

**CHALLENGES OF PROCUREMENT STRATEGY
IMPLEMENTATION AMONG ROAD AGENCIES IN KENYA**

BY

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DECLARATION

This Research Project is my original work and has not been presented for a degree in any other University.

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DEDICATION

This work is dedicated to my dear father who sacrificed and supported me throughout my life and encouraged me to achieve the highest goals in my education. It is due to the academic foundation laid from these sacrifices that I have made it this far.

To my children who supported, motivated and gave me the understanding and peace of mind to complete my studies.

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I want to thank God for the gift and ability he has given me to pursue education upto this level. He has provided all the resources and given me good health during this journey and I thank him for this.

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ABBREVIATIONS AND ACRONYMS

KeNHA Kenya National Highways Authority

KeRRA Kenya Rural Roads Authority

KURA Kenya Urban Roads Authority

KWS Kenya Wildlife Service

RBV Resource Based View

ABSTRACT

Procurement has developed over the years and is now considered a strategic function within many organizations. In Kenya specifically, public procurement has undergone major transformation and is now governed using a legal framework. Agencies in the roads industry being public entities are subjected to public procurement. Budgetary allocations in the roads industry in Kenya takes a huge portion of the overall budget hence it is prudent that the funds are utilized well in order to achieve economic sense. Procurement in the roads industry is thus strategic based on the resources allocated and implementation of procurement strategy is of concern to all stakeholders. The resource based view is an economic tool used to determine the strategic resources available to the firm. It explains the ability of the firm to deliver sustainable competitive advantage when resources are managed well. The objective of the study was to establish challenges faced by the road agencies in Kenya during implementation of their procurement strategies and ways of mitigating these challenges. The study was a cross sectional survey. Primary data was collected using questionnaires administered to the management of the four road agencies. The study concluded that procurement strategy implementation in the road agencies is challenging. Poor leadership, lack of adequate resources frequent management changes and lack of strategy communication contributed to the challenges. External influence by business contractors and politicians was the greatest challenge and further the unclear link between overall strategy and procurement planning contributed to the challenges. The study concluded that there is need for procurement strategies to keep up with the turbulent environment and better use of the resources through training and awareness of the legal framework, robust policies and procedures and involvement of all staff in outlining the procurement strategies. The road agencies need to ensure robust operational systems are put in place, they need to review organizational systems, procedures and policies. The human resource manuals will need to have a clear focus on ensuring deployment of competent individuals in strategy monitoring, evaluation and control. There is need for development of standard operating procedures in the road agencies to mitigate external influence. The road agencies need to enhance enrolment in professional certification by their staff to ensure professionalism. Individual departments further need to develop their own procurement plans to enhance ownership of procurement strategy. From the findings, incorporating procurement planning into the overall corporate strategic planning, better politicians/stakeholders expectation management, setting clear procurement strategies, supportive agency leadership and clear documented policies and procedure were instituted strategies helping cope with the challenges to procurement strategy implementation in these road agencies to a large extent. These assertions build onto the theory of resource based view or theory of a firm that explains the ability of the firm to deliver sustainable competitive advantage is dependent on how internal resources are managed in such a way that competitors cannot imitate the final product.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Procurement has in the recent past developed from being a normal day to day buying process to a function that is strategically monitored due to its ability to contribute to the organization's profit and competitive advantage. Procurement strategies set out a clear framework for organizations to achieve desirable procurement outcomes that have a supportive role in enabling other departments in an organization achieve their set goals. Porter (1985) in his discussion of competitive advantage while defining the concept of the value chain confirmed that the manner in which value chain activities are carried out determines costs and affects profits. According to Yabs (2010) strategy implementation begins with long term plans and breaking them down to small workable annual or short term plans. Strategic management is the set of managerial decisions and actions that determines the long-term performance of an organization Wheelen and Hunger, (2008). Procurement strategies are therefore instrumental to an organization's success and enable management of costs while embracing principles of best value for overall organizational performance.

The resource based view or theory of a firm explains the ability of the firm to deliver sustainable competitive advantage when resources are managed in such a way that competitors cannot imitate the final product. This therefore creates a competitive barrier. According to Powell (2001), business strategy is the tool that manipulates the resources held by the firm and creates competitive advantage, hence viable business strategy may not be adequate unless the firm possesses control over unique resources, and it has the ability to create such unique advantage. The operational and

effectiveness competitive strategy attempts to perform internal business activities better than competitors by lowering the time it takes to get products to the market. The cost leadership strategy attempts to offer products or services at the lowest cost in the industry while still earning profits for the organization.

The road agencies in Kenya include the Kenya National Highways Authority, Kenya Urban Roads Authority, Kenya Rural Roads Authority and the Kenya Wildlife Services. These are State Corporations under the Ministry of Transport and Infrastructure, whose legal mandates are derived from the Kenya Roads Act, 2007. Kenya National Highways Authority and Kenya Rural Roads Authority are responsible for the management, development, rehabilitation and maintenance of national and rural roads respectively while Kenya Urban Roads Authority is responsible for those public roads in the cities and municipalities. Kenya Wildlife Service deals with the roads within the national parks. The Ministry of Transport and Infrastructure provides coordination, oversight and liaison with other state agencies for smooth functioning of the road sector in Kenya. The road agencies are largely funded by the Kenya Roads Board and international donor agencies like the World Bank and African Development Bank among others.

1.1.1 Procurement Strategy

Procurement can be defined as the acquisition of goods, works and services from an external source. As resources are scarce there is need to adopt strategies that will ensure procurement meet users demands while maintaining the required quality, quantity, time and cost. Organizations are spending a large portion of their budgets on goods, works and services and this involves procurement and consumption of

resources. Procurement strategies today play an important role in organizations' success more than ever before and have become an integral part of the organizational strategic plan. Technology has developed giving opportunity to more efficient and effective procurement. Cost drivers form an important aspect of businesses and it is important for organizations to identify and critically review these cost drivers with the aim of controlling and managing them through relevant strategies.

Competitive strategy is concerned with how businesses can achieve competitive advantage in its market. Michael Porter's idea of competitive strategy of the value chain is based on the process view of the organization. It sees the organization as a system made up of subsystems each with inputs, transformation processes and outputs. Inbound logistics, operations, outbound logistics, marketing, sales and service were categorized as primary activities, while human resource, finance, procurement, technology and firms infrastructure are categorized as secondary activities. These activities carried out throughout the chain add value and cost to the inputs and also determine the final product costs and organization's profits. It is therefore prudent to monitor and manage the value addition at each stage in order to maximize profits. Procurement process in organizations despite being secondary is critical to the functioning of all other units hence an enabler to the overall performance of the organization.

The resource based view as a competitive strategy aims at delivering sustainable competitive advantage with the organization's resources by manufacturing outputs which are not easily imitated by competitors. The fundamental principle of the resource based view is that the basis for a competitive advantage of a firm lies

primarily in the application of the bundle of valuable resources at the firm's disposal Wernerfelt, (1984). The firm is seen to hold some key resources which should be valuable, rare, inimitable and non-substitutable. Resources are inputs that are available to the organization to carry out its activities and it is therefore important for organizations to have capability to convert these resources into output that creates sustainable competitive advantage. This is especially so due to the fact that resources may be depleted at some point of time.

Cost leadership seeks to achieve lower prices than competitors while maintaining similar products and benefits. The organization needs to focus on a market that is unattractive to competitors and this strategy needs to be pursued on a low-cost base. The challenge is therefore to reduce costs in ways which competitors cannot match. The operational effectiveness strategy looks at internal business processes and seeks ways to improve efficiency of the organization. It looks at the people, resources and processes and attempts to eliminate non value adding activities. This leads to reduced lead times and lower costs of output.

1.1.2 Challenges of Procurement Strategy Implementation

Strategy implementation is an important step in strategic management and it involves putting into action what was principally agreed on paper. Strategy formulation and strategy implementation should thus be considered as two sides of the same coin Wheelen and Hunger, (2008). According to Thompson and Strickland (2007) strategy implementation is as integral component of the strategic management process as it is viewed as the process that turns the formulated strategy into a series of action and results to ensure that the strategic objectives of the organization are achieved. Therefore for a strategic objective to be successfully implemented it must be made

action oriented Wheelen and Hunger, (2008). A strategy is never complete until it gains a commitment of the organization's resources and becomes embodied into organizational activities Thompson and Strickland, (2007). Pearce and Robinson (2011) argue that to effectively direct and control the use of firms resources, mechanisms such as organizational structure, information systems, leadership styles, assignment of key managers, budgeting, rewards and control systems are essential strategy implementation ingredients.

In developed or developing countries, procurement and specifically public procurement faces a number of challenges due to the economic, social and political environment. Public procurement often constitutes the largest domestic market in developing countries and can thus contribute to the economic development of these countries Wittig, (2002). In Kenya, it is estimated that the government spends approximately 17% of its GDP on public procurement World Bank, (2010). Public procurement has been used as an important tool for achieving economic and social objectives. Public procurement however has been perceived as an area of corruption, waste, high level of inefficiency, incompetence and high risk. There is a lot of scrutiny from taxpayers and stakeholders. Due to globalization, public procurement faces challenges of complying with the government regulations without violating the trade agreements. Rapid changes in technology have also led to new procurement methods worldwide. However even though it is the government's aim to develop indigenous contractors and suppliers many of them may not have access to the latest technology. The government therefore needs to strike a balance between efficiency and promotion of local expertise.

Procurement policies aim at achieving economic goals, green procurement and social goals. Public procurement practitioners find it difficult to make tradeoffs among these goals. Although the provision of basic public services has been a core state function, during the last decades in order to improve quality and costs of the final output, governments have been increasingly moving towards various options like outsourcing, performance based contracting and public private partnerships. Developing countries in need of assistance from developed countries are at times forced to balance several competing interests in implementing their procurement strategies. There may be conditions imposed in the financing agreements from donor institutions necessitating certain procedures, which in the public eye may not satisfy the conditions of efficiency in procurement strategy. Implementation of procurement strategies especially in the public sector may be influenced by interactions between various organizations, the government, the legal framework, professionalism and budgetary resources.

In the recent past procurement has become an integral part of corporate performance. Organizational aspects affect the implementation of procurement strategies. Cross functioning and collaboration with other departments within the organization is key. Skill development recruitment and retention of procurement skills also make their contribution in strategy implementation. Soft skills, project management and working in different cultures are becoming increasingly important due to globalization and international sourcing. In global sourcing, there may be need to extend the process to allow for screening of suppliers. If this is not accommodated in the procurement strategies then the global sourcing may fail.

1.1.3 Road Agencies in Kenya

The road agencies in Kenya include the Kenya National Highways Authority, Kenya Urban Roads Authority, Kenya Rural Roads Authority and the Kenya Wildlife Services. These are State Corporations under the Ministry of Transport and Infrastructure, whose legal mandates are derived from the Kenya Roads Act, 2007.

The Kenya National Highways Authority (KeNHA) is the state agency, responsible for the management, development, rehabilitation and maintenance of international trunk roads linking centers of international importance and crossing international boundaries or terminating at international ports (Class A road), national trunk roads linking nationally important centers (Class B roads), and roads linking provincially important centers to each other or two higher-class roads (Class C roads).

Kenya Rural Roads Authority (KeRRA) is a state agency whose mandate is to offer guidance in the construction, maintenance and management of the rural road network in the country. KeRRA is responsible for the management, development, rehabilitation and maintenance of rural roads (D, E & Others). Its role is to construct, upgrade, rehabilitate and maintain rural roads and control reserves for rural roads and access to road-side developments. It also implements road policies in relation to rural roads. The Kenya Urban Roads Authority (KURA) is a state agency responsible for the development, maintenance, rehabilitation and management of urban roads in Kenya. KURA manages and maintains all road works on urban roads in cities and major municipalities. KURA's functions include constructing, upgrading, rehabilitating and maintaining roads under its control, controlling urban road reserves and access to roadside developments, implementing roads policies in relation to urban

roads, ensuring adherence by motorists to the rules and guidelines on axle load control prescribed under the Traffic Act and under any regulations under this Act. The Kenya Wildlife Service (KWS) is responsible for roads in National Parks and National Reserves as well as access roads allocated to it by the Ministry of Transport and Infrastructure. KWS just like the three Roads Authorities report to the Ministry of Transport and Infrastructure on road development projects within the National Parks.

Ministry of Transport and Infrastructure provides the coordination, oversight, supervision, liaison with other state agencies and services necessary for the smooth functioning of the road sub-sector. The Kenya Roads Board (KRB) allocates funds to road agencies for the maintenance, rehabilitation and development of the categories of roads in respect of which they are designated. The Kenya Roads Board was created in 1999 by an Act of Parliament to oversee the Road Maintenance Levy Funds. The main objective of KRB is to oversee the road network in Kenya, coordinate its development, rehabilitation and maintenance and to be the principal adviser to the Government on all matters related thereto. The Kenya Roads Board is supposed to recommend to the government appropriate levels of road user charges, fines, penalties, levies or any sums required to be collected under the Road Maintenance Levy Fund and be paid into the Kenya Roads Board Fund, and recommend periodic reviews of the fuel levy as are necessary. The road agencies also receive funding from donor agencies like the World Bank, Exim Bank, African Development Bank and other governments for road construction. These donors provide the basic guidelines and procedures on how the funds are to be utilized.

Over 93% of cargo and passenger transport in Kenya is carried through roads. Kenya's strategic plan is anchored in the Vision 2030 which aims at making Kenya a newly industrialized country by providing high quality life for all its citizens. It aspires for a country firmly interconnected through a network of roads, railways, ports, airports, water and sanitation facilities and telecommunication. The road subsector holds potential for efficient and effective investment which contributes to the Kenya Vision 2030 goals that are anchored on economic, social and political pillars.

1.2 Research Problem

Purchasing is a link in the supply or value chain. Procurement is thus a wider term than purchasing and is the process of obtaining goods or services in any way including borrowing, leasing and even force or pillage, Lysons and Farrington (2006). Procuring for a good or service therefore starts at receiving requisition, soliciting for quotations, negotiating with suppliers, placing an order, receiving supplies and finally making payment for the good or service earlier delivered. Strategic purchasing or procurement is the linking of purchases to corporate or business strategies, Carr and Smeltzer (1999). Kraljic (1983) states that a company's need for a supply (procurement) strategy depends on the strategic importance of purchasing in terms of the value added by the product line and the percentage of materials in total costs, the complexity of the supply market gauged by supply scarcity. The organizational challenge to establishing and implementing a procurement strategy is therefore dependent on management support and turbulent markets exposed to globalization.

The road agencies procurement plans are developed by the management and approved by the Board of Directors. The plans take into consideration all the goods, works and services that need to be procured in order for the agencies to meet their overall strategic objectives. The internal policies, procedures and specific strategies are developed by the respective agencies and they borrow heavily from the Public Procurement and Disposal Act, 2005, its attendant regulations and the donor procurement guidelines. Procurement in the road agencies typically deals with large projects which are known to present challenges because of their intrinsic complexity, uncertainty, dynamics and implementation period.

Studies on procurement strategy implementation have been done to try and see the effects of proper implementation. From the global perspective, Wong & Fung (1999) in a study of construction industry in Hong Kong examined the role of strategy and structure in managing client-supplier-contractor and subcontractor relationships and their effect on quality management. They established that integrated quality management activities of the members of the supply chain are salient in quality assurance of construction projects. Murray (2009) in his research on public procurement strategy for accelerating the economic recovery found that the English local government procurement strategy generally remains unaltered from that adopted prior to the economic recession. He argued that current best practice may well hinder an economic recovery and a short term shift in procurement strategy is required.

Alkilani and Jupp (2012) in their research of the Jordanian construction industry concluded that lack of sustainable performance measures, benchmarking processes and ineffective procurement systems combined with poor regulatory framework that

discourage best practices were among the major barriers to achieving sustainable procurement. Chang, Tsai and Hsu (2013) in their research on e-procurement and supply chain performance concluded that partner relationships, information sharing, and supply chain integration can represent the processes through which e-procurement contributes to supply chain performance. Supply chain integration has the highest standardized total effect on supply chain performance.

On the local front, Gitonga (2005) explored the extent to which benchmarking has been used as a tool in construction industry and found that the concept had not been appreciated. Wamakau (2010) carried out research on how effective Nestle Kenya limited has been in leveraging competitive strategy to counter competition and found that for a firm to position itself strategically, organizational, individual and environmental factors affecting the firm need to be identified and monitored. Luseno (2010) researched on challenges in implementing diversification strategy at Radio Africa Limited and concluded that implementation of the strategy can only be fruitful if the environment under which the organization is operating within is enabling. Makori (2011) evaluated the role of supply chain relationships in the success of government funded construction projects in Nairobi County and found that supplier relationship strategy is critical in implementation of projects.

In spite of the attention given to strategy implementation in the foregoing studies, road agencies in Kenya continue to experience problems in implementing their procurement strategies. The studies have not focused on the challenges faced by road agencies in the implementation of their procurement strategies and neither have they focused on possible ways of overcoming these challenges. This study therefore sought

to answer the following questions: what are the challenges faced by road agencies in Kenya during implementation of their procurement strategies? How do the road agencies in Kenya cope with these challenges in order to deliver on their mandates?

1.3 Research Objectives

The general objective objectives of the study was to establish challenges faced by the road agencies in Kenya during the implementation of their procurement strategies and specifically in addition to the above, the study aims to establish ways of mitigating or overcoming these challenges.

1.3.1 Specific Objectives of the Study

- i) To determine the challenges faced by road agencies during implementation of their procurement strategies.
- ii) To establish ways of mitigating or overcoming these challenges

1.4 Value of the Study

The study will be of importance to the management of the road agencies as it will highlight the challenges faced in implementing procurement strategy. It will assist managers to review their internal processes with regards to procurement as they endeavor to achieve the overall corporate objectives. Future strategies can then be drawn taking into cognizance the current challenges. The study is of importance to other public sector institutions whose interests lie on improved efficient and effective service delivery as the challenges faced may be similar.

The Government of Kenya as the main stakeholder in the roads sub-sector, when sponsoring development through grants and loans will benefit from the study as it can value or quantify potential challenges when negotiating for such agreements. The study will also help institutions in formulating procurement policies and regulations with a view to minimizing challenges. The study results will therefore shape policy and create favorable conditions to allow procurement in roads agencies occur unhindered as an integral part of achieving national development.

The study will provide valuable information to the existing theory of the resource based view. It will also add to the existing body of knowledge with regards to strategy implementation with focus on procurement strategies and may form a point of reference for future academicians' inquests. This study will bring forth information on how the coping strategies adopted by roads agencies add value to the procurement strategies and the total sum of the performance of the roads agencies in the country.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the contextual and theoretical literature related to the study. It presents a discussion of the information from other researchers who carried out research in a similar field of study. It will also bring out the correlation of the general organization strategies, their import on procurement strategies and the overall performance of the organization.

2.2 Theoretical Foundation

Resource Based View theory is all about the managing the resources well. If a company can improvise, utilize, manage and hold their important resources, they can survive and be a good competitor in the domestic or international market. The major concern in Resource Based View is focused on the ability of the firm to maintain a combination of resources that cannot be possessed or built up in a similar manner by competitors. Until late 1980's, the resource based view was characterized by rather fragmented process of development. The resource based view of the firm can be tracked back to earlier research. Elements can be found in works by Coase (1937), Selznick (1957), Penrose (1959), Stigler (1961), Chandler (1962, 1977), and Williamson (1975), where emphasis is put on the importance of resources and its implications for firm performance.

The earliest acknowledgement of the potential importance of firm-specific resources is to be found in the work of economists. The resource based view strategy emphasizes economic rent creation through distinctive capabilities. Rather than market structures, these economists proposed that unique resources of a firm are important in giving rise to imperfect competition and attainment of super-normal profits. Chandler (1990) identified that some key capabilities of firms included technical know-how, reputation, brand awareness and the ability of managers to work together. Ansoff (1965) was the first to analyze from this perspective and therefore audited the resources of the organization. Porter (1980) built on the structure-conduct-performance paradigm of industrial-organization economics.

The essence of the model is that the structure of an industry determines the state of competition within that industry and sets the context for companies' strategy. Porter's five forces determine the average profitability of the industry and have a strong impact on the individual corporate strategy. Penrose (1959) distinguishes resources from services arguing that it is never resources alone that are inputs into the production process but rather it is the services that the resources can render. Building on resource based view; Hoopes, Madsen and Walker (2003) suggest a more expansive discussion of sustained differences among firms and developed a broad theory of competitive heterogeneity.

Tangible assets refer to the fixed and current assets of the organization that have a fixed long run capacity (Wernerfelt 1989). Examples include plant, equipment, land, capital goods and bank deposits. Tangible assets have the properties of ownership and their value is relatively easy to measure (Hall 1989). The other defining characteristic

of tangible assets is that they are transparent (Grant 1991) and relatively weak at resisting duplication efforts by competitors. Intangible assets include intellectual property such as trademarks and patents as well as brand and company reputation, company networks and databases (Hall 1992; Williams 1992). The presence of intangible assets account for the significant differences that are observed between the balance sheet valuation and stock market valuation of publicly quoted companies (Grant 1991).

The RBV uses the firm's internal characteristics to explain the firm's heterogeneity in strategy and performance. A firm is an organized, unique set of factors known as resources and capabilities, and the RBV theory cites two related sources of advantage: resources and capabilities. Few resources are productive on their own (Grant, 1991). For efficiency in firm activities, the coordination of simple resources that combine to create more complex skills is required (Black and Boal, 1994). The creation of capabilities requires the perfection of complex coordination patterns together with resource development to carry out activities efficiently.

Capabilities do not depend only on firm resources: they are more than resource sets, more than a function of prior resource deployment. Capabilities govern how resources are transformed into products through firm specific organizational norms and routines; through the development, management and interchange of information and knowledge via human capital (Amit and Schoemaker, 1993; Grant, 1991) and through the creation of an organizational culture that supports the firm's global activities and derives from a collective learning process (Leonard-Barton, 1992).

2.3 Previous and Empirical Studies

The resource based view gives critical and fundamental insights into why firms with valuable, rare, inimitable and well organized resources may enjoy superior performance Barney, (1993). The resource based view of the firm builds itself around the internal competences of the firm. The firm uses its resources to obtain competitive advantage. It is a resource that is scarce, with few substitutes, inimitable and enables organizations to exploit opportunities and provides sustained competitive advantage to firms Barney, (1991) and Russo and Fouts, (1997). Explicit barriers introduced either by a firm's internal strategy or by government's intervention may facilitate rareness and inimitability of resources. By nurturing internal competencies and applying them to an appropriate external environment, firms can develop viable strategies to "exploit opportunities or neutralize threats in the firm's environment" Barney, (1986) and Russo and Fouts, (1997).

Barney (1991) says that a firm's resources include all assets, capabilities, organizational processes, information and knowledge controlled by a firm that enables the firm to conceive and implement strategies that improve its efficiency and effectiveness (Barney, 1991). Barney's framework proved a solid foundation for others to build on, which was provided with a stronger theoretical background by Conner (1991), Mahoney and Pandian (1992), Conner and Prahalad (1996) and Makadok (2001) who positioned the resource based view with regards to various other research fields.

Other studies include MBA graduates who studied strategy management and their implementation in enhancing organizational performance. In her study of leveraging competitive strategy to counter competition in Nestle, Wamakau (2010) found that creating and nurturing strong brands is an effective form of countering competition in the food and beverage industry. She recommended that for any firm to position itself strategically, organizational, individual and environmental factors affecting the firm need to be identified and controlled since sustainable competitive advantage relies on how the firm utilizes its resources in the long run.

Makori (2011) in his study focused on the role of supply chain relationships in the success of government funded construction projects in the Nairobi County. He found that historical relationships albeit adversarial, arm's length and transactional relationships largely dominated the government funded construction projects. It came out clear that close and long term relationships hasten project success. He concluded that project managers and sponsors should invest in closer relationships with suppliers and contractors through strategies like supplier development to nature long term relationships to improve project performance.

Luseno (2010) in her study of challenges in implementing diversification strategy at Radio Africa Ltd concluded that diversification can only be fruitful if the environment under which the organization is operating within is enabling. The study also concluded that synergy within various business lines creates value within the group and saves costs. This is essentially the input procurement strategy and planning brings to organization. It collects and collates the resource requirement from user units and forecasts them against available funding and the general strategic direction of the

firm. These studies therefore allude to the fact that as a secondary activity in the firm, procurement plays a very critical role in enabling the firm to achieve its primary activities and at the same time checking on its competition so as deliver value for its stakeholders.

2.4 Concepts of Procurement Strategy

Procurement strategies just like the general organizational strategies are dependent on various players in the organization for successful implementation. Thompson, Strickland and Gamble (2007) argues that concept of strategy defines various approaches that top corporate managers use to be able to achieve a better performance of the set of business which the organization has diversified to. Ansoff and McDonnell (1990) define strategic management as a process through which a firm manages its relationship with the environment in which it operates. Porter (1996), explains that many firms operate within an environment where they are expected to meet various stakeholders' expectations hence need to formulate strategies that would help them meet this need.

Mintzberg (1994) defines strategy as a plan, a ploy, a pattern, a perspective and a position. Strategy as a plan since strategy defines the means through which organization moves from one state to another, usually from bad to good state. A pattern since it is concerned with repetitive actions over a period of time, a perspective since it provides a clear vision and a sense of direction where the organization is heading; a ploy to decoy the competitors in the industry and a position which means that organizations are willing to offer particular products and services to new markets other than existing markets. Procurement therefore in combining

resource requirements of each unit in the firm offers great balance to the competing units in the firm and offers the firm the springboard that allows it compete with other players in the industry.

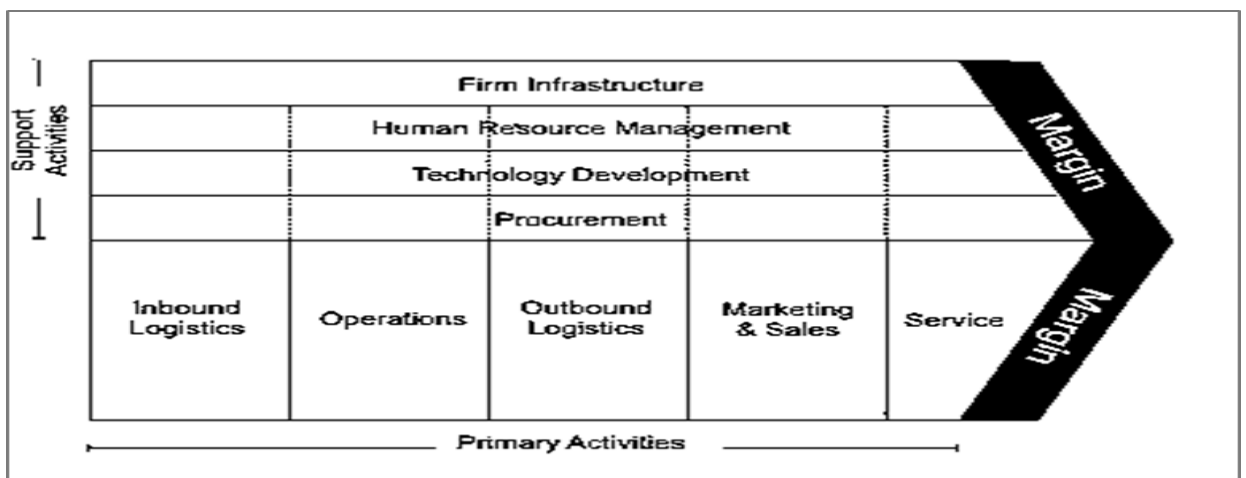
Procurement strategies in particular take into cognizance the overall organizational goals and targets, the estimate of the resources and the departments or units that will be responsible in sourcing or utilizing the resources. The resources required and time devoted by each department or unit is then assigned a commercial value so as to bring the entire cost of attaining the organizational goals into perspective. Researchers assert that many organizations or firms have adopted strategic planning to cope with the turbulent environment. Ansoff, (1984) suggests that for a firm to optimize its competitiveness and profitability, it has to match its strategy and supporting capability with the environment.

Pearce and Robinson (1997) observed that all organizations have to interact with the environment that is constantly changing and therefore have to establish a match between themselves and the environment. Through procurement, organizations interact with the immediate environment in the form of suppliers, contractors, producers, creditors and resource users. Through procurement the organization is then able to balance between its liabilities, target outputs as well stakeholders' expectations. Aosa (1992) states that strategic management helps organizations provide that long term direction, whereby they view them in terms of their long term implications for probable success.

Strategies are therefore forward looking, designed to be accomplished several years into the future, and based on management assumptions about numerous events that have not yet occurred, Pearce and Robinson (1991). Procurement therefore must find the strategic fit that is desirable and falling within the overall strategic direction an organization is taking in order to support the organization in attaining the overall goal. Procurement is at the centre of organizational performance.

2.5 Procurement and the Value Chain Analysis

A value chain is a chain of activities that a firm performs in order to deliver a product or service. The idea of the value chain is based on the process view of the organization. The organization is viewed as being made up of subsystems each with inputs, transformation processes and outputs. The manner in which the value chain activities are carried out determines the final cost of output and the profits. Porter (1985) in his book *Competitive Advantage* introduced this concept. Using his viewpoint he described a chain of activities common to all businesses and divided them into primary and secondary activities. This is shown in figure 2.1 below



Porter M : 1985

Figure 2.1: Michael Porter's Value Chain

In figure 2.1, primary activities relate to all those directly affecting the final product or service. They consist of inbound logistics, operations, outbound logistics, marketing and sales and after sales service. The secondary activities are those that support the primary activities and they consist of procurement, human resource, technology and infrastructure.

In order to identify cost drivers and sources of differentiation and competitive advantage, the organization needs to identify and prioritize sub-activities for all the primary and secondary activities. A review of all the sub-activities will eventually bring out those that add value.

The government of Kenya through Ministry of Transport and Infrastructure oversees the development and maintenance of roads infrastructure that is vital for rapid economic growth and poverty reduction. The four agencies, KeNHA, KeRRA, KURA and KWS are the principal managers of the various classes of roads in the country. Procurement strategies of these agencies are critical and central to the attainment of the government's goal of lowering production costs, enhancing access to markets and increased investments due to intended improved quality of infrastructure and specifically the mode of transport.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design that was used in the study. It specifies the framework or blue print for the entire research process that enabled the researcher to achieve the objectives of the study.

3.2 Research Design

For this study the cross sectional survey was adopted. This involved collecting data from the population or its subset at one particular point of time to answer the research questions of interest. Cross sectional survey may be used to study the prevalence of the outcome at a particular time and the results may differ at a different point of time. It therefore gives a snapshot of what is happening in the population of study at that particular time. Cross sectional study aims at producing summary statistics such as averages means and percentages at that particular point of time under the prevailing circumstances.

This study intended to find out what challenges were currently being faced by the targeted population and ways of mitigating these challenges. The results may assist current and future operations of the organizations. It was therefore meaningful to obtain data on what was currently happening as a snap shot then apply the results obtained to enhance future performance of the organizations and in the formulation of future strategies.

3.3 Population of the Study

A research population is generally a large collection of individuals or objects that is the main focus of the query. It is for the benefit of the population that researches are usually done. Usually the description of the population and the common binding characteristics of its members are the same. A target population comprises all possible cases that constitute a known whole.

The population targeted in this study comprised of all government agencies charged with the development and maintenance of road infrastructure in Kenya, and they are four in number. A population refers to an entire group of individuals, events or objects having a common observable characteristic, Mugenda and Mugenda (1999) Since they are only four a census targeting all the agencies was done was done.

3.4 Data Collection

Data for carrying out this study was collected using questionnaires. The questionnaires were administered using face to face interviews of the managers or their representatives in the road agencies. Where clarification was requested by the respondents explanations were given to their satisfaction. The questionnaire gathered personal information of the respondents and went on to gather the research information using the likert scale and choices from defined options.

Secondary data was also used to validate the information arising from primary data. This was from literature, government reports on the road sector and key informants. Cooper and Schindler, (2006), prefers face to face interviews as the interviewer can control the interview session and get higher response rate and is best method to get insights through probing.

3.5 Data Analysis

Data analysis is the process of systematically applying statistical and/or logical techniques to describe, illustrate and evaluate data. Since managers need information not data, all the information generated by the interview questionnaires was analyzed and reported. Data collected from the census was then subjected to descriptive statistics to analyze the respondents' views about the procurement strategies adopted by the roads agencies and how they contribute to overall organizational strategies. Descriptive statistics helped in generating frequency distribution tables. The analysis was quantitative and qualitative using regressions and correlation. With the aid of appropriate software analytical packages data was keyed into the computer and analyzed to give information. The gathered data was then synthesized and interpretation of the findings done in light of the research question and the objectives.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers data analysis, discussions and findings of the research. The data is summarized and presented in form of frequency, percentage, cumulative percentage and tables. Data was collected from respondent in each of the study organizations. Consequently, the collected data was analyzed and interpreted in line with the objectives of the study.

4.1.1 Reliability Analysis

Reliability is the degree to which an assessment tool produces stable and consistent results. To determine the reliability of data collected, a pilot study was conducted among a sample of 4 respondents. This was done to improve validity and cross verify the contents, structure and nature of the questions asked. This led to rephrasing of the questionnaire and a higher score of reliability was measured at Cronbach alpha of 0.8960 indicating higher reliability for further analysis.

4.2 Respondents Profile

A total of 8 respondents were sampled for this study two from every of the target road agencies. Potential respondents were randomly drawn from the population of all clusters of management. Out of 8 questionnaires distributed for this research, all questionnaires were filled and collected giving a response rate of 100 per cent which was satisfactory for subsequent analysis

4.2.1 Age structure of Respondents

An analysis of respondents' age, is shown in the Table 4.1

Table 4.1: Age Structure

Age Bracket	Frequency	Percent
31-40 Years	4	50.0
41-50	3	37.5
50 Years and above	1	12.5
Total	8	100.0

Source: Research Data (2014)

An analysis of respondents' age shows that 50% of the respondents were aged between 31 and 40 years. A further 37.5% were aged between 41 and 50 years while 12.5 % were aged above 50 years. This reflects a younger workforce consistent with labour force composition in developing countries.

4.2.2 Gender of Respondents

Respondents were asked to indicate their gender. Analysis of the gender distribution is shown in Table 4.2.

Table 4.2: Gender Frequency

Gender	Frequency	Percent
Male	6	75
Female	2	25
Total	105	100.0

Source: Research Data (2014)

From the research findings, 75% of the respondents were male while 25% were female. In terms of the gender distribution in the road agencies, Table 4.2 shows a bias towards males. These results suggest that there are less female employees in these road agencies.

4.2.3 Academic Qualification of Respondents

Respondents were asked to indicate their highest education level attained and 100% of the respondents reported as having obtained a university degree. This implies presence of a skilled labour force in these road agencies capable of executing strategy formulation and implementation that call for high competence levels. Thus with proper training and allocation of the requisite resources, the human resource in these road agencies is in a position to effectively implement the procurement strategies.

4.2.4 Department of Respondents

Another characteristic sought from respondents was their functional areas as this was key in capturing data on the nature of services offered in the road agencies. The surveyed persons were drawn from different functional areas namely Procurement, Finance, Administration and Management as shown in Table 4.3.

Table 4.3 Department of Respondents

Job Cadre	Frequency	Percent
Finance	1	12.5
Administration	1	12.5
Procurement	4	50.0
Management	2	25.0
Total	8	100.0

Source: Research Data (2014)

Regarding their functional areas, 12.5 percent of the respondents are in the Finance department, 12.5 percent in Administration, 50 percent of the respondents are in the Procurement department, while 25 percent are in Management as shown in Table 4.3.

4.2.5 Job Cadre of Respondents

The surveyed persons were drawn from different job cadres as shown in Table 4.4.

Table 4.4: Job Cadre of Respondents

Job Cadre	Frequency	Percent
Procurement Manager	2	25.0
Senior Manager	4	50.0
Head Enterprise Risk	1	12.5
Procurement Officer	1	12.5
Total	8	100.0

Source: Research Data (2014)

Results in Table 4.5 indicates that 25% were Procurement Managers, 50% were Senior Managers, and 12.5% (1) was the Head Enterprise Risk while 12.5% (1) was a Procurement Officer.

4.2.6 Period of years served by Respondents

The length of service of the respondents in the road agencies was also sought in this study and the results are presented in Table 4.5.

Table 4.5: Period of Years Served

Period of Years Served	Frequency	Percent
3yrs	1	12.5
4yrs	3	37.5
5yr	3	37.5
over 6yrs	1	12.5
Total	8	100.0

Source: Research Data (2014)

An analysis of respondents' period of years served, shows that 12.5% of the respondents have served for below 3 years. A further 75% have been working for between 4 and 5 years while 12.5% had worked for over 6 years. This implies that they have been in these road agencies for a long time to give reliable data and information concerning implementation of the procurement strategies in these road agencies. This helped validate study findings.

4.3 Procurement Planning

This section aimed at finding out how procurement plans were formulated in the road agencies and how procurement planning and implementation support overall strategic plans. It was also meant to validate the existence of a documented procurement strategy and the vital role of the procurement manager, finance and administration manager, CEO and Board of Management in the preparation and monitoring of the procurement strategies. The purpose was also to find out how often the organization monitored and evaluated its procurement strategies.

4.3.1 Placement of Procurement in the Organizational Hierarchy

Placement of the procurement function is bound to affect functionality of the department in the road agencies in relation to other functional areas in the strive towards achieving set corporate goals and objectives. The study sought opinion of the respondents as to placement of the procurement function these road agencies and the results are presented in Table 4.6.

Table 4.6: Placement of Procurement in the Organizational Hierarchy

Organizational Level	Frequency	Percent
Mid Level	4	50.0
Top Level	3	37.5
I don't know	1	12.5
Total	8	100.0

Source: Research Data (2014)

According to the findings in Table 4.6, 50% of the respondents indicated that the procurement placed was within the middle level in the organizations' hierarchy while 37.5% stated that it was within the top level in the organizations' hierarchy. 12.5% had no information as which level in the organizations' hierarchies the function is placed. The fact that some members of the management teams in these road agencies could not point out which level in the organizations' hierarchies the function is placed suggests that despite the relevance of this function, its functionality is not well defined in the road agencies. As a result, the drafted procurement strategies are bound to face challenges in their implementation arising out of lack of information and synergy among the various departments.

4.3.2 Inclusion of Procurement Plans in Corporate Strategic Plans

Respondents were asked to indicate whether the road agencies had strategic plans. 100% percent of the respondents confirmed that the road agencies had corporate strategic plans that guided their operations. When further asked to indicate whether the strategic plans include the procurement plan, they gave the following.

Table 4.7: Inclusion of Procurement Plans in Corporate Strategic Plans

Parameter	Frequency	Percent
Yes	7	87.5
No	1	12.5
Total	8	100.0

Source: Research Data (2014)

Findings from Table 4.7 indicates that 87.5% of the respondents confirmed that corporate strategic plans for these agencies include the procurement plan. However, 12.5% asserted that those corporate strategic plans for these agencies do not include the procurement plan. This meant that the management is well informed about the role of procurement plans in the overall strategic intent for these road agencies.

4.3.3 Period of Procurement Plans

This study also sought information in relation to the period for which procurement plans lasted in these road agencies before review and the results were as shown in Table 4.8.

Table 4.8: Period of Procurement Plans

Period	Frequency	Percent
Annual	3	37.5
5 Years	2	25.0
Don't know	3	37.5
Total	8	100.0

Source: Research Data (2014)

Findings in Table 4.8 show that 50% of the respondents indicated that procurement plans in these road agencies were annual while 25% asserted they are prepared to run for a five-year period congruent to the agencies' strategic plans. 37.5% said they had no information of how long the procurement plans in these road agencies lasted before review.

4.3.4 Responsibility for Preparation and Monitoring of Procurement Strategies

An analysis of respondents' perception on the responsibility for preparation and monitoring of procurement strategies is shown in Table 4.9.

Table 4.9: Responsibility for Preparation and Monitoring of Procurement Strategies

Responsible person	Frequency	Percent
Procurement Manager	5	62.5
Board of Management	1	12.5
CEO & Board	1	12.5
Don't know	1	12.5
Total	8	100.0

Source: Research Data (2014)

An analysis of the responsibility for preparation and monitoring of procurement strategies as shown in Table 4.9 shows that 62.5% of the respondents asserted that responsibility for preparation and monitoring of procurement strategies rested with the procurement managers. A further 12.5% opined that responsibility for preparation and monitoring of procurement strategies lied with the Board of Management while another 12.5% indicated that responsibility for preparation and monitoring of procurement strategies rested on the CEO's and Board of Management in these road agencies. 12.5% said they had no information of who was responsible for preparation and monitoring of procurement strategies in these road agencies. This indicates that despite the lead role of the procurement department in the preparation and monitoring of procurement strategies, other personnel share this responsibility.

However, the fact that some members of staff in these agencies asserted that they had no information as to who was responsible for preparation and monitoring of procurement strategies suggests that there might be lack of communication from the lead department to all staff in these agencies regarding preparation and monitoring of procurement strategies.

4.3.5 Support of Procurement Planning to Corporate Strategic Plan

This study sought to establish the extent to which procurement planning and implementation support overall strategic plan. A range of response categories; very adequately (1), adequately (2), slightly adequate (3), not at all (4) and don't know (5) were given to describe the degree to which procurement planning and implementation support overall strategic plan in these road agencies. Aggregation of the data was carried out to obtain descriptive statistics for further analysis. The scores "very adequately" and "adequately" represented "adequate" (ADE) procurement planning and implementation support to overall strategic plan equivalent to 1 to 2.4 on the continuous Likert scale ($1 \leq ADE < 2.4$). The scores of "slightly adequate" represented "moderate" (MOD) procurement planning and implementation support to overall strategic plan. This was equivalent to 2.5 to 3.4 on the Likert scale ($2.5 \leq MOD < 3.4$). The scores of "not at all" and "don't know" represented "no support" (NST) by procurement planning and implementation to overall strategic plan. This was equivalent to 3.5 to 5.0 on the Likert scale ($3.6 \leq GE < 5.0$).

A summary of the descriptive statistics for analysis of the extent to which procurement planning and implementation support overall strategic plans indicated that procurement planning and implementation adequately supports overall strategic plans in these road agencies ($n = 8$, $mean = 2.13$, $Std. Dev = 1.13$). This indicates that procurement planning and implementation support achievement of the agencies' strategic goals as outlined in their respective strategic plans. However, the extent of procurement planning and implementation support to overall strategic plan does differ significantly between in these road agencies as reflected in the standard deviation of more than one ($Std. Dev. > 1.0$). This implies that support by procurement planning and implementation to overall strategic plans in these road agencies differs.

4.4 Procurement Strategy Implementation

This section presents study findings in relation to existence of documented procurement strategies and the challenges faced in their implementation. The study sought opinion of the respondents as to existence of documented procurement strategies in these road agencies and the results are shown in Table 4.10.

Table 4.10: Documented Procurement Strategies

Parameter	Frequency	Percent
Yes	5	62.5
No	1	12.5
I don't know	2	25.0
Total	8	100.0

Source: Research Data (2014)

Findings in Table 4.10 indicates that 62.5% of the respondents confirmed that there exist documented procurement strategies in road agencies while 12.5% stated that there were no documented procurement strategies in the road agencies. 25% had no information as to whether there existed documented procurement strategies in these road agencies. The fact that 25% percent of the management teams in these road agencies could not point out as to whether there existed documented procurement strategies confirms earlier assertions that despite the relevance of this function, its functionality is not well defined in the road agencies and lack strategic direction. As a result, procurement activities in some of these road agencies are sporadic with no documented focus to guide operations. This is could lead to application of varying procurement standards.

Challenges emanate at procurement strategy implementation stage and the respondents were asked to rate the extent to which the road agencies face challenges during implementation of their documented procurement strategies. Mean Scores were used to determine the extent to which each factor was a challenge to the road agencies on a five point Likert scale ranging from “Not a challenge at all” (1) to “Greatest challenge” (5). Standard deviations were used to determine the varying degrees of the difference in which the factors were a challenge to the road agencies in implementing their documented procurement strategies.

The scores “ Not a challenge at all” and “ minor challenge” represented a challenge to procurement strategy implementation to a “Small Extent” (SE), equivalent to 1 to 2.4 on the continuous Likert scale ($1 \leq SE < 2.4$). The scores of “Average challenge” represented a challenge to procurement strategy implementation to a “Moderate

Extent” (ME). This was equivalent to 2.5 to 3.4 on the Likert scale ($2.5 \leq ME < 3.4$). The score of “Significant challenge” and “Greatest challenge” represented a challenge to procurement strategy implementation to a “Large Extent” (LE). This was equivalent to 3.5 to 5.0 on the Likert scale ($3.5 \leq LE < 5.0$). A summary of the research findings are shown in Table 4.11.

Table 4.11: Challenges to Procurement Strategy Implementation

Item	n	Mean	Std. Dev
Poor leadership	7	2.57	1.13
Poor/lack adequate resources allocated to procurement department	7	3.00	1.53
Frequent management changes at the procurement department	7	2.00	1.00
Lack of strategy communication among agency staff and stakeholders	7	2.86	0.90
Unclear link between overall strategy and procurement planning	7	3.00	1.41
External influence by business contractors and politicians	7	3.57	1.40
Other competing activities in the agency given more attention	7	2.57	0.98
Lack of adequate training and skills among procurement staff	7	2.71	1.11
Poor coordination of procurement strategy monitoring	7	2.57	1.27

Cronbach Alpha Coefficient = 0.7692

Composite Mean = 2.76, SD = 0.716

Source: Research Data (2014)

Results presented in Table 4.11 indicate that procurement strategy implementation in these road agencies is challenging to a moderate extent (*Composite Mean = 2.76, SD = 0.716*) equivalent to 3.25 to 3.4 on the Likert scale ($2.5 \leq ME < 3.4$). Moreover, the extent to which procurement strategy implementation in these road agencies is challenging to a moderate extent does not differ significantly in these road agencies as reflected in the standard deviation of less than one (Std. Dev. < 1.0). Cronbach's Alpha Coefficient of 0.7692 shows high internal consistency and therefore reliability for further analysis. From the findings, external influence by business contractors and politicians was a challenge to procurement strategy implementation in these road agencies to a large extent ($n = 7$, mean = 3.57, Std. Dev = 1.40). However, frequent management changes at the procurement department was challenge to a small extent ($n = 7$, mean = 2.00, Std. Dev = 1.00).

Analysis of the findings indicate that poor leadership ($n = 7$, mean = 2.57, Std. Dev = 1.13), poor/lack adequate resources allocated to procurement department ($n = 7$, mean = 3.00, Std. Dev = 1.53), lack of strategy communication among agency staff and stakeholders ($n = 7$, mean = 2.86, Std. Dev = 0.90), unclear link between overall strategy and procurement planning ($n = 7$, mean = 3.00, Std. Dev = 1.41), other competing activities in the agency given more attention ($n = 7$, mean = 2.57, Std. Dev = 0.98), lack of adequate training and skills among procurement staff ($n = 7$, mean = 2.71, Std. Dev = 1.11) and poor coordination of procurement strategy monitoring ($n = 7$, mean = 2.57, Std. Dev = 1.27) were challenges experienced in procurement strategy implementation in these road agencies to a moderate extent with mean scores equivalent to 2.5 to 3.4 on the Likert scale ($2.6 \leq ME < 3.5$).

4.5 Mitigating Strategies adopted by agencies in addressing the Challenges

Respondents were asked to indicate the extent to which identified strategies help cope with the challenges encountered in strategy monitoring, evaluation and control process on a five point Likert scale ranging from “No extent” (1) to “Greatest extent” (5). Mean Scores were used to determine the extent to which each strategy helped cope with the challenges to procurement strategy implementation in these road agencies. Standard deviations were used to determine the varying degrees of the difference in which the strategies helped cope with the challenges to procurement strategy implementation in these road agencies.

The scores “ No extent” and “ Minor extent” represented a strategy that help cope with challenges encountered in procurement strategy implementation to a “Small Extent” (SE), equivalent to 1 to 2.4 on the continuous Likert scale ($1 \leq SE < 2.4$). The scores of “Average extent” represented a strategy that helps cope with challenges encountered in procurement strategy implementation to a “Moderate Extent” (ME). This was equivalent to 2.5 to 3.4 on the Likert scale ($2.5 \leq ME < 3.4$). The score of “Significant extent” and “Greatest extent” represented a strategy that helps cope with challenges encountered in procurement strategy implementation to a “Large Extent” (LE). This was equivalent to 3.5 to 5.0 on the Likert scale ($3.5 \leq LE < 5.0$). A summary of the research findings are shown in Table 4.12.

Table 4.12: Mitigating Strategies adopted by agencies in addressing the Challenges

Item	n	Mean	Std. Dev
Training & development	7	3.29	1.11
Hiring qualified and experienced procurement and management consultants	7	3.29	1.25
Setting clear procurement strategies	7	3.71	1.38
Adoption and implementation of management information systems	7	3.29	1.11
Clear documented policies procedure	7	3.57	1.62
Better politicians/stakeholders expectation management	7	3.86	1.07
Supportive agency leadership	7	3.71	1.50
Outsourcing of procurement services	7	2.14	1.07
Incorporate procurement planning into the overall agency strategic planning	7	4.00	1.15

Cronbach Alpha Coefficient = 0.9233 Composite Mean = 3.43, SD = 0.997

Source: Research Data (2014)

Analysis of findings in Table 4.12 indicates that strategies instituted to address challenges encountered in strategy monitoring, evaluation and control process help cope with challenges encountered in procurement strategy implementation to a moderate extent (*Composite Mean = 3.43, SD = 0.997*) equivalent to 2.5 to 3.4 on the Likert scale ($2.5 \leq ME < 3.5$). Moreover, the extent to which strategies helped cope with the challenges to procurement strategy implementation in these road agencies to a moderate extent does not differ significantly in these road agencies as reflected in the standard deviation of less than one (Std. Dev. < 1.0). Cronbach's Alpha Coefficient of 0.9233 shows high internal consistency and therefore reliability for further analysis.

From the findings, incorporating procurement planning into the overall agency strategic planning ($n = 7, mean = 4.00, Std. Dev = 1.15$), better

politicians/stakeholders expectation management ($n = 7$, $mean = 3.86$, $Std. Dev = 1.07$), setting clear procurement strategies ($n = 7$, $mean = 3.71$, $Std. Dev = 1.38$), supportive agency leadership ($n = 7$, $mean = 3.86$, $Std. Dev = 1.50$), and clear documented policies procedure ($n = 7$, $mean = 3.57$, $Std. Dev = 1.62$), were instituted strategies helping cope with the challenges to procurement strategy implementation in these road agencies to a large extent mean scores equivalent to 3.5 to 5.0 on the Likert scale ($3.5 \leq LE < 5.0$). However, the extent to which the strategies help cope with the challenges to procurement strategy implementation in these road agencies does differ significantly as reflected in the standard deviations of less more one ($Std. Dev. > 1.0$). This could be attributed to varying perceptions of procurement strategy implementation by staff in the various management levels and departments in the road agencies.

Analysis of the findings indicate that training & development ($n = 7$, $mean = 3.29$, $Std. Dev = 1.11$), hiring qualified and experienced procurement and management consultants ($n = 7$, $mean = 3.29$, $Std. Dev = 1.25$), and adoption of and implementation of management information systems ($n = 7$, $mean = 3.29$, $Std. Dev = 1.11$) were instituted strategies helping cope with the challenges to procurement strategy implementation in these road agencies to a moderate extent with mean scores equivalent to 2.5 to 3.4 on the Likert scale ($2.6 \leq ME < 3.5$). Furthermore, the extent to which the strategies help cope with the challenges to procurement strategy implementation in these road agencies does differ significantly as reflected in the outsourcing of procurement services help cope with standard deviations of less more one ($Std. Dev. > 1.0$).

However, the challenges to procurement strategy implementation in these road agencies to a small extent ($n = 7$, $mean = 2.14$, $Std. Dev = 1.07$) equivalent to 1 to 2.4 on the continuous Likert scale ($1 \leq SE < 2.4$). Furthermore, the extent to which outsourcing of procurement services help cope with challenges to procurement strategy implementation in these road agencies does differ significantly as reflected in the standard deviations of less more one ($Std. Dev. > 1.0$). This implies that outsourcing of procurement services is not fundamentally important in addressing challenges to procurement strategy implementation in these road agencies.

4.6 Discussion

The first specific objective of this study was to determine the challenges faced by the road agencies during implementation of their procurement strategies. It was established that overall, procurement strategy implementation in these road agencies is challenging to a moderate extent. Analysis of the findings indicate that poor leadership, poor/lack adequate resources allocated to procurement department, lack of strategy communication among agency staff and stakeholders, unclear link between overall strategy and procurement planning, other competing activities in the agency given more attention, lack of adequate training and skills among procurement staff and poor coordination of procurement strategy monitoring were challenges experienced in procurement strategy implementation in these road agencies but to a moderate.

Daft (2000) argued that the major challenge of strategy implementation in organizations is a failure to translate statements of strategic purpose into an identification of those factors critical to achieving these objectives and the resources

and competencies which will ensure success. For a successful strategy implementation the organization should be able to allocate resources and control performance in line with the strategy. Findings that poor/lack adequate resources allocated to procurement department was a hindrance to procurement strategy implementation in these road agencies supports Thompson and Strickland (1996) who opined that strategy implementation triggers managers into the budgeting process. How well a strategy implementer ties the organization's budget directly to the needs of strategy can; either promoter or impede the process of strategy implementation and execution. Too little funding deprives sub units of the capability to carry out their pieces of the strategic plan, while too much funding is a waste of resources.

From the findings, external influence by business contractors and politicians was a challenge to procurement strategy implementation in these road agencies to a large extent. From a strategic management point of view, these road agencies do not operate in a vacuum but rather in an environment in which they are to satisfy both internal and external stakeholders, thus the external influence by business contractors and politicians to procurement strategy implementation. These findings are in line with Porter (1996) who explained that many firms operate within an environment where they are expected to meet various stakeholders' expectations hence need to formulate strategies that would help them meet this need.

The second specific objective of this study was to establish strategies of mitigating or overcoming these challenges. From the findings, incorporating procurement planning into the overall agency strategic planning, better politicians/stakeholders expectation management, setting clear procurement strategies, supportive agency leadership and

clear documented policies and procedure were instituted strategies helping cope with the challenges to procurement strategy implementation in these road agencies to a large extent. As earlier shown in the literature review, by nurturing internal competencies and applying them to an appropriate external environment, firms can develop viable strategies to “exploit opportunities or neutralize threats in the firm’s environment” Barney, (1986) and Russo and Fouts, (1997). These assertions have been supported by this study’s findings as it is clear that there is an emphasis on instituting internal competencies to mitigate against challenges faced by the road agencies during implementation of their procurement strategies.

In addition, analysis of the findings indicate that training & development, hiring qualified and experienced procurement and management consultants and adoption of and implementation of management information systems were instituted strategies helping cope with the challenges to procurement strategy implementation in these road agencies to a moderate extent. These findings lend much support to earlier assertions by Barney (1991) who noted that a firm’s resources include all assets, capabilities, organizational processes, information and knowledge controlled by a firm that enables the firm to conceive and implement strategies that improve its efficiency and effectiveness (Barney, 1991). Barney’s framework provided a solid foundation for others to build on, which was provided with a stronger theoretical background by Conner (1991), Mahoney and Pandian (1992), Conner and Prahalad (1996) and Makadok (2001) who positioned the resource based view.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter summarizes the findings and makes conclusions based on the two specific objectives of the study. The collected data was analyzed and interpreted in line with the objectives of the study which included: to determine the challenges faced by the road agencies during implementation of their procurement strategies; and to establish ways of mitigating or overcoming these challenges.

5.2 Summary

The study was a success since most of the underlined objectives were achieved. The researcher was in a position to get 100 per cent response from the targeted respondents an attribute that made the whole task of data collection to be exhaustively done. In order to get diverse opinions and perceptions of different personalities across management tiers in regard to procurement strategy implementation in these road agencies, the researcher requested the respondents to indicate age, gender, academic qualifications, departments and position held in the agency. These findings show that the road agencies have employees who have diverse understanding of procurement strategy implementation.

This research used a descriptive survey whose target population consisted employees of all government agencies charged with the development and maintenance of physical infrastructure since they are vital for rapid economic growth and poverty reduction. Since they were only four organizations a census was done. They were

KeNHA, KeRRA, KURA and KWS with the researcher targeting one respondent from the procurement department and any other one senior manager in each of the agencies. The study used primary data, which was gathered from respondents using a structured questionnaire administered face to face on the study subjects, which was analyzed using descriptive statistics (frequencies, mean scores and standard deviations). The reliability of the study instrument was tested using the Cronbach's Alpha Coefficient.

The first specific objective of this study was to determine the challenges faced by the road agencies during implementation of their procurement strategies. It was established that overall, procurement strategy implementation in these road agencies is challenging to a moderate extent (Composite Mean = 2.76, SD = 0.716) equivalent to 32.5 to 3.4 on the Likert scale ($2.5 \leq ME < 3.4$). Moreover, the extent to which procurement strategy implementation in these road agencies is challenging to a moderate extent does not differ significantly in these road agencies as reflected in the standard deviation of less than one (Std. Dev. <1.0).

From the findings, external influence by business contractors and politicians was a challenge to procurement strategy implementation in these road agencies to a large extent (n =7, mean = 3.57, Std. Dev = 1.40). However, frequent management changes at the procurement department was challenge to a small extent (n =7, mean = 2.00, Std. Dev = 1.00). Analysis of the findings indicate that poor leadership (n = 7, mean = 2.57, Std. Dev =1.13), poor or lack adequate resources allocated to procurement department (n = 7, mean = 3.00, Std. Dev = 1.53), lack of strategy communication among agency staff and stakeholders (n = 7, men = 2.86, Std. Dev = 0.90), unclear

link between overall strategy and procurement planning (n = 7, mean = 3.00, Std. Dev = 1.41), other competing activities in the agency given more attention (n = 7, mean = 2.57, Std. Dev = 0.98), lack of adequate training and skills among procurement staff (n = 7, mean = 2.71, Std. Dev = 1.11) and poor coordination of procurement strategy monitoring (n = 7, mean = 2.57, Std. Dev = 1.27) were challenges experienced in procurement strategy implementation in these road agencies to a moderate extent with mean scores equivalent to 2.5 to 3.4 on the Likert scale ($2.6 \leq ME < 3.5$).

The second specific objective of this study was to establish strategies of mitigating or overcoming these challenges. It was established that overall, strategies instituted to address challenges encountered in strategy monitoring, evaluation and control process help cope with challenges encountered in procurement strategy implementation to a moderate extent (Composite Mean = 3.43, SD = 0.997) equivalent to 2.5 to 3.4 on the Likert scale ($2.5 \leq ME < 3.5$). Moreover, the extent to which strategies helped cope with the challenges to procurement strategy implementation in these road agencies to a moderate extent does not differ significantly in these road agencies as reflected in the standard deviation of less than one (Std. Dev. <1.0).

From the findings, incorporating procurement planning into the overall agency strategic planning (n =7, mean = 4.00, Std. Dev = 1.15), better politicians/stakeholders expectation management (n =7, mean = 3.86, Std. Dev = 1.07), setting clear procurement strategies (n =7, mean = 3.71, Std. Dev = 1.38), supportive agency leadership (n =7, mean = 3.86, Std. Dev = 1.50), and clear documented policies procedure (n =7, mean = 3.57, Std. Dev = 1.62), were instituted strategies helping cope with the challenges to procurement strategy implementation in

these road agencies to a large extent mean scores equivalent to 3.5 to 5.0 on the Likert scale ($3.5 \leq LE < 5.0$). However, the extent to which the strategies help cope with the challenges to procurement strategy implementation in these road agencies does differ significantly as reflected in the standard deviations of less more one (Std. Dev. > 1.0). This could be attributed to varying perceptions of procurement strategy implementation by staff in the various management levels and departments in the road agencies.

Analysis of the findings indicate that training & development ($n = 7$, mean = 3.29, Std. Dev = 1.11), hiring qualified and experienced procurement and management consultants ($n = 7$, mean = 3.29, Std. Dev = 1.25), and adoption of and implementation of management information systems ($n = 7$, mean = 3.29, Std. Dev = 1.11) were instituted strategies helping cope with the challenges to procurement strategy implementation in these road agencies to a moderate extent with mean scores equivalent to 2.5 to 3.4 on the Likert scale ($2.6 \leq ME < 3.5$). Furthermore, the extent to which the strategies help cope with the challenges to procurement strategy implementation in these road agencies does differ significantly as reflected in the standard deviations of less more one (Std. Dev. > 1.0).

However, outsourcing of procurement services help cope with the challenges to procurement strategy implementation in these road agencies to a small extent ($n = 7$, mean = 2.14, Std. Dev = 1.07) equivalent to 1 to 2.4 on the continuous Likert scale ($1 \leq SE < 2.4$). Furthermore, the extent to which outsourcing of procurement services helps to cope with challenges to procurement strategy implementation in these road agencies does differ significantly as reflected in the standard deviations of less more

one (Std. Dev. >1.0). This implies that outsourcing of procurement services is not fundamentally important in addressing challenges to procurement strategy implementation in these road agencies, as most likely the outsourced party will face the same challenges faced by the agency staff..

5.3 Conclusion

During the study, the researcher recorded some observations in key areas and therefore concludes that procurement strategy implementation in these road agencies is challenging. The findings present evidence that poor leadership, poor/lack adequate resources allocated to procurement department, frequent management changes at the procurement department, lack of strategy communication among agency staff and stakeholders, unclear link between overall strategy and procurement planning, external influence by business contractors and politicians, other competing activities in the agency given more attention, lack of adequate training and skills among procurement staff and poor coordination of procurement strategy monitoring affect procurement strategy implementation in these road agencies.

It also emerged that external influence by business contractors and politicians was the greatest challenge to procurement strategy implementation in these road agencies. It was also clear that outsourcing of procurement services is not fundamentally important in addressing challenges to procurement strategy implementation in these road agencies. Consequently, to implement procurement strategies, road agencies need to deploy pillars of training, resources, leadership and manage these procurement strategies by communicating them across various departments for winning their involvement.

5.4 Recommendations

The road agencies have difficulties establishing procurement mechanisms that translate strategic vision into concrete strategic goals and actions. In the turbulent environments, procurement strategies act as a solution and provide an effective way of communicating procurement priorities to all levels of the organization, such that all employees can see and understand how their procurements activities are related to the core business and its success as a whole. However, simply having a procurement strategy will not, on its own, deliver improvements as much as most organizations employ it as part of a wider strategic planning.

The first specific objective of this study was to determine the challenges faced by the road agencies during implementation of their procurement strategies. It was established that overall, procurement strategy implementation in these road agencies is challenging to a moderate extent and that external influence by business contractors and politicians was the greatest challenge to procurement strategy implementation in these road agencies. This study recommends that the management in road agencies should ensure that they employ and deploy qualified and competent individuals in the strategy monitoring, evaluation and control process. The study further recommends that there should be established policies and procedures to guide the standard operation procedures in the procurement processes. This will mitigate against external influence by business contractors and politicians.

The second specific objective of this study was to establish ways of mitigating or overcoming these challenges. As revealed, overall, strategies instituted to address challenges encountered in strategy monitoring, evaluation and control process help cope with challenges encountered in procurement strategy implementation to a moderate extent. It is recommended that management in these road agencies need to incorporate procurement planning into the overall agency strategic planning processes.

There is also need to develop a continuous internal training mechanism so that employees are updated regularly on the procurement developments for the procurement strategy concept to be meaningful to all. Leadership was found to be a key factor in addressing challenges encountered in procurement strategy implementation in these road agencies. As such, it is recommended that managers in these corporations need to cascade the procurement strategy to individual level and go a step further and build highly performing teams where people feel empowered and can reach their full potential. It is recommended that all staff should be involved more in the procurement strategy monitoring, evaluation and control process particularly in areas that touch on their day to day activities. This will eliminate or reduce resistance to introduced changes that focus on perspectives of the procurement strategy.

5.5 Implication on Policy, Theory and Practice

The policy and legislative framework under which these road agencies operate need to keep pace with the changes in the operating environment. These organizations need to be proactive in policy and legislative reviews and enforcement to ensure successful implementation of adopted strategies. Furthermore, these road agencies need to

introduce operational systems; ensure that financial and human resources systems are in place; review and document organizational systems, procedures and policies and put in place system that review and audit organizational skills.

The human resource policies and procedures manuals in these road agencies will need to have a clear focus on ensuring deployment of qualified and competent individuals in the strategy monitoring, evaluation and control process. Furthermore, procurement departments in these road agencies will have to develop standard operation procedures in the procurement processes that define activities in the procurement process as per the adopted procurement strategies to mitigate against external influence by business contractors and politicians as the most experienced challenge in these road agencies. In addition, ability of personnel in the procurement department to perform towards realizing the adopted procurement strategies is fundamental in these road agencies. For policy and practice, these road agencies will have to enhance enrollment in professional certification by their staff in the procurement sections to enhance professionalism. Furthermore, individual departments need to develop their procurement plans for ownership of the procurement strategy.

From the findings, incorporating procurement planning into the overall agency strategic planning, better politicians/stakeholders expectation management, setting clear procurement strategies, supportive agency leadership and clear documented policies and procedure were instituted strategies helping cope with the challenges to procurement strategy implementation in these road agencies to a large extent. These assertions build onto the theory of resource based view or theory of a firm that explains the ability of the firm to deliver sustainable competitive advantage is

dependent on how internal resources are managed in such a way that competitors cannot imitate the final product. As earlier shown in the literature review, by nurturing internal competencies and applying them to an appropriate external environment, firms can develop viable strategies to “exploit opportunities or neutralize threats in the firm’s environment” Barney, (1986) and Russo and Fouts, (1997).

5.6 Areas for Further Research

Given that the study focused only all government agencies charged with the development and maintenance of physical infrastructure (KeNHA, KeRRA, KURA and KWS), the results may not apply to all government institutions. It is recommended that a study is done cutting across all government ministries that would allow for broader generalization of findings.

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APPENDICES

APPENDIX I

Questionnaire

This questionnaire seeks to gather information among road construction agencies in the country and in particular the challenges faced by these road agencies and the strategies these agencies mitigate against those challenges. Information given by the respondents will be treated in confidence and will be used for academic research and purposes only.

Part A: Personal information of respondents

1. Name of road agency.....
2. Name of respondent/employee (Optional).....
3. Age of respondent? 1-31-40 years 2-41-50 years 3-50 years and above
4. Gender of respondent? 1-Male 2-Female
5. Academic qualifications? 1-Secondary level 2-College level 3-University level
6. Department? 1-Finance 2-Administration 3-Procurement 4-Management
7. Position held in the road agency? 1-Procurement manager 2-Senior manager 3-Top manager 4-CEO 5-Other (specify)
8. How long have you worked with the agency? 1-2yrs 2-3yrs 3-4yrs 4-5yrs 5-over 6yrs

Part B: Procurement strategic planning and management actions

9. Is there a procurement department in the agency? 1-Yes 2-No 3-I don't know
10. Where in the organization hierarchy is procurement placed? 1-low level 2-mid level 3-top level 4-I don't know
11. Does your organization have a strategic plan? 1-Yes 2-No 3-I don't know
12. Does the agency corporate strategic plan include the procurement plan? 1-Yes 2-No 3-I don't know
13. Does the organization have a documented procurement strategy in place? Your current procurement strategic plan runs from _____ to _____

14. Who is responsible for preparation and monitoring of the procurement strategies?
 1-procurement manager 2-finance and administration manager 3-CEO 4-Board of Management

15. How does the procurement planning and implementation support overall strategic plan? (Please tick) 1-Very adequately 2-Adequately 3-Slightly adequate 4-Not at all 5-Don't know

16. To what extent does procurement strategic planning help achieve the agency's goals? (Please tick) 1-To a small extent 2-Somewhat supports 3-Supports 4-To a great extent 5-Not sure

Part C: Challenges of procurement strategy implementation in the agency

17. To what extent do you find the following a challenge in your procurement strategy implementation? 1-Not a challenge at all 2-minor challenge 3-Average challenge 4-Significant challenge 5-Greatest challenge

Poor leadership 1 2 3 4 5

Poor/lack adequate resources allocated to procurement department
 1 2 3 4 5

Frequent management changes at the procurement department
 1 2 3 4 5

Lack of strategy communication among agency staff and stakeholders
 1 2 3 4 5

Unclear link between overall strategy and procurement planning
 1 2 3 4 5

External influence by business contractors and politicians
 1 2 3 4 5

Other competing activities in the agency given more attention
 1 2 3 4 5

Lack of adequate training and skills among procurement staff leading to unnecessary delays
 1 2 3 4 5

Poor coordination of procurement strategy monitoring
 1 2 3 4 5

Part D: Mitigating strategies adopted by agencies in addressing the challenges

18. To what extent do you find the following strategies help cope with the challenges in encountered in strategy monitoring, evaluation and control process? 1-No extent 2-Minor extent 3-Average extent 4-Significant extent 5-Greatest extent

Training & development program at the agency to properly induct procurement personnel	1	2	3	4	5
Hiring qualified and experienced procurement and management consultants	1	2	3	4	5
Setting clear procurement strategies	1	2	3	4	5
Adoption and implementation of management information systems	1	2	3	4	5
Clear documented policies procedure	1	2	3	4	5
Better politicians/stakeholders expectation management	1	2	3	4	5
Supportive agency leadership	1	2	3	4	5
Outsourcing of procurement services	1	2	3	4	5
Incorporate procurement planning into the overall agency strategic planning ethos	1	2	3	4	5

Thank you

Levina Kulundu Wanyonyi

APPENDIX II

Road Agencies in Kenya

1. Kenya National Highways Authority
2. Kenya Urban Roads Authority
3. Kenya Rural Roads Authority
4. Kenya Wildlife Services

Source: Ministry of Transport and Infrastructure, 2014