

**PROCUREMENT PRACTICES AND PERFORMANCE OF FIRMS LISTED AT  
THE NAIROBI SECURITIES EXCHANGE**

**BY**

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**DECLARATION**

This research project is my original work and has not been submitted for examination in any other University.

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To my family and friends, your support and kindness was overwhelming. Thank you for having faith in me. Finally, I thank the Almighty God for the life and strength he gave me. His protection has seen me through trying moments.

## **DEDICATION**

To my family especially my Wife, friends and colleagues. It is through your support, prayers and selfless assistance that this was possible. I will forever remain indebted to you all.

## **ABSTRACT**

The study main objective is to investigate the procurement practices and its influence on the performance of listed firms at NSE. The study was guided by two objectives which were to establish the procurement practices commonly used by firms listed at the NSE and to determine the relationship between procurement practices and performance of firms listed at NSE. The target population of the study were all the agricultural firms listed at the NSE which were found to be 61 companies. The data collected from the field was first edited then coded. The study found out that the use of e-procurement has reduced the operational costs of the organization due to reduction in paperwork. The findings indicate that the firms outsource procurement practices such as evaluation of prices, the supplier selection and all paperwork and accounting services. The study found that E-procurement has an effect on the performance. Procurement processes are automated and hence could contribute towards realizing firm's performance. The study found that procurement planning affects firm performance. This is shown by the way most firms have put emphasis on planning for its procurement practices. Planning procurement practice has enhanced the procurement process in the organization.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

Globalized organizations react to the difficulties of organizational performance through the usage of Procurement practices. Procurement practices gives the right measurements and key performance pointers that can help the worldwide firm when juggling performance, assets, costs and operational coordinations from relocated departments and offices and assembling facilities (Shah, 2010). Procurement practices give coordination to globalizing organizations yet they don't give a sharp settle to all market infiltration and different business framework (Gunson, 2010).

Before going worldwide, organisations need to guarantee that their frameworks are hardened and streamlined locally, generally their internationalization endeavors will struggle. An organization's inside operations must be completely incorporated at home before including the complications of a worldwide extension (Shah, 2013). According to the United Nations (2011) a definitive target of the private division, paying little mind to their character, nature and inevitable unique intention, is to make significant commitments toward the production of a superior and more steady worldwide group.

Modern procurement practices are alterable and interconnected systems that are bit by bit stretching and globe-spreading over (Christopher et al., 2012). Procurement practices coordinates different association's operations and bolster capacities, synchronizing creation with new requests, obtaining with request, booking and sending with client

necessities. As indicated by O'Brien (2011) very much actualized Procurement practices in an association structures a proficient, brisk and exact administration instrument for the procurement procedure and thus organizational performance.

Procurement is a steadily developing method for leading business in numerous ventures around the world In their examination of competitive purchasing strategies required for the twenty-first century, Monczka and Morgan (2000) communicated that associations must increase the use of procurement practices based decisions consolidating e-procurement in every part of the business, interfacing over all people from the stock system, growing the speed of information trade, and reducing non-regard including endeavors. Obviously, the usage of key based acquisition can inside and out influence national economies furthermore the forceful position of individual firms.

### **1.1.1 Procurement Practices**

Procurement refers to the procurement of products, administrations and works by a securing element utilizing public funds (Murray, 2007). It is extensively characterized as the purchasing, hiring or getting by whatever other legally binding method for merchandise, development works and administrations by people in general part (Migosi, Ombuki, Ombuki and Evusa, 2013). It also consolidates a creating spend where the private and third portions give scratch benefits particularly to nationals in zones, for instance, welfare-to-work, energize preparing, social care and prosperity. Such organizations may in like manner be given by the all-inclusive community section

particularly, and every so often even this open course of action can be dealt with through acquisition frameworks.

As demonstrated by Chopra (2005), procurement is the route toward acquiring goods and service from the game plan and taking care of through to receipt and support of the receipt for portion. Procurement more often than excludes buy arranging, benchmarks assurance, determinations advancement, supplier research and decision, regard examination, financing, esteem game plan, making the purchase, supply contract association, stock control and stores, and exchange and other related capacities (Corsten, 2009).

As indicated by the office of the ombudsman, Canada (2012), procurement practices can be alluded to as the utilization of application of policies, processes, tools and activities related to acquiring goods and services. This involves an assortment of activities which joined, constitute the procurement procedure. Among these activities is procurement. Both procurement and purchasing are two procedures that individuals regularly mistake for each other. Lysons and Farrington (2006) characterize buying as the way toward acquiring products and services for fiscal or proportional installment. The line amongst purchasing and procurement is thin and generally acquiring shapes one stage in the procurement procedure.

A well organised procurement system lead to efficient governance which expands certainty in spending of public funds (Hunja, 2001). In this way procurement process is

one process that each association must attempt carefully and with a ton of contemplations since it has wide and significant ramifications to the working of the association. Procurement will have suggestions on the expenses embraced by the association, the life of the benefits procured, the nature of the products or administrations the association will create the sort of HR an association will have and even the general spirit of the laborers in the association. Hence the managers in any organisation must take a ton of care while undertaking this procedure so that lone the best is secured by the organisation and at the most positive of expenses.

### **1.1.3 Firms Listed in Nairobi Securities Exchange**

Nairobi Stock Exchange was started in 1954 for stockbrokers to be listed under the Societies Act. The Nairobi Stock Exchange Limited changed its name to the Nairobi Securities Exchange Limited. The change of name reflected the vital arrangement of the Nairobi Securities Exchange to progress into a full organization securities exchange which reinforces trading, clearing and settlement of values, commitment, auxiliaries and other related instruments. The NSE is situated on 55 Westlands Road, Nairobi in a new building called 'The Exchange'.

In May 2006, NSE formed a demutualization committee to lead the method of demutualization. In September 2006 live trading on the automated trading structures of the Nairobi Stock Exchange was executed. A MoU between the Nairobi Stock Exchange and Uganda Securities Exchange was set apart in November 2006 on mass cross posting.

The MoU allowed recorded associations in both exchanges to dualist. This will support improvement and progression of the territorial securities markets.

In February 2007 NSE updated its site to enhance basic and speedier access of correct, honest and perfect auspicious exchanging data. The Nairobi Stock Exchange meant the central day of motorized trading government bonds through the Automated Trading System (ATS) in November 2009. The motorized trading government securities indicated an important walk in the attempts by the NSE and CBK towards making significance in the capital markets by giving the crucial liquidity. In December 2009, NSE meant a perspective by exchanging all organization bonds on the ATS. Starting now and into the foreseeable future bonds have ended up being dynamically progressive in Kenya. Associations have had the ability to raise medium to whole deal capital by issuing bonds. The proximity of security market may have realized changes in capital structure of associations in Kenya.

## **1.2 Research Problem**

Procurement practices touch numerous center parts of an organization's operations and, henceforth, their effective sending and utilize are basic to performance and survival (Markus, 2013). The business' procurement practices are delicate and inclined to general discontinuities. They are loaded with intermittent deferrals and periodic powerlessness to convey the create to the goal markets. In Kenya the procurement in many firms have been dogged with inefficiencies, delay in conveyances, and supply of substandard products and absence of significant value for money (González-Benito, 2007).

Notwithstanding the exertion by both the organizations and their development partners like World Bank to enhance performance of the procurement function, procurement is still defaced by shoddy works, low quality products and service. This perpetual issue has encouraged a decrease of procurement/supply performance in numerous organizations (Sanjay, 2010). According to Victor (2012), procurement expenditure could be minimized through legitimate usage of procurement practices. Inability to actualize or deferred performance of prescribed procurement practises has brought about pointlessly high operation costs, poor stock control, unsatisfactory provider evaluations gauges, awkward business exercises, and inability to pull in and hold experienced and skilled work force in the procurement positions, hence influencing the function's performance (Mugambi, 2011).

Previous studies have looked at the importance of procurement practices in the organizational performance. Schotanus (2011) in their study found out that many public entities are progressively encouraged to pool or share purchasing volumes, information, and/ or resources. Schapper, Veiga Malta and Gilbert (2006) posited that technology can be used to improve transparency in the procurement process. As per Maskin (2004), wrong practices distress away Africa's resources and reduce development.

Several studies have been done in Kenya as in other parts of the world on the procurement practices. Example is a study done by Daniel (2010), Victor (2012) and Tom (2009) were done on the implementation of the procurement practices in the public

sector organizations in the European Countries. In Kenya, Musau (2015) did a study on effect of government procurement on prompt tendering and supply of goods in Kenya Pipeline Company where he found out from the study that the current purchasing system that is in place at Kenya Pipeline Company is in a position to sustain in the organizational operations. Further, a study by Karanja and Kiarie (2015) on the influence of procurement practices on organization performance in private sector in Kenya with focus on Guaranty Trust bank Kenya ltd. They found that procurement practices namely the E-procurement and contract management influences organizational performance at private sectors. Kiage (2013) did a study on the factors affecting procurement performance in the Ministry of Energy found that that procurement planning has a significant impact on procurement performance. While these studies are of importance to the researcher, they were mainly done in other sectors and was not done on the agricultural sector hence a knowledge gap. It is therefore this knowledge gap that the researcher seeks to fill by investigating the relationship between procurement practices and performance of listed agricultural companies in Kenya.

### **1.3 Research Objectives**

The main objective of the study is to investigate the procurement practices and its influence on the performance of listed firms at NSE.

#### **1.3.1 Specific Objectives**

- i. To establish the procurement practices commonly used by firms listed at the NSE.
- ii. To determine the relationship between procurement practices and performance of firms listed at NSE.

#### **1.4. Value of the Study**

The agricultural companies listed in NSE will profit by this study in their endeavors to come up with a legal framework on procurement and proper facilitation of procurement tasks, the applicable offices inside the agricultural firms will have the capacity to come up with a policy issue addressing this zone of study. The upcoming agricultural companies should at least know how to hold proper procurement procedures best for them to achieve better profits in terms of production and guaranteeing that there is maximum customer fulfilment through the use of proper procurement procedures in procuring the right materials at the right cost and from reliable suppliers and producing products that are up to the expected standard. Fellow researchers in the field of Purchasing and Supplies management by and large may find the research findings useful in shedding extra light on their study.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter covers a review of literature related to the study. The chapter gives a review on the evolution of procurement after which literature is presented on various forms of procurement normally employed by the organizations.

#### **2.1 Theoretical Review**

Distinctive theories have been utilized to clarify to studies on effects of inventory control on operational performance. This study will use the theory of constraints, lean theory and contingency theory to enhance on the studies of effects of inventory control on operational performance in companies trading at the NSE.

##### **2.1.1 Theory of Constraints**

The theory of constraints is a builds onto output on productivity or system performance (Goldratt, 2004; Kazim, 2008). According to Kazim (2008), theory of constraints is dependent on the rule that a chain is just as solid as the weakest connection or limitation and to raise and deal with the imperative as vital.

The main challenges in the theory of constraints are: long lead times, significant number of unfulfilled solicitations or they are executed with much extra effort (additional measures of time), unusual condition of unnecessary inventories or nonappearance of related inventories, wrong materials mastermind, far reaching number of emergency

demands and undertaking levels, hoisted measures of devolution, nonattendance of key customers engagement, visit changes or nonattendance of control related to need orders, which induces on timetable conflicts of the advantages. These are the bottlenecks firms are most likely going to stand up to defending their usage of stock control frameworks with a particular true objective to enhance their operations to meet the foreseen operational execution (Goldratt, 2004). The hypothesis is set up on the conviction that an affiliation that increases the yield of every machine won't execute and moreover one that ensures improvement of the flood of materials and regard made through its operational execution.

### **2.1.2 Lean Theory**

Lean theory is an augmentation of thoughts of in the nick of time. Green and Inman, (2005), viewed the impact of grade speculation on cash related execution. They say that the theory can remove waste stock and minimize waste in progress handle. Leanness earnestly impacts profitability of a business firm. They show that stock leanness is the best stock control contraption (Eroglu and Hofer, 2011). The theory clarifies on how firms get versatility in their asking for decisions, diminish the provisions of stock hung close-by and take out stock passing on expenses. According to Feinberg and Keane, (2006), at the aggregate level, the test nature of the slope elucidation lies both in the arranging and the significance of the assignment. However in the theory, stock compels an organization's ability to respond to changes looked for after (Feinberg and Keane, 2006).

Scholarly studies show that associations adequately propel stock through incline inventory network practices and systems to fulfill bigger measures of advantage utilize and buyer dedication inciting to improved various leveled advancement, benefit and bit of the general business (Waller, Tangari and Willians, 2008). Eroglu and Hofer, (2011) in their study on relationship between stock control and performance focused on US creating firms covering the season of 2003-2008. They found that leanness emphatically impacts net incomes.

### **2.1.3 Contingency Theory**

Most management research concentrates on the determinants of performance. The present study will adopt contingency theory on management of tasks in different operational settings. The quintessence of contingency theory is that best practices rely on upon the contingencies of circumstance. As demonstrated via Carton (2004), the conformities in ward measures are considered to speak to execution made by assortments in the self-sufficient measures. Taking after Carton's conjectured relationship, stock control framework are determinants of changes in operational execution of tea taking care of firms. In such manner changes in stock control frameworks will address operational execution. The pith of operational execution is arrangement of critical worth. Esteem creation may be a mix of monetary and non-budgetary objectives (Carton, 2004).

Fruitful operational performance of a firm can be compared with effective value expansion. Organizations' operational performance can be viewed in several ways. Every tea processing firm has a one of a kind arrangement of conditions making operational

performance measurement inalienably situational. The commitment of inventory control system in operational performance of the association is centered around money related and non-budgetary advantages, proficiency of methodology and adequacy of procurement practices (Department of open works, 2006). Despite what might be expected Lex (2006) the theory confronts test of being static.

## **2.2 Procurement Practices**

### **2.2.1 Green Procurement Practices**

Green procurement depends on the conviction that organizations can at the same time banquet from components of financial aspects, environment and society (IBM, 2009). Green procurement can be said to be environmental social and financial outcomes of plan, materials utilized fabricating strategies, coordinations and transfer. As per Jerry (2000) use of green procurement has been entirely restricted with the end goal that 10 years prior, just some prominent organisations for some high-profile firms or potentially those organizations in the consumer products divisions that have encountered green consumer forces straightforwardly keeping in mind the end goal to practice it.

Green acquisition is getting obviousness in exact writing, with scientists demonstrating a relationship between green acquirement and authoritative execution. It is also used as a suitable contraption to lessen its impacts on use on nature besides to propel change of clean generation innovation (Prospect, 1992). Qinghu (2005) watched that Green obtainment in the made nations, for instance, China has transformed into a key approach for endeavors attempting to wind up natural manageable and increment execution in

examples where there is expanded rivalry, a huge amount of bearings and market weight and drivers. As demonstrated by Otokiti and Awodun (2003) associations are giving cautious thought to their surroundings on account of the unusualness, turbulence and quick changes and along these lines arranging and realizing courses of action and process that will redesign their survival and development.

ICT software that backings green procurement ought to have the capacity to guarantee process are helpful for the earth and its information sources and yields are not destructive to nature such are utilization of e-procurement. This lessens utilization of paper thus less decimation of the woodlands for papers. The equipment part ought to have the ability to bolster the product and rising innovations and when it has depleted its life cycle, it ought to be recyclable to something usable. Philipson (2011) noticed that numerous organisations discard their types of gear too soon and add to superfluous waste, notwithstanding when a framework update required does not need to be actualized inside the entire undertaking.

Those certifications and longings are all things considered hazy and faulty in nature especially for advancement concentrated procurement works. Poor ecological performance by a supplier can impact truly the execution and picture of the procuring associations (Cousin et al., 2004). The capital utilize has realized a vexed of 'Green ventures'. It is a wide term and in a couple of divisions or zones it is seen as socially careful contributing (SRI), ESG (common, social and organization contributing), down to earth, whole deal contributing or similar thoughts. Green ventures are never-endingly

conflated with ecological change balance or adaptation. Green speculation as an imperative dare to engage diminish nursery gas and air polluting radiations, without on a very basic level lessening the creation and usage of non-imperativeness items (Cousin et al., 2004).

### **2.2.2 E-procurement Practices**

Procurement can likewise lessen quality expenses by ensuring that the parts purchased don't load to protests on the client department or last item to the client. Item institutionalization interior consumer loyalty can be improved through E-Procurement because of the item assortment idea. This can be accomplished by decreasing the quantity of various segments or potentially the quantity of providers by means of set item models. Commitment to item plan and development of then advancement in industry originate from providers or are results from serious cooperation's amongst providers and client division in any association. By effectively reassuring this sort of connections E-Procurement can add to quick and to proceeded with development and change of item and client fulfillment.

Stock decrease, through electronic exchange the sped and continuous exchange forms, diminishes the measure of stock laying inert in stores and in this way productive capital work in other key business proposes or territories. Expanding adaptability E-Procurement requires uncertainty two edge business adaptability. Benefit supplier organizations attempt to meet their providers to be adaptable as well. Henceforth if an organization wishes to offer adaptability to its clients it may likewise need to request it from its providers. The EDI and synchronized information framework can make it clerk to

illuminate providers about charge popular extra minutes cultivating buying cooperative energy.

Mabert et al, (2010), indicated that the computerization of procurement function helps in decrease of cost to firms in different ventures. Taken a toll studies in US have as of late uncovered what was suspected for quite a while that when an order advances through a fax and interior mail paper labyrinth of endorsements to the focal obtaining division, authoritative expenses commonly keeps running from \$ 40-\$ 150-frequently surpass the cost of the buy itself.

According to Shaw and Subramaniam (2002), the estimation of E-procurement can be characterized as value advantages in addition to exchange less innovation secure cost. Value benefits come about because of sparing in inquiry, arrangement, contracting and coordination costs. With innovation secure cost in picking and utilizing a particular procurement framework, including exchanging cost. Worldwide sourcing is currently a programmed desire to react to rivalry. In any case, the decision of where to get products and ventures is not a static choice. Procurement cost lessening system is a ceaseless re-assessment is a nonstop re-assessment of the cost of every thing purchased and secured for.

The perceptions of purchasing managers in respect to minimal effort administrations, contracts merchandise and ventures, successful outsourcing forms, requires great process to assess the numerous elements identified with where to outsource, that is the way to discover the provider areas all inclusive that adjust best to feasible arrangements (Hanley,

2002). Such process will even incorporate a screening venture concerning topography since components, for example, foundation, advertise engaging quality and cost levels are attributes of districts or regions as opposed to particular provider's (Alaniz and Roberts, 1999). These whole screening variable on provider's for cost diminishment in conveyance, transportation, arrange satisfaction drives procurement troughs to consider low provider appropriation and conveyance.

Global studies have demonstrated that stock-outs happens at 8.3% of all retail deals around the world (Global Healthcare Exchange, 2003). Inquire about considering 71,000 clients overall reasoned that clients lose persistence with stock outs. Just 15% of the clients will postpone the buy to some other time until the clients will defer the buy to some other time until the thing is back in stock. On the opposite side, supply administration (which incorporates provider choice, contracting, and quality and stock control) is the obligation of operations directors. Because of worldwide supply chains, stock collaborations regularly include a wide range of firms with long creation renewal times and stock in parities (Brousseau, 2000). Acquiring the ideal consistent cost mutually with stock arrangement is likewise vital to assess the advantage of element valuing strategies.

Recent empirical research demonstrates that data sharing in relationship expands procurement performance (Deeter-Schmelz et al; 2001). Also, that coordinated effort with outside inventory network elements increments inside joint effort which thus enhances procurement performance (Emiliani and Stec, 2005). It is currently normal



place for organizations to dedicate engineers to key suppliers to find out about their frameworks, methodology, and process with a specific end goal to enhance correspondence, diminish blunders, and upgrade abilities (Emiliani and Stec, 2005). Regardless of or due to these improvements, here is an expanding feeling that synergistic purchaser provider connections can be 'frighteningly close', especially with intense gatherings (Macdonald Maleyeff, 2003). The business environment has turned out to be progressively compelling and complex. Thus it is troublesome for an association to make inside all the learning required to keep up an upper hand.

### **2.2.3 Outsourcing Procurement Practices**

Procurement outsourcing is the transfer of determined key procurement exercises identifying with sourcing and provider management to an outsider maybe to decrease general expenses or perhaps to fix the organization's concentrate on its center abilities. Procurement execution in outsourcing constitutes a developing measurement of corporate procurement process. To date, procurement outsourcing has generally been restricted to the value-based buy to-pay handle as opposed to the more key parts of procurement. In any case, inquire about by The Hackett Group, a main worldwide methodology and operations counseling firm, demonstrates that real organizations will probably grow the extent of procurement outsourcing in the coming years (Lankford and Parsa, 2009).

If procurement outsourcing is to yield the normal advantages, its adopters should painstakingly measure the relative expenses and dangers of insourcing versus outsourcing crosswise over particular procurement exercises, deal with the potential dangers, and

guarantee that adequate exertion goes into process plan and advancement (Yang, Seongcheol, Changi and Jawon, 2007). Outsourcing permits firms to concentrate all alone center capabilities by migrating constrained assets to fortify their center item or benefit and to deliberately use outside merchants to perform benefit exercises that generally have been interior capacities (Elmuti, 2004). A few studies on outsourcing (Densai and Thompson and Hayes and Baiye, 2012) have all affirmed that outsourcing is a business technique in which at least one of an organization's business process is contracted out to an outside administration supplier with the aim of diminishing working expense and concentrating on center capabilities of the firm.

Speedy changes in the business environment require senior organization to grasp process that focus on both current accomplishment and to place assets into those activities that will propel a high ground for future accomplishment. One broadly prescribed method for enhancing one's aggressive position is outsourcing. Numerous administrators see outsourcing as the best way to keep a business aggressive now and in future (Bolat and Yılmaz, 2009). Outsourcing exercises or administrations to outside organisations is not another marvel. Organisations have dependably needed to take choices about what they make and what they purchase (Delmotte, 2008).

Outsourcing is the act of transferring the work to an external party. Regardless of whether to outsource is the choice of make or purchase. Organisations are ceaselessly confronted with the choice of to use assets to make a benefit, asset, item or administration inside or to get it from an outside gathering. On the off chance that the association gets, it is taking

part in outsourcing. The exchanging of an inside business capacity or capacities, in addition to any related resources, to an outer provider or administration supplier who offers a characterized benefit for a predetermined timeframe, at a concurred however presumably qualified value (Heywood, 2001). Outsourcing is a type of foreordained outside arrangement with another venture for the conveyance of products as well as administrations that could already have been offered in-house.

Boardman and Sauser (2008) indicated that the limit isolates the outside from within. Moreover, limits likewise characterize the region of duty and the extent of intrigue, which is critical for an outsourcing venture, so there is no vagueness about the duties of the seller and the customer. Notwithstanding knowing the limits of the outsourcing venture, organisations ought to consider outsourcing as a plan in which they depend on halfway markets to give particular capacities and make esteem along their store network, and not pretty much as a cost-sparing strategy (Holcomb and Hitt, 2007).

#### **2.2.4 Procurement Planning Practices**

Agaba and Shipman (2007) showed that procurement planning is used by organizations to arrange purchasing action for a particular timeframe. As per the Economic commission of Africa (2003) procurement planning as the acquiring capacity through which association get items and administrations from outside providers. Procurement plan goes beyond depicting the technique experienced to pick those suppliers legitimately (Lewis and Roehrich, 2009). Next, describe the technique for securing those things. In conclusion, arrange the time for transport. Procurement is in this way one a player in the

dispatching system. It insinuates a specific procedure for acquiring organizations which incorporates offering for an assertion. Public organisations need to bolster an organization through acting to give results, though there will be less control over the correct results to given (Lewis and Roehrich, 2009).

Procurement planning procedure is used by organizations to plan for buying at a particular time and this has to be finished amid the planning procedure (Weele, 2010). Departments are required to indicate budget plan for staff, costs, and buys. This is the initial phase in the procurement planning process. Procurement Planning involves the distinguishing proof of what should be obtained, how the organisations needs can best be met, the extent of the merchandise, works or administrations required, what procurement process or techniques to be sent, setting the time allotments, and the responsibility for the full procurement process. As indicated by Ezeh, (2012) Needs Assessment is an efficient method for deciding and tending to the requirements, or holes between current conditions and craved conditions or needs. This is imperative in obtainment; since it is a viable instrument to recognize suitable mediations or arrangements by unmistakably distinguishing the issue to guarantee that limited assets (Prior Budget apportionments) are coordinated towards creating and actualizing a plausible and relevant answer for distinguished undertakings.

As per Caldwell, Roehrich, and Davies, (2009), idea of procurement is that planning, scheduling, and group purchasing will bring about cost saving, more productive business operation, and hence expanded benefit. There are four stages that shape the premise of

acquisition arranging: aggregate purchasing, in the nick of time conveyance, arranged mass estimating, and lessened regulatory overhead.

Johan (2006) facilitate concocted some imperative administration conveyance change mottos. He said he who neglects to anticipate benefit conveyance, arrangements to come up short conveying administrations to people in general. What's more, in the event that it can't be measured, it can't be made strides. On the off chance that we just arrangement to consent to controls, we are not administrators, we are robots. What we arrange we should execute. What we execute, we should screen. We ought not be reluctant to ask the client (natives). They truly do know best what they require and what they get. It is not generally a similar thing.

Basheka (2004) shows that acquisition planning is one of the key components of procurement with a probability to add to the achievement of neighborhood government operations and improved organization movement. It is a limit that gets going the entire securing/acquisition technique of picking up organizations in adjacent governments. Growing the sufficiency, capability and straightforwardness of open acquisition structures is an on-going stress of governments in Developing Countries and the worldwide headway bunch. It has been by and large seen that growing the sufficiency of the usage of open resources, including saves gave through power progression help (ODA) requires the nearness of a national acquisition system that meets general models and that fills in obviously. According to Mullins (2003) the commitment of procurement planning

in encouraging a proficient and successful administration conveyance in broad daylight part organisations is for the most part undisputed in both created and creating nations.

Procurement Policy Manual (2009), procurement planning drives diverse expected results which are unique in relation to the same old thing, for example, diminishment in the quantity of general contract honors, understanding and overseeing absolute cost of proprietorship, all the more buying alternatives (rent versus purchase), information driven basic leadership, enhanced hazard moderation preceding honor, more recognizable proof of chances where providers can include esteem, enhanced associations with providers which prompts to improved service delivery.

As per the PPDA Act (2007), purchases must be economical and proficient. This implies they ought to be founded on market costs and ought to have the capacity to generate saving. It likewise implies that terrible practices, for example, reckless procurement prompting to wastage, wear and tear of stocks, over invoicing, spontaneous use, lack of merchandise when required, low quality items and comparative elements to be avoided. The PPOA gets ready and overhauls a Market Price Index (MPI) to be utilized by the Procuring Entity (PE) on a periodic basis.

### **2.3 Summary of Literature Review**

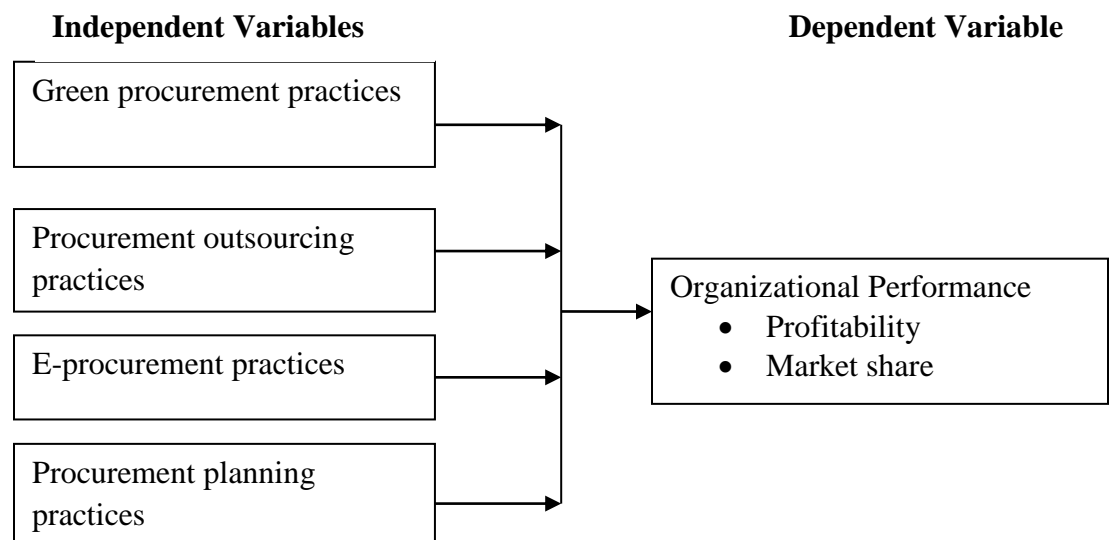
The reviewed literature has shown how the independent variables namely compliance with procurement process, supplier selection, competence and skills and technology have influenced the dependent variable, the procurement practices. The literature has shown

mixed results of the effect of the variables on the procurement practices. These studies however, were done in the developed countries where the setup may not be the same as that of developing countries and Kenya in particular, hence a gap. There is therefore need to carry-out a study to establish how these factors affect the procurement practices of agricultural firms listed in the Nairobi Security Exchange.

## 2.4 Conceptual Framework

In this study, the researcher seeks to explain the relationship between compliance with procurement regulations, selection of the suppliers, competence and skills and technology on the procurement practices. The researcher used a conceptual framework to model the relationship between the main variables (independent and dependents) on the study making it easier for a reader to understand.

**Figure 2.1: Conceptual Framework**



Source (Researcher, 2016)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the various steps that facilitated the execution of the study to satisfy the study objectives. These steps include: research design, target population, data collection tools and process and data analysis.

#### **3.2 Research Design**

This study adopted a descriptive survey research design in examining the determinants of procurement practices by listed agricultural firms at the Nairobi Securities Exchange. Descriptive research design was therefore appropriate for this study since it enabled the study to describe the situation and also establish the relationship between the variables.

#### **3.3 Population**

The target population of the study were all the agricultural firms listed at the NSE. According to Nairobi Securities Exchange (2016) there are 61 companies trading at the NSE. Since the population is not so large a census was carried out.

#### **3.4 Data Collection Tools and Procedure**

The researcher collected data using the questionnaires. The questionnaire contained six sections with the first section containing questions on respondents bio data; section two sought information on the procurement procedures while the third section sought data on supplier selection. Section four sought data on employee skills and competence. Section



five solicited data on technology and finally, section six data on procurement processes. The researcher used both hand delivery and courier services to distribute the questionnaires to the respondents. In Nairobi, the researcher self-administered the questionnaire to the respondents.

### **3.5 Data Analysis**

The data collected from the field was first revised to identify and remove mistakes made. Edited data was then coded in order to translate responses into specific categories. Code numbers were assigned to each answer of survey question and from this a coding list or frame was obtained. The coded items were entered into the computer for analysis using Statistical Package for Social Sciences (SPSS). Descriptive statistics such as means, percentages, frequency distributions, means and standard deviation were used to describe data. The first and the second objective of the study were analysed using the frequency distribution just to show the extent the firms are compliant and their level of selection of suppliers. The third and the fourth objectives were analysed using frequency distribution and percentages. The researcher also used standard deviation to show how far the responses are dispersed from the means. The findings were presented in tables, charts and figures.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the research findings on an investigation of the procurement practices and its influence on the performance of listed firms at NSE. The study was conducted on all 61 companies trading at the NSE. A total of sixty one (61) questionnaires were distributed to heads of the procurement department of which fifty (50) were returned fully filled. The response rate for the distributed questionnaires was therefore eighty three percent (83%). This is a very high response rate which is good for research as any response rate above 70 % is good and adequate for analysis and reporting, (Mugenda 2003).

#### **4.2 Background Information**

The background information of the respondents was viewed as essential in light of the capacity of the respondents to give agreeable information on the study factors might be influenced by their background. This information was about the respondents' gender, age, professional qualification and their length of service in the organization.

##### **4.2.1 Gender of the respondents**

Respondents gender was a requested. Results have been tabulated in table 4.1

**Table 4.1: Gender of the Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	34	68
Female	16	32
<b>Total</b>	<b>50</b>	<b>100</b>

The results as shown in the table 4.1 show that majority of the respondent were male at 68% while female was 32%. The results indicate that majority of heads of the procurement department in the listed firms were male and there was a good representation of all genders which is good for the study.

#### **4.2.2 Respondents' Age Group**

This area of the study, the researcher sought to know the age category of the respondents.

Table 4.2 shows that the study findings.

**Table 4.2: Respondents' Age Group**

<b>Age Group</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 25 years	2	4
25 -30 years	5	10
31 – 40 years	19	38
41 – 50 years	14	28
Over 50 years	10	20
<b>Total</b>	<b>50</b>	<b>100</b>

The findings show that majority 38% of the respondents were aged between 31 – 40 years, followed by 28% who were aged 41 – 50 years, 20% were aged over 50 years, 10% were aged 25 -30 years while 4% were aged Less than 25 years. From these findings, most of the respondents belong to an age category of 31-40 years. This is the most active age group hence they are actively involved in running of managing

procurement department, therefore they had rich experiences, could also appreciate the importance of the study.

#### 4.2.3 Professional Qualification

The researcher sought to find out on the professional qualification of respondents. The table below shows the findings.

**Table 4.3: Professional Qualification**

<b>Professional qualification</b>	<b>Frequency</b>	<b>Percentage</b>
Certificate	1	2
Diploma	3	6
Degree	26	52
Post graduate	20	40
<b>Total</b>	<b>50</b>	<b>100</b>

The table 4.3 shows that majority 52% of the respondents were degree holders, this was followed by 40% who had attained their post graduate degree, 6% were diploma holders while 2% were certificate holders. Generally, heads of procurement of these respective firms have at least a bachelors degree/postgraduate degree and these signify the importance of such skills in procurement function.

#### 4.2.4 Period Served in the Organization

The respondents were asked to indicate the number of years they had worked in the organization. This was expected to help the researcher know the kind of experience the heads of department had and how effective they would be able to give information about the institution. The results are shown in table below.

**Table 4.4: Period Served in the Organization**

	<b>Frequency</b>	<b>Percentage</b>
Less than 5 years	7	14
5 -10 years	29	58
11 – 15 years	9	18
16 – 20 years	3	6
Over 20 years	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

The table above shows that majority 58% of the respondent's had served for 5-10 years, 18% had served for 11-15 years, 14% had served for Less than 5 years, 6% had served for 16 – 20 years while 4% had served for over 20 years. The findings therefore indicated that majority of the heads of department had worked in the firm for a considerable period of time and thus were familiar about the procurement practices and its influence on the performance.

### **4.3 Procurement Practices**

This section addresses the procurement practices as used in the firms listed in NSE. The finds are shown in their respective tables and the tables have been interpreted.

#### **4.3.1 Employment of Green Procurement Practices**

The respondents were asked to indicate the extent to which their firm employed green procurement practices to improve its operations in its procurement unit. They were to rate the statements in a scale of 1-5 where 1=very low extent, 2=low extent, 3=moderately extent, 4=high extent and 5=very high extent. The table below shows the findings.

**Table 4.5: Employment of Green Procurement Practices**

	<b>Mean</b>	<b>Std. Deviation</b>
The firm has simultaneously benefited for introducing the green procurement practices	4.33	0.87
The firm considers the environmental social consequences in its decisions	3.44	0.78
The firm considers the environmental impact of the material used in its operations	4.14	0.93
The organization has placed emphasis on employee competence in using the green procurement practices through trainings	3.26	0.73
The organization has employed green procurement technologies to enhance its performance	4.04	0.45
The use of e-procurement has reduced the operational costs of the organization due to reduction in paperwork	4.43	0.32

The respondent's agreed to a high extent that the use of e-procurement has reduced the operational costs of the organization due to reduction in paperwork with a mean of 4.43. They agreed that the firm has simultaneously benefited for introducing the green procurement practices as indicated with a mean of 4.33 and this was followed by the agreement that the firm considers the environmental impact of the material used in its operations as shown by a mean of 4.14. It was agreed that organizations have employed green procurement technologies to enhance its performance with a mean of 4.04. The respondent's moderately agreed that the firm considers the environmental social consequences in its decisions with a mean of 3.44 and the organization has placed emphasis on employee competence in using the green procurement practices through trainings was moderately agreed with a mean of 3.26. This shows that most of the organizations have employed green practices in-order to enhance performance in their firms.

The study found that green procurement practices are being used in many of the firms. The results indicate that green procurement planning affect performance. This is in line with Khiewnavawongsa and Schmidt, (2008) who stated that green procurement can improve on public image. If a company greens its suppliers, it can contribute the overall company's reputation among its clients, shareholders, workers and other stakeholders.

#### **4.3.2 Employment of Outsourcing of Procurement Practices**

The respondents were asked to indicate the extent to which the organization employed outsourcing of procurement practices to enhance the performance of the organization. The table below shows the findings.

**Table 4.6: Employment of Outsourcing of Procurement Practices**

	<b>Me an</b>	<b>Std. Deviation</b>
E-procurement enhances customer service quality	4.50	0.78
E-procurement enhances customer loyalty in buying goods, services and works	4.44	0.79
We electronically gather information for suppliers experience	4.25	0.79
We electronically gather information on supplier previous clientele	3.93	0.73
We electronically distribute our information to the relevant suppliers	4.34	0.75
E-procurement leads to reduction of errors in order transmission	4.39	0.659
E-procurement leads to transaction Cost reduction	4.09	0.717

The findings indicate that respondents strongly agreed that E-procurement enhances customer service quality with a mean of 4.50. The respondents agreed that E-procurement enhances customer loyalty in buying goods, services and works as shown by a mean of 4.44. This was followed by those who agreed that E-procurement leads to reduction of errors in order transmission with a mean of 4.39 and they agreed that they electronically

distribute our information to the relevant suppliers with a mean of 4.34. It was agreed that E-procurement leads to transaction Cost reduction as indicated with a mean of 4.09 and finally it was agreed that they electronically gather information on supplier previous clientele as shown by a mean of 3.93. This shows that majority of the companies have applied E-procurement practices to enhance the performance of the organization. The study found out that firms are outsourcing services in-order to reduce costs and performance is improved. This is line with the findings of Lambert et al. (1999), who indicated that outsourcing logistics actions has led to increased effective way to decrease costs and spread risks.

#### **4.3.3 Services Outsourced by Firm**

The respondents were asked to indicate the services outsourced by their respective firms.

The table below shows the findings.

**Table 4.7: Services Outsourced by Firm**

	<b>Mean</b>	<b>Std. Deviation</b>
The firm outsources the evaluation of prices	4.40	0.66
The firm outsources supplier selection	4.36	0.86
The firm outsources negotiation services	4.05	0.75
The firm outsources specification compliance services	4.21	0.68
The firm outsources all paperwork and accounting services	4.13	0.66
Procurement outsourcing has enhanced the performance of the organization	4.15	0.75
Procurement outsourcing had led to the firm getting the best in terms of value for money	4.26	0.32

From the table above it was agreed that outsourcing was done in majority of the companies this has been shown by the agreement of the following statements; the firm outsources the evaluation of prices mean of 4.40; the firm outsources supplier selection



mean of 4.36; the firm outsources all paperwork and accounting services mean of 4.15. It was found that Procurement outsourcing has enhanced the performance of the organization as indicated with a mean of 4.15 and Procurement outsourcing had led to the firm getting the best in terms of value for money was agreed with a mean of 4.26. This is an indication that outsourcing of some of the procurement practises is done and it enhances the performance of the firms. This findings are in line with study done by Elmuti, (2004) who indicates that outsourcing firms should concentrate on their main competences by allocating resources to reinforce their core product or service and to strategically outsource other services which have been previously internal processes.

#### 4.3.4 Use of E-Procurement Practices

The respondents were asked to indicate the extent to which the use of e-procurement has influenced organizational performance.

**Table 4.8: Use of E-Procurement Practices**

	<b>Mea n</b>	<b>Std. Deviation</b>
Use of e-procurement practices		
The firm has embraced the use of technology in order processing	4.32	0.45
The use of technology in the firm has led to transactional cost saving	3.17	0.86
The use of e-procurement has led to the improved financial performance	3.65	0.86
The use of e-procurement has eliminated cases of corruption	4.06	0.32
The use of e-procurement has enhanced the reporting in the organization	4.07	0.55
The use of e-procurement has led to real time inventory	4.28	0.41

The findings shows that respondent's agreed that the firm has embraced the use of technology in order processing with a mean of 4.32. They continued to agree that the use of e-procurement has led to real time inventory as shown by a mean of 4.28. It was agreed that the use of e-procurement has eliminated cases of corruption with a mean of 4.06 and it was agreed that the use of e-procurement has enhanced the reporting in the organization with a mean of 4.07. It was indicated that the use of e-procurement has led to the improved financial performance as shown by a mean of 3.65 the respondents moderately agreed that the use of technology in the firm has led to transactional cost saving with a mean of 3.17.

This is an indication that E procurement has brought about realistic change in the firms and this has enabled improvement in the firms. From the findings it was indicated that E-procurement affected the performance to a high extent. This is consistent with Barbieri and Zanoni (2005) contemplate to the way that numerous associations have expanded performance from their usage of e-procurement framework. This is steady with Cranfield (2000) concentrate on in the effects of E-procurement on organizational performance. He expressed that the web, by means of e-procurement, has made procurement more effective and capable as in obtaining of products and by associations is made less requesting, speedier and less costly. The inspiration driving e-procurement is to allow the buying capacity to focus on more regard including works out, for instance, serving customers instead of on operational issues. The capability of e-acquirement is great to the point that it has transformed the once in the past looked downward on conventional capacity into a focused weapon.

### 4.3.5 Organization Procurement Planning Practices and Organizational Performance

The respondents were asked to indicate the extent to which the organization procurement planning practices have influenced the organizational performance.

**Table 4.9: Use of Procurement Planning Practices**

	<b>Mean</b>	<b>Std. Deviation</b>
The organization obtains its products and services from external sources	4.36	0.86
The organization has put emphasis on planning for its procurement practices	4.62	0.81
The organization is systematic in determining and addressing the procurement needs and gaps between	4.32	0.32
Planning procurement practice has enhanced the procurement process in the organization	4.55	0.95
Planning procurement practices has enhanced service delivery in the organization	4.26	0.56
Procurement planning practices have minimized the operational cost of the organization.	4.03	0.96

The findings show that respondents strongly agreed that the organization has put emphasis on planning for its procurement practices as shown by a mean of 4.62. The respondents strongly agreed that planning procurement practice has enhanced the procurement process in the organization as shown with a mean of 4.55. It was agreed that the organization obtains its products and services from external sources with a mean of 4.36 and the organization is systematic in determining and addressing the procurement needs and gaps between was agreed with a mean of 4.32. The respondents continued to agree that planning procurement practices has enhanced service delivery in the organization as shown by a mean of 4.26 and Procurement planning practices have minimized the operational cost of the organization was agreed with a mean of 4.03. The

study found that procurement planning affect performance. Planning in most firms has been put as part of the strategy and is followed to ensure success in the firms. This concurs with Rotich (2011) that procurement plans are formulated and reviewed bi-annually.

This brings focus and responsibility the procurement process which improves productivity and adequacy of the acquisition work. Similarly, Mamiro (2010) calls attention to that one of the real difficulties in acquirement is lack of foresight and administration of the acquisition procedure which incorporate necessities that are not very much recognized and evaluated, impossible spending plans and insufficiency of the abilities of staff in charge of procurement.

#### 4.4 Performance of the Firms

**Table 4.10: Performance of the Firms**

Descriptive Statistics	N	Min.	Max.	Mean	Std. Deviation
Profitability	50	10677	367379285	47350129.81	71396978.526
ROA	50	9097	307016211	43954132.08	68275643.168
Valid N (listwise)	50				

The study measured the performance of the firms in terms of profitability and return on assets. The study findings show that the mean of the profitability of the firms was 47,350,129.81 while the returns on assets was 43,954,132.08. The findings are presented in Table 4.5.

#### 4.5 Relationship between Procurement Practices and Performance of Firms

The regression analysis is concerned with the distribution of the average value of one random variable as the other variables which need not be random are allowed to take different values. The regression model specifically connects the average values of y for various values of the x-variables. The regression model was as follows:

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

**Where:**

y = Firm performance

$\beta_0$  = Constant Term

$\beta_1$  = Beta coefficients

$X_1$  = green procurement practices

$X_2$  = Procurement outsourcing practices

$X_3$  = E-procurement practices

$X_4$  = procurement planning practices.

**Table 4.11: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension	.796 <sup>a</sup>	0.633	0.594	0.00202

a. Predictors: (Constant), green procurement practices; Procurement outsourcing practices; E-procurement practices and procurement planning practices.

Source: Reseachar (2016)

Results show that R2 equals 0.633 that is, green procurement practices ; Procurement outsourcing practices; E-procurement practices and procurement planning practices

leaving only 36.7 percent unexplained. The standard error is low 0.002 (Less than 0.05) implies that the model is reliable and effective.

**Table 4.12: ANOVA**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	5.976	4	1.494	16.377	.000 <sup>a</sup>
	Residual	3.466	46	.091		
	Total	9.442	50			

a. Predictors: (Constant), Green procurement practices; Procurement outsourcing practices; E-procurement practices and procurement planning practices.

b. Dependent Variable: Firm performance

ANOVA findings (P- value of 0.00) in table 4.11 show that there is correlation between the predictor's variables (green procurement practices; Procurement outsourcing practices; E-procurement practices and procurement planning practices) and response variable (firm performance). The P value is 0.000 which is less than 0.005 significance level.

**Table 4.13: Significance of the Coefficients of the Regression Model**

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>t</b>	
(Constant)	6.165	.705		8.746	.000
green procurement practices	.348	.081	.489	4.289	.000
Procurement outsourcing practices.	.436	.084	.635	5.187	.000
E-procurement practices.	.711	.108	.754	6.593	.000
procurement planning practices	.286	.084	.396	3.420	.002

a. Dependent Variable: firm performance

The established multiple linear regression equation becomes:

$$Y = 6.165 + 0.348X_1 + 0.436X_2 + 0.711X_3 + 0.286X_4$$

The study found that Green procurement practices; Procurement outsourcing practices; E-procurement practices and procurement planning practices have significant influence on firm performance since Green procurement practices  $\beta = .348$ ,  $t = 0.489$ ,  $p < .000$ : Procurement outsourcing practices  $\beta = -.436$ ,  $t = -5.187$ ,  $p < .000$ : E-procurement practices  $\beta = .711$ ,  $t = 6.593$ ,  $p < .000$ : procurement planning practices  $\beta = .286$ ,  $t = 5.445$ ,  $p < .002$ .

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents summary of findings as discussed in chapter four and interpretations of the data analysis, conclusions and recommendations based on the findings.

#### **5.2 Summary of Findings**

The study found that the use of e-procurement has reduced the operational costs of the organization due to reduction in paperwork. It was indicated that firm has simultaneously benefited for introducing the green procurement practices and the firm considers the environmental impact of the material used in its operations it was found that organizations have employed green procurement technologies to enhance its performance and the firms considers the environmental social consequences in their decisions. The findings indicate that the organization has placed emphasis on employee competence in using the green procurement practices through trainings.

The study findings indicate that E-procurement enhances customer service quality and E-procurement enhances customer loyalty in buying goods, services and works. It was found that E-procurement leads to reduction of errors in order transmission and firms electronically distribute information to the relevant suppliers. E-procurement leads to transaction Cost reduction and the firms electronically gather information on supplier



previous clientele by use of E-procurement practices to enhance the performance of the organization.

Findings on outsourcing show that the firms outsource services such as the evaluation of prices, the firm outsources supplier selection and the firm outsources all paperwork and accounting services. It was found that Procurement outsourcing has enhanced the performance of the organization and procurement outsourcing had led to the firm getting the best in terms of value for money. This is an indication that outsourcing of some of the procurement practises is done and it enhances the performance of the firms.

The findings show the organization has put emphasis on planning for its procurement practices as it was found that planning procurement practice has enhanced the procurement process in the organization. The organization obtains its products and services from external sources and the organization is systematic in determining and addressing the procurement needs and gaps between. It was found that planning procurement practices has enhanced service delivery in the organization and procurement planning practices has minimized the operational cost of the organization.

### **5.3 Conclusion**

The study concludes that the use of e-procurement has reduced the operational costs of the organization due to reduction in paperwork. This has led to firms simultaneously benefiting from introduced green procurement practices. The study concludes that the

organizations have placed emphasis on employee competence in using the green procurement practices through trainings.

The study concludes that the firms outsource procurement practices such as evaluation of prices, the supplier selection and all paperwork and accounting services. It was found that outsourcing procurement activities leads to improved supply chain performance in ways such as increased productivity, minimized costs, maximized profits, increased operational efficiency and increased customer satisfaction.

The study concludes that E-procurement has an effect on the performance. Procurement processes are automated and hence could contribute towards realizing firm's performance. All inventories are critical to operations, inventory streamed in regularly, space is unlimited for inventory and inventory control involves a lot of finance. E-procurement enhances customer service quality.

The study concludes that procurement planning affects firm performance. This is shown by the way most firms have put emphasis on planning for its procurement practices. Planning procurement practice has enhanced the procurement process in the organization. The study concludes that planning procurement practices has enhanced service delivery in the organization and procurement planning practices has minimized the operational cost of the organizations.

#### **5.4 Recommendations for Policy**

The study further recommends that firms should endeavor to fully understand the dangers involved in procurement outsourcing as a means of empowering them to come up with strategies aimed at refining the overall performance.

The study suggests that organizations ought to put more accentuation on preparing and data partaking with a specific end goal to enhance performance, all procurement procedure ought to be computerized to diminish the mistake rates and inconsistencies all the while and adjust their procurement systems to Procurement Act since proficient procurement process could be utilized as upper hand.

The study demonstrates that electronic procurement usage has a positive impact on performance and thusly, there is need to encourage the improvement of operational tasks in the procurement area. Managers ought to genuinely consider the use, for instance, e-procurement as a methods for constantly enhancing their data gathering, provider contact, contracting, and knowledge and analysis practices

#### **5.5 Limitations of the Study**

Firm data is confidential. The information required was considered confidential and therefore respondents were hesitant in giving out information due to fear that information would be used to intimidate them or show a negative picture of their organizations. The researcher took care of the issue conveying a presentation letter from the university in

order to guarantee them that the information will be dealt with as secret and will be utilized only for academic purposes.

The study relied on upon the information given by the respondents. This implies the accuracy of the information given relied on upon the data given. The respondents took care of the challenge by making calls to elucidations.

The respondents were occupied with busy working timetables thus postponed the culmination of the data collection process. The researcher exercise utmost patience and make extra effort in reminding respondents and making consistent follow ups in order to gain adequate information from respondents.

### **5.6 Suggestions for Further Studies**

There is need for a similar study to be conducted to investigation of the procurement practices and its influence on the performance in public organizations since the current study was limited to firms listed in NSE. This will cover a wider scope which can enhance generalization

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## APPENDICES

### APPENDIX 1: QUESTIONNAIRE

#### SECTION A: DEMOGRAPHIC INFORMATION

1. What is your gender? Male  Female
2. What is your age bracket? Less than 25 years  25 -30 years   
31 – 40 years  41 – 50 years  Over 50 years
3. What is your professional qualification? Certificate   
Diploma  Degree  Post graduate  Others  
(specify)\_\_\_\_\_
4. How long have you been in the organization?  
Less than 5 years  5 -10 years  11 – 15  
years  16 – 20 years  Over 20 years

#### SECTION B: PROCUREMENT PRACTICES

5. State the extent has your firm employed green procurement practices to improve its operations in its procurement unit. This is on a five point likert scale of 1-5 where 5 represents very great extent, 4 represents Great extent, 3 represents Moderate extent, 2 represents Small extent and 1 represents Very small extent.

	1	2	3	4	5
The firm has simultaneously benefited for introducing the green procurement practices					
The firm considers the environmental social consequences in its decisions					
The firm considers the environmental impact of the material used in its operations					

The organization has placed emphasis on employee competence in using the green procurement practices through trainings					
The organization has employed green procurement technologies to enhance its performance					
The use of e-procurement has reduced the operational costs of the organization due to reduction in paperwork					

6. State the extent to which the organization employed outsourcing of procurement practices to enhance the performance of the organization. on a five point likert scale of 1-5 where 1 represents Strongly disagree, 2 represents Disagree, 3 represents Neutral, 4 represents Agree and 5 represents Strongly agree.

	1	2	3	4	5
E-procurement enhances customer service quality					
E-procurement customer loyalty in buying goods, services and works					
We electronically gather information for suppliers experience					
We electronically gather information on supplier previous clientele					
We electronically distribute our information to the relevant suppliers					
E-procurement leads to reduction of errors in order transmission					
E-procurement leads to transaction Cost reduction					

7. State the extent to which the organization employed procurement outsourcing practices and how it has influenced the organizational performance a five point likert scale of 1-5.

	1	2	3	4	5
The firm outsources the evaluation of prices					
The firm outsources supplier selection					
The firm outsources negotiation services					

The firm outsources specification compliance services					
The firm outsources all paperwork and accounting services					
Procurement outsourcing has enhanced the performance of the organization					
Procurement outsourcing had led to the firm getting the best in terms of value for money					

8. State the extent to which the use of e-procurement has influenced organizational performance a five point likert scale of 1-5.

	1	2	3	4	5
The firm has embraced the use of technology in order processing					
The use of technology in the firm has led to transactional cost saving					
The use of e-procurement has led to the improved financial performance					
The use of e-procurement has eliminated cases of corruption					
The use of e-procurement has enhanced the reporting in the organization					
The use of e-procurement has led to real time inventory					

9. State the extent to which the organization procurement planning practices and how it has influenced the organizational performance a five point likert scale of 1-5.

	1	2	3	4	5
The organization obtains its products and services from external sources					
The organization has put emphasis on planning for its procurement practices					
The organization is systematic in determining and addressing the procurement needs and gaps between					

Planning procurement practice has enhanced the procurement process in the organization					
Planning procurement practices has enhanced service delivery in the organization					
Procurement planning practices have minimized the operational cost of the organization.					

**SECTION C: FIRMS PERFORMANCE**

<b>INDICATORS</b>	<b>Units of measure</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Profit						
Market share						