

**THE IMPACT OF PUBLIC SERVICE REFORMS ON  
SUPPLY CHAIN INNOVATION AMONG STATE  
CORPORATIONS IN KENYA**

**By:**

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**A Research Project Submitted in Partial Fulfillment of the Requirement for the  
Award of the Degree of Master of Business Administration, School of Business  
University of Nairobi.**

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## DECLARATION

### Declaration by Student

This research project is my original work and has not been presented to any other examination body. No part of this research project should be reproduced without my consent or that of the School of Business, University of Nairobi.

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### Declaration by Supervisor

This research project has been submitted with my approval as a University of Nairobi Supervisor.

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## **ACKNOWLEDGEMENTS**

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I would also like to acknowledge the contributions made by all the Procurement/Supply Chain managers and the staff of the various state corporations who participated in the study by filling in the questionnaires. Without their contributions, I would never have achieved the objective of the research study. I am therefore grateful for their honest and practical insight into the issues addressed in the study. I would also like to acknowledge all the contributions made either directly or indirectly to this study by those working in the relevant state corporations.

I would also like to acknowledge all those who contributed either directly or indirectly to the completion of this research project but whose names I have not mentioned above.

## **DEDICATION**

### **To My Son**

I dedicate this project to my son Christian, who gave me the strength and encouragement I needed to commit to, work on and complete this project, and to all my family members and especially my mentors; my father and mother who have continuously supported and motivated me throughout my studies as well as all the friends with whom the completion of this project was made possible due to their continuous moral support and belief in me. Thank you all!

## **ABSTRACT**

This study sought to find out the impact the implemented reforms in the public sector have on SC innovation among state corporations in Kenya. Primary data was collected through a self administered questionnaire that was distributed to the Procurement/Supply Chain Management departmental heads of all the 94 state corporations that operate their headquarters in Nairobi. The data collected was analyzed and presented by use of frequency tables, bar graphs and pie charts. The study found that the reforms did positively impact the various SC innovation measures among state corporations to a great extent. However, a simple regression model revealed that an increase in the number of reforms implemented will not necessarily lead to improved SC innovation but rather proper implementation of the reforms is more likely to lead to an improvement in SC innovation among the state corporations. Although there is a significant discrepancy between the levels of implementation of the different reforms where some have a higher implementation rate than others, Performance Contracting, ISO Certification and Values and Ethics are the three reforms with the most impact on SC innovation. It is therefore recommended that managers within state owned corporations attempt to increase the number of reforms they are implementing and focus on sensitizing their employees on the benefits of these reforms. SC managers should also seek ways of aligning public result chain improvements with their own SC improvements by incorporating the reforms into their SCM strategies and policies.

## TABLE OF CONTENTS

<b>DECLARATION .....</b>	<b>I</b>
<b>ACKNOWLEDGEMENTS.....</b>	<b>II</b>
<b>DEDICATION .....</b>	<b>III</b>
<b>ABSTRACT .....</b>	<b>IV</b>
<b>TABLE OF CONTENTS .....</b>	<b>V</b>
<b>LIST OF TABLES.....</b>	<b>VII</b>
<b>LIST OF FIGURES.....</b>	<b>VIII</b>
<b>LIST OF ABBREVIATIONS AND ACRONYMS.....</b>	<b>IX</b>
<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
1.1    Background of the Study.....	1
1.2    Research Problem .....	4
1.3    Research Objective .....	5
1.4    Value of the Research .....	5
<b>CHAPTER TWO: LITERATURE REVIEW .....</b>	<b>6</b>
2.1    Public Sector Reforms .....	6
2.2    The Concept of Supply Chain Innovation.....	10
2.3    Public Purchasing and Supplies Processes.....	14
2.4    Conceptual Framework .....	15
2.5    Hypothesis .....	15
<b>CHAPTER THREE: RESEARCH DESIGN METHODOLOGY .....</b>	<b>17</b>
3.1    Research Design .....	17
3.2    Target Population.....	17
3.3    Data Collection .....	17
3.4    Data Analysis.....	17
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....</b>	<b>19</b>
4.1    Demographic Information .....	19
4.2    The Public Service Reforms Being Implemented .....	19

4.3	Impact of the Reforms on SC Innovation.....	21
4.4	Qualitative Summary .....	25
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND</b>		
<b>RECOMMENDATIONS.....</b>		<b>28</b>
5.1	Summary of Findings.....	28
5.2	Conclusions .....	29
5.3	Recommendations for Policy and Practice.....	30
5.4	Limitations of the Study.....	31
5.5	Suggestions for Further Study .....	31
<b>REFERENCES .....</b>		<b>32</b>
<b>APPENDICES .....</b>		<b>38</b>
Appendix I:	The Questionnaire .....	38
Appendix II:	State Corporations based in Nairobi.....	42
Appendix III:	The Introductory Letter .....	44
Appendix IV:	Proposal Correction Form.....	45

## **LIST OF TABLES**

Table 4.1: Number of Reforms Implemented .....	21
Table 4.2: Impact of the Reforms on SC Innovation.....	22
Table 4.4: Extent of Impact of Reforms on SC Innovation .....	23
Table 4.6: Test of the Number of Reforms on SC Innovation Measures .....	24
Table 4.7: Chi-square Test - Observed Frequencies .....	24
Table 4.8: Chi-square Test - Expected Frequencies .....	25



## **LIST OF FIGURES**

Figure 2.1: The Public Sector Results Chain .....	6
Figure 2.2: A Supply Chain .....	11
Figure 2.3: Service Supply Chain.....	12
Figure 2.4: Conceptual Framework.....	16
Figure 4.1: The Public Service Reforms Implemented .....	20

## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>DPP</b>	Directorate of Public Procurement
<b>IS</b>	Information Systems
<b>ISO</b>	International Standard Organization
<b>IT</b>	Information Technology
<b>PPAB</b>	Public Procurement Advisory Board
<b>PPARB</b>	Public Procurement Administrative Review Board
<b>PPDA</b>	Public Procurement and Disposal Act (2005)
<b>PPDR</b>	Public Procurement and Disposal Regulations (2006 and 2009)
<b>PPOA</b>	Public Procurement Oversight Authority
<b>PSM</b>	Public Sector Management
<b>QMS</b>	Quality Management System
<b>RBM</b>	Results-Based Management
<b>ROM</b>	Results-Oriented Management
<b>RRI</b>	Rapid Results Initiative
<b>SC</b>	Supply Chain
<b>SCAC</b>	State Corporations Advisory Committee
<b>SCM</b>	Supply Chain Management
<b>SPMA</b>	Supplies Practitioners Management Act (2007)

# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background of the Study**

Public Sector Management (PSM) reform is concerned with improving public sector results by changing the way governments work. It seeks to improve results by identifying sustainable improvements to the public sector results chain (World Bank, 2012). With effective public Supply Chain Management (SCM) resulting in inventory reduction, improved service delivery and cost reduction across the Supply Chain (SC) (Migiro and Ambe, 2008), it is important that governments seek to implement a reform network that enables effective SCM within the public sector.

### **1.1.1 Public Service Reforms**

Governments all over the world are concerned about their level of service delivery. For example, the Ministry of Public Service in Uganda has established a Results Oriented Management (ROM) policy aimed at changing the management culture in the public service in order to ensure the ‘transparent and efficient use of public resources to endure the best possible outcomes for its’ citizens’ (Ministry of Public Service, 2011).

In Kenya, several reforms are currently being implemented by the government to improve the quality of the services it offers its’ citizens including but not limited to the Rapid Results Initiative (RRI), Performance Contracting, Service Delivery Charters, Transformative Leadership, Values and Ethics, Institutional Capacity Building (<http://www.psrpc.go.ke>), e-Government, and adoption of the quality standards set out by the International Standard Organization (ISO). A study conducted by World Vision Kenya (2011) found that the introduction of the Citizen Service Delivery Charter, RRI, Performance Contracting and other Results-Based Management (RBM) strategies by the Kenyan government have contributed to the improvement of public service delivery and have positively transformed service delivery in most government sectors.

### **1.1.2 Concept of Supply Chain Innovation**

Innovation has long been argued to be the engine of growth regardless of the conditions of the larger economy. It is not a single action but a total process of

interrelated sub processes (Trott, 2008). Innovation is critical to the long term success of an organization as it drives changes in products, services, and processes thus providing increased competitive advantage. It requires lower levels of formal rules and procedures along with informal organization structures such as teams (Handfield, Monczka, Guinipero, and Patterson, 2009). Innovation is an imperative tool for organizations to gain their competitive advantage and improve organizational performance (Porter, 1990) and is essential for organizational sustainability (Drucker, 1985).

SC innovation refers to the tools that can improve organizational processes needed for effective SCM through seamless interactions with suppliers, manufacturers, distributors and customers (Lin, 2008). It refers to a complex process which deals with uncertainty in the environment, so as to provide solutions for customer needs and find new ways to better organizational processes using new technologies. It helps organizations achieve SC efficiency for more effective customer value creation (Porter, 1990; Herzlinger, 2006). There is a need in the service industry to focus on SC innovation for the effective delivery of services (Chapman, Soosay, and Kandampully, 2003).

Organizations need to use collaboration to keep their innovation pipelines filled which could be as simple as having purchasing interface with their own product development organization as well as their suppliers. Attracting, developing and retaining supply management talent is a key differentiator for success. The SC should operate effectively on cost, quality, and responsiveness measures while the ability to identify and respond to change in a timely manner provides an advantage over less agile competitors (Handfield et al., 2009).

### **1.1.3 State Corporations in Kenya**

The State Corporations Act CAP 446 of the laws of Kenya defines a state corporation as a body corporate established by order of the President; a body corporate established before or after the commencement of the Act or under an Act of Parliament or other written law; a bank or banking institution licensed under the Banking Act or other company incorporated under the Companies Act, the whole or the controlling

majority of the shares or stock of which is owned by the Government or by another state corporation; or a subsidiary of a state corporation.

The State Corporations Advisory Committee (SCAC) under the Office of the President is mandated with advising the Government on all matters pertaining to the general administration of state corporations. It has categorized them as follows: Financial Corporations, Commercial and Manufacturing Corporations, Regulatory Corporations, Public Universities, Training and Research Corporations, Service Corporations, Regional Development Authorities, and Tertiary Education and Training Corporations (SCAC, 2004).

#### **1.1.4 SCM in the Public Sector**

With the government as a service provider, a basic measure of a successful or failed public procurement is manifested through the quality and magnitude of the services it provides (PPOA, 2009). Public procurement in the UK for example, is based on a set of guiding principles, including transparency, competitiveness, accountability, efficiency, legality, and integrity with the ultimate aim of supporting the delivery of the ‘best value for money’ that is the optimal combination of whole life cost and quality to meet the customers’ (in this case the public’s) requirements (Brammer and Walker, 2011).

In Kenya, all public SCM processes are governed by the Public Procurement and Disposal Act, 2005 (PPDA), the Public Procurement and Disposal Regulations (PPDR) of 2006 and 2009, and the Supplies Practitioners Management Act, 2007 (SPMA). There are also certain government bodies given the mandate to ensure that public entities adhere to and comply with the set legal framework and they are The Public Procurement Oversight Authority (PPOA), the Public Procurement Advisory Board (PPAB), and the Public Procurement Administrative Review Board (PPARB). The Directorate of Public Procurement (DPP) which operates under the Treasury is responsible for the development of policies, the interpretation of SCM laws and regulations and the provision of the overall guidance to SCM in the public sector. The concept of value for money requires that public entities ensure that they get the best available outcome when all relevant costs and benefits over the procurement cycle are considered (PPOA, 2009).

## **1.2 Research Problem**

Scholars such as Handfield et al. (2008) recognize the role innovation within the SC plays in establishing a firm's competitive advantage. There is a general consensus among researchers that it helps an organization achieve SC efficiency for more effective customer value creation and it is needed in the service industry for the effective delivery of services (Porter, 1990; Herzlinger, 2006; Chapman et al., 2003). Several studies have shown a link between SCM efficiency and organizational performance (Lockamy, Beal and Smith, 2000; Janda and Seshandri, 2001; Harrison and New, 2002) and several others have further shown that Total Quality Management (TQM) policies affect SCM (Gowen III and Tallon, 2003; Casadesus and del Castro, 2005). Though these studies have clearly shown the valuable role SCM plays in satisfying customers' needs, organizations in the public sector are struggling to achieve sustained SC efficiency. A study by Migiro et al. (2008) revealed that the implementation of SCM practices in South Africa's public sector is far from satisfactory. Public SCM is also a challenge in Kenya and a recent study carried out by Gitau (2011) highlights the fact that public SCM malpractices are still an issue.

Several studies have been conducted on the management of state corporations. Magutu, Kiplagat and Borura (2010) studied the processes and challenges of implementing Information Systems (IS) in Kenyan Parastatals while Ligare (2010) studied the strategic management practices adopted by state corporations in Kenya. Other studies have taken a deliberate look at the effect performance contracting has had on their performance such as Kipyego (2011) and Mwaniki (2010) while a study conducted by Khisia (2011) revealed that parastatals in Kenya have embraced certain green procurement practices. With the improvement of public service delivery one of the biggest challenges worldwide (Besley and Ghatak, 2007), the Kenyan government needs to understand the impact its public service reforms have on its institutions. State corporations also need to understand the impact these reforms have on their own SCs in order for them to establish innovative SCs that enable them obtain a competitive advantage over their competitors.

Despite there being a number of studies carried out on the impact some of the reforms have on the performance of Kenyan state corporations, none has been done with

respect to their impact on the SCs of these state corporations. For example Kipyego (2011) studied the effect performance contracting has on the overall performance of state corporations operating in the energy sector. There was therefore a need to carry out a study that focused on the effects that the reforms have on SC innovation which involves the use of new SCM technologies; SC collaboration; the attraction, development and retention of supply management talent; and SC effectiveness. The study sought to answer the following main question: Are the reforms triggering SC innovation among state corporations in Kenya?

### **1.3 Research Objective**

The objective of the study was to determine the impact of the reforms on SC innovation among state corporations in Kenya.

### **1.4 Value of the Research**

The study will be useful for state corporations' management teams as well as the managers of other public entities to better understand the impact the reforms have on SCM in order for them to develop SCs that support quality public service delivery.

In showing the impact the reforms have on SC innovation within state corporations, the study will help SC managers and practitioners in the private sector understand the implications their service delivery strategies and policies have on SCM.

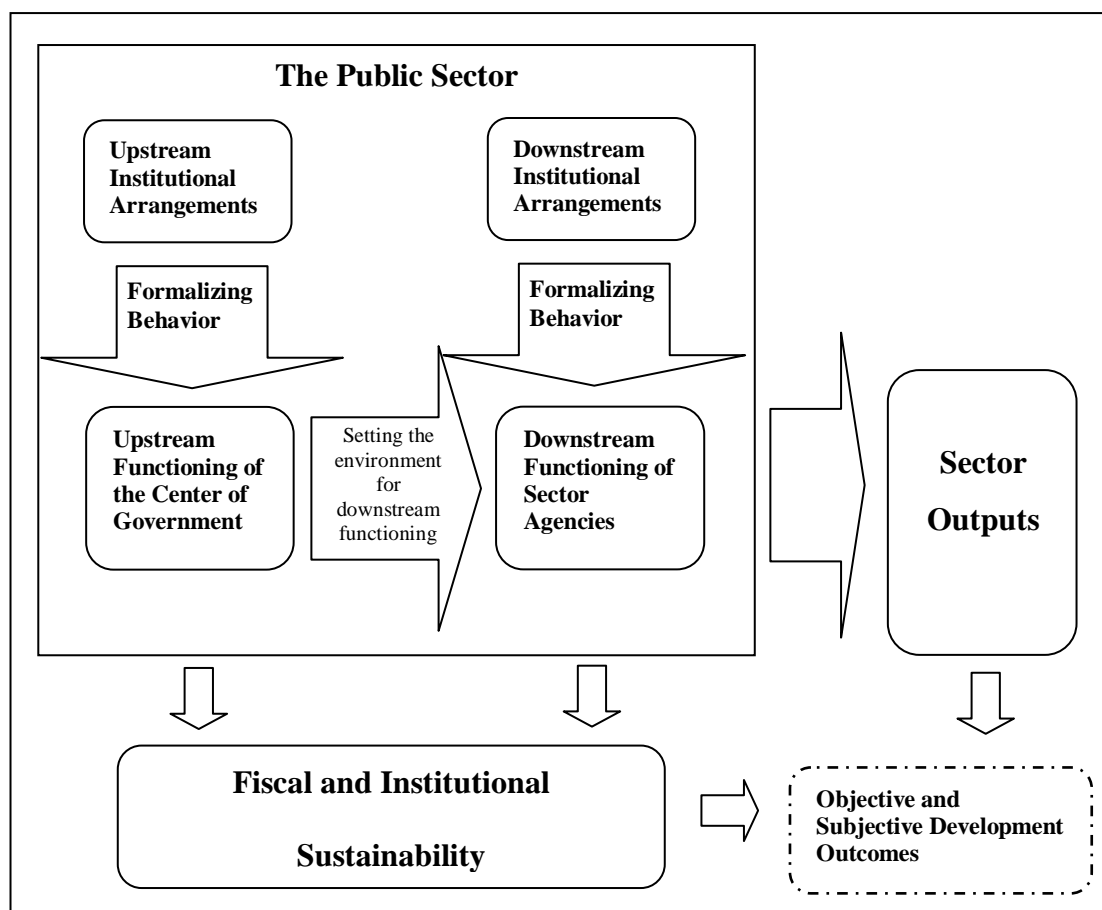
For academicians and other researchers wishing to carry out further research, the study will contribute to existing literature in the field of SC innovation and public service reforms in the public sector.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Public Sector Reforms

PSM reform has been defined as the art and science of making the public sector machinery work. It is about deliberately changing the interlocking structures and processes within the public sector that define how financial and physical resources and people are deployed and accounted for. The public sector results chain (Figure 2.1) is about ensuring that the formal institutions and the actual behaviors are mutually consistent and targeted towards delivering results. Poor public sector performance can be traced to weak links within the chain. PSM reforms seek to achieve sustainable improvements in the public sector results chain (World Bank, 2012).

**Figure 2.1: The Public Sector Results Chain**



Source: World Bank (2012). *World Bank approach to Public Sector Management 2011-2020: Better results from Public Sector Institutions*. PSGB. p. 5

Redman, Mathews, Wilkinson and Snape (1995) note that the strive to become more commercially aware as well as a change in culture is making quality management in



the public sector more attractive now than it was in the past. Legislation that gives more choice to consumers, compulsory competitive tendering, increasing pressures on cost restraint, the demands of value for money reforms, demanding customer requirements, and the Citizen's Charter programs are some of the pressures that make public quality management a priority.

### **2.1.1 Public Service Reforms in Kenya**

In Kenya, public service reforms have involved but have not been limited to RRI, Performance Contracting, Institutional Capacity Building, Service Delivery Charters, Transformative Leadership, Values and Ethics, e-Government and ISO Certification.

RRI was first piloted in Kenya in 2004 and is a results-focused learning process aimed at jumpstarting major change efforts and enhancing implementation capacity. It tackles large-scale medium and long-term change efforts through a series of small-scale, results-producing, and momentum-building initiatives. It is one of the tools being used by the Kenya Government to implement RBM (Obongo, 2008). Government's capacity to fulfill its responsibility and responsiveness to citizens' needs and rights are key to RRIs in the public sector (Brown, Fanthorpe, Gardener, Gberie and Sesay, 2005). RRI unleashes existing capacity through strengthening accountability at all levels; creates a goal oriented context for leveraging outside capacity input; accelerates the learning and discovery process of capacity issues, requirements and constraints; and, reduces hidden risks inherent in long-term strategies and generates stimulus and momentum for change (WBIFP, 2003).

A Performance Contract is a management tool for measuring performance against negotiated performance targets; a freely negotiated performance agreement between the Government, acting as the owner of a Government Agency, and the management of the Agency. The level of performance in public institutions in Kenya has been increasing steadily since 2005 and its growth has been consistent with the growth of real GDP. Out of the current 184 state corporations, 178 signed performance contracts in the 2010/2011 financial year while 6 did not. Of the 178 who signed, 176 were evaluated while 2 did not submit their performance evaluations (Performance Contracting Department, 2012). This indicates that performance contracting is yet to be fully adopted by state corporations in Kenya.

Another public service reform being implemented in Kenya is the Institutional Capacity Building. Capacity building can be defined as the activities, approaches, strategies and methodologies which help organizations, groups and individuals to improve their performance, generate development benefits and achieve their objectives over time. It needs to address the three dimensions of public sector capacity namely; human capacity, organizational capacity, and institutional capacity. Institutional capacity is the formal and informal norms that provide the framework of goals and incentives within which organizations and people operate (OED, 2005).

A service delivery charter is a statement of commitment that a department or component makes towards service delivery. It consists of the 3 C's: customer-driven service standards, communication and control (IPSG, 2008). It is a written statement prepared by a public institution which outlines the nature, quality and quantity of service that citizens should expect from the institution. It sets out what the institution does, what services users can expect, and the standard of the service to be provided (<http://www.psrpc.go.ke>). Since SCM aims at meeting customers' needs and expectations (Lysons et al., 2006), it is therefore important that an organization's SCs are structured in such a way as to meet the commitments set out in its service charter.

The concept of a transformative leader was first put forth by James McGrogan Burns in 1978 when he identified the difference between transactional and transformative leaders. He noted that transformative leaders are more charismatic and unlike transactional leaders, have a strong positive relationship with their followers (Alimo-Metacalfe and Alban-Metacalfe, 2001). Transformative leadership has 4 components namely; charismatic role modeling, individual consideration, inspirational motivation, and intellectual stimulation. The behaviors include vision, support for innovation, autonomy, encouragement, recognition, and challenge. Transformational leaders raise the performance expectations of their followers. They empower their followers and establish an innovative climate (Gumusluoglu et al., 2009). Important SC leadership characteristics are the ability to articulate the vision of an optimized SC to other team members, set and motivate the team to set and achieve goals, innovate and introduce change, nurture the competencies of team members, foster a culture of continuous learning and improvement, and display high levels of personal integrity (Lysons and Farrington, 2006).

Ethics is that part of philosophy which is concerned with living well, being a good person, doing the right thing, getting along with other people and wanting the right things in life. It has both a social and personal dimension (Solomon, 2005). Values and ethics must have their origins and resolutions in the community (Ciulla, 2004). In Kenya, the Public Officer Ethics Act CAP 182 provides the legal ethical requirements of public officers as they perform their duties. The Act requires that public officers follow a general code of conduct that requires them to act, amongst other things, with honesty and efficiency, with courtesy and respect, and in a professional manner. Purchasing ethics is a subdivision of business ethics and is also related to professional ethics which are guidelines or best practice that embody ideals and responsibilities that inform practitioners as to the principles and conduct they should adopt in certain situations. There are certain ethical issues that relate to suppliers and they include: the provision of practical help and advice, prompt payment, honesty and openness, e-ethics, and courtesy to supplier representatives. Ethical training of purchasing staff can lead to the reinforcement of an organization's ethical codes and policies, remind staff that top management expects participants to consider ethical issues when making purchasing decisions and clarify what is and what is not acceptable (Lysons et al., 2006).

e-Government refers to the use by government agencies of Information Technologies (IT) that have the ability to transform relations with citizens, businesses, and other arms of government (<http://web.worldbank.org>). The UN e-government survey of 2008 found that governments deploy e-Government not only to provide citizens services, but for public sector efficiency purposes, improving transparency and accountability in government functions and allowing for cost savings in government administration. The focus is on coordinated services offering one-stop shops to citizens and businesses and the initial face of e-government which was the website has changed into a portal with online functionality and multiple purposes. The survey ranked Kenya the 3<sup>rd</sup> in East Africa and 122<sup>nd</sup> out of the 189 countries surveyed. Magutu et al. (2010) found that although most Kenyan state corporations have adopted several good Information System (IS) implementation and development practices, procurement and communication are still a challenge. They should therefore adopt recognized IS implementation standards, reduce bureaucracy and improve transparency in IS procurement. Lysons et al. (2006) note that the inclusion of IT in

SCM is referred to as e-SCM which is concerned with streamlining and optimizing the whole SC by means of internal applications, with the aim of ensuring maximum growth at the lowest possible cost. This includes setting up an internal online purchasing system, joining an industrywide electronic marketplace and implementing e-SCM across the entire value chain.

The ISO 9000 family of standards is concerned with 'quality management' (Metters, King-Metters, Pullman and Walton, 2006) and is a set of standards governing documentation of a quality program (Trott, 2008). The ISO 9001:2008 standards require an organization to fully engage its top management, identify key processes and interactions needed to meet quality objectives, implement and manage the Quality Management System (QMS) and its processes, build ISO-9001 based QMS, implement the system, train company staff and verify effective operation of its processes, manage its QMS and if necessary, seek third party certification of the QMS or issue a self-declaration of conformity (ISO, 2009). The ISO 9000:2000 family defines the standards for any requirements of a quality system under the four main headings of management philosophy, resource management, product realization, and measurement, analysis and improvement. Purchasing is referred to under resource management and clause 7.4 contains provisions relating to the purchasing process, purchasing information, and verification of purchasing produce (Lysons et al., 2006).

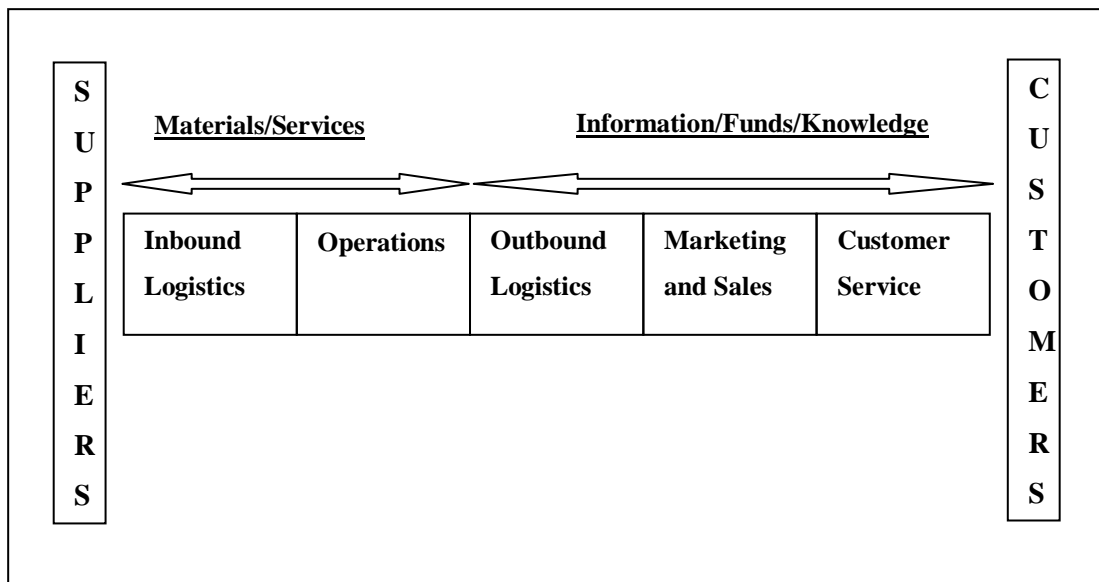
## **2.2 The Concept of Supply Chain Innovation**

SC innovation is seen as a critical success factor for organizational performance (Lin, 2008). Today, innovation is at the top of managements' agenda and is considered a key element of business success. In order for a company to develop successful innovation, it must rely on the interactions of external actors such as its suppliers and customers. Innovations from these external players along the supply chain have been found to lead to the achievement of higher performance (Bigliardi, Bottani and Galati, 2010).

A SC is a set of three or more organizations linked directly by one or more upstream/downstream flows of products, services, finances, and information from a source to a customer. It comes from a picture of how organizations are linked together as viewed from a particular organization (Handfield et al., 2009; Jacobs, Chase and Aquilano, 2009). It is broadly defined as a system of suppliers, manufacturers,

distributors, retailers and customers where material, financial and information flows connect participants in both directions (Veen-Dirks and Verdaasdonk, 2009). The service-dominance perspective conceptualizes the SC as a value-creation network, which explicates the role of services in the SC as value co-production of people, technology, other internal and external service systems, and shared information which overlap with economic exchange. Value creation across this network is acknowledged as the most effective and efficient operation of SCM and reflects the goal of service orientation towards upstream and downstream actors of the network (Prakash, 2011). A supply chain has been illustrated in Figure 2.2 below.

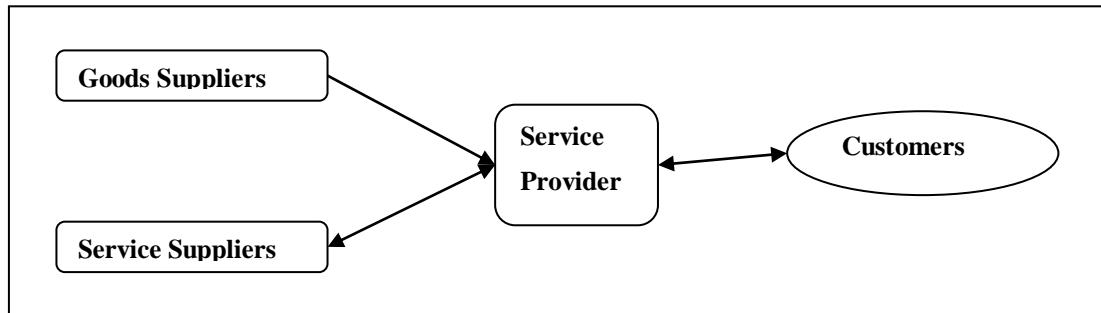
**Figure 2.2: A Supply Chain**



Source: Handfield et al (2008). *Sourcing and Supply Chain Management* (4<sup>th</sup> ed.). Singapore: South-Western. p.11

Service supply chains (Figure 2.3) focus on the interaction between the customer and the provider. There are several characteristics of service supply chains they include the following: service supply chains are hubs and not chains where service managers are concerned about product flows going in both directions; they tend to be short as the service providers interact directly with the consumers of the services; service providers cannot treat suppliers who are customers the same way they would treat suppliers who are not customers; and, service operations need to be flexible enough to handle the variation of customer-supplies inputs (Jacobs et al., 2009).

**Figure 2.3: Service Supply Chain**



Source: Jacobs et al. (2009). *Operations and Supply Management* (12<sup>th</sup> ed.). McGraw-Hill/Irwin. p. 365

Innovation is a process and is not a single action but a total process of interrelated sub processes. It is not just the concept of a new idea, nor the invention of a new device, nor the development of a new market. The process is all these things acting in an integrated fashion (Trott, 2008). Innovation through creativity is an important factor in the success and competitive advantage of organizations. It is the successful implementation of creative ideas within an organization (Gumusluoglu and Ilsev, 2009). It is the introduction of a new product, process, system or device or an idea, practice or object that is perceived as new by an individual or other unit of adoption (Rolfstam, Phillips and Bakker, 2011). Lysons et al. (2006) identify four different types of innovation namely: Product Innovation (the process of transforming technical ideas or market needs and opportunities into a new product or service); Process Innovation (the introduction or development of new methods or technology with which products/services can be manufactured or delivered more efficiently or effectively); Breakthrough Innovation (is where a completely new product is created); and Incremental Innovations (gradual improvements in a product or service). Jonsson (2008) defines innovative products as those which compete through their unique design or on a basis on a unique concept. He notes that such products will require agile supply chains which adapt quickly and flexibly to changing requirements. This requires short leadtimes and accurate demand forecasting.

Value chain activities affect innovation (Brammer et al., 2011). In the 1980s SCM focused on vertical integration. Today however, businesses have aligned their operations horizontally. The value of speed, quality, cost and flexibility in the supply chain is supported by coordinated infrastructure in supplier sourcing, logistic

management, information systems, and customer relationship management. Value is most added in the SC through collaborative partnerships that recognize contributions from the area of innovation thus value chain flexibility reflects the current state of embedding process innovation into the supply chain operations. By incorporating suppliers early on in the supply chain process, organizations can gain improved material quality (Soon and Udin, 2011). Obtaining innovation requires the use of collaboration for example linking internal technology advances to customer demands. The main benefit of supply chain innovation is that it leads to supply chain excellence which in turn leads to a competitive advantage (Handfield et al., 2009). The drivers of innovation include the need to meet the challenges of global and domestic competition, the challenges of rapid and complicated technological advances, and the enhancement of the value of the enterprise derived from a reputation for innovation and new product development (Lysons et al., 2006).

Innovation requires the inclusion of suppliers in design activities, consideration of the quality of the product/service from its suppliers and the suppliers' own quality control procedures, waste avoidance and process efficiency, a lean philosophy such as working in teams, continuous improvements, simplifying operations, keeping things simple, doing them well and eliminating waste in all its forms. It also requires the use of web technology to reduce uncertainty in the supply chain. It requires the suppliers to be able to respond quickly to changes in demand and high levels of trust for TQM (Trott, 2008).

There are two measures identified by Handfield et al (2009) that measure supply chain performance in relation to the level of technology and innovation. They have been identified as first insight/production outputs of new supplier technology; and standardization and use of industry standards. First insight of new supplier technology is where the organization may get insight some period of time before new technology developments are shared with other organizations. If the organization enjoys such privileges with its suppliers, it indicates a level of higher performance. Standardization and use of industry standards measures performance based on the organization's focus on achieving standardization of components, systems, and services and the application of currently used purchased items or the use of industry standards vs. unique items.

### **2.3 Public Purchasing and Supplies Processes**

Public procurement may be defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, states foundation funds, domestic or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of state. Public procurement thus means procurement by a procuring entity using public funds (PPOA, 2009). Public procurement occurs when a public agency purchases goods and/or services from an outside body. The goods and services may be either regular off-the-shelf-products, which serve the general needs of the user, or innovative products which have been delivered as a result of development carried out by the supplier to meet further requirements that are not fulfilled by existing products. A public agency can influence demand for innovation by direct procurement, acting as a proxy customer (for example by creating standards) or as a linkage creator between suppliers and users (Rolfstam et al., 2011). Research in the public sector has shown that government procurement is a key part of a demand-oriented innovation policy (Brammer et al., 2011).

SCM in the public sector differs from government sector-to-sector. In the health sector for example, the focus may be more on logistics and the effective movement of goods and services in and out of hospitals whereas SCM in the education sector may involve streamlining the chain through which teaching materials are delivered to students (Migiro et al., 2008). Leenders, Fearon, Flynn and Johnson (2002) describe a number of unique public purchasing characteristics including: perceived lack of interest expenses, lack of traffic and transportation expertise, lack of confidentiality about dealing with suppliers, and emphasis on competitive bidding (vs. negotiation) in the procurement process. These characteristics may lead to a lack of collaborative, long-term relationships with suppliers. SCM in the public sector context is viewed as a procurement tool that strategically integrates the whole procurement process (Korosec, 2003). This is different from the private sector view that SCM covers all functions throughout organizations from marketing and production, to procurement (Mason-Jones, 2004).

It is unfortunate that government institutions still thrust on reaching as many suppliers as is practicable. As a result, identifying and organizing potential sources of supply is



still a concern. In the government, laws and regulations define purchasing authority and responsibility. Actions and documentation are public and parties who believe that they have been aggrieved normally have the legal right to file a formal protest at any step in the procurement process. Some governments use performance incentives successfully. For example, early completion and the accomplishment of performance objectives such as small and disadvantaged business subcontractor participation above the minimum level required. Some governments are affected more by external factors such as laws and regulations, political processes, and economic conditions than individual organizations (Dobler and Burt, 1996).

## **2.4 Conceptual Framework**

Governments need to invest in methodologies that will render efficiency in the quality and delivery of public services (Marwa, 2011) and one of the ways governments are attempting to achieve this is through the introduction of SCM best practices (Essig and Dorobek, 2006). Since TQM has been defined as a method for ensuring that all the activities necessary to design, develop, and implement a product or service are effective and efficient (Deming, 1986), then the investments made by governments in methodologies that improve public service delivery is TQM. Scholars such as Casadesus and del Castro (2005) have shown that improvements in quality (specifically the ISO 9000 standards) initiate improvements in SCM. The study conceptual framework therefore relies on the premise that the reforms adopted in the public sector trigger SC innovativeness. They should result in the use of new SCM technologies, a high level of SC collaboration, the attraction, development, and retention of supply management talent, and SC effectiveness on cost, quality, and responsiveness within state corporations as illustrated in Figure 2.4 below.

## **2.5 Hypothesis**

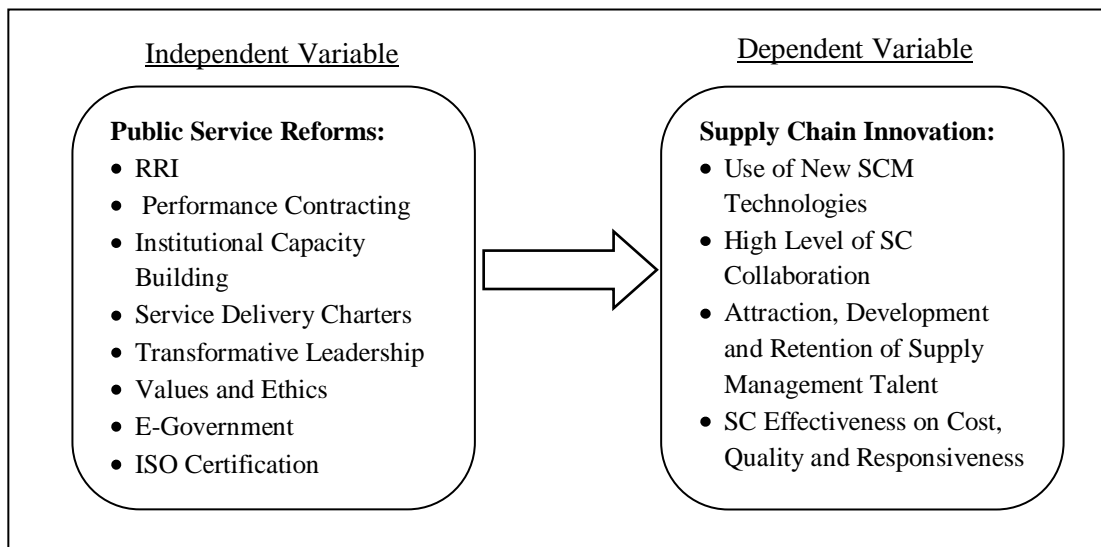
The first hypothesis (Null Hypothesis,  $H_0$ )

$H_0$  = Public service reforms affect SC innovation among state corporations in Kenya.

The second hypothesis ( $H_1$ )

$H_1$  = Public service reforms do not affect SC innovation among state corporations in Kenya.

**Figure 2.4: Conceptual Framework**



Source: Author (2012)

## **CHAPTER THREE: RESEARCH DESIGN METHODOLOGY**

### **3.1 Research Design**

The study is a descriptive design conducted through a survey of all the state corporations operating from Nairobi. It involved the collection of data from the entire population by use of a structured questionnaire. It was a formal study that sought to answer the set out research question.

### **3.2 Target Population**

The study targeted all the state corporations who operate their headquarters from the county of Nairobi. There are a total of 94 state corporations currently operating from Nairobi. SCAC has categorized them according to their sector of operations (refer to Appendix III). A census survey was conducted where all the elements in the target population were approached to participate in the study. A census was chosen because the population size of 94 was deemed appropriate to accommodate a census.

### **3.3 Data Collection**

The study involved primary data which was collected by use of a self-administered structured questionnaire (refer to Appendix II) distributed through the 'drop and pick' method. Due to the large population size, only one respondent was targeted to provide responses to the questionnaire and a total of 94 questionnaires were distributed to the SCM/Procurement departmental heads (one for each State Corporation). The questionnaire had both open and closed questions and sought to find out the impact of the reforms on SC innovation in the organizations.

### **3.4 Data Analysis**

The data analysis was based on the research question. The primary data collected by use of the questionnaire was both quantitative (for the closed-ended questions) and qualitative (for the open-ended questions) in nature. The quantitative data was analyzed by use of frequency tables, mode and mean in order to establish the most frequent as well as the average response to the variables under study. This data was presented by use of tables, graphs and charts which according to Magutu et al. (2010) should help achieve clarity, preciseness, ease of understanding and interpretation.

The objective of the study which is to determine the impact of the reforms on SC innovation was established by use of a simple regression model of the form  $y = a + bx$ . The independent variable (x) referred in this case to the public service reforms, the dependent variable (y) referred to the level of SC innovation within state corporations, and (b) referred to the regression weight which was computed in a way that minimized the sum of squared deviations. Calculation of the Product Moment Coefficient of Correlation (r) which ranged between +1 and -1 was meant to provide a measure of the strength of association between the variables where +1 indicated a perfect positive correlation,  $r = 0$  indicated no relationship between the variables, while -1 indicated a perfect negative correlation between the variables under study.

The qualitative data was analyzed through deduction which as stated by Saunders, Lewis and Thornhill (2007) is meant to test the conceptual framework and was presented by use of a descriptive narrative.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

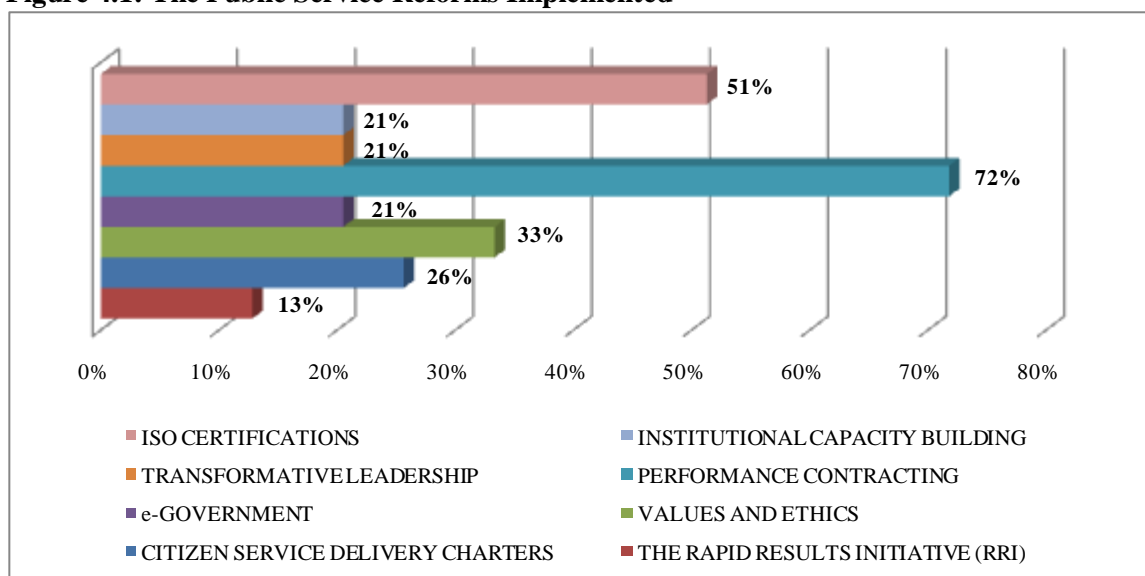
### **4.1 Demographic Information**

The study conducted a census survey where all the 94 state corporations operating their headquarters in Nairobi were requested to participate in the study. Although a total of 94 questionnaires were distributed, only 41% of them were successfully filled and returned thus 59% of the target population did not respond to the study. Section I of the questionnaire sought to find out the characteristics of the respondents and questions relating to the state corporations' classifications, respondents' job level, and their areas of involvement in SCM were asked. It was found that 10% of the respondents were working in a financial corporation, 15% in a regulatory corporation, 5% in a training and research corporation, 3% in a regional development authority, 3% in a commercial/manufacturing corporation, 5% in a public university, 59% in a service corporation, while none of the respondents were in a tertiary education and training corporation. It was also found that a majority of the respondents were in middle management representing 83% while only 17% were in top management. The respondents were also required to indicate the areas of SCM they were involved in. 85% of the respondents were involved in public procurement, 13% in inventory and distribution, 21% in contract management, while 18% were involved in disposal.

### **4.2 The Public Service Reforms Being Implemented**

Section II of the questionnaire set out to achieve the objective of the study which was to determine the impact of the public service reforms on SC innovation among state corporations in Kenya. The respondents were required to identify the reforms they were implementing within their organizations. ISO Certification implementation rate was at 51%, Institutional Capacity Building, Transformative Leadership, and e-Government were at 21% respectively, Performance Contracting at 72%, Values and Ethics at 33%, Citizen Service Delivery Charters at 26%, and RRI at 13%. This is represented in Figure 4.1 below.

**Figure 4.1: The Public Service Reforms Implemented**



Source: Field Data

Figure 4.1 above indicates that the three most implemented reforms are Performance Contracting at 72%, followed by ISO Certification at 51% and Values and Ethics at 33%, while RRI is the least implemented reform at 13%. State corporations in Kenya are therefore implementing the public service reforms as required by the Public Service Commission. They are however, not being implemented uniformly. Given this discrepancy, the three reforms that can be said to have an impact on SC innovation within these corporations are therefore, Performance Contracting, ISO Certification, and Values and Ethics being that they are the three most implemented reforms.

Further analysis of the data revealed that 35.9% of the respondents have implemented only one reform, 15.4% have implemented two, 20.5% have implemented three, 15.4% have implemented four, 10.3% have implemented five, while only 2.6% of the respondents have implemented 6 out of the 8 public service reforms identified in the study. None of the respondents indicated that they had implemented more than 6 of the reforms identified. This is represented in Table 4.1 below.

**Table 4.1: Number of Reforms Implemented**

<b>No. of Reforms Implemented</b>	<b>Frequency</b>	<b>Percent</b>
1	14.0	35.9
2	6.0	15.4
3	8.0	20.5
4	6.0	15.4
5	4.0	10.3
6	1.0	2.6
<b>Total</b>	<b>39.0</b>	<b>100.0</b>

Source: Field Data

Table 4.1 above indicates that 71.8% of state corporations have implemented less than half of the eight identified public service reforms. Despite the low number of reforms implemented, the respondents felt that the reforms that they had implemented had impacted their SCs. Each of the public service reforms therefore has had an impact on SC innovation among state corporations in Kenya.

### **4.3 Impact of the Reforms on SC Innovation**

The respondents were further required to indicate whether or not the reforms they had implemented were influencing their SCM decisions and operations. 100% of the respondents answered “Yes” indicating that the reforms do have an impact on SCM operations within state corporations.

The study further sought to identify the impact the reforms implemented had on SC innovation using a five point scale from 1 to 5 where 1 indicated strongly agreed, 2 indicated agreed, 3 indicated neither agreed nor disagreed, 4 indicated disagreed and 5 indicated strongly disagreed. The results were analyzed according to the identified SC innovation measures using the statistical measures of mean, mode and standard deviation and are summarized in table 4.2 below.

**Table 4.2: Impact of the Reforms on SC Innovation**

<b>Impact of Reforms on:</b>	<b>Mean</b>	<b>Mode</b>	<b>Standard Deviation</b>
Use of New SCM Technologies	2	2	0.99
High Level of SC Collaboration	2	2	1.11
Attraction, Development and Retention of Supply Management Talent	2	2	0.90
SC Effectiveness on Cost, Quality and Responsiveness	2	2	1.05

Source: Field Data

Table 4.2 above indicates that on average, the respondents agreed (Mean = 2) that the reforms have led to the use of new SC technologies, higher levels of SC collaboration, the attraction, development and retention of supply management talent, and SC effectiveness on cost, quality and responsiveness. Most of the respondents agreed (Mode = 2) that the reforms had led to the above mentioned SC innovation measures. The responses varied 1 standard deviation from the mean that is between neither agreed nor disagreed (3) and strongly agreed (1). This shows that the reforms being implemented have on average positively impacted SC innovation within state corporations in Kenya by enabling the use of new SC technology, encouraging higher levels of collaboration amongst the various SC players, leading to the attraction, development and retention of supply management talent, as well improving SC effectiveness on cost, quality and responsiveness. The public service reforms are therefore improving SC innovation amongst state owned corporations in Kenya.

The respondents were further required to indicate the extent to which the reforms were influencing the various SC innovation measures using a five point scale from 1 to 5 where 1 indicated not at all, 2 indicated to a little extent, 3 indicated to a moderate extent, 4 indicated to a great extent, and 5 indicated to a very great extent. The results have been summarized in Table 4.3 using the statistical measures of mean, mode and standard deviation.



**Table 4.3: Extent of Impact of Reforms on SC Innovation**

<b>Extent of Reforms influence on:</b>	<b>Mean</b>	<b>Mode</b>	<b>Standard Deviation</b>
Use of New SCM Technologies	3	4	1.18
High Level of SC Collaboration	3	4	1.25
Attraction, Development and Retention of Supply Management Talent	3	4	1.14
SC Effectiveness on Cost, Quality and Responsiveness	3	4	1.23

Source: Field Data

Table 4.3 above indicates that on average, the respondents felt that the reforms their organizations had implemented had a moderate effect (Mean = 3) on the various SC innovation measures. However, most of the respondents felt that the effect was great (Mode = 4) while the responses varied 1 standard deviation from the mean that is between little (2) and great extent (4). This shows that the public service reforms being implemented by the state owned corporations have had on average a moderate effect on the ability of the organizations to use and implement new SCM technologies, the increase in the level of SC collaboration, the attraction, development and retention of supply management talent, as well their ability to be effective in terms of SC cost, quality and responsiveness. However, most of the corporations felt that the effects on the various SC innovation measures are not moderate but rather great. The reforms can therefore be said to have a great impact on SC innovation among state corporations in Kenya.

For further analysis of the data, a simple linear regression model was used. Two variables were identified by the researcher namely the number of reforms implemented by the state corporations and the extent to which the respondents felt that the reforms had impacted the various SC innovation measures. The various SC innovation measures were identified as the dependent variables (y) while the number of reforms was the independent variable (x). The results of the regression model are shown in Table 4.4 below.

**Table 4.4: Test of the Number of Reforms on SC Innovation Measures**

Measures of SC Innovation	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	$\beta$	T	Sig.
Use of New SCM Technologies	0.06	0.11	0.08	0.50	0.62
High Level of SC Collaboration	0.10	0.13	0.12	0.81	0.42
Attraction, Development and Retention of Supply Management Talent	0.03	0.12	0.07	0.23	0.82
SC Effectiveness on cost, quality and responsiveness	0.07	0.12	0.10	0.58	0.57

Source: Field Data

From Table 4.4 above it can be observed that the coefficients of the regression model are relatively low ranging between 0.12 and 0.07. This indicates that the number of reforms implemented by the corporations do not have a significant effect on the various SC innovation measures. The results however show a positive relationship between the two variables. It can therefore be concluded that increasing the number of reforms implemented within the corporations will not significantly increase their level of SC innovation. Managers should therefore focus on implementing each of the public service reforms well rather than focusing on implementing all the reforms.

In order to test the hypothesis, the researcher considered the number of reforms that the respondents had indicated their organizations had implemented and the extent to which they had impacted SC innovation among the state corporations. The observed frequencies are shown in Table 4.5 while the expected frequencies are shown in Table 4.6 below.

**Table 4.5: Chi-square Test - Observed Frequencies**

	OBSERVED FREQUENCIES						
	1 Reform	2 Reforms	3 Reforms	4 Reforms	5 Reforms	6 Reforms	Total
None	0	0	0	1	0	0	1
Little	2	2	2	1	0	0	7
Moderate	7	2	1	2	1	0	13
Great	5	2	5	1	2	0	15
Very Great	0	0	0	1	1	1	3
	14	6	8	6	4	1	39

Source: Field Data

**Table 4.6: Chi-square Test - Expected Frequencies**

	EXPECTED FREQUENCIES						
	1 Reform	2 Reforms	3 Reforms	4 Reforms	5 Reforms	6 Reforms	Total
None	0	0	0	0	0	0	1
Little	3	1	1	1	1	0	7
Moderate	5	2	3	2	1	0	13
Great	5	2	3	2	2	0	15
Very Great	1	0	1	0	0	0	3
	14	6	8	6	4	1	39

Source: Field Data

The chi-square was calculated from the above data and was found to be  $X^2 = 9.3$  whereas the critical chi at 20 degrees of freedom is 31.41. Since the calculated chi is below the critical chi, then the researcher therefore accepts the hypothesis that the public reforms being implemented in public institutions do impact SC innovation among state corporations.

#### 4.4 Qualitative Summary

Section III of the questionnaire contained open ended questions in which the respondents were required to give brief responses. The first question required the respondents to state the reform which they felt had the most influence over SCM operations in their organization. A majority of the respondents (about 33%) felt that Performance Contracting had the most influence over SCM operations within their organization because it requires the establishment of permanent plans, binds every employee to set targets and creates accountability, ensures that the employees work to achieve SMART and results-oriented targets on time, and that it ensures corrective action is taken in good time. On the other hand, 28% of the respondents felt that ISO Certification has had the most influence on SCM operations within their organization because it has led to a quality management system, it ensures that all the processes were well documented and followed, it leads to timely requisition, tendering, receipt and distribution processes, requires that the necessary operating procedures are in place by clarifying departmental procedures, and the ISO procedures set for example the ISO 9001:2008 require that procurement personnel continuously improve their performance.

Despite ethics and values being an issue in public SCM, only 8% of the respondents felt that the Values and Ethics reforms implemented have had the most influence on SCM operations within their organizations as they help deliver quality standards by ensuring that the procurement personnel are not influenced, help operations improve through high integrity, and lead to the reduction of graft and theft. A further 5% of the respondents felt that the Public Service Delivery Charters have had the most influence over their SCM operations as they encourage employees to strive to meet customers' expectations, while 3% of the respondents felt that RRI, Transformative Leadership and e-Government have had the most influence on SCM operations within their organization. None of the respondents felt that Institutional Capacity Building had a major influence over their SCM operations.

The respondents were then asked to indicate whether the introduction of innovative products, processes and services within their SCs was attributed to the reforms they had implemented. 59% of the respondents felt that the introduction of innovative products, processes and services is as a result of the reforms they have implemented. Some respondents felt that by understanding and implementing the reforms well through embracing the perception of benefit for the whole country, integrity, ethics and vigilance, there has been an improvement in the publics' perception of public institutions. Other felt that e-Government in particular has improved the efficiency in service delivery, improved how strategic partners are handled, has led to effective cost, quality and quantity management, and has clarified the procurement processes. Other respondents felt that Performance Contracting has contributed to the introduction of innovative products, processes and services by incorporating innovation in the setting of targets, allowing quick action and pro-activeness, streamlining of activities through improved accountability and high values, and encouraging the employees engage in standard procurement practices. On the other hand, 13% of the respondents felt that the introduction of innovative products, processes and services could not be attributed to the reforms they had implemented but were instead on an organization to organization basis while 28% of the respondents did not give a response.

Some of the respondents when asked to give comments felt that the questionnaire should have given some attention to the Public Procurement and Disposal Act of 2005 and Regulations of 2006 due to the great influence these laws have had on improving

public SCM. Other respondents felt that the questionnaire was 'ok', addressed the relevant areas of SCM, and was well balanced. In relation to SC Innovation, several respondents felt that although it was still a work-in-progress in most public institutions, it has resulted in greater efficiency and effectiveness in SCM. However, some of the respondents cautioned that care needs to be taken in its implementation in order to ensure that its benefits are enjoyed by all SC stakeholders. One respondent requested that the results of this study were not kept in the archives but were rather used in the implementation of the fundamental issues of management of the SCs in the public sector.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Summary of Findings**

The purpose of the study was to determine the impact the public service reforms have on SC innovation among state corporations in Kenya. The public service reforms identified in the study are the RRI, Performance Contracting, Institutional Capacity Building, Service Delivery Charters, Transformative Leadership, Values and Ethics, e-Government, and ISO Certification. The study focused on the impact these reforms have on the use of new SCM technologies, the level of SC collaboration, the attraction, development and retention of supply management talent and SC effectiveness on cost, quality and responsiveness as measures of SC innovation within state corporations. Majority of the respondents were from Service Corporations (59%), were middle managers (83%), and were mostly involved in public procurement (85%).

In order to achieve the study's objective, both a quantitative and qualitative analysis was conducted on the data collected. The quantitative analysis involved the use of mean, mode and standard deviation measures and was presented by use of frequency tables, pie charts and bar graphs. The three most implemented public service reforms are Performance Contracting at 72%, followed by ISO Certification at 51%, and Values and Ethics at 33%. The least implemented reform is the RRI at only 13%. It was also found that only 2.5% of respondents have implemented 6 out of the 8 identified reforms while 35.9% have implemented only one of the reforms. None of the respondents indicated having implemented all or none of the reforms.

On average, the respondents agreed (Mean = 2) that the public service reforms they have implemented have led to the use of new SCM technologies, a higher level of SC collaboration, the attraction, development and retention of supply management talent, as well as SC effectiveness on cost, quality and responsiveness within their organizations. The respondents on average also felt that the effect of the reforms on the various SC innovation measures was moderate (Mean = 3) although a majority of them indicated that the effect was in fact great (Mode = 4).

A simple regression model was used to determine the impact the number of reforms implemented has on the various SC innovation measures. Each measure was identified as the dependent variable (y) while the number of reforms implemented was the independent variable (x). Although  $\beta$  was found to be value greater than 0 for all the SC innovation measures implying that there is a positive relationship between the variables, the values were low implying either a weak relationship or a non-linear correlation between the variables. A chi-square test ( $X^2$ ) was conducted on the two identified variables in order to test the hypothesis:  $H_0$  = Public service reforms affect SC innovation among state corporations in Kenya. Since the calculated chi was smaller than the critical chi, the null hypothesis was accepted.

The qualitative analysis revealed that a majority of the respondents felt that Performance Contracting has the most influence over their SCM operations because it establishes permanent plans, creates accountability, and requires the setting of SMART targets within the procurement departments. It is followed by ISO Certification, Values and Ethics, the Public Service Delivery Charters, RRI, Transformative Leadership and e-Government. These views may coincide with the fact that the top three reforms identified to impact SC innovation are also the three reforms with the highest implementation rate. 59% of the respondents felt that the introduction of innovative products, processes and services can be attributed to the introduction of the reforms within their organization.

## **5.2 Conclusions**

The study came up with the following main conclusions. Firstly, public service reforms have a great impact on the implementation of SC innovation amongst state corporations in Kenya. They are leading to the use of new SCM technologies, increased levels of SC collaboration, the attraction, development and retention of supply management talent, and SC effectiveness on cost, quality and responsiveness. Since the PSM reforms are meant to improve the performance of public institutions, we can then conclude that they are meeting their objective by improving the performance of the state corporations' SCs. However, there are those SC managers who feel these reforms are not impacting their SCs in any way. This should therefore be a concern of the various PSM teams to ensure that the reforms that they are implementing have an overall positive impact on their SCs.

Secondly, although the reforms are having a great effect on SC innovation in most of the state corporations, the positive effects felt are however not only dependent on the number of reforms the state corporations implement but more on how well the reforms are being implemented. Therefore, it is not necessarily true that the more the number of reforms a corporation adopts, the better the performance of its SCs. Despite only a few corporations having implemented more than four reforms, the effects of the reforms on SC innovation are regarded as significant in most of the corporations.

Thirdly, Performance Contracting, ISO Certification, and Values and Ethics are the reforms that have the most impact on SC innovation among state corporations. This could be due to the fact that they are the most implemented reforms. Performance Contracting is the highest with 72% of the state corporations having implemented it. Its impact on SC innovation is because the targets it sets affect how the supply personnel perform their work thus directly improving their performance. SC managers should therefore focus on ensuring that the targets set out in their performance contracts lead to improved SC innovation.

### **5.3 Recommendations for Policy and Practice**

From the indicated findings and conclusions, the following recommendations have been made. Firstly, managers need to increase the number of reforms they are implementing within their organizations in order to play their part in improving the public sector's overall performance. None of the state owned corporations that participated in the study indicated that they had implemented all the identified public service reforms. Managers within state corporations therefore need to focus on sensitizing their employees on the various reforms they are implementing and seek ways to overcome any challenges they may be experiencing in their implementation.

Secondly, SC managers within state corporations need to establish ways in which they can benefit from the implementation of the reforms within their organizations. There are a number of SC managers who feel that the reforms they are implementing do not have a significant impact on improving their SCs. Public sector stakeholders should therefore seek ways of aligning their efforts to improve the performance of their results chains with practical improvements in their SCs by deliberately aligning the



reforms with their SC strategies and policy framework. A Service Delivery Charter should for example clearly indicate the ways in which the SC will be structured in order to satisfy customers' needs.

#### **5.4 Limitations of the Study**

The study faced certain limitations. For example, although SCs generally have several stakeholders including suppliers, distributors and customers, the study focused only on the views of the SC managers of the various state corporations. The study therefore did not get a complete insight into the impact the reforms have had on all the SC players. The study was also limited by the fact that it focused on the corporations with headquarters located in Nairobi and therefore not all the state owned corporations were approached to participate in the study. Another limitation is that it looked at the reforms as a whole and did not focus on the effects of each of the various public service reforms on SC innovation.

#### **5.5 Suggestions for Further Study**

In light of the above limitations, further research is suggested in the following areas. Firstly, a study should be carried out to identify the impact each of the implemented public service reforms have on SCM within state corporations. Secondly, a study should be done to identify the challenges SC managers are having with the implementation of the reforms within their organizations. Thirdly, a study should be carried out on the impact of the reforms on SC innovation among the other public institutions such as Ministries, Local Government and Commissions.

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## APPENDICES

### Appendix I: The Questionnaire

#### THE IMPACT OF PUBLIC SERVICE REFORMS ON SUPPLY CHAIN INNOVATION AMONG STATE CORPORATIONS IN KENYA

The following questionnaire is anonymous and any information provided herein will be used for RESEARCH PURPOSES ONLY and will therefore be treated with the utmost CONFIDENTIALITY.

<b><u>SECTION 1: BACKGROUND INFORMATION</u></b>	
<b>Please TICK as appropriate.</b>	
1.1	Under which category does your organization fall?
	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <input type="checkbox"/> Financial  <input type="checkbox"/> Regulatory  <input type="checkbox"/> Training and Research  <input type="checkbox"/> Regional Development Authority </div> <div style="width: 48%;"> <input type="checkbox"/> Commercial/Manufacturing  <input type="checkbox"/> Public University  <input type="checkbox"/> Service Corporation  <input type="checkbox"/> Tertiary Education and Training </div> </div>
1.2	What is your job level?
	<div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Top Management <input type="checkbox"/> Middle Management </div>
1.3	Which area(s) of Supply Chain Management (SCM) are you most involved in?
	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <input type="checkbox"/> Procurement  <input type="checkbox"/> Inventory and Distribution </div> <div style="width: 48%;"> <input type="checkbox"/> Contract Management  <input type="checkbox"/> Disposal </div> </div>

<b><u>SECTION 2: CLOSED ENDED QUESTIONS</u></b>	
<b>Please TICK as appropriate</b>	
2.1	Which of the following public service reforms are you currently implementing?
	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <input type="checkbox"/> The Rapid Results Initiative (RRI)  <input type="checkbox"/> Citizen Service Delivery Charters  <input type="checkbox"/> Values and Ethics  <input type="checkbox"/> e-Government </div> <div style="width: 48%;"> <input type="checkbox"/> Performance Contracting  <input type="checkbox"/> Transformative Leadership  <input type="checkbox"/> Institutional Capacity Building  <input type="checkbox"/> ISO Certification </div> </div>
2.2	Are the public service reforms influencing SCM decisions and operations in your organization?
	<div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> YES <input type="checkbox"/> NO </div>
<b>Please indicate your responses to the following questions by circling the appropriate number.</b> <b>[1=Strongly Agree, 2=Agree, 3=Neither Agree nor Disagree, 4=Disagree, 5=Strongly Disagree]</b>	
2.3	<div style="display: flex; align-items: center;"> <div style="flex: 1;">The public service reforms have improved the performance of our SCs.</div> <div style="display: flex; gap: 20px; margin-left: 20px;"> <span>1</span> <span>2</span> <span>3</span> <span>4</span> <span>5</span> </div> </div>



2.4	The reforms have encouraged innovative practices within our SCs and have contributed to the improvements made in our SCM policies and structures.	1	2	3	4	5
2.5	The public service reforms have contributed to the use of new SCM technologies within our organization.	1	2	3	4	5
2.6	The public service reforms have encouraged a higher level of collaboration with our suppliers and the establishment of long term supplier partnerships.	1	2	3	4	5
2.7	The reforms have helped open up the free flow of information between our organization and our manufacturers, distributors, and customers.	1	2	3	4	5
2.8	The public service reforms have contributed to the attraction, development and retention of supply management talent.	1	2	3	4	5
2.9	The reforms have improved our SC effectiveness on cost, quality and responsiveness.	1	2	3	4	5
2.10	Reforms in the public sector have <u>NOT</u> encouraged the use of new SCM technologies.	1	2	3	4	5
2.11	Public service reforms have <u>NOT</u> encouraged SC collaboration with suppliers, manufacturers, distributors, and customers.	1	2	3	4	5
2.12	The reforms have <u>NOT</u> influenced the quality of supply staff and personnel within our organization.	1	2	3	4	5
2.13	The reforms have had <u>NO</u> influence on our SCM policies and strategies.	1	2	3	4	5
2.14	Reforms in the public sector are likely to: a) Improve our SCs performance. b) Enable the introduction of new SCM technologies. c) Increase the level of collaboration with our suppliers, manufacturers, distributors and customers. d) Enable us attract, retain and develop quality supply management staff. e) Reduce our SC costs while improving our SCs' quality and responsiveness.	1 1 1 1 1	2 2 2 2 2	3 3 3 3 3	4 4 4 4 4	5 5 5 5 5

Please indicate (by circling the appropriate answer) the extent to which the public service reforms have influenced the following : [1=Not at all, 2=Little Extent, 3= Moderate Extent, 4=Great Extent, 5=Very Great Extent]					
2.15	The introduction and development of new SCM technologies such as e-Procurement within our organization.	1	2	3	4 5
2.16	The incorporation of new tools and processes needed for effective SCM.	1	2	3	4 5
2.17	The level of collaboration within our SCs with our suppliers, manufacturers, distributors, and customers.	1	2	3	4 5
2.18	The open sharing of information and the development of long term partnerships with our suppliers.	1	2	3	4 5
2.19	The attraction, development and retention of supply management talent.	1	2	3	4 5
2.20	The improvement of the efficiency and effectiveness of our supply personnel.	1	2	3	4 5
2.21	SC efficiency through the reduction in costs, lead-time and errors.	1	2	3	4 5
2.22	SC quality and responsiveness to customers needs.	1	2	3	4 5
2.23	Improvements in the operations of our SCs.	1	2	3	4 5
2.24	The introduction of new and innovative products, processes and services within our SCs.	1	2	3	4 5

<b><u>SECTION 3: OPEN ENDED SECTION</u></b>	
<b>Please keep responses brief.</b>	
3.1	<b>RRI; Performance Contracting; Public Service Delivery Charters; Transformative Leadership; Institutional Capacity Building; Values and Ethics; e-Government; ISO certification.</b>  Which of the above public service reforms implemented by the Government have MOST influenced SCM operations within your organization? How?

3.2	Do you think that the introduction of innovative products, processes and services within your SCs can in part be attributed to the introduction of the reforms in the public sector? If yes, how?
3.3	If you wish to make any comments on this questionnaire or on the subject of SC innovation, please feel free to make them in the space below:

**THE END.**

**Thank You for taking time to answer this Questionnaire.**

**Your participation is appreciated.**

## **Appendix II: State Corporations based in Nairobi**

### **Financial Corporations**

1. Agricultural Finance Corporation
2. Consolidated Bank of Kenya
3. Deposit Protection Fund Board
4. Industrial and Commercial Development Corporation
5. Industrial Development Bank
6. Kenya Industrial Estates
7. Kenya National Assurance Company
8. Kenya Post Office Savings Bank
9. Kenya Re-Insurance Corporation
10. Kenya Revenue Authority
11. Kenya Roads Board
12. Kenya Tourist Development Corporation
13. National Bank of Kenya
14. National Hospital Insurance Fund
15. National Social Security Fund

### **Commercial/ Manufacturing Corporations**

16. East African Portland Cement Co.
17. Jomo Kenyatta Foundation
18. Kenya Airports Authority
19. Kenya Broadcasting Corporation
20. Kenya Electricity Generating Company
21. Kenya Literature Bureau
22. Kenya Medical Supplies Agency
23. Kenya Pipeline Company Ltd
24. Kenya Power and Lightning Corporation
25. Kenya Railways Corporation
26. Kenya Wine Agencies
27. Kenyatta International Conference Center
28. National Cereals and Produce Board
29. National Housing Corporation
30. National Oil Corporation of Kenya
31. National Water Conservation and Pipeline Corporation
32. Numerical Machining Complex
33. Postal Corporation of Kenya
34. School Equipment Production Unit
35. Telkom Kenya Ltd
69. Kenya Medical Research Institute
70. Kenya Sugar Research Foundation

36. University of Nairobi Enterprises and Services Ltd

### **Regulatory Corporations**

37. Capital Markets Authority
38. Catering, Tourism and Training Development Levy Trustees
39. Coffee Board of Kenya
40. Commission for Higher Education
41. Communications Commission of Kenya
42. Council of Legal Education
43. Electricity Regulatory Board
44. Export Processing Zones Authority
45. Export Promotion Council
46. Horticultural Crops Development Authority
47. Investment Promotion Center
48. Kenya Bureau of Standards
49. Kenya Civil Aviation Authority
50. Kenya Dairy Board
51. Kenya Industrial Property Institute
52. Kenya Plant Health Inspectorate Service
53. Kenya Sisal Board
54. Kenya Sugar Board
55. National Environmental Management Authority
56. National Irrigation Board
57. NGO Coordination Bureau
58. Nyayo Tea Zones Development Authority
59. Retirement Benefits Authority
60. Tea Board of Kenya
61. Water Services Regulatory Board

### **Public Universities**

62. University of Nairobi

### **Training and Research Corporations**

63. Coffee Research Foundation
64. Kenya Agricultural Research Institute
65. Kenya Forestry Research Institute
66. Kenya Industrial Research and Development Institute
67. Kenya Institute of Administration
68. Kenya Institute of Public Policy Research and Analysis
71. National Museums of Kenya

**Service Corporations**

72. Agricultural Development Corporation
73. Bomas of Kenya Ltd
74. Higher Education Loan Board
75. Kenya Accountants and Secretaries National Examination Board
76. Kenya National Examination Council
77. Kenya National Library Services
78. Kenya Tourist Board
79. Kenya Wildlife Service
80. Kenyatta National Hospital
81. Local Authority Provident Fund
82. Nairobi Water Services Board
83. National Aids Control Council
84. National Council for Law Reporting
85. National Sports Stadium Management Board
86. Teachers Service Commission
87. Water Resources Management Authority

88. Water Services Trust Fund

**Regional Development Authorities**

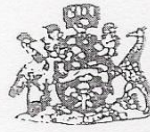
89. Tana and Athi Rivers Development Authority

**Tertiary Education and Training Corporations**

90. Cooperative College of Kenya
91. Kenya College of Communications Technology
92. Kenya Medical Training College
93. Kenya Utalii College
94. Kenya Water Institute

Source: SCAC (2004). *Guidelines on the terms and conditions for state corporations for chief executive officers, chairmen and board members, management staff and unionisable staff*. <http://www.scac.go.ke>.

### Appendix III: The Introductory Letter



## UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS MBA PROGRAMME

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE 19-06-2012

#### TO WHOM IT MAY CONCERN

The bearer of this letter MS. ROSE MUMBI NYAGA

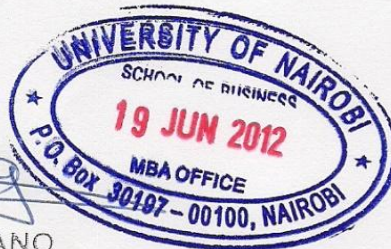
Registration No. D61/G0168/2010


is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



  
IMMACULATE OMANO  
MBA ADMINISTRATOR  
MBA OFFICE, AMBANK HOUSE

## Appendix IV: Proposal Correction Form

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

PROPOSAL CORRECTION FORM

Student Name... NYAGA ROSE MUNBI

Registration Number... D61/60168/2010

Department... MANAGEMENT SCIENCE

Specialization... PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Title of Project Proposal... THE IMPACT OF ~~SE~~ PUBLIC SERVICE  
REFORMS ON SUPPLY CHAIN INNOVATIONS AMONG  
STATE CORPORATIONS IN KENYA

The student has done all the corrections as suggested during the Proposal Presentation and can now proceed to collect data.

Name of Supervisor... S.O. NAWANGE

Signature...

Date...

19/06/2012