

**PROCUREMENT STRATEGIES ADOPTED BY OIL
COMPANIES IN KENYA**

BY:

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DECLARATION

This research project is my original work and has never been submitted for examination to any other University.

Signature..... Date.....

ANGELA KAMURU

D61/65263/2013

This project has been submitted with my authority as the university supervisor.

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DEDICATION

I wish to dedicate this project to my family. My parents, Robert Kamuru and Margaret Wakaba, who are my biggest fans, my sounding board and my voices of reason. To my sister, Annette Kamuru, your unwavering support makes me believe I can fly.

And to You, who first believed in me and made all this possible.

ABSTRACT

This study sought to determine procurement strategies adopted by oil companies in Kenya to develop competitive advantage and to establish the challenges of implementing procurement strategies by oil companies in Kenya. To achieve the objective of this study, the researcher used a descriptive survey. The population of the study was 72 oil companies in Kenya registered by Petroleum Institute of East Africa (PIEA). The sample size for this study constituted 34 oil companies in Kenya. This study used both primary data and secondary data sources. Primary data was collected using a semi structured questionnaire. A Likert-type scaling measure was used to examine the constructs for each of the participating companies. The questionnaires were administered by drop and pick later method at an agreed time with the researcher. Secondary data was collected from various sources including various reports and records of past events that were also reviewed to compile evidence of competitive strategies that have been observed. Quantitative data was collected using a questionnaire and was analyzed by the use of descriptive statistics using the Statistical Package for Social Sciences (SPSS) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of tables and pie charts. Qualitative data was analyzed using content analysis which is the best suited method of analysis. The study concludes that most oil companies in Kenya adopted procurement strategies in order to cope with stiff competition in the oil industry. Some of the most notable strategies that were adopted by most of the firms were namely: recruiting and retaining professionals, aligning and staffing the supply chain organization, processes and controls, establishing alliances with key suppliers and engaging in collaborative strategic sourcing. The study also concluded that corruption, lack of a strategic plan and poor technologies were the main impediments towards attaining competitiveness among oil companies in Kenya. The study recommends that oil companies should invest in modern technologies that will enhance integration, information sharing, improved decision making processes and procedures and form a link between the suppliers, service providers and the organization. There is also the need to outsource competent professionals and experts to provide training and educate them on the best practices of implementing procurement strategies that meet local and international standards, in order to compete globally with the best. The researcher also faced significant time and funding constraints which limited the scope of the study. It would have been more useful if the study involved all the oil companies in Kenya other than using a sample. A comparative study can be carried out to establish procurement strategies adopted by firms in other industries other than the energy sector and the benefits derived from these strategies. This will assist in comparing the level of supply chain performance with other firms and thus concrete facts and reliable conclusions can henceforth be drawn. These findings will play a significant role in policy formulation by the Public Procurement Oversight Authority (PPOA). More importantly, the Public Procurement Oversight Authority will provide an enabling environment for oil companies to compete fairly. This will ensure compliance with the Public Procurement and Disposal Act and enhance the capacity of stakeholders in the public procurement process in order to increase the general public's understanding and demand for procurement reform, and the role of the PPOA in particular.

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LIST OF ABBREVIATIONS

EAOGS-	East Africa Oil and Gas Summit
ISO-	International Standard Organization
LPG-	Liquefied Petroleum Gas
NOCK-	National Oil Corporation of Kenya
PIEA-	Petroleum Institute of East Africa
PPOA-	Public Procurement Oversight Authority

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The contemporary business setting is characterized by risks and uncertainties; this has increased the need for adoption of strategies in most organizations that aspire to be competitive in order to outdo their competitors in the market place. Some organizations are still lagging behind in implementation of strategies. The global financial crisis has reshaped strategies to increase overall operational efficiency in procurement functions (Ansoff & McDonell, 1990). Most firms are required to increasingly focus on improved procurement processes in order to cut costs and add value to goods and services supplied to the firm. Such conditions make procurement one of the vital efficiency drivers for most firms seeking to improve procurement performance with the aim of cutting costs to develop competitive ability against competitors in the market place.

Procurement strategies are one of the tools that a firm can use for achieving competitiveness, unlike traditional purchasing which was driven by the desire to cut costs of purchase, short-term profit improvement, transactional rather than relationship behavior, and emphasis on price reduction, strategic procurement planning, by contrast, looks at how the purchasing of goods and services, including outsourcing of entire processes, can deliver better long-term shareholder value and enhance a firm's competitiveness against competitors (Ellram, 2003).

Procurement strategies involve reduction of the supplier base, co-operative negotiation with suppliers, quality interaction with suppliers, and developing long-term relationships with the best suppliers. Strategic procurement behaviors are linked to better procurement performance. In Kenya, procurement strategies have become an area of interest in modern organizations since it enables firms to better manage various costs and wastes thus leading to high customer satisfaction and value generation to the stake holders (Masiko, 2013).

1.1.1 Procurement Strategies

Procurement strategies are techniques used by the firm to save cost, improve operational efficiency, access to trusted suppliers, and improve the quality of product or service in order to gain a competitive advantage against competitors. Procurement strategies are namely: recruiting and retaining professionals, aligning and staffing the supply chain organization, processes and controls, establishing alliances with key suppliers and engaging in collaborative strategic sourcing (Davidson, 2001).

Procurement strategies can be developed for a specific requirement or a group of requirements, and although the development of the procurement strategies is important when planning procurement, the extent of the strategies developed is dependent on the level of risk and monetary value of the requirement. The strategy that is developed has to take into consideration the various procurement principles, for example, the nature of the firm's operations and the efficiency to be achieved upon adoption of these strategies (Ansoff and McDonnell, 1990).

The firm has to consider the needs of the firm and the core activity that the firm engages in when choosing procurement strategies. This can be achieved by strategically planning how procurement will be carried out over the period covered by the procurement plan (Conant et al., (1990). This might entail consulting with the various requesting entities to determine if there are any extenuating circumstances that warrant making their purchases in a special manner and in any way different from the rest of the planned procurements of similar items (Bradley et al., 2003).

1.1.2 Oil Companies in Kenya

Currently, there are 72 registered oil companies in Kenya of which six are major. The major oil companies includes; Vivo Energy formerly Kenya Shell Ltd, Total Kenya Ltd, Kenol/Kobil (Kenya oil Ltd), Oil Libya Kenya Ltd, National Oil Corporation of Kenya(NOCK) and Hashi Energy. Vivo Energy and Total Kenya Ltd are multinationals. The others are either local or regional companies. The major oil companies control about 75% of the market share and own major oil installations within the country (Deloitte, 2013).

There has been tremendous competition among the oil companies in Kenya that has led to a change of tactics as a way of remaining competitive in the market. Oil companies have adopted procurement strategies in line with the goals and the objectives of the firm. The oil companies in Kenya have been on the lookout for better deals and strategic partnerships that allow them to win the tender month after month (EAOGS, 2014).

In most cases the oil companies that win these tenders tend to be the more established organizations such as Kenol Kobil, Total and Vivo Energy. This is as a result of having long term strategic partnerships with the source suppliers who through successful negotiations are able to supply the petroleum products at a slightly cheaper cost than the market driven prices. These partnerships are important for both the supplier of the oil and the said oil company. By being able to procure petroleum products at a cheaper price and thus in high volumes, the oil company is able to also improve their profit margins (Deloitte, 2013).

1.2 Research Problem

Thompson & Strickland (2003) strategic management plays an integral role in enhancing competitiveness of an organization in the market place. The overall performance of procurement function depends on the strategies that a firm adopts to ensure its sustainability in the market place. According to Magnus & Blamburg (2006), current research shows that most firms that procure goods and services have shifted their focus towards procurement as a tool to achieve competitive edge against competitors in the market place. Procurement strategy is seen as a long-term solution in improving the performance of a firm in terms of cutting costs and increasing profits (Linthorst & Telgen, 2007).

Procurement function is transitioning from a clerical non-strategic unit to an effective socio-economic unit that is able to influence decisions and add value. Local studies have been done in the financial sector and parastatals; Masiko (2013) conducted a study on “Strategic Procurement Practices and Procurement Performance among Commercial Banks in Kenya”, it was found that strategic procurement practices

positively affect the procurement performance of commercial banks in Kenya. This study was too broad and did not address the problem of this study, which is procurement strategies adopted by oil companies in Kenya.

Ongwae (2010) did an inquiry into Creating and Sustaining Competitive strategies by Total Kenya Limited in a changing environment, the study revealed that the company uses market focus strategy by use of its Bon Voyage card to target and lock in customers and sharing of storage facilities to reduce operational costs. Oguta (2012) investigated on Competitive Strategies adopted by pharmaceutical distributors in Nairobi, Kenya; the study established that the geographical area informs focus strategies among the pharmaceutical distributors to a great extent.

However, despite the massive investigation into competitive strategies and studies on the oil companies, none of these studies investigated Procurement strategies adopted by Oil Companies in Kenya. A research question can thus be addressed: What procurement strategies have been adopted by oil companies in Kenya? This study will therefore seek to determine the procurement strategies adopted by oil companies in Kenya to develop competitive advantage.

1.3 Research Objectives

The objectives of this study were:

- i. To determine procurement strategies adopted by oil companies in Kenya to develop competitive advantage.
- ii. To establish the challenges of implementing procurement strategies by oil companies in Kenya.

1.4 Value of the Study

The findings of the study will shed more light on strategic procurement practices that a firm can adopt in developing competitive advantage against its competitors. The study will provide some insights to oil companies in Kenya as well as other firms on the procurement strategies adopted by oil companies to gain competitive advantage against their competitors.

The government and other policy makers can use the findings of this study in formulating strategies and policies that favor procurement functions of firms to enable them to procure goods and services easily.

This study will serve as a point of reference to scholars and academicians interested in this topic or other related areas since it will add to the bank of knowledge in strategic management. Besides, it will form as a basis for further study to those who intend to use this study in filling a gap of knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section provides the theoretical evidence of the study from various scholars and researchers. It covers the theoretical basis of this study, procurement strategies adopted by oil companies to gain competitive advantage and challenges in implementation of procurement strategies.

2.2 Theoretical Foundation

This study will be guided by game theory, this theory is important to this study since organizations are in competition to provide the best services to their customers. However, this cannot be achieved without the implementation of competitive procurement strategies. This theory is applied when two parties have to make rational decisions in order to compete favorably.

2.2.1 Game Theory

Game theory can be defined as part of a large body of theory providing a formal language to describe conscious, goal-oriented, decision making processes involving one or more players. The solution concepts derived from game-theory may be thought of as normative or descriptive views of multi-person decision-making (Martin 1978). Game theory may also be described as the analysis of rational behavior in situations involving interdependence of outcomes (Camerer, 1991).

The essence of game theoretic models is two or more players who have a range of actions or similar freedom to a set of choices, and also have certain information. Each player has a set of preferences for the diverse possible outcomes, and the results of the interaction depend on all the players' decisions. Shubik (1972) notes that game-theoretic models have six common features: conflicting parties, choices, information, desired outcomes, results of choices and outcomes dependent on choices of all participants (Martin 1978). The theory provides a set of tools and components that may be used to develop logically consistent models of rational human behavior. These models allow researchers to discount explanations of behavior where people act against their own objectives, neglect opportunities, or ignore strategic behavior of other parties (Postrel, 1991).

2.3 Strategic Procurement

Strategic procurement is the process of creating alignment and consistency of action that establishes the long range objectives and overall strategy or course of action by which procurement function fulfills its mission. It therefore entails the transformation of an organization's mission, goals, and objectives into measurable activities to be used to plan, budget and manage the procurement functions (Doran, 1981).

Strategic procurement can be approached from three main dimensions namely: Development and management of key suppliers, internal operation of procurement function and coordination of purchasing with other functions within the firm, and efforts to meet or exceed customer expectations. It is seen as one of the critical functions of an organization with the potential to; save cost, improve operational

efficiency, access to trusted suppliers, improvement in quality of product or service, and sharing of best practices among others (Magnus, 2006).

Each and every organization has its own policies, procedures and structures that greatly influence the procurement process. These policies and procedures are built from the organization's paradigm that sometimes contradicts procurement goals and objectives. For tall and bureaucratic organization structures, decision making may take a long time during procurement process (Lysons, K. and Farrington, 2006).

2.4 Procurement Strategies to Gain Competitive Advantage

There are various procurement strategies that a firm can adopt in its supply chain to gain competitive advantage against its competitors namely: recruiting and retaining procurement professionals, aligning and staffing the supply chain organization, processes and controls, establishing alliances with key suppliers and engaging in collaborative strategic sourcing.

2.4.1 Recruit and Retain Professionals

For a firm to succeed in its procurement strategies that it employs, it must recruit procurement professionals who are qualified and competitive on the job. For a firm to effectively conduct its procurement functions, its procurement team must be competent in choosing their supply chain partners and in making supply chain decisions. In return, the firm should offer attractive packages to the procurement team and provide them with a conducive environment in order to motivate and encourage them to execute their duties well (Palaneeswaran & Kumaraswamy, 2000).

Palaneeswaran (2000) notes that procurement professionals must be keen of the ever changing business environment especially when making strategic decisions. They must demonstrate interpersonal skills, value oriented and relationship management skills. Procurement function serves as an integral part of any organization; therefore the firm should ensure that the procurement personnel have two distinct skills namely: the professionals must understand the customers' changing needs and continually address these needs especially in decision making and supply of goods and services.

2.4.2 Aligning and Staffing the Supply Chain Organization

Tandoor and Koehn (2004) notes that sometimes it can be difficult to organize the supply chain function in a way that will maximize its effectiveness and bring commensurate benefits to the company. Some companies are best served by embedding proficient supply chain management professionals in various business units. For others, a more centralized operation is most effective. Many companies that adopt strategic procurement have adopted a hybrid approach that combines a centralized strategy to gain consensus with decentralized execution to improve their services.

Thai (2007) suggests that whatever structure a firm adopts, proper alignment and staffing of the supply chain organization is vital to success. Elevating staff members' supply chain management skills and knowledge is always a priority, of course. But top leadership focuses more on strategy and is less concerned about transactional ability. Firms that perform well in strategic procurement always hire supply chain managers who have strong communication and relationship management skills both

physically and emotionally, professionals who are able to focus on value creation (Pillet et al., 2005).

2.4.3 Processes and Controls

Most firms seeking to gain competitive advantage by adopting strategic procurement simplify their processes and controls then select technologies that complement these technologies to make their operations efficient. Triantafillou (2007) indicates that struggling organizations often implement technology then develop processes to meet the needs of technology.

Tudor (2005) pointed out that for any organization to succeed in strategic procurement, it must formulate policies and procedures that are simple and easy to understand in order to ensure that all operations of supply chain management are in harmony with the operations and the objectives of the organization. Controls should be put in place to deter fraud and ensure that improper decisions are not being made to ensure accountability.

Gordon, et al., (2000) indicates that implementers of strategic procurement highly understand the procurement function of the firm and thus should assist in managing the supply chain networks better. In most instances, the managers find a way to use technology to produce beneficial information without having to overburden themselves to extract and view the data. They recognize the importance of an efficient purchase-to-pay process and have adopted strategies and mechanisms to get the greatest benefits from technology (Atkinson, 2003).

2.4.4 Establish Alliances with Key Suppliers

In most cases most firms that perform very well in strategic procurement always work closely with their suppliers. Supplier relationship management is an important ingredient in achieving strategic procurement. There are two modes of communication in supplier relationship management: one-way communication which involves telling the supplier how to do it. Two-way communication requires both buyer and seller to jointly manage the relationship, this type of communication is more effective and according to Bray (2001) it is also called alliance management whereby representatives from both parties are involved in working together to enhance the buyer and supplier relationship.

The four primary objectives of an effective alliance management program with key suppliers is providing a mechanism to ensure that the relationship stays healthy and vibrant, create a platform for problem resolution, develop continuous improvement goals with the objective of achieving value for both parties and ensure that performance measurement objectives are achieved. Linthorst & Telgen (2007) indicates that with a sound alliance management program in place, you will be equipped to use the talents of your supply base to create sustained value while constantly seeking improvement.

2.4.5 Engage in Collaborative Strategic Sourcing

Strategic sourcing is a cornerstone of successful supply chain management. But a collaborative strategic sourcing initiative produces even better results. Rather than consider strategic sourcing as just a matter for the purchasing department, companies

that perform strategic procurement get internal customers actively involved in the decision-making process (Bassok and Anupindi,1997).

More importantly, firms that engage in strategic procurement solicit feedback and information regarding their objectives and strategies from their customers, which may include functional areas such as finance and accounting, engineering, operations, maintenance, safety and healthy environment and quality assurance of any internal business unit or function that will contribute to the initiative's success. This approach not only ensures availability of supplies but also results in lower total cost, streamlined processes, and increased responsiveness to customers' changing needs (Tummala, 2006).

2.5 Challenges of Implementing Procurement Strategies

A well implemented procurement strategy is an effective tool for implementation of public policy in all areas, and should be an instrument for good governance and for alignment of structures and systems in the government. On the contrary, corrupt procurement practices increase poverty and inequality by diverting funds away from the attention of social needs; it influences bad choices, and encourages unfair competition in bribery rather than in quality service. Organizations characterized with weak systems, corrupt procurement practices are inevitable as the officers in charge take advantage of the loopholes to tamper with the tendering process for personal gains. The weak governing bodies, politics, tradition, and lack of education and training programmes are some of the barriers which need to be overcome in order to achieve value for money and reduce waste (Dobler, 1990).

Record keeping in most organizations is a big challenge as records are not maintained as per ISO 9001:2008 standards. Kumar (1992) argues that good governance based on transparency, accountability and trust (and similar values) has become a shared goal among organizations around the world. There is a need to explore the relationship between information management and good governance and to identify key issues which governments in both developed and developing countries should consider in assessing and improving their record keeping (or records management) programs (Li and Zhao, 2003).

Li et al., (2007) postulates that without access to good records, officials are forced to take decisions on an ad hoc basis; without the benefit of institutional memory, fraud cannot be proven; meaningful audits cannot be carried out and government actions are not open to review. Tibben-Lembke (2004) indicates that delays in procurement are costly and can have disastrous consequences on the ultimate objective of the process under consideration. Most delays stem from poor planning and failure to engage procurement professionals early enough in the project concept development and appraisal phases to determine procurement methods and corresponding lead-times in line with the overall needs of the project (Urban, 2000).

2.6 Competitive Advantage

Wickham (2006) notes that competitive advantage can be put into the following five main categories namely; product advantage, knowledge advantage, cost advantage, relationship advantage and structural advantage. An organization will gain product advantage if it is able to develop superior products whose value is higher than its competitors. In the service sector, competitive advantage is seen as service advantage

(Hyatt, 2001). A company is able to gain cost advantage if its cumulative costs of operation are lower than its competitors' (Porter 1996). This added advantage enables the organization to offer products and services at a cheaper price than competitors, to control its cost and capacity utilization, to access unique sources of input cheaper than competitors, to gain economies of scale and to gain experience curve economies which support the enterprise to reduce cost over time.

Competitiveness at firm level represents the potential or capability of a firm to survive and grow, taking into account the competition of other firms for the same profits and in the same market (Prescott, 2001). In most cases organizations compete for markets and resources and their competitive position is reflected in either market share, profitability or in the creation and accumulation rate of comparative advantages, like innovative products, processes (Kamau, 2009). Any organization's competitive ability depends on its performance and the direct entrepreneurial environment in which it operates. The entrepreneurial competencies demonstrated may make the much needed thrust for competitive advantage (Morris et al. 2008). In trying to develop and sustain competitive advantage, firms must understand the sources of such advantages and utilize them effectively and efficiently.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the proposed research design that was used in this study; it includes the research design, data collection instruments and procedures, and the techniques for data analysis.

3.2 Research Design

The study used a descriptive survey. Mitchell & Jolley (2013) notes that a descriptive survey is used to describe characteristics of a population or phenomenon being studied. It does not answer questions about how, when and why the characteristics occurred. This design is appropriate for this study as it helped the researcher to describe how the procurement strategies adopted by oil companies lead to competitive advantage.

3.3 Population of the Study

The population of the study was 72 oil companies in Kenya registered by Petroleum Institute of East Africa (PIEA), as at 31st December 2013 (Pipeline Coordinator, 2013). Creswell (2003) defined a population as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within a certain population usually have a common, binding characteristic or trait.

3.4 Sample Size

The sample size for this study constituted 34 oil companies in Kenya. This constituted 50% of the population and was well above the 10% minimum recommended by (Mugenda and Mugenda, 2005). The 34 oil companies were selected using systematic random sampling method due to its simplicity and good representation of the population. The researcher used even numbers to select the oil companies in Kenya as per Appendix II.

3.5 Data Collection

This study used both primary data and secondary data sources. Primary data was collected using a semi structured questionnaire. A Likert-type scaling measure was used to examine the constructs for each of the participating companies. The questionnaires contained mostly closed-ended questions but there was a few open ended questions too. This method was chosen since it provided an efficient way of collecting responses from a large sample that was anticipated. The questionnaire consisted of three sections: part A contained questions on general information about the companies and the respondents, section B contained questions on procurement strategies adopted by oil companies in Kenya to develop competitive advantage and section C covered questions on challenges of implementation of procurement strategies by oil companies in Kenya. The respondents of this study were the senior supply chain managers, the marketing managers and human resource managers.

These respondents were deemed as key informants of the study because they were highly involved in the implementation of procurement strategies in the oil companies

in Kenya and therefore fully understood the strategies as well as the challenges of strategy implementation of oil companies in Kenya. The questionnaires were administered by drop and pick later method at an agreed time with the researcher. Secondary data was collected from various sources including various reports and records of past events may also be reviewed to compile evidence of competitive strategies that have been observed.

3.6 Data Analysis

Quantitative data collected using a questionnaire was analyzed by the use of descriptive statistics using the Statistical Package for Social Sciences (SPSS) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of tables and pie charts. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives through use of SPSS.

Qualitative data was analyzed using content analysis which is the best suited method of analysis; content analysis is defined by Creswell (2003) as a technique for making inferences by systematically and objectively identifying specific characteristic of messages and using the same approach to relate trends. According to Cooper & Schindler (2003), the main purpose of content analysis is to study the existing information in order to determine factors that explain a specific phenomenon.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This study was carried out to determine procurement strategies adopted by oil companies in Kenya to develop competitive advantage and to establish the challenges of implementing procurement strategies by oil companies in Kenya. Data was collected from supply chain managers, human resource managers and marketing managers who were in charge of the supply chain functions in the oil companies in Kenya. Below are the findings of the study.

4.2 Response Rate

34 questionnaires were distributed to oil companies through their headquarters based in Nairobi. Out of the 34 questionnaires, 31 were returned to the researcher. This represents a response rate of 91.18%. This percentage was considered sufficient for this study. The 8.82% who never returned the questionnaires cited busy schedules as the main reason for lacking time to fill them.

4.2.1 Age of the Respondents

The respondents were requested to give information about their age in order to determine whether the age of the employees influenced procurement strategies adopted by oil companies in Kenya to develop competitive advantage.

Table 4.1 Age

	Frequency	Percent	Cumulative Percent
Below 24 Years	3	9.68%	9.68
31-34 Years	15	48.39%	58.07
Valid Between 35-40 Years	10	32.26	90.33
Between 45-50 Years	3	9.68	100.0
Total	31	100.0	

Source: Field work

From the results in Table 4.1, it was concluded that most of the employees in oil companies were aged between 31-34 years at 48.39%, followed by 32.26% who were aged between 35-40 years; there was a tie between 9.68% of the respondents below 24 years and those who were aged between 45-50 years. It can be concluded that most of the employees of oil companies in Kenya were aged between 31-34 years.

4.2.2 The Level of Education Attained by the Respondents

The respondents were requested to comment on their level of education attained by the respondents in order to examine whether the respondents understood the concept of procurement strategies and the challenges facing implementation of procurement strategies by oil companies in Kenya.

Table 4.2 Education

	Frequency	Percent	Cumulative Percent
Certificate/Diploma	8	25.81	28.81
Graduate	15	48.39	74.2
Valid Post Graduate	8	25.81	100.0
Total	31	100.0	

Source: Research Findings, 2014

From the findings in Table 4.2, the results show that most of the employees were degree holders at 48.4%, 8% of the respondents had attained post graduate level and only 25.81% of the respondents had certificates and diplomas .This is an indication that most of the employees were degree holders.

4.2.3 Length of Service

The researcher determined the length of service of the employees of oil companies to establish whether they had attained adequate experience to provide accurate and reliable information in relation to procurement strategies adopted by oil companies in Kenya.

Table 4.3 Length of Service

	Frequency	Percent	Cumulative Percent
Less Than 5 Years	7	22.58	22.58
6-10 Years	15	48.39	70.97
Valid 11-15 Years	8	25.81	96.78
16 Years and more	1	3.23	100.0
Total	31	100.0	

Source: Research Findings, 2014

From the findings in Table 4.3, it was observed that 22.58% of the employees had served for less than 5 years while 48.39% of the respondents had served for 6-10 years. 25.81% of the respondents had served for 11-15 years and only 3.23% of the respondents had served in the company for 16 years and above.

4.2.4 Length of Service in the Current position

The study sought to determine the length of the employees' service in their current position in order to find out whether they had acquired enough experience on the challenges facing implementation of procurement strategies in oil companies in Kenya.

Table 4.4 Length of Service

	Frequency	Percent	Cumulative Percent
Less Than 5 Years	20	64.52	64.3
6-10 Years	6	19.35	83.87
Valid 11-15 Years	3	9.68	93.55
16 Years and more	2	6.45	100.0
Total	31	100.0	

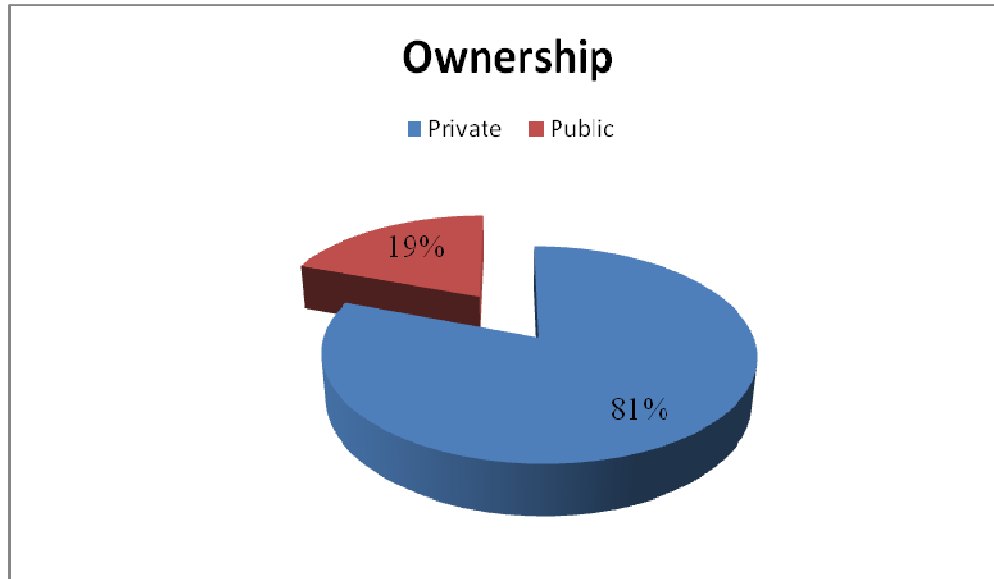
Source: Research Findings, 2014

From the findings in Table 4.4, it is evident that 64.52% of the respondents had served for less than 5 years. 19.35% of the respondents had served for a period between 6-10 years while 9.68% of the respondents had served for between 11-15 years. Only 6.45% of the respondents had served for more than 16 years. This was a clear indicator that at least more than 10 respondents of the 31 had served in the company for more than 7 years.

4.2.5 Ownership of the Organization

The respondents were requested to comment about the ownership of the company to establish if private and public organizations faced similar challenges in implementation of procurement strategies in oil companies.

Figure 4.1 Ownership



Source: Research Findings, 2014

From the above Figure 4.1, the findings revealed that private ownership in oil companies in Kenya stood at 81% while public ownership covered only 19% of the market share. It is clear that private ownership is leading in the market share of oil companies in Kenya.

4.2.6 Years of Operation

The study was aimed at finding out if the years of operation of the organization was sufficient to provide a better understanding of the procurement strategies adopted by oil Companies in Kenya.

Table 4.5 Years of Operation

	Frequency	Percent	Cumulative Percent
Valid Less Than Years 10	3	9.68	9.68
More than 10 years	28	90.32	100
Total	31	100.0	

Source: Research Findings, 2014

From the above findings in Table 4.5, it is clear that most of the oil companies in Kenya had been in operation for a period of more than 10 years, this is represented by 90.23% of the 31 oil companies that were studied. Only three oil companies were in operation for a period of less than 10 years. This shows that most of the oil companies had been in operation for a period of more than 10 years.

4.2.7 The Effect of Competitive Strategies

The respondents were asked to indicate the extent to which the competitive strategies employed by their oil companies achieved the following: Market share, sales volume, new and improved product introduction and improved employee skills. The respondents were asked to rate in a scale of 1-5 by placing a check mark in the appropriate box where (1= to no extent; 2= to a little extent; 3= to a moderate extent; 4= to a great extent; 5= to a very large extent). Below are the results of the findings presented in Table 4.6.

Table 4.6 Competitive Strategies

Statement	N	Mean	S.D
Market Share	31	4.86	.967
Sales Volume	31	3.70	.763
New and improved product introduction	31	4.16	.907
Profitability	31	3.69	.762
Improvement in employee skills	31	4.81	.962

Source: Fieldwork

The findings in Table 4.6 revealed that most of the respondents noted that competitive strategies positively impacted on the market share as follows :(M=4.86, S.D=0.967), in terms of sales volume, the findings showed that (M=3.70, S.D=.763), New and improved product introduction stood at (M=4.16, S.D=.907), profitability was (M=3.69, S.D=.762) while improvement in employees skills was (M=4.81, S.D=.962). From the above findings, it is evident that competitive strategies adopted by oil companies significantly contributed to organizational performance.

4.3 Procurement Strategies adopted by Oil Companies in Kenya

The study sought to establish the procurement strategies adopted by oil companies in Kenya to gain competitive advantage.

4.3.1 Recruitment and Retention of Professionals

The researcher examined the extent to which recruitment and retention of professionals as a procurement strategy led to competitive advantage among oil companies in Kenya.

Table 4.7 Recruitment and Retention

Recruitment and Retention	N	Mean	S.D
Procurement professionals are qualified and competitive	31	3.41	1.502
Better working conditions	31	3.10	.986
The company offers attractive packages	31	3.51	.771
Attracting a large pool of applicant and recruiting the best	31	2.52	1.244
Rewarding employees who perform well	31	3.06	.978

Source: Fieldwork

From the findings in Table 4.7, the results showed that to ‘a moderate extent’ while asked about recruitment and retention. For instance when asked whether procurement professionals were qualified and competitive, it was found that (M=3.41, S.D=1.502), on better working conditions ((M=3.10, S.D=.968), about attractive packages to employees (M=3.51, S.D=.771). In regard to Attracting a large pool of applicant and recruiting the best (M=2.52, S.D=1.244) and (M=3.06, S.D=.978) in response to rewarding employees who perform well.

4.3.2 Aligning and Staffing the Supply Chain Organization

The study determined the extent to which the oil companies aligned their staff in the supply chain department as a strategy towards achieving competitive advantage.

Table 4.8 Staffing

Staffing	N	Mean	S.D
Embedding supply chain professionals in their respective business units	31	2.21	.602
Ensuring consensus between the top and lower level management	31	3.09	.706
Top leadership focuses more on long term strategies and decisions	31	3.41	.761

From the findings in the Table 4.8, the results indicated that staffing was to ‘a moderate extent’ a procurement strategy implemented by oil companies in Kenya as follows: (M=2.21, S.D=.602) in relation to embedding the supply chain professionals in their respective business units. When asked if the organization ensured consensus between the top and lower level management the results showed (M=3.09, S.D=.706) and (M=3.41, S.D=.761) in relation to leadership focus on long term strategies and decisions. This indicated that staffing was to ‘a moderate extent’ a procurement strategy implemented by oil companies in Kenya.

4.3.3 Procurement Processes and Controls

The respondents were asked to rate the level of application of strategic procurement processes and controls in the company in order to determine the extent to which this contributed to competitiveness in oil companies in Kenya.

Table 4.9 Processes and Controls

Processes and Controls	N	Mean	S.D
Simplified processes and controls	31	3.11	1.298
Formulated policies and procedures	31	3.19	.986
Modern and efficient technology	31	4.22	1.531
Proper management of supply chain functions	31	3.22	.740

From the findings in Table 4.9, it was found that simplified processes and controls had (M=3.11, S.D=1.298), similarly, in relation to formulating policies and procedures the results revealed (M=3.19, S.D=.986). When asked about the effect of modern technologies as a procurement strategy towards achieving competitiveness the results showed that (M=4.22, S.D=1.531). About proper management of supply chain functions, it had (M=3.22, S.D=.740). This was an indication that modern technologies for example information communication technology, played an integral role in enhancing the organizations procurements strategies.

4.3.4 Establishing Alliances with Key Suppliers

The respondents were requested to comment about the extent to which the oil companies establish alliances with key suppliers to ensure success of its procurement strategies.

Table 4.10 Alliances with Key Suppliers

Processes and Controls	N	Mean	S.D
The company practices supplier relationship management	31	2.98	5.89
Integrated Mode of communication	31	3.01	.765
Effective alliance management program	31	3.25	.781
Close alliances with key suppliers	31	3.12	.770
Continuous improvement goals and objectives	31	3.01	.632

The findings in Table 4.10, the study found that (M=2.98, S.D=5.89) in terms of the company practices supplier relationship management, (M=3.01, S.D=.765) for an integrated model of communication, (M=3.25, S.D=.781) for effective alliance management program, (M=3.12, S.D=.770) for close alliances with key suppliers and (M=3.01, S.D=.632) for continuous improvement goals and objectives. This was an indication that alliances with key suppliers contributed to a great extent towards achieving competitive advantage.

4.3.5 Engaging in Collaborative Strategic Sourcing

The study determined the extent to which the company engaged in collaborative strategic sourcing to as a procurement strategy to enhance its competitive abilities.

Table 4.11 Collaborative Strategic Outsourcing

Collaborative Strategic Outsourcing	N	Mean	S.D
Existence of internal customers who contribute in decision making process	31	4.01	1.198
Soliciting feedback and information regarding their objectives	31	3.01	.965
Streamlined processes and lowered total costs	31	3.12	.730
Increased responsiveness to customer's changing needs	31	4.01	1.211

From the above findings in Table 4.11, it was revealed that existence of internal customers who contribute in decision making process had (M=4.01, S.D=1.198), while soliciting feedback and information regarding their objectives attained (M=3.01, S.D=.965). On the other hand, streamlined processes and lowered total costs had (M=3.12, S.D=.730) and increased responsiveness to customer's changing needs attained (M=4.01, S.D=1.211). This was a clear indicator that collaborative strategic outsourcing contributed to a very extent in achieving competitiveness.

4.4 Challenges of Implementing Procurement Strategies

The study intended to find out the challenges that affect the implementation of procurement strategies in Oil Companies in Kenya. Below are the results of the findings in Table 4.12.

Table 4.12 Challenges of Implementing Procurement Strategies

Challenges of Implementing Procurement Strategies	N	Mean	S.D
Corruption procurement practices for instance bribery	31	4.25	1.198
Failure to invest in modern technologies	31	3.95	1.105
Poor methods of record keeping	31	3.20	.821
Lack of education and training programs	31	3.12	.730
Resistance to change	31	4.01	.932
Lack of a clear strategic plan on procurement strategy implementation	31	4.10	.976
Lack of management support and commitment	31	3.85	.881

From the above findings, it was observed that corruption and lack of a clear strategic plan on procurement strategy implementation at (M=4.25, S.D=1.198) and (M=4.10, S.D=4.10). The results further revealed that failure to invest in modern technologies was also a major problem (M=3.95, S.D=1.105). Resistance to change and lack of top management support also negatively impacted on supply chain performance at (M=4.01, S.D=9.32).and (M=3.85, S.D=.881). From the findings it can be concluded that corruption, lack of a strategic plan and poor technologies were the main impediments towards attaining competitiveness among oil companies in Kenya.

4.5 Discussion

From the findings it was revealed that most oil companies in Kenya adopt procurement strategies in order to cope with stiff competition in the oil industry in Kenya. Some of the most notable strategies that were adopted by most of the firms

were namely: recruiting and retaining professionals, aligning and staffing the supply chain organization, processes and controls, establishing alliances with key suppliers and engaging in collaborative strategic sourcing.

These findings are in line with Davidson, (2001) who argued that procurement strategies are techniques used by the firm to save cost, improve operational efficiency, access to trusted suppliers, and improve the quality of product or service in order to gain a competitive advantage against competitors. Conant et al., (1990) argued that the firm has to consider the needs of the firm and the core activity that the firm engages in when choosing procurement strategies. This can be achieved by strategically planning how procurement will be carried out over the period covered by the procurement plan.

It was found that corruption practices were rampant and most of the oil companies failed to adapt to modern technologies to mitigate the level of corruption as evident from the findings in table 4.12. Corruption was found to have a mean of 4.25 and a standard deviation of 1.198 while failure to invest in modern technologies was recorded at (M=3.95, S.D=1.105).

4.5.1 Comparison with Theory

The above findings are consistent with the game theory, for example, procurement strategies were found to have significant effects on the level of competitiveness of the organization. The results in table 4.6 exhibited the following results:(M=4.86, S.D=0.967), in terms of sales volume, the findings showed that (M=3.70, S.D=.763), new and improved product introduction stood at (M=4.16, S.D=.907), profitability

was (M=3.69, S.D=.762) while improvement in employees skills was (M=4.81, S.D=.962).

Firms adopt these strategies to counter challenges of competition in the market environment. In reference to game theory, it is part of a large body of theory providing a formal language to describe conscious, goal-oriented, decision making processes involving one or more players. The solution concepts derived from game-theory may be thought of as normative or descriptive views of multi-person decision-making (Martin 1978). Game theory is described as the analysis of rational behavior in situations involving interdependence of outcomes (Camerer 1991).

4.5.2 Comparison with Other Studies

From the above findings, it is clear to a large extent that procurement strategies enable oil companies to gain competitiveness in the market. This is coherent with the findings of Magnus & Blamburg (2006), current research shows that most firms that procure goods and services have shifted their focus towards procurement as a tool to achieve competitive edge against competitors in the market place. Procurement strategy is seen as a long-term solution in improving the performance of a firm in terms of cutting costs and increasing profits (Linthorst & Telgen, 2007).

Procurement function is transitioning from a clerical non-strategic unit to an effective socio-economic unit that is able to influence decisions and add value. Local studies by Masiko (2013) found that strategic procurement practices positively affect the procurement performance of commercial banks in Kenya.

Ongwae (2010) did an inquiry into creating and sustaining competitive strategies by Total Kenya Limited in a changing environment, the study revealed that the company uses market focus strategy by use of its Bon Voyage card to target and lock in customers and sharing of storage facilities to reduce operational costs.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objectives of this study were; to determine procurement strategies adopted by oil companies in Kenya to develop competitive advantage and to establish the challenges of implementing procurement strategies by oil companies in Kenya.

5.2 Summary of Findings

From the findings, the results indicated that most of the employees in oil companies were aged between 31-34 years at 48.39%, followed by 32.26% who were aged between 35-40 years; there was a tie between 9.68% of the respondents below 24 years and those who were aged between 45-50 years. With regard to the level of education, the results showed that most of the employees were degree holders at 48.4%, 8% of the respondents had attained post graduate level and only 25.81% of the respondents had certificates and diplomas.

It was further observed that 22.58% of the employees had served for less than 5 years while 48.39% of the respondents had served for 6-10 years. 25.81% of the respondents had served for 11-15 years and only 3.23% of the respondents had served in the company for 16 years and above. The results also found that at least more than 10 respondents of the 31 had served in the company for more than 7 years. About the organization ownership, private ownership was leading in the market share of oil companies in Kenya by at 81% while public ownership covered only 19% of the

market share. It was further revealed that most oil companies had been in operation for a period of more than 10 years.

The findings showed that the competitive strategies adopted by oil companies significantly contributed to organizational performance. For instance when asked whether procurement professionals were qualified and competitive, it was found that (M=3.41, S.D=1.502), on better working conditions ((M=3.10, S.D=.968), about attractive packages to employees (M=3.51, S.D=.771). In regard to Attracting a large pool of applicant and recruiting the best (M=2.52, S.D=1.244) and (M=3.06, S.D=.978) in response to rewarding employees who perform well.

Majority of the respondents explained that staffing was to 'a moderate extent' a procurement strategy implemented by oil companies in Kenya. Similarly, the results found that modern technologies, for example, information communication technology played an integral role in enhancing the organization's procurement strategies. With regard to the effect of strategic alliances in enhancing competitive ability, it was observed that alliance with key suppliers and collaborative strategic outsourcing contributed to a great extent towards achieving competitive advantage.

In respect to the challenges of Implementing Procurement Strategies, it was observed that corruption and lack of a clear strategic plan on procurement strategy implementation at (M=4.25, S.D=1.198) and (M=4.10, S.D=4.10). The results further revealed that failure to invest in modern technologies was also a major problem (M=3.95, S.D=1.105). Resistance to change and lack of top management support also

negatively impacted on supply chain performance at (M=4.01, S.D=9.32) and (M=3.85, S.D=.881) respectively.

5.3 Conclusion

The study concludes that most oil companies in Kenya adopted procurement strategies in order to cope with stiff competition in the oil industry in Kenya. Some of the most notable strategies that were adopted by most of the firms were namely: recruiting and retaining professionals, aligning and staffing the supply chain organization, processes and controls, establishing alliances with key suppliers and engaging in collaborative strategic sourcing.

The study also concluded that corruption, lack of a strategic plan and poor technologies were the main impediments towards attaining competitiveness among oil companies in Kenya.

5.4 Recommendations

The study recommends that oil companies should invest in modern technologies in to enhance integration, information sharing, improved decision making processes and procedures and form a link between the suppliers, service providers and the organization.

There is also the need to outsource competent professionals and experts to provide training and education on the best practices of implementing procurement strategies that meet local and international standards in order to compete globally with the best.

This will enable local oil firms cut costs and increase efficiency in their procurement processes and procedures. The study recommends that oil companies should put in place punitive measures to punish and prosecute the culprits who are caught engaging in corruption practices for example bribery to award tenders.

Finally, the study recommends that the government should carry out regular audits to ensure that oil companies comply with the regulations provided by the Public Procurement and Disposal Act of 2007. The study recommends public awareness campaign to increase the general public's understanding and demand for procurement reform, and the role of the PPOA in particular.

5.5 Limitations of the Study

The researcher also faced significant time and funding constraints which limited the scope of the study. It would have been more useful if the study involved all the oil companies in Kenya other than using a sample.

5.6 Suggestions for Further Research

The growth of businesses beyond borders prompts the need to research oil companies that have adopted the best procurement strategies globally. This research can be replicated on the local oil firms and other industries that practice procurement, transportation and logistics management and strategic inventory management.

This will provide more knowledge on the best procurement strategies, how to implement them as well as the measures to overcome the challenges encountered

when implementing these strategies in order to propel the Kenyan oil firms to succeed in the global economy.

A comparative study can be carried out to establish procurement strategies adopted by firms in other industries other than the energy sector and the benefits derived from these strategies. This will assist in comparing the level of supply chain performance with other firms and thus concrete facts and reliable conclusions can henceforth be drawn.

Further research can be done to establish the procurement best practices that highly influence competitive advantage in Kenya or East Africa region and the challenges faced by oil firms in implementation of these practices in order to enlighten the Kenya oil firms to improve their ways of doing things by ensuring that attain a competitive edge locally with prospects of doing well globally.

Future researcher should carry out further research in oil companies in the East Africa region that are similar in terms of size and areas of intervention. Findings can then be drawn to determine if there are areas of commonalities or unique factors.

5.7 Implication of Policy, Theory and Practice

These findings will play a significant role in policy formulation by the Public Procurement Oversight Authority, since they will be in a position to better understand the importance of adopting procurement strategies by oil companies in Kenya and the challenges that oil companies are more likely to face in implementing these strategies. More importantly, the public procurement oversight authority will provide an

enabling environment for oil companies to compete fairly. This will ensure compliance with the Public Procurement and Disposal Act and enhance the capacity of stakeholders in the public procurement process in order to increase the general public's understanding and demand for procurement reform, and the role of the PPOA in particular.

Since most of the oil companies have adapted procurement strategies, they can use the findings of these study to understand the benefits of procurement strategies and the challenges of its implementation in order to develop competitive strategies to deal with these challenges in order to improve their competitiveness against their competitors and ultimately lead to organizational performance.

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APPENDIX I: GAPS

Author	Title	Conclusion	Outcome of the Study	Gaps focus of the Study
Oguta, O. (2012)	Competitive strategies adopted by pharmaceutical distributors in Nairobi	The study recommends that pharmaceutical distributors should be flexible enough to pay close attention to buyers` distinctive preferences. They should take on the challenge of differentiating their products and also carry out heavy sensitization of the public on the risks and possible existence of counterfeit drugs that are made to look alike in the market.	The study established that pharmaceutical distributors only use both differentiation strategies and cost leadership strategies to a little extent in a bid to remain competitive in the market. The cost leadership strategy options employed to a great extent in response to changes in the market were new service features in response to demand and use of knowledge from past experience	This study focused on a different industry and thus did not address on procurement strategies adopted by oil companies in Kenya And the challenges they face
Ongwae, S. (2010)	Creating and sustaining competitive strategies by Total Kenya Limited in a changing environment	The researcher recommends further studies to be done on the extent or impact of strategic responses by TKL on existing strategies so to determine the most cost effective responses that will not ultimately increase the cost of doing business or those that will not necessarily affect the way the company sustains its existing competitive strategies.	The findings of the study revealed that the company creates its competitive strategies relevant to respective sections by involving the staff working in those sections and their seniors. First, the main objectives as captured in the vision and mission statement is cascaded downwards from	This study was too narrow and did not address the problem of the current study which is procurement strategies adopted by oil companies in Kenya and the challenges they face

			the departments then to the various sections.	
Masiko, M. (2013)	Strategic Procurement practices And Procurement Performance Among Commercial Banks In Kenya	Further research was recommended to cover other strategic procurement attributes hence improving the significance of the whole model.	The key findings of the study indicated that only nineteen percent (19%) of the variation in procurement performance were explainable by the six procurement practices. Despite this low significance in the relationship between the variables, we recommended that the existing procurement practices be revised and strengthened to further improve bank procurement performance	The study by Masiko focused on the finance sector and thus does not address the problem of the current study about procurement strategies adopted by oil companies in Kenya

APPENDIX II: QUESTIONNAIRE

This Research is conducted with the authorization of the University of Nairobi, Faculty of commerce and School of Business. (Please tick responses as appropriate. where necessary tick as many items as you find relevant.)

Section A(i): Demographic information of the Respondents

1. Name of the respondents (optional).....
2. Age: 18 – 25 26– 35 36 – 45 46 – 50 51 and above
3. What department do you work in?
4. Your current title or Position.....
5. How many years have you worked in your current position?
6. How many years have you worked for the company?
.....

Section A(ii) Demographic information for the Company

- 1) Name of the organization (optional).....
- 2) The ownership of the company
Private Public
- 3) The age of the company
0 – 5 6– 10 11 – 15 16 – 20 above 20
- 4) Number of employees
2– 35 36 – 69 70 – 103 above 103
- 5) The oil business is quite competitive. What would you consider as your company's strategies for competing effectively in the market?
.....
.....
.....

6) To what extent do the competitive strategies employed by your oil company enhance the following at the company? Please rate in a scale of 1-5 by placing a check mark in the appropriate box where (1= to no extent; 2= to a little extent; 3= to a moderate extent; 4= to a great extent; 5= to a very large extent)

		1	2	3	4	5
1	Market Share					
2	Sales Volume					
3	New and improved product introduction					
4	Profitability					
5	Improvement in employee skills					

SECTION B: COMPETITIVE STRATEGIES

RECRUIT AND RETAIN PROFESSIONALS

1) To what extent does your company recruit and retain professionals in a bid to remain competitive in the market. Please place a check mark in the appropriate box in a scale of 1-5 where (1= to no extent; 2= to a little extent; 3= to a moderate extent; 4= to a great extent; 5= to a very large extent)

		1	2	3	4	5
1	Procurement professionals are qualified and competitive					
2	Better working conditions					
3	The company offers attractive packages					
4	Attracting a large pool of applicant and recruiting the best					
5	Rewarding employees who perform well					

ALIGNING AND STAFFING THE SUPPLY CHAIN ORGANIZATION

2) To what extent does your company align and staff the supply chain department (team). Please place a check mark in the appropriate box in a scale of 1-5 where (1= to no extent; 2= to a little extent; 3= to a moderate extent; 4= to a great extent; 5= to a very large extent

		1	2	3	4	5
1	Embedding supply chain professionals in their respective business units					
2	Ensuring consensus between the top and lower level management					
3	Top leadership focuses more on long term strategies and decisions					

PROCUREMENT PROCESSES AND CONTROLS

3) Rate the level of application of strategic procurement processes and controls in your company. Please place a check mark in the appropriate box in a scale of 1-5 where (1= to no extent; 2= to a little extent; 3= to a moderate extent; 4= to a great extent; 5= to a very large extent

		1	2	3	4	5
1	Simplified processes and controls					
2	Formulated policies and procedures					
3	Modern and efficient technology					
4	Proper management of supply chain functions					

ESTABLISHING ALLIANCES WITH KEY SUPPLIERS

4) To what extent does your company establish alliances with key suppliers to ensure success of its procurement strategies? Please rate in a scale of 1-5 by placing a check mark in the appropriate box where (1= to no extent; 2= to a little extent; 3= to a moderate extent; 4= to a great extent; 5= to a very large extent)

		1	2	3	4	5
1	The company practices supplier relationship management					
2	Integrated Mode of communication					
3	Effective alliance management program					
4	Close alliances with key suppliers					
5	Continuous improvement goals and objectives					

ENGAGING IN COLLABORATIVE STRATEGIC SOURCING

5) To what extent does you organization engage in collaborative strategic sourcing. Please rate in a scale of 1-5 by placing a check mark in the appropriate box where (1= to no extent; 2= to a little extent; 3= to a moderate extent; 4= to a great extent; 5= to a very large extent)

		1	2	3	4	5
1	Existence of internal customers who contribute in decision making process					
2	Soliciting feedback and information regarding their objectives					
3	Ensures availability of suppliers					
4	Streamlined processes and lowered total costs					
5	Increased responsiveness to customer’s changing needs					

SECTION C: CHALLENGES OF IMPLEMENTING PROCUREMENT STRATEGIES

Rate to what extent the following challenges affects the implementation of procurement strategies in oil in Oil Companies in Kenya.

		1	2	3	4	5
1	Corruption procurement practices for instance bribery					
2	Failure to invest in modern technologies					
3	Poor methods of record keeping					
4	Lack of education and training programs					
5	Resistance to change					
6	Lack of a clear strategic plan on procurement strategy implementation					
7	Lack of management support and commitment					

APPENDIX III: LIST OF OIL COMPANIES IN KENYA

Source :(Pipecor, 2013)

1	LIBYAOIL	26	OILCITY
2	KENKOB	27	RIVAPET
3	VIVO ENERGY	28	INTOIL
4	TOTAL	29	NAFTON
5	NOCK	30	KAMKIS
6	ENGEN	31	MULOIL
7	GAPCO	32	TROJAN
8	PETRO	33	ROYAL ENERGY
9	ALBA	34	JADE
10	HASHI ENERGY	35	CITYOIL
11	MOIL	36	PREMIUM
12	TOWBA	37	BANODA
13	ESSAR	38	REGNOL
14	EMPEX	39	KEROKA
15	HASS	40	PRIME REGIONAL
16	GALANA	41	RANWAY
17	ORYXENERGIES	42	AFRIOIL
18	FOSSIL	43	FAST ENERGY
19	OILCOM	44	E.A GASOIL
20	GLOBAL	45	TOSHA
21	MGS	46	OILPOINT
22	BAKRI	47	AXON
23	GULF ENERGY	48	ULTRA PETROL
24	ECO OIL	49	OLYMPIC
25	AL-LEYL	50	AINUSHAMI

51	FINEJET	62	OCEAN ENERGY
52	TOPAZ	63	EMKAY INT
53	JAGUAR	64	AL-AMANA
54	CAPE SUPPLIERS	65	KOSMOIL
55	ONE PETROL	66	SOVEREIGN
56	FUTURES	67	PETROSUN
57	KENCOR	68	SOCIETE PETROL
58	TIBA	69	PRIME GAS
59	RAMJI	70	CENTRE STAR
60	ILADE	71	EPPIC
61	STABEX INT	72	ELIORA

APPENDIX IV: LETTER OF INTRODUCTION



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Nairobi, Kenya

DATE...14/09/2014.....

TO WHOM IT MAY CONCERN

The bearer of this letter ... Angela Wangui Kamuri
Registration No... DB1/65263/2013

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.


PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

