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INFLUENCE OF VENDOR RATING ON SERVICE DELIVERY IN STATE CORPORATIONS IN KENYA: A CASE OF NATIONAL CONSTRUCTION AUTHORITY

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ABSTRACT

The objective of the study was to find out the influence of vendor rating on service delivery in state corporations in Kenya with specific reference to National Construction Authority. The study was of significance to the management of service delivery in state corporations in Kenya, suppliers and the government of Kenya. The study used descriptive research design. The target population of the study comprised of employees of National Construction Authority, managers and their assistants from different departments. The census was carried out for the 120 respondents. Questionnaires were used to collect data. The data analysis was carried out using SPSS. The study used a multivariate regression analysis to determine the relationship between dependent variables and independent variable at 5% level of significance. It was notable that there exists a relationship between indepedent variables and depedent variable. The study showed that the independent variables in the study were able to explain 65.80% variation in the service delivery while the remaining 34.20% was explained by the variables or other aspects outside the model. This implied that these variables were very significant and they therefore needed to be considered in any effort to boost service delivery in the state corporation. The study recommended that inspection methods for supplier to be included in the approved list and assessed on quality aspects. It was also vital to establish which of the supplier knows about and was ready to implement the concept of total quality policy. The study recommended that the order handling time for goods and services should be always short as possible for the order fulfillment. The organization should ensure that the production costs should be continuously pursued by the organization. The transaction costs should continue to be relatively low and variations in prices across the organization are substantial. There is need to ensure that those who finance purchasing services have taken inefficiency that inflates procurement costs. The supplier financial stability and fiscal outlook enhance timely deliveries. The supplier bankruptcy distracts procurement process thus affecting timely deliveries of goods. The organization should ensure that there is financial soundness of the supplier contributing to a lasting partnership thus reduction of costs.

Key Words: *Quality of Supplies, Lead Time, Cost of Supplies, Supplier Financial Capacity, Service Delivery*

INTRODUCTION

Vendor rating is a system for recording and ranking the performance of a supplier based on a variety of issues, such as performance delivery, the quality of items, lead time and financial capacity of the supplier (Mburu, 2017). Vendor rating is an essential process to effectively purchasing of items in an institution. In Kenya, state corporations develop their own parameters in making the selection of the suppliers. Some of the parameters they apply are lowest price on a bid and the track record of the suppliers in the previous orders they supplied (Mustaniorh & Santosos & Oktara, 2012).

In the last two decades, there has been considerable growth in the industries around the globe. With this rapid progression, the competition in the market is also increasing. The high quality of vendors' products is a vital factor to the success of a company's quality control function. In order to be successful in today's competitive business environment, organizations cannot operate in isolation and only rely on their own performance. They are highly dependent on the performance of other actors in the supply chain as well their vendors. This increases the need for vendor performance rating; to evaluate and ensure that the suppliers perform according to the level of performance that is required by the buying firm (Kumar, 2014).

It was not until the late 1960s that purchasing was considered more than just a clerical function. Prior to this time, supplier selection was focused on the short-term. Suppliers were often evaluated solely on price and were quickly dropped when out-bided by another vendor. Suppliers were viewed as adversaries rather than partners and relationships between buyers and suppliers were often short-term (Mustaniorh & Santosos & Oktara, 2012).

Service is defined as a product or activity that meets the needs of a user or can be applied by a user. To be effective, services should possess these attributes like: available and timely at time and space scales that the user needs; Dependable and reliable in that they need to be delivered on time to the required user specification; Usable meaning that they need to be presented in user specific formats so that the clients can fully understand; Useful meaning that they need to respond appropriately to user needs; Credible for the user to confidently apply to decision-making and responsive and flexible to the evolving user needs.

Global supply chain survey conducted by Price water Coopers (2013) shows how Leaders are moving ahead of the pack. They are tailoring their supply chains to vendor rating accommodativeness and investing in next-generation capabilities while keeping the focus on supply chains that are both fast and efficient. The need to cope with a whole range of supply chain challenges is putting greater pressure than ever on supply chain executives to use vendor rating for proficient performance.

In Kenya, the companies who embrace vendor rating find that they have better visibility into supplier performance, uncover and remove hidden cost drivers, reduce risk, increase competitive advantage by reducing order cycle times and inventory, gain insight on how to best leverage their supply base, and align practices between themselves and their suppliers. Companies pursuing supplier assessment commonly see over a 20% improvement in supplier performance metrics e.g., on-time delivery, quality, and cost (Burt et al, 2006).

Kenyan purchasing function realizes the opportunities vendor rating creates as it recognizes and uncovers hidden cost drivers in the customer-supplier relationship, make the business case for supplier evaluation, determine approaches and metrics; understand the merits and shortcomings of various approaches (i.e., is ISO certification adequate, are quantitative metrics from your enterprise system sufficient, understand where automation can scale and support your processes, Identify actionable supplier opportunities for improvement and close the loop and get results (shahrokh et al, 2014).Vendor rating and supplier performance monitoring are applicable to all scenarios for quality service delivery in Kenya. These aspects should be built into on-going business (Burch, 2014).

Statement of the Problem

Over the years, vendor rating has been one of the most critical activities in procurement processes in Kenya. According to Ombaka (2009), there has been the increasing need of the suppliers to improve their performance by showing their ability to deliver tenders within the set time frame, and within the specifications. As World Bank (2017) report on the procurement system in Kenya suggests, about 37% of suppliers who receive tender specifications are unable to apply while for those who submit, 29% of these are rejected on the preliminary stage and 45% on the evaluation. The high rate of rejection as the research suggests are as a result of poor understating of the procurement requirements and further failure to comprehend important factors such as the financial capacity, quality of supplies of the supplier that build up the character to allow them to be selected.

Measuring the performance of suppliers is vital to ensuring a well-functioning supply chain. Companies who evaluate their suppliers find that they have better visibility into supplier performance, uncover and remove hidden cost drivers, reduce risk, increase competitive advantage by reducing order cycle times and inventory, gain insight on how to best leverage their supply base, and align practices between themselves and their suppliers. Companies pursuing supplier assessment commonly see over a 20% improvement in supplier performance metrics (e.g., on-time delivery, quality, and cost). From a lean enterprise view of supply management, the supply chain is full of waste and hidden cost drivers. And from a global perspective, supply management is fraught with risks as companies deal with increasing numbers of offshore suppliers. Measuring and understanding supplier performance is critical to ensure a well-functioning supply chain and to a company's competitive position. Improving the performance of key suppliers is the goal.

Public organizations worldwide have been embarking on vendor rating as a measure to overcome performance challenges and realize increased efficiency on suppliers (WB, 2007). In Kenya, state corporations have been trying to meet efficient and effectiveness in suppliers with good terms of cost, quality, lead time and financial capacity (Robins, 2012). Statistics from the government journals shows that in the year 2007 the government accumulated losses of Kshs.576 Million from irregularities in procurement which were cleared in 2009 (MoH, 2010). When companies do not know the facts about how their suppliers are performing, supplier management tends to be based on guesses. Moreover, the simple act of measuring performance can help improve performance. This improvement can be even more dramatic when companies award additional business on the basis of suppliers meeting performance goals.

Developing a robust, easy-to-deploy method of vendor rating is a critical business competency. The methodology should be sound and the approach practical. Gathering data for the sake of data will not produce the return on investment in vendor rating. Most importantly, government institutions need to use the results as a means to foster communications and a starting point for supplier development and performance improvement. This, in turn, will help them reap the financial and competitive rewards of high performing key suppliers. This current study looked into the influence of vendor rating on service delivery in state corporations in Kenya.

Objectives of the Study

The main objective of the study was to determine the influence of vendor rating on service delivery in state corporations in Kenya. The specific objectives were:-

- To assess the influence of quality of supplies on service delivery in state corporations in Kenya.

- To assess the influence of lead time on service delivery in state corporations in Kenya.
- To assess the influence of cost of supplies on service delivery in state corporations in Kenya.
- To establish the influence of supplier financial capacity on service delivery in state corporations in Kenya.

LITERATURE REVIEW

Theoretical Review

Rough Set Theory

Rough set theory was proposed by Pawlak in 1982 as a method which classifies objects into similarity classes (clusters) containing objects that are indiscernible with respect to previous occurrences and knowledge. According to Bai & Sarkis (2009) rough set theory allows for distillation of a larger set of suppliers into a smaller set of candidate preferred suppliers, and eventually the selection of preferred supplier. Its application to vendor rating and decision making applies through use of historical decisions integrating previous organizational knowledge and learning into the latest decision process. Previous acquired knowledge on quality is taken and used to find a specific supplier from a pool of them. The major advantage is that it can generate satisfactory outcomes using a relatively small amount of data or with great variability in factors.

As time progresses, organizations can further refine their decision making on quality to either maintain some consistency and/or improve their decision process with further weighting and development of attributes that are salient for the organization's strategic direction. The final decision may be sensitive to the attributes that are used in the evaluation process. Practically, organizations that do not use the full complement of attributes to select suppliers or for outsourcing in a world where sustainability has gained significant importance by governments, communities, industry, customers, and markets, may have competitive disadvantage consequences (Bai & Sarkis, 2009).The public organizations would therefore find this theory relevant in relation to the organization to focus on quality of supplies, as well as themselves so that they can enhance changes, needs and problems in order to respond appropriately on service delivery. This theory supports the influence of quality of supplies on service delivery in state corporations in Kenya.

Trade-off theory

It refers to the idea that a company chooses how much debt finance and how much equity finance to use by balancing the costs and benefits. It is classically considered as a balance between the dead-weight costs of bankruptcy and the tax saving benefits of debt. Often agency costs are also included in the balance. This theory is often set up as a competitor theory to the pecking order theory of capital structure (Burc, 2014). An important purpose of the theory is to explain the fact that corporations usually are financed partly with debt and partly with equity. It states that there is an advantage to financing with debt, the tax benefits of debt and there is a cost of financing with debt, the costs of financial distress including bankruptcy costs of debt and non-bankruptcy costs (e.g. staff leaving, suppliers demanding disadvantageous payment terms, bondholder/stockholder infighting, etc.). The marginal benefit of further increases in debt declines as debt increases, while the marginal cost increases, so that a firm that is optimizing its overall value will focus on this trade-off when choosing how much debt and equity to use for financing (Tungo, 2014). A factor in vendor rating is financial capacity the theory articulates that it's not limited to assets but also liabilities can increase capital and make the company sound financially.

According to Myers (1984) bankruptcy and agency costs are greater for firms with high expectations of growth opportunities; firms can be reluctant to use high amounts of debt so as not to increase their likelihood of bankruptcy. Additionally, Myers further suggests that firms with high growth opportunities may not use debt as the first financing option. Consequently, firms with greater growth opportunities have a lower level of debt, given that greater investment opportunities increases the possibility of agency problems between managers / owners and creditors, because the former have a great incentive to under-invest (Myers, 1977).

On the other hand, Titman and Wessels (1998) argue that larger firms tend to have greater diversification of activities that implies less likelihood of bankruptcy. In addition, large firms with less volatile profits are more likely to take advantage of the debt tax shields thus increasing the potential benefits of debt (Smith, Stulz 1985). Therefore, according to the Trade-Off approach, large firms tend to increase their level of debt as a consequence of the lesser likelihood of bankruptcy, and also as a way to increase the debt tax shields.

Applicable to the study, the theory explains the importance of supplier financial capacity in terms of enhancing the potential capacity of an organization in terms of financial capacity for the organization to offer better services. In terms of vendor rating, the theory will assist in the analysis of supplier financial capacity and determine the level of performance based on vendor evaluation procedures and measures in place to enhance service delivery in the state corporation.

Transaction Cost Theory

Ronald Coase, Chester Barnard, and Herbert Simon are among the early authors who describe the contributions of transaction cost theory to the existence of firms (Scott, 2003; Williamson, 2005). Whether we look at purchasing, as a network or as an integrated process, the transaction cost theory explains the vertical connection and integration of various elements of organizational supply chain, from second tier and first tier suppliers to first tier and second tier customers.

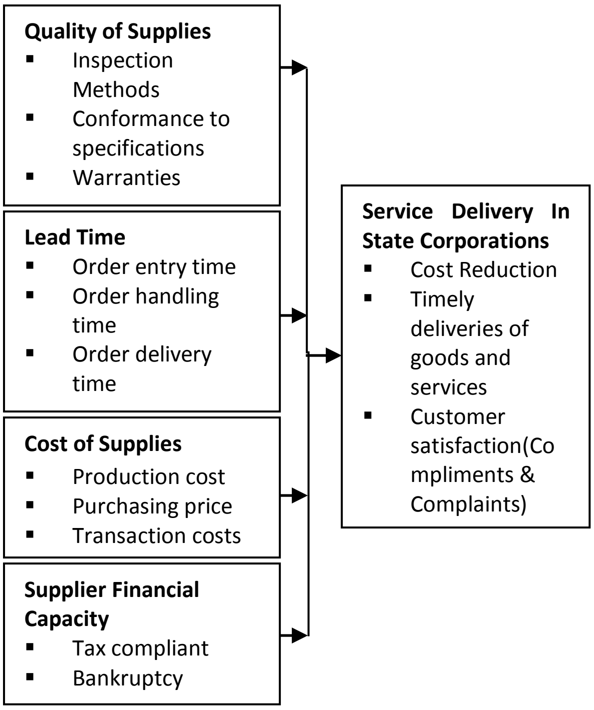
Grover and Malhotra (2003) concluded that transaction cost theory applies to organizational supply chain management in four facets: effort, monitor, problem, and advantage. Effort to build and maintain the relationship with suppliers; cost of monitoring the performance of suppliers; resolving the problems that arise in the business relationships; and engagement of suppliers in an opportunistic behavior. With the transactional theory then lead-time is enhanced to be followed as with longer lead time increases the transactional cost. An effort should be made to monitor problems of lead times with the cost in consideration to meet supplier and organization expectations. With regards to the study, the theory provides an insight on how supply chain management in the public sector can be monitored with an aim of determining delivery schedules from various supply networks. Additionally, the theory will be applicable to the study in terms of evaluation of supplier's lead time and cost of supplies and building positive relationship which will in turn enhance service delivery in the state corporations.

Fuzz Set Theory

Fuzzy sets theory was introduced by Lotfi A. Zadeh and Dieter Klauain 1965 as an extension of the classical notion of set. Fuzzy relations are used in supplier evaluation and vendor rating. Today's increasingly uncertain world yields a highly competitive environment for every business. The imprecise and vague terms will exist, because most executives find it more practical and easier to evaluate performance in linguistic terms. To deal with vagueness of human thought, Zadehhence introduced the fuzzy set theory, which was oriented on the rationality of uncertainty due to imprecision or vagueness.

Fuzzy sets theory provides representation of the knowledge of decision-makers in a better and more natural way. A major contribution of fuzzy set theory to the study is its capability of representing vendor rating as a combination of logical sets of elements that is quality, lead time, cost and capital that can be used to make a logical decision.

Conceptual Framework



Independent Variables Dependent Variable

Figure 1: Conceptual Framework

Quality of Supplies

According to Kumar (2014) quality is the conformance to requirement or fitness for use. It refers to the characteristics and feature of a product to satisfy an intended need/use. Also quality entails the standards according to the range of packaging, expiry date, shelf life and the content of a product. Quality is the degree to which inherent characteristics of product meet requirement, quality standard communicate information about the attributes of a product. This attributes can be classified and understood in relation to changing features of consumption. Consumption is necessarily characterized by the rate of which materials are being used. There has been increased importance for issues of quality that may be seen as a question of competition and cooperation. Quality entails standards labels, certification and procedure (Robins, 2012)

Lead Time

This is the duration of time taken from need identification, planning the order to the delivery of goods ready for use. The lead time for goods and services should be as short as possible. Because when the lead time takes too long it defeats the purpose of the intended purchase for the organization (Ondigi & Muturi, 2014). According to Kumar (2014) lead time is the length of time taken to obtain or supply requirements from the time a need is ascertained to the time the need is satisfied. In many practical situations it may be observed neither the consumption rate of material is constant throughout a period of time nor in designing an inventory control system, it is very important then to decide upon the level of service desired by management. The service level required for an item may set at 100 per cent if the items where at stock out would result in great expense due to production delays, (Lysons, 2006).

Cost of Supplies

According to Chimwani, Iravo and Tirimba (2014) cost is the outlay or expenditure of money to accomplish/maintain/obtain something. It is the price at which goods are bought and prices at which the supplier sells to the buyer and the expenses incurred when goods are ordered until they are received for use. Cost is the value of economic resources used as a result of production of any commodity or performing any service. Cost is the amount that has to be paid or spent to buy or obtain something. It is the price at which goods are bought and prices at which goods are bought and prices at which the suppliers' sells to the buyers and the expenses incurred when the goods are ordered until the goods are delivered.

Supplier Financial Capacity

According to report produced by EU (2008) in their survey on supplier financial capacity in enhances a competitive supplier sourcing process carried out in an open, objective and transparent manner can achieve best value for money in an organization. Essential principles that should be observed in conducting the contracts include supplier financial capacity, capability and readiness to embrace new technology among other factors. In addition to the above indicators, the findings of study conducted by Mwikali & Kavale (2012) revealed that cost factors are key factors affecting supplier contracting in procurement management. According Pamela (2013) supplier contracting enhances procurement performance indicating a need for strategic alliances for improved performance of the parties.

Service Delivery

Vendor rating provides an organization with consistency of actions and ensures that organizational units are functioning towards the same objectives and purpose. This enhances service delivery. In the public sector, vendor rating has been developing gradually. Public service reforms in Kenya started immediately after independence with the sessional paper No. 10 of 1965 on Africa socialism and its application to planning in Kenya outlining the first institutional framework for labor reforms. The main focus was on Africanization of the public service, labor reforms among others, with the objective of improving service delivery and performance. Other reforms were later introduced focusing on performance improvement through vendor rating for better service delivery (Republic of Kenya 2003).

Empirical Review

Quality of Supplies

Maritim and Ochiri (2015) primarily focused on finding out the effect of vendor rating on performance of procurement function in public sector. Quality of supplies affect performance of procurement function in public sector. The study concluded that it is logical to articulate that the current phenomenon of poor procurement performance in the public sector can be reversed if the government and other stakeholders ensure that vendor rating exercised through assessing quality of supplies The study recommended that the government of Kenya, policy makers, suppliers and other stakeholders should pay attention on measures that ensure effective vendor rating especially on the quality of supplies to enhance procurement performance.

A study by Pandey (2005), supplier qualifications, whose objective is to illustrate importance of supply screening. It illustrates that to avoid the dire outcomes of supplier non-performance; buyers typically take proactive steps to verify a supplier's qualifications prior to awarding them a contract. The primary goal of "supplier qualification screening" is to reduce the likelihood of supplier non-performance, such as late delivery, non-delivery, or delivery of non-conforming (faulty) goods. A secondary goal is simply to ensure that the supplier will be a responsible and responsive partner in the day-to-day business relationship with the buyer supplier qualification screening involves many aspects financial status checks. The buyer may use published supplier ratings (e.g., Dunn & Bradstreet) to determine the supplier's financial status and likely financial viability in the short to medium term. For example, if the supplier has recently assumed significant debt, this may raise red flags about the possibility the supplier will declare bankruptcy before fulfilling its obligations to the buyer.

Lead Time

According to Delloite & Toudhia (2006) study on effect of lead time, with an objective of finding out that Lead Time has direct effect on distribution planning which links with the customer and the organization. It stated that distribution serves as the central role in coordinating the flow of goods in an organization with system modules that place the goods in the hands of a good customer. It provides basis of the integrating the manufacturing, planning one control system through the use of MRP from the firm to the field. This is because lead time is the time between the delivery of goods to the customer and the time the goods arrive to the organization. If the lead time is long, it may have an effect to the organization since the customer may tend to find other ways to shorten the lead time. This in turn will tend to affect the inventory control policy of the organization.

According to studies done by Simchi et al (2008), lead time as performance delivery, its objective is to it describes the efficiency rate of business operations when preparing and delivering an order to a customer. The work starts with the evaluation of the processes and procedures used to receive orders from clients, schedule the production of the goods or services necessary to fulfill those orders and finally, the time necessary to deliver the goods or services to meet client expectations. The goal is to manage and pay attention on every task across the whole process chain to deliver goods and services as efficient as possible. There are seven key elements in performance delivery; order lead time: The elapsed time from order being placed to delivery. Delivery reliability: The reliability of the delivery time. Delivery certainty: The right product with the right quality delivered in the right quantity. Review of existing methods, models and tools for supplier evaluation. Information: Information exchange between buyer and seller. The most important benefit of a good delivery performance is the customer satisfaction.

Cost of Supplies

According to Dobbler (2002) studied cost as the most important criterion in vendor rating. His objective was to show purchasing cost is related to total acquisition cost. Procurement department's traditional purchasing strategy considers price/cost as the most important attribute. It also prefers a multi-supplier strategy assigning not more than 15% to25% of the purchase orders to the same supplier, which provides the company more negotiating power, and protects the company against sudden price increases, or modifications in the delivery time. Only in exceptional cases, when there are no other alternative (monopoly market) or when time and resources to find and negotiate alternative suppliers are not available, it is approved to assign the 100% of the articles to the same supplier.

Forker & Mendez (2001) conducted studies on Volvo and their objective was to find out how to reduce the module price as much as possible and to ensure annual price reductions they deduced that Volvo's cost of a module is carefully evaluated by the Purchasing department that is responsible for signing price contracts with the module suppliers. While Volvo single-sources all modules and wants to keep the same module suppliers over a product generation (about 8 years), the module supplier's efforts to reduce the price may be as important as the price itself. When negotiating with the module supplier, the Purchaser breaks down the offered module price by analyzing the cost drivers in the module supplier's internal operations and in its component supply. The Purchaser also analyzes the component suppliers' other customer relations in order to identify opportunities for increasing economies of scale and thereby lower price. A broad scope is thus used when evaluating a module supplier from a commercial perspective

Supplier Financial Capacity

According to Datta (2008) in practice, if the rates of consumption remain constant, the supplier's delivery times do not vary and there are no rejections during inspection. It would have been a simple matter to place a new order whenever stock – on – hand reached the quantity equal to lead time usages. In this type of circumstances, a hundred per cent efficient service level can be easily attained and no occasions for stock outs as new supplies will always be arriving hand as reserves in order to avoid temporary shortages in stock out conditions. However, in some real life situations, the lead time varies so little that it can be reasonably ignored or treated as construct for many practical purposes. In such situations, it is only necessary to know the distribution of actual demand in order to provide a specific protection against stock – out probability

In the other hand, Kaminsky et al (2008) research proves that sometimes there are delivery problems like suppliers deliver too late, deliveries are not complete, products are damaged or do not meet quality requirement, packaging is unsound or information labels cannot be read by bar code systems. The reason for these problems usually can be traced back to unclear specifications or a careless supplier selection. To prevent these problems, companies need clear rules and guidelines with regard to procurement governance.

Gillingham (2003) study, importance of financial stability, whose objective of the study is to instill a culture of businesses going into partnership with financially stable partners. An assessment of the financial stability and fiscal outlook of the supplier is a factor gaining in importance in the growing trend of forging supplier buyer partnerships. Both buyers and sellers are looking for partners that are viable, ongoing concerns that will contribute to the relationship both for the present and in the future. A supplier on financially unstable footing will have much more difficulty contributing to the partnership venture, as it must focus its efforts on improving its financial soundness. Hence, both suppliers and buyers are becoming more mindful of the financial position of their potential partners in their decision making.

METHODOLOGY

A research design describes how the study addresses the specific aims and objectives of the research. This study was a descriptive survey designed to establish the influence of vendor rating on service delivery in state corporations in Kenya. The target population in this study was 120 employees; the study targeted each division that was involved in the procurement related matters at the NCA head offices. The study selected four categories that resulted in dividing the target population into three categories, these categories were classified as Human resource & Administration, Finance & control, Legal and Audit divisions. The study used questionnaires to collect primary data from the respondents as research tools. Koul (2009) points out that, questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals. The study collected both qualitative and quantitative data and was analyzed using both quantitative and qualitative methods with the help of (SPSS) version. The Multiple Regression model that aided the analysis of the variable relationships was as follows:

$\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon,}$ Where;

Y= Service Delivery in State Corporations (dependent variable);

β_0= constant (coefficient of intercept);

X_1= Cost of Supplies (independent variable);

X_2= Quality of Supplies (independent variable);

X_3= Lead Time (independent variable);

X_4= Supplier Financial Capacity (independent variable);

ε = Error term;

$\beta1…\beta_4$= regression coefficient of four variables.

RESULTS

Responses were given on a five-point likert scale (where 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5= Strongly Agree). The scores of ‘strongly disagree’ and ‘disagree’ were taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘Neutral’ was taken to represent a statement equivalent to a mean score of 2.6 to 3.4. The score of ‘agree’ and ‘strongly agree’ was taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.0.

Quality of Supplies

The study sought to assess the influence of quality of supplies on service delivery in the organization. As tabulated, a majority of respondents were found that the organization ensured that Inspection methods applied for supplier to be included in the approved list would require that such a firm be assessed on quality aspects (2.674); Quality assurance is also vital to establish which of the supplier knows about and is ready to implement the concept of total quality policy (2.456); Conformance to specifications enhance profitability was virtually guaranteed if quality is present (2.458); Quality warranties if a product fulfills a customer expectation, the customer would be pleased and consider that product as of acceptable or even of high quality (2.553); Quality assessment is a key factor of suppliers by which they can improve and maintain quality and delivery performance (2.356). Conformance to specifications requires suppliers' need competent technical ability to provide high quality product or service, ensure future improvements in performance and promote successful development efforts (2.543).The study findings indicated that that quality of supplies influence service delivery in the organization.

Table 1: Influence of Quality of Supplies and Service Delivery

Quality of Supplies	Mean	Std. Dev
Inspection methods applied for supplier to be included in the approved list would require that such a firm be assessed on quality aspects	2.674	.876
Quality assurance is also vital to establish which of the supplier knows about and is ready to implement the concept of total quality policy	2.456	.765
Conformance to specifications enhance profitability is virtually guaranteed if quality is present	2.458	.765
Quality warranties if a product fulfills a customer expectation, the customer would be pleased and consider that product as of acceptable or even of high quality	2.553	.654
Quality assessment is a key factor of suppliers by which they can improve and maintain quality and delivery performance	2.356	.543
Conformance to specifications requires suppliers' need competent technical ability to provide high quality product or service, ensure future improvements in performance and promote successful development efforts	2.543	.432

Lead Time

The study sought to assess the influence of lead time on service delivery in the organization. As tabulated, a majority of respondents were found that the organization ensured that Inspection methods applied for supplier to be included in the approved list would require that such a firm be assessed on quality aspects (2.345); The organization had ensured that order handling time for goods and services is always short as possible for the order fulfillment (2.654); Organizations had ensured that order delivery time for goods and services meets customer satisfaction (3.987); The organization had provided basis for integrating the manufacturing and distribution planning for the inventory control policy (2.543); Long lead time had the impression that the specific supplier relationship is less efficient or he just has more customers than he can serve thus delaying deliveries (2.452). The organization provided a specific protection against stock out probability leading to improved customer service (2.324). There was always credit checking during the order entry which has enhanced improved handling of customers (2.134); Inspection methods applied for supplier to be included in the approved list would require that such a firm be assessed on quality aspects(2.346); The organization had ensured that order handling time for goods and services is always short as possible for the order fulfillment (2.342); Conformance to specifications requires suppliers' need competent technical ability to provide high quality product or service, ensure future improvements in performance and promote successful development efforts(2.453) The study findings indicates that that lead time influence service delivery in the organization.

Table 2: Influence of Lead time and Service Delivery

Lead Time	Mean	Std. Dev
Inspection methods applied for supplier to be included in the approved list would require that such a firm be assessed on quality aspects	2.345	.435
The organization has ensured that order handling time for goods and services is always short as possible for the order fulfillment.	2.654	.234
Organizations has ensured that order delivery time for goods and services meets customer satisfaction	3.987	.123
The organization has provided basis for integrating the manufacturing and distribution planning for the inventory control policy	2.543	.345
Long lead time has the impression that the specific supplier relationship is less efficient or he just has more customers than he can serve thus delaying deliveries	2.452	.231
The organization provides a specific protection against stock out probability leading to improved customer service	2.324	.345
There is always credit checking during the order entry which has enhanced improved handling of customers	2.134	.543
The organization has managed the training and the quantities of goods ordered and stocked to meet service economically	2.346	.321
Inspection methods applied for supplier to be included in the approved list would require that such a firm be assessed on quality aspects	2.342	.675
The organization has ensured that order handling time for goods and services is always short as possible for the order fulfillment.	2.346	.435
Conformance to specifications requires suppliers' need competent technical ability to provide high quality product or service, ensure future improvements in performance and promote successful development efforts	2.453	.321

Cost of Supplies

The study sought to assess the influence of cost of supplies on service delivery in the organization. As tabulated, a majority of respondents were found to be neutral that the organization, the organization had ensured that the production costs were continuously pursued by the organization (3.212); The organization had ensured that transaction costs continue to be relatively low and variations in prices across the organization is substantial (2.456). The organization had ensured that those who finance purchasing services have taken inefficiency that inflates procurement costs (2.341); The labor costs were catered by the right quantity and tools which involve linking to the work (2.453). The study findings indicated that cost of supplies affect service delivery in the organization. The study findings were in agreement with literature review by Grover & Malhotra (2003) cost is the outlay or expenditure of money to accomplish/maintain/obtain something. It is the price at which goods are bought and prices at which the supplier sells to the buyer and the expenses incurred when goods are ordered until they are received for use. Cost is the value of economic resources used as a result of production of any commodity or performing any service. Cost is the amount that has to be paid or spent to buy or obtain something. It is the price at which goods are bought and prices at which goods are bought and prices at which the suppliers' sells to the buyers and the expenses incurred when the goods are ordered until the goods are delivered. Today the process of procurement is characterized by fragmented labor and intensive activities in consistent practice and controls. Lack of visibility and time access to pricing, rogue buying and manual work error results to gross over payment for goods and services, not to mention high transaction costs.

Table 3: Influence of Cost of Supplies on Service Delivery

Cost of Supplies	Mean	Std. Dev
The organization has ensured that the production costs are continuously pursued by the organization	3.212	.873
The organization has ensured that transaction costs continue to be relatively low and variations in prices across the organization is substantial	2.456	.341
The organization has ensured that those who finance purchasing services have taken inefficiency that inflates procurement costs	2.341	.543
The labor costs are catered by the right quantity and tools which involve linking to the work	2.453	.321

Supplier Financial Capacity

The study sought to assess the influence of supplier financial capacity on service delivery in the organization. As tabulated, a majority of respondents were found that the inspection methods applied for supplier to be included in the approved list would require that such a firm be assessed on quality aspects (2.223); The organization suppliers were tax compliant and met rules and guidelines with the procurement governance (2.454); Organizations had ensured that order delivery time for goods and services meets customer satisfaction (3.009); The supplier financial stability and fiscal outlook enhanced timely deliveries (2.433); The organization had ensured that there was financial soundness of the supplier contributing to a lasting partnership thus reduction of costs (2.252). The suppliers' bankruptcy affected quality of products, long lead time thus affecting timely deliveries (2.224). The suppliers bankruptcy affected quality of products, long lead time thus affecting timely deliveries (2.454); The suppliers terms of payment affect timely delivery of goods and services in the organization (2.345); The study findings indicated that that supplier financial capacity influence service delivery in the organization.

Table 4: Influence of Supplier Financial Capacity and Service Delivery

Supplier Financial Capacity	Mean	Std. Dev
Inspection methods applied for supplier to be included in the approved list would require that such a firm be assessed on quality aspects	2.223	.465
The organization suppliers are tax compliant and meet rules and guidelines with the procurement governance.	2.454	.543
The supplier financial stability and fiscal outlook enhance timely deliveries	3.009	.218
The supplier bankruptcy distracts procurement process thus affecting timely deliveries of goods	2.433	.456
The organization has ensured that there is financial soundness of the supplier contributing to a lasting partnership thus reduction of costs	2.252	.421
The suppliers bankruptcy affect quality of products, long lead time thus affecting timely deliveries	2.224	.562
The suppliers terms of payment affect timely delivery of goods and services in the organization	2.345	.356

Service Delivery

On the extent to which service delivery in the organization, respondents were asked to indicate the extent to which the factors determined the service delivery. The data was collected from the different indicators of the variable service delivery which was ordinal categorical. The data was therefore presented in frequency tables with the mode being used as the appropriate measure of central tendency. The first indicator for the dependent variable required to know what the organizations level service delivery was cost reduction was, 0% of the respondents had 0-20%, 3% had 20-30%, 11% had 30-40%, 17% had 40-50%, 69% had had over 50%. The modal class was of the respondents who had over 50% compliance. The median was found to be 5 which implied that on average the organizations level of cost reduction was over 50%.

The next indicator required the respondents to state the level of timely deliveries in the organization, 3% of the respondents had 0-20%, 3% had 20-30%, 14% had 30-40%, 26% had 40-50%, 49% had over 50%. The modal class was of the respondents who had over 50%. The mode was found to be 5 which implied that on average organization level of timely deliveries was by over 50%. When the respondents were asked what the level of timely deliveries was, 0% of the respondents 0-20%, 3% had 20-30%, 3% had 30-40%, 34% had 40-50%, 60% had over 50%. The modal class was of the respondents who had over 50% timely deliveries. The mode was found to be 5 which implied that on average the level of timely deliveries in organization was over 50%.

Finally, the respondents were asked what the level of citizen satisfaction offered was, 0% of the respondents 0-20%, 3% had 20-30%, 20% had 30-40%, 43% had 40-50%, 34% had over 50%. The modal class is of the respondents who had between 40-50% quality level. The mode was found to be 4 which implied that on average the level of citizen satisfaction offered is between 40-50%.

Table 5: Service delivery

Statement	0%-20%	10%-20%	20%-30%	31%-40%	40%-50%	Over 50%	Mode
What is the level of order cost of reduction in your organization?	0	0	3	11	17	69	5
What is the level of timely deliveries in the organization?	3	3	3	14	26	49	5
What is the level of citizen satisfaction?	0	0	3	3	34	60	5
What is the level of quality of procured goods and services offered?	2	2	4	20	34	40	5

Multiple Regression Analysis

According to the model summary below, the coefficient of determination (R^2) was used to measure how far the regression model's ability to explain the variation of the independent variabies. It was notable that there exists a relationship between indepedent variables and depedent variable with a correlation coefficent of 0.811. It showed that the independent variables in the study were able to explain 65.80% variation in the service delivery while the remaining 34.20% was explained by the variables or other aspects outside the model. This implied that these variables were very significant and they therefore needed to be considered in any effort to boost service delivery in the state corporation.

Table 6: Model Summary

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
	.811	.658	.623	.000

Analysis of Variance (ANOVA)

Based on the study results of the ANOVA Test or F-test, obtained F-count (calculated) value was 28.876 greater the F-critical value (Table) (12.765) with significance of 0.000. Since the significance level of 0.000< 0.05 we concluded that the set of independent variables affect the service delivery and this showed that the overall model was significant. Thus the four variables played a significant role in the service delivery in the state corporations in Kenya.

Table 7: ANOVA

Model	Sum of Squares	d.f	Mean Square	F	Sig.
Regression	58.396	4	14.599	26.876	.000
Residual	46.172	85	.5432		
Total	104.568	89			

NB: F-critical Value = 12.765;

The study conducted a multiple regression analysis so as to determine the relationship between the dependent variable and independent variables. The general form of the equation was to predict service delivery in the state corporation from quality of supplies, lead time, cost of supplies and supplier financial capacity is:(**$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$**) becomes: $Y= 15.027+ 0.822+ 0.789X_2+ 0.728X_3 + 0.690X_4 + 1.759$. This indicated that service delivery in the state corporation = 15.027 + 0.822* Quality of Supplies + 0.789*Lead time + 0.728*Cost of Supplies + 0.690*Supplier Capacity.

From the study findings on the regression equation, taking all factors into account (independent variables) constant at zero service delivery in the state corporation would be 15.027. The data findings analyzed also showed that taking all other independent variables at zero, a unit change in quality of supplies would lead to a 0.822 change in service delivery in the state corporation; a unit change in lead time would lead to a 0.789 change in service delivery in the state corporation, a unit change in cost of supplies would lead to 0.728 change in service delivery in the state corporation and a unit change in supplier financial capacity would lead to 0.690 change in service delivery in the state corporation. This inferred that quality of supplies contributed most to service delivery in the state corporation. Based at 5% level of significance, quality of supplies had a .000 level of significance; lea time showed a .003 level of significance, cost of supplies showed a .005 level of significance and supplier financial capacity show a .008 level of significance hence the most significant factor was quality of supplies

Table 8: Regression Coefficient Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	β		
(Constant)	15.027	1.759		8.543	.000
X_1_Quality of Supplies	.822	.119	.665	6.765	.000
X_2-Lead time	.789	.147	.654	6.432	.003
X_3_Supplier Capacity	.728	.171	.455	6.009	.005
X_4Cost of Supplies	.690	.178	.332	5.896	.008

CONCLUSION

The study concluded that quality of supplies was the first important factor which influences service delivery in state corporation. The regression coefficients of the study showed that quality of supplies had a significant influence on service delivery in state corporation. This implied that increasing levels of quality of supplies would increase the levels of service delivery in state corporation.

Additionally, the study concluded that lead time was the second important factor which influences service delivery in state corporation. The regression coefficients of the study show that lead time has a significant influence on service delivery in state corporation. This implied that increasing levels of lead time would increase the levels of service delivery in State Corporation.

Further, the study concluded that cost of supplies was the third important factor which influences service delivery in state corporation. The regression coefficients of the study showed that cost of supplies has a significant influence on service delivery in state corporation. This implied that increasing levels of cost of supplies would increase the levels of service delivery in State Corporation.

Finally, the study concluded that supplier financial capacity is the fourth important factor which influences service delivery in state corporation. The regression coefficients of the study showed that supplier financial capacity has a significant influence on service delivery in state corporation. This implied that increasing levels of supplier financial capacity would increase the levels of service delivery in State Corporation.

RECOMMENDATIONS

The study recommended that inspection methods for supplier to be included in the approved list and assessed on quality aspects. It was also vital to establish which of the supplier knows about and is ready to implement the concept of total quality policy. The quality assurance and conformance to specifications can enhance suppliers' need competent technical ability to provide high quality product or service, ensure future improvements in performance and promote successful development efforts.

The study recommended that the order handling time for goods and services should be always short as possible for the order fulfillment. It can provide the basis for integrating the manufacturing and distribution planning for the inventory control policy. The long lead time has the impression that the specific supplier relationship is less efficient or he just has more customers than he can serve thus delaying deliveries. The organization should provide a specific protection against stock out probability leading to improved customer service.

The organization should ensure that the production costs should be continuously pursued by the organization. The transaction costs should continue to be relatively low and variations in prices across the organization are substantial. There is need to ensure that those who finance purchasing services have taken inefficiency that inflates procurement costs. The labor costs should be catered by the right quantity and tools which involve linking to the work.

The supplier financial stability and fiscal outlook enhance timely deliveries. The supplier bankruptcy distracts procurement process thus affecting timely deliveries of goods. The organization should ensure that there is financial soundness of the supplier contributing to a lasting partnership thus reduction of costs. The suppliers' bankruptcies can quality of products, long lead time thus affecting timely deliveries.

Areas for Further Research

The study was a milestone for further research in the field of service delivery in the state corporations in Africa and particularly in Kenya. The findings demonstrated the important factor of vendor rating to include; quality of supplies, lead time, supplier financial capacity and lead time. The remaining factors which contribute to 34.20% should be studied as established in the study. This implied that these variables are very significant and they therefore need to be considered in any effort to boost service delivery in the organization. Existing literature indicated that as a future avenue of research, there is need to undertake similar research in other organizations in Kenya in order to establish whether the explored factors can be generalized.

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