documented results. The Toyota Company have fully embarked on just-in-time policy in its sourcing procedure and the suppliers are engaged at every stage to enhance effectiveness and efficiency of the production process. Supplier appraisal policy in the company and supplier evaluation was a critical step towards achieving the short term as well as long term objectives and successful procurement sector, (Amin, 2011).

Most of the countries in Africa have embarked on engaging international suppliers and contractors in enhancing the entire services delivery mostly to their citizens. According to Danese (2013), world oil giants shell, BP, have been contracted to be the main suppliers of petroleum products in Nigeria and across many African countries as a result of their competitive advantage. The African telecommunication industry have grown over the years as a result of engaging competent and reliable suppliers in information communication technology (ICT) across the globe. Companies like Vodacom, Vodafone and Mobile Telecom Network (MTN) have been engaged by most African countries in the delivery of telecommunication services due to their stability in service delivery and cost. The application of competitive strategies by these companies in sourcing their suppliers have contributed much to their long-term success. In Nigeria a study was conducted on supply chain practices which found out that supplier appraisal and evaluation was a key supply chain activity that every organization must incorporate, (Akenroye et al 2012).

In Kenya, the government over the years had relied upon tendering process in order to achieve up-to standard service to its short term and long term goals. This have been enhanced through the enactment of the Public Procurement Asset Disposal Act, 2005 and the subsequent Public Procurement Asset Disposal Act, 2015 that have strengthened procurement process while building more transparency and accountability in the public sector, (Chemoiywo, 2014).

The Kenya Medical Supplies Authority is a state corporation which was established by a legal notice issued under cap 466 of the laws of Kenya. KEMSA was formed on 11th February, 2000 following recommendations by stakeholder's forum dubbed as "strategies for reforming the drug and medical supplies systems in Kenya" that was held on 7th and

10th June the year 1998. The core functions of KEMSA are to but not limited to procurement, warehousing and distribution of medical supplies. The KEMSA mission is to improve the healthcare of Kenyans through efficient procurement and reliable distribution of quality medical commodities and promotion of rational drug use and practices. The KEMSA vision is to be the leading supplier of quality and affordable essential medical commodities to health facilities in Kenya. KEMSA is a specialized provider of medical logistics for ministry of medical services and ministry of public health and the mission and vision statements are in line with the two ministries objectives outlined under national health sector strategic plan (NHSSP) II 2005-2010.

Statement of the Problem.

Supply chain operations and strategies have gained recognition as a key engine of propelling an organization towards the achievement of short-term and long term objectives while focusing on the overall strategic plan, (Gallego, 2011). Organizations that have implemented strong supplier appraisal policy have gained competitive advantage while maximizing on quality, cost reduction and maintaining more professional buyer-supplier relationship as opposed to those with weak supplier appraisal policy, (Humphreys, 2013). The growing competitiveness in the global market and customer focus are instrumental in appraising suppliers. Quality management, supplier overall output and value creation in terms of cost have been recorded essentially in organizations with proper supplier appraisal policies, (Michira, 2013).

However, the public sector in Kenya despite the enactment of PPADA 2005 and 2015 have come under serious scrutiny in procurement process and procedures which have led to loss of billions of shillings, (Kamotho, 2014).The numerous cases under the Kenya Anticorruption Commission and the auditor general reports on county governments

procurement serves as an indicator on weak policies put in place. Poor quality of supplies, high procurement costs and unethical relations between buyers-suppliers has been notable in the public sector, (Rorich, 2015).

The National Pharmaceutical Procurement and Supply Chain Institutions Report, 2016 which focused on KEMSA transformation from 2008-2014 clearly indicates that not much have been documented on the progress of KEMSA supply chain as much as there are reforms. The KEMSA procurement review report, (2008), highlighted weak points in procurement procedures and operations which contributed to low procurement performance. Procurement lead times was 8 to 12 months as opposed to industry average of 1 to 4 months. Average lead time on orders was 5 days as opposed to industry average of one day. Additional costs in transport was up by 10% as opposed to industry average of 0.86%. Suppliers order fill was 50% as opposed to industry average of 85%.customer order lead time was 4 weeks as opposed to average industry of 2.6 days. The report indicated that lack of capacity to address the risks associated with supplier appraisal and evaluation was leading to failure in quality of medical supplies , cost reduction in procurement operations, supplier competency was very low while distribution structures both internally and externally was leading to longer lead times.

The National Pharmaceutical Procurement and Supply Chain Institutions Report, 2016 focused on the progress of KEMSA from 2008-2014 but the report indicated that not much have been documented on the progress and there has not been much coverage in terms of study on the impact of implementation of supplier appraisal policy at the Kenya medical supplies agency. Therefore, the study sought to establish the effect of implementing supplier appraisal policy on

procurement performance among public corporations in Kenya by focusing on Kenya Medical Supplies Authority (KEMSA).

Objectives of the Study.

The general objective of the study was to assess the effect of supplier appraisal policy on procurement performance in public corporations in Kenya. The Specific Objectives were:-

- To determine the effect of quality management on procurement performance at Kenya Medical Supplies Authority.
- To establish the effect of procurement cost on procurement performance at Kenya Medical Supplies Authority.
- To determine the effect of Supplier competency on procurement performance at Kenya Medical Supplies Authority.
- To determine the effect of ethical practices on procurement performance at Kenya Medical Supplies Authority.

LITERATURE REVIEW

Theoretical Review

Lean Supplier Competency Model Theory

The lean supplier model was developed by marks (2007). Through the model, a gap analysis can be charted and an action plan drawn to bridge the disparity in the organization. The model evaluates the supplier against the five categories supports the lean techniques of kaizen-continuous improvement. The supplier competency model explains how organizations interact in the five areas of competency where there is a varying degree of performance with an aim of achieving lean organizational operations.

According to Jens (2014), lean supplier competency model provides the organization with an optimum environment through which competitive advantage can be developed. Having the best suppliers

around the firm is key towards establishing structures and systems that are key in achieving the set objectives. Lean supplier model focuses more on reducing wastage while enhancing value for organizational resources. This theory is important to a firm that wishes to enhance quality focus and quality assurance as it based upon the principle of enhancing quality of goods as well as services, (Dalton,2013).

The theory of supplier competency model emphasizes on the need for the management to take lead in establishing structures and strategies that enhances competitiveness in the modern setup, (Arsan, 2011). Strict adherence to continuous improvement strategies through teamwork in a firm is the main driver towards its overall success. Suppliers being key stakeholders in the firm should be engaged and involved in the development and implementation of this model as well as engaging them in input generation and application. Engaging with suppliers that believe in the firm's objectives and goals is a fundamental aspect in lean supplier model, (stock et al 2010).

Minimization of wastage which includes down times, extended lead times, over payments, poor quality of raw materials are critical in engaging with the right suppliers in a firm, (Nadir 2012). The firm needs to improve the quality of services delivery on a continuous basis which builds trust with the stakeholders as well as enhancing the overall image of the firm and competitiveness. The Japanese company Toyota applied lean supplier strategies in their operations and this recorded higher gains to the company globally. However, the application of lean strategies requires lots of discipline and commitment of all stakeholders in the firm, (CIPS 2013).

Transaction Cost Economics (TCE) Theory

This theory is built on the premise that optimal buyer-supplier relationship is one based on the

lowest possible total cost. Where internal costs are balanced with the costs of purchasing, planning adapting and monitoring externally transacted operations, (Williamson, 2010). According to Williamson (1996), there are three dimensions of transactions relations; transaction-specific investments, uncertainty and frequency.

The organization needs to balance its internal as well as external costs in the short-run and long-run so as to record gains as well as growth over a given period of time,(Rorich, 2015). Modern organizations are more concerned with minimizing their overall expenditures which keeps rising as a result of expansion needs, customer demands, entry to new markets and other related factors. The firm's engagement with the suppliers should be largely based on enhancing cost cutting and the overall organizational expenditure. The various costs incurred by the firm while dealing with the suppliers should reflect the firm's financial capability and its growth objectives, (Sigma, 2011).

Contract management and monitoring should be prioritized by the firm as a strategy of reducing expenditure. Competent personnel should be engaged at every stage of supplier engagement in terms of contract management in order to avoid incurring unnecessary costs or wastage of resources, (CIPS, 2012). The costs incurred in sourcing for new suppliers for the firm as well as appraising them should be monitored so as to ensure they indeed support the firm's financial strategies at the long-run.

The company policies in terms of procurement should be aimed at getting value for money and at the most competitive pricing. It is important to engage the suppliers in cost cutting measures like bargaining and discount preferences and procuring in bulk,(Ling, 2012). All these strategies are aimed at reducing transaction costs which are realized in the final financial performance records and

objectives and goals achievement. The theory supports engaging the right suppliers in the firm's day to day operations including negotiations while maximizing on value for money despite the discounts and bargains, (Hughes, 2012).

Systems Theory

The systems theory is attributed to Ludwig von Bertalanffy in the 1970's, (Bevir, 2010). Systems theory brings together various components of a complex supply chain that includes human, capital, information, materials and financial resources. These composition forms a subsystem which is then part of a larger system of supply chains or network. The theory argues that for a holistic perspective, the systems theory must be employed to understand the internal and external factors that shape an organization's performance. The business environment is becoming very uncertain, buyer and supplier systems are closely linked more than ever before hence operating as a single unit with subsystems, (Chang, 2012).

Supplier systems do play a major role towards the success of buyer firms which is critical in achieving both the short term goals and objectives and the milestones of the firm, (Aspuro 2015). According to the systems theory, a firm's breakthrough in terms of the objectives, vision and mission is manifested in the achievements of its internal and external systems. All the units must work with common agenda guided by the overall firm's strategy. Suppliers are a major determinants of success of the firm as a result of hefty budgets that firms are incurring in their day to day operations. Organizations in modern environment are focusing on engaging with those suppliers whose systems of workmanship best suits the firm's system and both works in tandem, (Amin, 2011).

The complexities of the supply chain networks in the modern environment and the need to have sufficient financial back up, quality based

objectives, dynamic client's base and general market competitiveness demands competent stakeholders, (Chang, 2012). The varying working systems between the buyer and supplier must be modelled to work as a unit with an aim of enhancing the firm's performance. The overall performance is measured based on various set benchmarks but not limited to financial returns or quality management. Other key support factors like supplier performance in terms of lead times, after sales services, developing right specifications, advance in technology, capacity, human resource management are some of the major issues that make up the supplier systems work, (Johnson, 2010).

According to the systems theory, a firm requires the right blend of management and personnel to work through the complex systems and spearhead change and achieve the set objectives, Johnson (2010). Teamwork is critical in systems approach where all the units must come together and form a formidable strategies that indeed was thrive under any given work environment. The buyer and supplier relationships must be configured to achieve maiden targets and enhance performance. Supplier systems have a significant role in enhancing performance ranks across the board and firms are targeting at long term relationships and supplier development strategies, (Gallego, 2011).

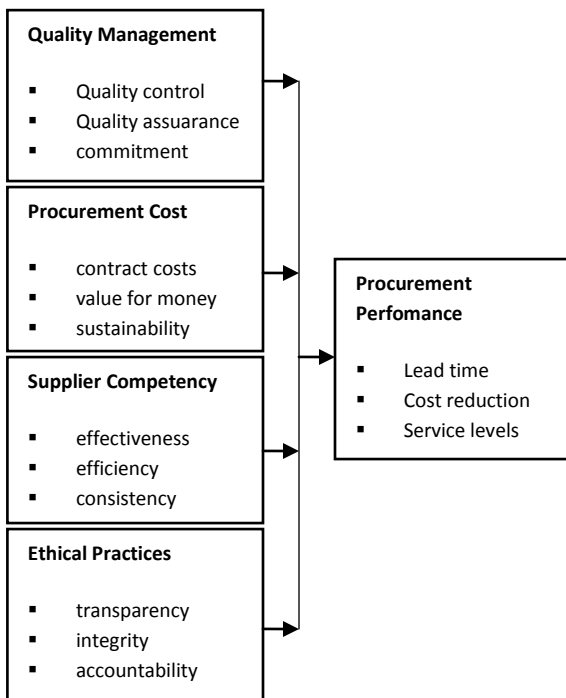
Grey Systems Theory

According to grey systems theory, in a practical business environment, in most instances, supplier selection takes place in an environment with less than perfect information. As such, there is some level of uncertainty in the decisions related to supplier selection. In such an environment, it is important to develop certain indicators or criteria; quantitative and qualitative that the supplier can be subjected to before selection. The application of this theory aided in the development of grey

correlation analysis model with seven progressive steps, (Zou, 2008).

These steps includes; grey generation, aimed at gathering information on grey differential equations, grey prediction aimed at achieving a qualitative prediction, grey decision, grey relational analysis and grey control (Tsai, 2003). The grey system theory considers the following factors in decision making on best suppliers; existence of key factors important to the buyer, the number of factors are limited band countable and can be directly attributed to potential suppliers, in dependability of factors and factors expandability.

Conceptual Framework



Independent Variables Dependent Variable

Fig 1: Conceptual Framework

Quality Management

According to Jens (2014) Quality is key focus towards enhancing competitive advantage among firms. Organizations are continuously putting in place measures that guarantee quality of supplies

while enhancing their market share. The supply chain operations and are essential in enhancing quality conformance and quality assurance in an institution. Based on the strength of quality measures put in place an organization can decide to develop and implement more effective and efficient supplier appraisal policies as well as supplier evaluation strategies. KEMSA for instance as a result of KEMSA review report,2008 which found out major shortcomings in the system came up more competitive strategies in regard to supplier appraisal policy in order to control quality of medical supplies.

Quality is critical in terms of both pharmaceuticals and non-pharmaceutical supplies in the health system, there is need to review the systems and structures that exists that make it quite challenging to achieve quality assurance and quality control, (CIPS,2013). Quality certification is key to an organization that is aiming at sustaining its competitive advantage especially in the current dynamic procurement environment. An institution needs to have clear cut strategies in place that ensures all stakeholders are committed to the main course on managing quality, (Hutchins, 2013).

The management as well as the staff have a major role to play in quality commitment, resources are key in quality control and quality assurance strategies and thus the top management should take lead, (Jens, 2014).An organization that best maintains competent quality standards in every aspect manages better procurement performance and more likely to achieve the strategic plans. The involvement of suppliers as the main drivers in quality management is key especially through the application of supplier appraisal and evaluation techniques which guarantees teamwork and achievement of quality goals and objectives, (Bachetti, 2010).

Procurement Cost

Procurement budget and operations take a significant portion of organizational work plan budget and therefore the organization needs to come up with more divisive measures aimed at enhancing cost reduction and cutting down recurring costs on its core procurement activities, (Kirande, 2014). The lack of key procurement plans, supplier evaluation and appraisal, contract management played a significant role towards increased cost of procurement operations at KEMSA, (Kemsa review report, 2008). The need to cut down procurement cost is a main driver towards establishing more comprehensive and competitive supplier appraisal policy in an organization.

The modern procurement systems are more focused on creating sustainability in terms of minimizing cost in the procurement cycle while maximizing on the total value of the same goods, works or services in the market, (Lambert, 2011). Procurement performance cannot be achieved without strategies that ensures an organization seals major loopholes that otherwise increases the total procurement cost while expanding the procurement plan budgets. Supplier appraisal process and evaluation is a catalyst towards achieving better results in terms of reducing costs. Budgeting on procurement needs requires effective and efficiency which is significant in assessing the procurement performance in terms of compliance and sustainability, (Harmon 2010).

Supplier Competency

Supply chain department does not work in isolation and therefore it is required that all the stakeholders play their roles competently for there to be tangible success of the core functions in an organization, (Kemunto, 2014). Suppliers are major stakeholders in the supply chain and hence their overall performance in terms of ethics, integrity, due diligence and cooperation with the buyer is a critical

step towards a more established supply chain department. Failure to have suppliers performing at the right standards as expected by the procuring entity calls for rapid measures to avoid failure of major operations. Supplier appraisal is a significant measure towards ensuring supplier competency is enhanced in terms of quality conformance, specifications development, delivery of orders on time as well as provision of professional support to the procuring entity,(Jack, 2011).

Suppliers are a major driver to better procurement performance especially on managing quality and lead time minimization. Suppliers being key stakeholders in the supply chain should be aware of what is expected of them in relation to the organization strategic plan and work towards supporting the core mandate, (Jens, 2014). The continuous updating of supplier register and supplier development is aimed at enhancing supplier competency and that directly have a bearing on the success rate at the institution in regard to procurement. The engagement of suppliers at every level of supply chain is a strategic process that targets teamwork and competency among all those engaged towards enhancing quality management, minimizing procurement based costs while enhancing reliability, (Mungai, 2014).

Ethical Practices

The modern organizations are more conscious on ethical integrity among the stakeholders as an integral asset to success. The emergence of professional code of conduct in the public and private sectors serves as a benchmark towards building stronger and competent procurement structures through managing relations and professionalism more responsibly,(Harmon, 2010). The Kemsa Review Report, 2008, indicated that there was failure in the entire structure from the suppliers of the medical supplies to the distribution of the orders country wide. This contributed to poor

buyer-supplier relationships and unprofessional workmanship that resulted to longer lead times and late deliveries which increased the total operational costs as well as failure in effectiveness and efficiency of the institution. The need to manage ethics contributed towards the establishment of supplier appraisal policy which would focus on ways of sourcing from more reliable suppliers as well as building internal distribution structures of medical supplies thus maximizing output.

The need to have reliable suppliers is key in the supply chain as that supports the main course and mandate of the department. There is need to have transparent structures which enhances integrity which is key towards compliance with the industry set benchmarks in terms of managing ethics in the procurement profession, (Hutchins, 2013). Institutions that are able to manage their stakeholder's ethical conduct within the stipulated laws and regulations have recorded major progress in terms of achieving their short term and long term goals. It is essential for the organization to engage suppliers that indeed are capable of supporting their vision and mission through integrity and professionalism. Continuous improvement by the firm calls for strict adherence to the set ethical policies across the board by all stakeholders. Engaging all stakeholders in setting and implementing ethical based policies is essential towards building sustainable structures and flow of operations in a firm, (Miller, 2010).

Procurement Performance

Procurement performance is an enabler in the achievement of set organizational objectives, mission and vision statements. Public institutions are mandated to utilize their budgets responsibly as the citizens are responsible for contributing towards the budgetary process through taxation, (Mungai, 2014). Cost reduction measures are essential in the public service as they contribute towards effective

and efficient structures while enhancing quality of products and services provided to the public. Supplier appraisal policy implementation act as a boost towards the achievement of the set procurement objectives both in the short term and long term. The Kemsu review report 2008, indicated the need to have proper strategies in place which could propel forth the overall procurement performance based on quality of supplies, cost reduction, suppliers performance and lead time management.

The public sector procurement performance is assessed based on its compliance to the annual procurement plans and strategies set forth, (Kitheka, 2012). Majority of public institutions have set objectives and goals which they focus on achieving through continuous engagement with stakeholders. Suppliers being major stakeholders in the public sector are taken through the pre-qualification process as a form of evaluation and appraisal. This process is undertaken so as to have a list of suppliers that are capable of delivering results that was catalyze the achievement of set objectives and goals at large, (Githui, 2012).

Empirical Review

Quality Management

According to Logeek (2010), organizations that have in place stringent measures in terms of quality control and quality focus have major opportunities in achieving their overall organizational strategy. Quality management is a composition of strategies and objectives which are developed with a common goal by a competent team. Every stakeholder in an organization must play an active role which ensures that indeed the achievement of quality based objectives contribute to the overall success of the firm, (Githui, 2012). Quality management is not entirely based on goods but works and services which share a larger budget allocations ought to be incorporated in quality assessment before, during

and after the contractual obligations are met. The supply chain department performance is more dependent on satisfaction of the user departments where quality and fitness of use reigns supreme, (Laudon and Laudon 2013).

A study that was conducted by Walter, (2015) on the influence of supplier selection on procurement performance in public institutions in Kenya revealed that indeed focus on quality management has positive impact on firm's overall performance. The study findings further revealed a strong relationship between quality management strategies in an organization and its general output and subsequent performance. The study recommended that institutions in the Kenyan public sector should have in place measurable strategies and objectives which are skewed towards quality management for goods, works and services. These efforts should be aimed towards enhancing the performance levels in these institutions which directly contributes to better services delivery and performance levels.

According to Owuoth and Mwangi, (2015), the public institutions in Kenya though there exists procurement based laws and regulations still face challenges in terms of enhancing their procurement performance. The continuous recording of poor performance evidenced by poor quality of services, works and goods supplied in various public sectors calls for adequate adjustment in terms of quality management. There is need to develop policies that are aimed at enhancing competitiveness and sustainability of public procurement in Kenya as the study revealed. The public entities should develop policies and procedures aided by the current procurement laws and regulations that are more suited to their working environment.

According to Stock and Lambert, (2010), the evaluation and appraisal process undertaken as a procurement procedure have recorded major gains in terms of procurement performance. The

globalization and market growth have necessitated quality focus and quality assurance in institutions today. Competitiveness and market share both locally and internationally is more dependent on organizations quality management dedication and philosophy put in place. The public sector procurement is catching up with the private sector in terms of stringent measures implemented in ensuring the right quality of goods, works and services have been achieved at the right cost. These efforts by public institutions have direct impact on the procurement performance as well as enhancing the adoption of more sustainable procedures in the procurement process, (Kitheka, 2012).

Procurement Cost

Mahajan and Sarang (2012) noted that procurement cost reduction in an organization is essential towards building effective and efficient competitive strategies. The growing organizational need in terms of reducing expenses while maintaining high levels of performance that is sustainable is the main focus. The emergence of various strategies by institutions in the modern procurement structures is key towards the achievement of cost reduction objective. The application of technology in various stages and units like the logistics, inventory management and warehousing is aimed at enhancing consistency in performance while reducing the total cost of operation, (Abubakar & Rajput, 2012).

According to Arsan (2011), all the identifiable purchasing costs in the various categories should be attached to their relevant monetary value in assessing their suitability to an organization. The higher the ratio in terms of cost as related to the value the lower the desirability of that particular goods or services. Reduction of the general cost of purchasing is instrumental towards recording higher gains while capitalizing on the total value in every procurement cycle, (Dalton, 2013). He further noted

that an organization performance in the procurement process is a combination of continuous, tactical and efficient process which involves every team member as well as the management in the long-run. Institutions that are able to plan on their procurement processes and strategies both in private and public sector have recorded major gains and breakthroughs in achieving their set goals as opposed to those with weak systems, (CIPS knowledge, 2014).

A study by Kirande and Rotich (2014) on the determinants of public procurement performance in Kenyan universities established that the main concern of the procuring entity is to make sure that one buys from the best suppliers while enhancing value for money. The study found out that supplier appraisal and evaluation can be applied in an organization as a tool of enhancing performance mainly through reducing cost and enhancing consistency in terms of procurement competency. Nzau (2014) in his study on factors affecting procurement performance in public universities in Nairobi County found out that the selection of suppliers is mainly based on the particular needs and objectives of the procuring entity. He pointed out that some of the factors that indeed affect procurement in the public institutions is mainly on poor strategic planning in terms of procurement which leads to increase in procurement costs thus resulting in poor performance.

Kakwezi and Nyeko (2014) associated procurement performance with effective and efficient procurement operations in an organization. They added that procurement operations that are conducted with a higher degree of efficiency and effectiveness are more successful in terms of reduced costs while enhancing the achievement of the set goals in the organization. The growth in procurement sector in Kenya has radically changed procurement based view in the various public

institutions and thus the department has faced major recognition and being seen as a main asset in general performance,(Chemoiwo, 2014).

The Kenya public procurement sector shares a large budgetary allocations that can be subjected to malpractices and misappropriation and this have prompted changes as well as guiding principles and structures, (Transparency International, 2010). Cost reduction strategy has been adopted mainly as a benchmark towards reducing the expenditure levels in the public sector at the best value possible. The reduction in inefficiencies have a direct impact towards a more sustainable procurement function which is more strategic and organized. The various regulations and laws governing public sector procurement in Kenya have an impact on the effectiveness and efficiency levels which involves robust procurement planning and reporting in terms of procurement expenditures.

Supplier Competency

According to Nadir (2012), supplier evaluation is a perceived tool that the buyer institution can employ towards assessing the general output of the suppliers as well as providing a better understanding on the supplier performance. Supplier performance have a direct bearing on the overall firm's procurement performance and the achievement of the set short term and long term objectives and goals. The establishment of procurement laws and regulations, supplier evaluation and supplier appraisal policies does not guarantee higher performance levels by the suppliers. The modern organizations and institutions are focused beyond the evaluation and appraisal process through enhancing buyer-supplier relationship and supplier development strategies that have proofed to be more strategic, (CIPS, 2013).

A study by Mutai and Okello (2016) on the effects of supplier evaluation on procurement performance in

public universities in Kericho County indicated that supplier's commitment and consistency plays a key role in procurement performance. The study found out that suppliers' commitment to quality is critical towards a more sustainable procurement function and progress. The study indicated that suppliers financial position have a bearing on their performance levels in the firm and thus the need to evaluate financial capacity of the various suppliers. The supplier's competency was pointed as a significant determinant in the procurement performance in an institution.

According to Kitheka (2013), the sourcing organizations evaluate their supplier's performance based on a set criteria and parameters that best achieves the intended purpose. Organizations are more determined to foster a strong buyer-supplier relationship through evaluation and appraisal strategies that are more long-term oriented. Strategic partnership which is entrenched in consistency and commitment from the suppliers have a significant role in spearheading procurement performance and achievement of the set objectives and goals at large, (Ikumu, 2014). In addition supplier performance measurement parameters should be aligned in relation to the strategic plan and aims of the institution. Quality commitment, cost reduction focus, supplier consistency and commitment are just some of the basic parameters that can be applied by an institution.

A study by Mwikali and Kavale (2012), revealed that cost factors, technical capability, quality assessment, organizational profile, service levels and risk factors are some of the key factors that indeed does affect the supplier performance and subsequent evaluation. The study indicated that an organization should employ the services of competent and qualified professionals who are knowledgeable in assessing the supplier's performance levels and competency. The study

indicated that the public sector procurement being more vulnerable to external interference mainly politically as a result of vested interests should be well managed and monitored to avoid suppliers backdrop in terms of performance in supply of goods, works and services at large.

According to Masceko (2013), public sector procurement have employed the pre-qualification process for the various supplier categories but still that does not guarantee success in terms of quality achievement, lead time compliance and cost minimization. Therefore, these uncertainties calls for continuous monitoring and supervision of the various suppliers with an aim of assessing their compliance levels as well as their general performance. The procurement function being core in the institutions view supplier performance analysis as a strategic process which has a bearing on the performance levels of the procurement department. Institutions need to train their procurement professional on the requisite skills to monitor performance levels and strengthen buyer-supplier relationship accordingly, (Nzau, 2014).

Ethical Practices

A study by Kamotho (2014), on E-procurement and procurement performance among state corporations in Kenya indicated that organizational competitive advantage is entrenched in its continuous quantitative and qualitative assessment of its suppliers thus ensuring success of its main operations. The reliability of the suppliers in terms of ethical compliance and being transparent in their operations means a lot when it comes to the supplier performance assessment. Different organizations and institutions in the public sector have different policies in terms of ethics and etiquette of their stakeholders. The commitment and consistency of the suppliers when it comes to reliability is critical towards building strategic buyer-

supplier relationship both in the public and private sector, (kemunto, 2014).

A study by Mungai (2014), on influence of supplier appraisal on procurement performance in the real estate industry in Kenya indicated that ethics is a variable resource to an organization and as such it should be managed effectively and efficiently through the various processes and operations in an organization. In addition, the study found out that majority of institutions are lacking professionalism in dealing with suppliers thus affecting integrity and transparency of their operations and this have a direct impact on the overall procurement performance. An institution should therefore implement ethical policies that indeed was strengthen their competitive advantage be it in the public or private sector, (Aggrey, 2011). The application of supplier evaluation and appraisal processes is a strategy employed to foresee positive impact in the procurement performance rating while enhancing effectiveness and efficiency.

According to Diageo (2011), as much as Kenya have recorded major improvement in terms of procurement positioning and competitive sourcing, much has to be done in order to enhance resources management and efficiency. The set standards achievement cannot just happen but it is through continuous and consistent application of the right mechanisms and strategies that can only enhance the entire procurement function achievement of goals. Integrity and accountability ought to be well managed and monitored so as to avoid deviating from the core operations of the institution while enhancing the output levels. A study by Pamela (2013), on supplier integration and company performance in Kenya indicated that essential services should be delivered with minimal interruption. The study added that the suppliers should be consistent and transparent in their day to

day obligations thus supporting the firm achieve the strategic objectives and goals.

RESEARCH DESIGN AND METHODOLOGY

The study adopted descriptive research design that would provide a framework within which the characteristics of the independent variables was be assessed (quality management, procurement costs, supplier performance and lead time). The population of the study was comprised of Kenya Medical Supplies Authority senior personnel in the following departments; finance division, customer care, supply and administration, sales and marketing department. Inferential statistics which included regression analysis, ANOVA, and correlation was used to estimate the relationship between supplier appraisal policy and procurement performance at KEMSA.

Mugenda & Mugenda (2003), defined regression analysis as a type of analysis used when a researcher is interested in finding out whether an independent variable predicts a given dependent variable. The linear regression model below;-

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where Y is the supplier appraisal, β_0 is the constant and ϵ is the error term of the model

X1= Quality Management

X2= Procurement Cost

X3=Supplier Performance

X4= Ethical Practices

RESEARCH FINDINGS

Quality Management Practices

The study aimed at assessing whether there was established quality management practices at the department at Kenya Medical Supplies Authority at Nairobi County. The results are as shown in table 1,

Table 1: Established Quality Management Practices at the department

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid frequently or partly Implemented	6	8.3	8.3	8.3
mostly or often implemented	17	23.6	23.6	31.9
always or definitely implemented	49	68.1	68.1	100.0
Total	72	100.0	100.0	

The study revealed that majority of the respondents 68.1% indicated that the policies were always or definitely implemented. Out of the respondents 23.6% indicated that the quality policies were mostly or often implemented while 8.3% indicated that the quality policies were frequently or partly established. The findings did imply that there are established quality management practices at the Kenya Medical Supplies Authority in Nairobi County. These findings do agree with the study that indicated that an organization with competitive quality systems must have implemented sustainable quality management policies, (Dalton, 2013).

Resources Provided Focused on Quality Management

The study sought to assess whether the management provided enough resources focused on quality management at Kenya Medical Supplies Authority at Nairobi County. The study found out

that 66.70% of the respondents indicated resources were always or definitely implemented by the management focused on quality management, 27.8% of the respondents indicated that the resources were mostly or often implemented by the management while 5.6% of the respondents indicated that the resources were frequently or partly implemented by the management. The findings did imply that the management at KEMSA indeed provided resources focused on quality management. The findings support the fact that management is on the fore front in support of quality management and quality focus at the institution.

Staff Training on Quality Management Practices

The study aimed at establishing whether the staff at Kenya Medical Supplies Authority at Nairobi County were trained on quality management practices. The results are as shown in table 2;

Table 2: Staff Training on Quality management Practices

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
sometimes or to some extent	1	1.4	1.4	1.4
frequently or partly Implemented	6	8.3	8.3	9.7
mostly or often implemented	15	20.8	20.8	30.6
always or definitely implemented	50	69.4	69.4	100.0
Total	72	100.0	100.0	

The study revealed that 69.4% of the respondents indicated that they were always trained on quality management practices, 20.8% of the respondents indicated they were trained mostly while 8.3% and 1.4% indicated they were frequently and sometimes trained on quality management practices respectively. These findings indeed supported the fact that the staff at KEMSA were well trained on quality management practices which is key to the sustainability of the process.

Table 3: Statistics staff trained on quality management practices

N	Valid	72
	Missing	0
Mean		4.5833
Std. Deviation		.70711
Variance		.500
Minimum		2.00

In addition, the study revealed that staff training on quality management practices had a standard deviation of 0.707 and variance of 0.5 which

indicates that indeed there has been staff training based on quality management practices at Kenya Medical Supplies Authority at Nairobi County. The study findings implies that the staff are well trained on quality management practices which is key towards enhancing sustainable quality assurance and systems. These findings agree with, a study by (Githui, 2012). The findings indicated that an organization that focus on training of stakeholders on quality management is well placed to achieve the strategic plan as well as objectives set.

Suppliers Involvement in Setting Quality Benchmarks and Specifications

The study aimed at establishing whether there were structures at Kenya Medical Supplies Authority at Nairobi County where suppliers were involved in setting quality benchmarks and specifications. The results are shown in table 4 below;

Table 4: Suppliers' involvement in setting quality benchmarks and specifications

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	frequently or partly Implemented	7	9.7	9.7	9.7
	mostly or often implemented	14	19.4	19.4	29.2
	always or definitely implemented	51	70.8	70.8	100.0
	Total	72	100.0	100.0	

The study revealed that 70.8% of the respondents indicated the suppliers were always involved in setting quality benchmarks and specifications while 19.4% of the respondents indicated they were mostly or often involved and 9.7% of the respondents indicated that the suppliers were frequently or partly involved in setting quality benchmarks and specifications. The findings implied that suppliers were important stakeholders at KEMSA as they were involved in decision making. The findings were an indicator that the institution engaged the stakeholders on developing

benchmarks and specifications based on quality management through team work. Lambert, (2010) indicated that quality management process in an institution should be teamwork based and collaborative in its approach. The study support these findings at the institution which is key towards enhancing quality competence.

Quality Analysis at the Department

The study aimed at assessing whether there was continuous formal quality analysis at Kenya Medical Supplies Authority in Nairobi County. The findings are as shown in table 5;

Table 5: Continuous Formal Quality Analysis at the department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	frequently or partly Implemented	8	11.1	11.1	11.1
	mostly or often implemented	18	25.0	25.0	36.1
	always or definitely implemented	46	63.9	63.9	100.0
	Total	72	100.0	100.0	

The results showed that 63.9% of the respondents indicated that the formal quality analysis was implemented always while 25% of the respondents indicated that the continuous quality analysis was

mostly or often implemented and 11.1% of the respondents indicated that the quality analysis was frequently or partly implemented. These findings implied that quality focus and assurance at KEMSA

was taken seriously and at a higher degree of standard. The findings implied that the institution embraces quality based structures that are key towards achieving the strategic plan and objectives that are in place at the short-run and long-run. The findings agree with the study by (chemoiywo, 2014). The study findings indicated quality assurance and management is a continuous process that should be embraced by all stakeholders and supported at all cost.

Table 6: Statistics

there is continuous and formal quality analysis at the department

N	Valid	72
	Missing	0

Mean	4.5278
Std. Deviation	.69144
Variance	.478

In addition descriptive statistics was used to assess the relationship between quality management and continuous formal quality analysis at Kenya Medical Supplies Authority in Nairobi County. The findings revealed a 0.69144 standard deviation and a variance of 0.478 which indeed indicate a strong relationship between the two variables.

Procurement Costs

The study aimed at assessing whether procurement related costs share a large proportion of total expenditure at Kenya Medical Supplies Authority at Nairobi County. The results are shown in Table 7 Procurement related Costs Percentage.

Table 7: Procurement costs share a large percentage of total expenditure

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid frequently or more often	8	11.1	11.1	11.1
moderately or to minimal extent	3	4.2	4.2	15.3
high extent or mostly implemented	61	84.7	84.7	100.0
Total	72	100.0	100.0	

The study found out that 84.7% of the respondents indicated that the procurement related costs share a large percentage of total expenditure while 11.1% indicated that procurement costs share a large percent frequently while 4.2% of the respondents indicated that procurement related costs share a large percentage moderately or to minimal extent. The findings implied that procurement budget allocation takes a significant portion of the entire budget at the institution. These findings collaborated with a study conducted by (Walter,

2015). The findings indicated that procurement based costs should be managed competently to enhance cost reduction and value for money.

Procurement related costs reduction strategies

The study aimed at assessing whether there are established strategies aimed at reducing total procurement costs. The study revealed that 76.4% of the respondents indicated that the strategies have been established to a high extent while 18.1% and 5.6% of the respondents indicated that the strategies were frequently or more often

established and moderately established respectively. The results implied that the institution had employed competent strategies and measures that are aimed at enhancing value for money and budget cuts.

Staff Training On cost Reduction Measures

The study aimed at establishing whether the staffs were trained on cost reduction measures at Kenya medical supplies authority in Nairobi County. The results are shown in table 8;

Table 8: Staff Training on cost Reduction Measures the department trains staff on cost reduction measures

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid frequently or more often	16	22.2	22.2	22.2
moderately or to minimal extent	1	1.4	1.4	23.6
high extent or mostly implemented	55	76.4	76.4	100.0
Total	72	100.0	100.0	

The study revealed that 76.4% of the respondents indicated that staff training on cost reduction measures was done to a high extent or mostly while 22.2% of the respondents indicated that the staff training on cost reduction was done frequently or more often and only 1.4% of the respondents indicated that the training of staff on cost reduction was moderate. The findings do indicate that the institution had managed to engage its employees on cost management and every employee is aware of their roles and responsibilities towards reducing costs.

Table 9: Statistics

the department trains staff on cost reduction measures

N	Valid	72
	Missing	0
Mean		4.3194
Std. Deviation		1.25402
Variance		1.573

In addition the standard deviation indicated a stronger value of 1.25 while the variance was 1.5 which did indicate a strong relationship between the training of staff on cost reduction measures and procurement cost reduction. The study findings implies that the staff are well trained and oriented on cost reduction measures at the institution.

Procurement Costs Reduction based on Policies Applied

The study aimed at assessing whether procurement costs reduction could be as a result of the policies applied. The results are tabulated in table below;

Table 10: Procurement cost reduction based on policies applied

Statistics

procurement costs have reduced as a result of relevant policies applied

N	Valid	72
	Missing	0
Mean		4.4583
Std. Deviation		1.08689

Variance	1.181
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The descriptive statistics applied revealed a stronger relationship between procurement costs reduction and the policies applied. The standard deviation was 1.08 while the variance was 1.18 which indeed indicated a stronger relationship between the two variables. The findings implies that the institution have made tremendous steps towards reducing the total procurement budgets

and cost which is key towards enhancing resource management and planning.

Benchmarks set to Assess Procurement Cost Reduction Measures

The study aimed at assessing whether there are benchmarks set to assess procurement cost reduction measures at Kenya Medical Supplies Authority at Nairobi County. The results are shown in table 11;

Table 11: Benchmarks to assess procurement cost reduction measures there are benchmarks to assess procurement cost reduction measures

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid frequently or more often	17	23.6	23.6	23.6
moderately or to minimal extent	3	4.2	4.2	27.8
high extent or mostly implemented	52	72.2	72.2	100.0
Total	72	100.0	100.0	

The study revealed that 72.2% of the respondents indicated that there were benchmarks set to assess procurement cost reduction measures to a high extent or mostly, then 23.6% of the respondents indicated the benchmarks were set frequently or more often while 4.2% indicated the benchmarks were set moderately. The findings from the study clearly implies that there are effective and efficient benchmarks set to assess procurement cost reduction measures that have been put in place at

the institution. Nzau (2014), indicated that there should be mechanisms in place to ensure that costs are managed to avoid over stretching the institutional resources while focusing on the core mandate.

Supplier Competency

The study aimed at finding out whether there was established policies to guide the department on supplier competency management. The results are tabulated in table 12;

Table 12: Policies established to guide in supplier competency management policies established to guide department in supplier competency management

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid frequently or most often	59	81.9	81.9	81.9
average extent	10	13.9	13.9	13.9
Never implemented	3	4.2	4.2	100.0
Total	72	100.0	100.0	

The study revealed that 81.9% of the respondents indicated that the policies were frequently or most often established while 13.9% and 4.2% indicated that the strategies were established to an average extent and never established respectively. These findings implied that the organization is keen to monitor and manage the suppliers' performance levels which have a direct impact on the overall procurement performance.

Management Support on Supplier Competency Monitoring and Evaluation

The study aimed at establishing whether the management supported the strategies set for supplier competency monitoring and evaluation at Kenya Medical Supplies Authority at Nairobi County. The study established that majority of the respondents 81.9% indicated that the management supported supplier competency evaluation and monitoring frequently while 18.1% of the respondents indicated management support was average. The findings implies that the management does support supplier competency evaluation and monitoring which is key towards its successful impact and significance to the institution. These findings agree with the study by (Kitheka, 2013).The study supported the need to have top management on board in implementation of major strategies and policies in an institution and the success that comes with the same approach in the long term.

Tangible gains from managing supplier competency

The study aimed at assessing whether there was tangible gains from managing supplier competency at Kenya Medical Supplies Authority at Nairobi County. The results are tabulated below;

Table 13: Department gains from managing supplier competency

Statistics department gain of tangible results from managing supplier competency

N	Valid	72
	Missing	0
Mean		2.4861
Std. Deviation		.88800
Variance		.789

The study applied descriptive statistics to assess the relationship between managing supplier competency and tangible results at Kenya medical supplies authority at Nairobi County. The standard deviation did indicate a strong relationship of 0.89 while the variance was 0.789. The findings strongly suggest that indeed supplier competency management had tangible gains. The findings implied that when an institution applies competitive strategies in their systems, they are bound to

remain competitive and focused towards their core mandate.

Suppliers support on managing their performance

The study established to find out whether the suppliers supported Kenya Medical Supplies

Authority at Nairobi County in managing their performance levels. The findings are shown in the Table 14;

**Table 14: suppliers support on managing their performance
suppliers supports the department decision on managing their performance**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid frequently or most often	61	84.7	84.7	84.7
average extent	11	15.3	15.3	100.0
Total	72	100.0	100.0	

The study revealed that 84.7% of the respondents indicated that the supplier’s support in managing their performance was frequent or most often while 15.3% of the respondents indicated that the supplier’s support was average. The findings indicated a close collaboration between suppliers and management on performance measurement at KEMSA. The study findings implied the existence of existence of a professional relationship between the stakeholders which have been fundamental towards enhancing sustainable systems and competent strategies application. These findings are

in collaboration with the study by (Ikumu, 2014). The study findings indicated that the suppliers being key stakeholders in the organization should support the policies that are established in the organization with the aim of enhancing the overall successful implementation process.

Effectiveness and Efficiency in Supplier Competency Management

The study aimed at assessing how effective and efficient the supplier competency management was at Kenya Medical Supplies Authority at Nairobi County. The same is shown in table 15 below;

**Table 15: supplier competency management effectiveness and efficiency
there have been efficiency and effectiveness in supplier competency management**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid frequently or most often	64	88.9	88.9	88.9
average extent	8	11.1	11.1	100.0
Total	72	100.0	100.0	

The study revealed that 88.9% of the respondents at Kemsas indicated that frequently or most often the supplier competency management was

effective and efficient while 11.1% of the respondents indicated that it was average extent. The study findings implied that the institution had

put more effort and emphasis on managing the suppliers performance which have been key towards building a formidable procurement performance.

**Table 16: Statistics
there have been efficiency and effectiveness
in supplier competency management**

N	Valid	72
	Missing	0
Mean		2.2222
Std. Deviation		.63295
Variance		.401
Sum		160.00

In addition, the standard deviation indicated a strong point of 0.63 while the variance was 0.40. These findings clearly revealed that supplier competency management was effective and efficient at Kenya Medical Supplies Authority. The findings implied that the institution puts in place policies that are relevant to the strategic plan and resource focused which contributes towards the success of the department.

Ethical Practices

The study aimed at assessing whether there was established ethical code of conduct at Kenya Medical Supplies Authority at Nairobi County.

**Table 17: Ethical Code of Conduct
there is established ethical code of conduct at the department**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid most often or high extent	66	91.7	91.7	91.7
average or moderately implemented	6	8.3	8.3	100.0
Total	72	100.0	100.0	

From the findings above, 91.7% of the respondents indicated that the establishment of ethical code of conduct was most often or to high extent while 8.3% of the respondents indicated that the establishment was average or moderately implemented. The findings indicated that there exists ethical code of conduct at Kenya Medical Supplies Authority at Nairobi County. The study findings implied that the institution upholds the integrity and transparency in its dealings which are entrenched through the ethical code of conduct established at the institution. The findings agree

with the study conducted by (Masceko, 2013). The study findings pointed out that an organization that wishes to enhance their overall image and competency should embrace ethical code as the guiding principle in dealing with all stakeholders.

Managing Stakeholder Ethical Conduct

The study aimed at finding out whether there were established strategies aimed at continuous managing of ethical conduct of all stakeholders at Kenya Medical Supplies Authority at Nairobi County. The findings are shown below;

Table 18: strategies established to continuously manage stakeholder ethical conduct

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid most often or high extent	66	91.7	91.7	91.7
average or moderately implemented	6	8.3	8.3	100.0
Total	72	100.0	100.0	

From the above, majority of the respondents 83.3% indicated that there was high extent of strategies established to manage stakeholder ethical conduct while 16.7% of the respondents indicated that strategy establishment was average or moderately implemented at Kenya Medical Supplies Authority at Nairobi County. The findings implied that the organization had embraced a continuous approach of managing ethical conduct in all its departments which was a necessary factor towards integrity of all involved stakeholders. Pamela (2013) conducted a study where the findings emphasized the need to have on board the right mix of personalities and players in an organization’s effort to remain competitive. Having the right group of stakeholders with traits that suit the organization is key towards the strategic path and ethics is the main catalyst.

Suppliers Involvement in Setting Ethical code of conduct

The study aimed at assessing the involvement of suppliers in setting ethical code of conduct at Kenya Medical Supplies Authority at Nairobi County.

Table 19: Involvement of suppliers in setting ethical code of conduct

Statistics suppliers are involved when setting ethical code of conduct benchmarks

N	Valid	72
	Missing	0

Mean	2.2222
Std. Deviation	.65482
Variance	.429

From the findings above, the standard deviation revealed a strong 0.654 from the respondents and a variance of 0.429. These findings do indicate that there was involvement of suppliers in setting ethical code of conduct at KEMSA in Nairobi County. The findings did imply that the institution values its stakeholders in the management policy and there is consultative approach when coming up with policies that indeed have a bearing on all the stakeholders involved. This enhances the success of the policies introduced in the firm.

Compliance with industry set industry ethical benchmarks

The study aimed at assessing the compliance of Kenya Medical Supplies Authority to the set industry ethical benchmarks. The findings above does indicate that majority of respondents 80.6% indicated that the compliance was most Oftenly or to high extent while 18.1% and 1.4% indicated that the compliance was average or moderately implemented and minimal or less extent respectively. The findings implies that the institution have been keen towards achieving the global as well as regional set ethical standards in terms of medical related supplies which are fundamental towards the well-being of the nation.

Strategies put in place on managing ethics impact on procurement performance

Supplies Authority had an impact on procurement performance.

The study aimed at assessing whether the strategies put in place to manage ethics at Kenya Medical

Table 20: Impact of strategies put in place to manage ethics on procurement performance strategies put in place on managing ethics have impacted procurement performance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid most often or high extent	68	94.4	94.4	94.4
average or moderately implemented	2	2.8	2.8	2.8
sometimes or to some extent	2	2.8	2.8	100.0
Total	72	100.0	100.	

The findings above revealed that majority of the respondents 94.4% did indicate that the impact existed to a high extent while 2.8% of the respondents indicated the impact was average or existed to sometimes. The study findings implied that managing the suppliers ethical conduct have a significant bearing on the overall procurement performance in the institution. An institution aiming at achieving solid results on its implemented strategies should equally manage the ethical conduct of all stakeholders.

strong impact between strategies put in place and the procurement performance at Kenya Medical Supplies Authority at Nairobi County. The findings implied that the management should ensure that the policies put in place should be more focused on backing up the achievement of the overall strategic plan. It is critical to control and manage all the key inputs required for successful results to be realized in the institution. These findings agreed with the study conducted by (Ikumu, 2014). The study findings pointed out on the need to manage the stakeholders’ ethics in an organization as they have an impact on the image of the firm. The study stressed on the importance of having the right team with the right ethical pedigree in an organization that is determined to sustain its position competitively.

Table 21: Statistics strategies put in place on managing ethics have impacted procurement performance

N	Valid	72
	Missing	0
Mean		2.1111
Std. Deviation		.51882
Variance		.269

In addition, the findings above revealed a score of 0.52 on the standard deviation and a variance of 0.269. These statistics strongly suggest there was a

CONCLUSIONS AND RECOMMENDATIONS

The study sought to examine the effect of quality management on procurement performance. It was established that majority of the respondents indicated that there was established quality management practices at the department. The study established that a number of the respondents acknowledged management support in terms of resources focused on quality management. The staff were well trained on quality management practices as supported by the response rate of the respondents.

The study established that the suppliers were involved in setting quality benchmarks and specifications as supported by majority of the respondents. There was existence of a continuous formal quality analysis structure which was supported by a number of the respondents in the study.

The study sought to establish the effect of procurement costs on procurement performance. It was confirmed that procurement related costs share a large percentage of the total expenditure as supported by majority of the respondents. In regard to procurement cost reduction strategies established, majority of the respondents confirmed that the strategies existed. The study revealed that the staff were well trained on cost reduction measures and strategies as supported by considerable response rate by the respondents. The study confirmed that there was reduction of procurement costs as a result of policies applied and majority of the respondents indicated that there were existence of benchmarks set to assess procurement cost reduction measures.

The study aimed at assessing the effect of supplier competency on procurement performance. The study revealed that majority of the respondents confirmed that there were policies established to guide the department in supplier competency

management. The study confirmed that the management supported the supplier competency evaluation and monitoring. It was revealed that that majority of respondents did indicate there were tangible results as a result of the supplier competency management. The study confirmed that the suppliers supported the policy to manage their performance as supported by majority of the respondents. The study confirmed that the suppliers' competency management was effective and efficient as supported by significant response rate by the respondents in the study.

The study sought to evaluate the effect of ethical practices on procurement performance. It was confirmed that there was an established code of ethics at the department as evidenced by majority of the respondents. It was confirmed that there was establishment of strategies to continuously manage stakeholders' conduct as supported by majority of the respondents. The study revealed that the suppliers were involved in setting ethical code of conduct at the department. It was confirmed by response rate of the respondents that the department complied with the set industry ethical benchmark. It was revealed that there were strategies put in place at the department on managing ethics impact on procurement performance.

Conclusions

From the research findings, it was concluded that indeed supplier appraisal policy is a key element towards enhancing efficiency and effectiveness in an organization procurement proceedings. The key indicators that supports the importance of supplier appraisal policy are fundamental. Quality management is an important catalyst towards sustainability of the procurement performance in an organization. Competent Quality management focus ensures commitment, quality assurance and quality control in an organization. The procurement

costs play a major role towards enhancing positive output in an organization procurement performance especially through sustainability, cost reduction and value for money. Supplier competency is a major determinant of the overall procurement performance and thus prudent measures are required to monitor the same. Supplier competency relies heavily on effectiveness, efficiency and supplier consistency in the organization. Ethical practices are an integral element in procurement performance management. The ethical practices revolves around transparency, accountability and integrity of all the stakeholders involved.

Recommendations of the Study

Based on the research findings, it is recommended that the institution should enhance sustainability of the quality management focus due to the nature of the products which are sensitive. This will ensure sustainable achievement of strategic objectives of the firm, objectives and short-term goals set. More resources should be channeled towards quality focus and assurance which will enhance procurement overall performance levels.

Further, it is recommended that the institution should put in place more prudent measures and strategies aimed at cost reduction in terms of operations. The staff should be consistently trained on the cost reduction strategies and measures. The institution should engage all stakeholders in cost reduction awareness through training and sensitization programs. The team work approach in cost reduction will ensure value for money and sustainability are achieved.

The institution should ensure that there are effective and efficient structures put in place to ensure that the suppliers are well assessed,

monitored and evaluated on their performance. The suppliers should be engaged more on setting the structures and systems to evaluate them so that the process is more collaborative and supported by all the parties involved.

As per the findings of the study, the institution should engage all stakeholders in setting ethical code of conduct and ethical benchmarks. This will ensure that each and every stakeholder is well informed of the institution's expectation in terms of their conduct and dealings which have a bearing on the overall performance. There should be clear rewards and sanctions system for those who comply as well as non-compliant stakeholders.

Areas for Further Research

The study recommends that further studies should be conducted to ascertain the factors that hinder the implementation of sustainable supplier appraisal policy in the public sector.

This will ensure that appropriate strategies are put in place to enhance compliance with the relevant procurement laws and regulations especially PPADA, 2015. The study will broaden the scope on public procurement compliance and performance.

Additionally, it is recommended that further study should be conducted on the role of suppliers in the sustainability of the procurement performance in the public sector. This study will be key towards enhancing consistency, effectiveness and efficiency of the supplies towards achieving the strategic goals in the public sector.

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