

**PROCUREMENT BEST PRACTICES AND PROCUREMENT
PERFORMANCE OF SMEs IN NAIROBI COUNTY**

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DECLARATION

Declaration by Student

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

Sign

Date

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Declaration by the Supervisor

This research project has been presented with my approval as the University of Nairobi Supervisor, Department of Management Science.

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DEDICATION

I dedicate this research project to all SMEs, to family especially my parents; Mr. Evans Nyakundi, Mrs. Peninah Bosibori and my siblings: Mr. Brian Nyakundi and Mrs. Lilian Nyakundi for their tireless support and prayers during my studies.

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ABBREVIATIONS

CBD	Central Business District
GSCM	Global Supply Chain Management
IT	Information Technology
PPP	Procurement Practices and Procurement Performance
SMEs	Small and Medium Size Enterprises
SPSS	Statistical Package for Social Sciences

ABSTRACT

This study was set out to establish Procurement best practices and Procurement performance of SMEs in Nairobi County. To accomplish this, the study set out two specific objectives which included: (i) To establish the extent to which procurement best practices are adopted by SMEs in Nairobi County and (ii) To determine the relationship between procurement best practices and procurement performance of SMEs in Nairobi County. The study adopted a descriptive research design of a cross sectional type approach and sampled forty-five (45) SMEs out of the total number of four hundred and thirty (430) SMEs in Nairobi operating in CBD through random sampling method to take part in the research. The researcher used questionnaires as the main data collection tool. The data was analyzed from 40 respondents in Trade, Manufacturing, Construction and Service sector using the SPSS (version 22). Mean and standard deviation was used to analyze the data and findings of the results was presented in frequency distribution tables. The study found out that, most of the respondents were Procurement managers, Procurement officers and Stores clerks. Majority had worked for more than 5 years in their designated roles, meaning that they had enough experience concerning the topic of study. Regression analysis findings revealed that procurement best practices has a positive effect on procurement performance with all the independent variables (Green Purchasing, Supplier Partnering, Adoption of Information Technology and Purchasing Ethics) hence all these variables had a statistically significant effect on procurement performance in terms of lowering of information search cost for suppliers, lead time delivery of goods and services to customer, professionalism in procurement of quality goods and services and flexibility in recycling of products procured. The study determined procurement best practices and procurement performance of SMEs in Nairobi County. This study accounts for 78.4% of procurement best practices affects procurement performance in firms. The study recommends that procurement management should ensure that there is an appropriate focus on procurement best practices in order to meet long term procurement performance in SME's.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Purchasing practices are imperative; enhances firms 'ability to offer more effective and efficient goods and service delivery to clients. It supports effective goods and service delivery as the needed inputs of production or consumption will be availed on time (Mburu, 2011).

Procurement best practices can enable SMEs to operate on optimal level. This translates to noteworthy procurement cost savings that in turn improves on firm's procurement performance. Whereas poor procurement practices result to poor procurement performance in firms; as a result, customers are dissatisfied, and market share lost. Modern day firms, strive to attain more efficiency, procurement cost effectiveness and accountability by undertaking to adopt vigorous and well-articulated procurement best practices (Shalle & Njagi, 2016).

The adoption of procurement best practices by firms/SMEs is meant to reduce the number of overall discrepancies realized because of contract awards, enhance optimal identification of suppliers' opportunities and improve relationships with current firm suppliers. Procurement department undertakes to coordinate the purchasing and supplies of products and services with the intention of enhancing both cost savings and quality procurement that are always conflicting (Wanyonyi & Muturi, 2010).

Globally the failure by many SME to establish procurement best practices will give rise to biased and irregular assessments which are procurement costly to a business. The adoption of procurement best practices by SMEs globally that entail; the precise definition of actual business needs, thorough analysis and understanding of industry economics and business because of switching suppliers. This leads to firm capabilities to properly put their business requirements thus improve on procurement performance (Cousins & Spekman, 2009). Competition in the operating environment has called on organization to rethink all functions and see how they can exploit them for sustainable competitiveness. Procurement is important in firms' terms of accuracy and completeness in order processing, cost minimization through market survey for goods and services and flexibility in delivery of quality supplies however, dependent on

various factors for instance; green purchasing, supplier partnering, adoption of information technology and purchasing ethics.

Procurement best practices have seen a lot of growth in many firms in Kenya in goods and service delivery to customers (Arachi, 2013). Procurement performance is important to SMEs that wants to succeed in today's competitive business world. In Kenya SMEs have not been able to successfully operationalize their procurement best practices, for longer time, the operations of SME's were limited to a few selected market sectors and were largely confined in Kenya. Therefore, there is a need for further study on procurement best practices and procurement performance in SMEs.

1.1.1 Procurement Best Practices

Procurement is significant in the market where firms are able to deliver goods and services on time in order for customers to meet their needs. Therefore, effective and efficient procurement best practices are essential in firm's procurement performance in terms of accuracy and completeness in order processing, cost minimization through market survey for goods and services and flexibility in delivery of quality supplies to customers (Kihara, 2012).

Firm's procurement performance is achieved through the development of procurement best practices which is a blueprint that may be applied to all firms/SMEs, irrespective of the contexts in which they operate, however, this has been quite a challenge. Indeed, no such conclusive blue print may claim to be applicable in all environments or organizational procurement contexts. This is because of the existence of a myriad of 'objective realities' and conceptual lenses from which different observers may perceive their own realities, even on issues that may rely on hard or empirical data (Erridge, 2001). As Turner (2011) posits, the adoption of procurement best practice is shift away from traditional procurement practices and must therefore be approached from a 'value opportunity' standpoint rather than a process standpoint. There must a shift away from the rudimentary procurement practices to procurement best practices. Procurement best practices its continuous and rapid movement as well as benchmarking, where firms measures itself against other 'best-in-class' organizations (Guth, 2010). However, several characteristics of procurement best practices are identified across many high procurements performing firms. They include: green purchasing; supplier partnering, adoption of information technology and purchasing ethics (Arawati, 2011).

1.1.2 Procurement Performance

According to Schiele (2007), procurement performance entails how well firm's procurement objectives have been attained. This entails two major aspects; efficiency and effectiveness. Effectiveness in procurement takes into consideration various indicators for instance; cost involved in information search of goods and service, procurement of quality goods and services, flexibility of order recycle time and lead-time delivery of goods and services.

According to Deva raj (2008), effective procurement performance measurement aids managers to make better procurement decisions needed to improve on performance and accountability. It enhances optimal allocation of resources more as well as evaluation of alternative approaches to procurement to allow for increased operational flexibilities.

According to Shalle et al. (2014), deduced that procurement performance can be assessed by focusing on lead time delivery, flexibility, quality and cost. Optimal procurement performance attainment is dependent on how current suppliers' relationships are managed to ensure constant availability of needed quality supplies at the firm. This will ensure that sourced materials are indeed procured during the right time and at a reasonable cost. Procurement performance strives to enable improvements in the procurement process at the organization to improve on quality delivery of firm products and services at least possible time and cost.

1.1.3 Relationship between Procurement Best Practices and Procurement Performance

Most findings had shown positive relationship; some have shown negative relationship. According to Mugo (2011), procurement best practices and procurement performance vary depending on various activities undertaken by SMEs. Some firms have a positive relationship from the following practices include: Green Purchasing, Supplier Partnering and Adoption of Information Technology, where the accomplishment of a given procurement best practice is measured against in terms of accuracy, completeness, cost, speed, flexibility, quality of supplies, and supplier profile among many others. Therefore, the positive response will be satisfied customers making more requisition of goods and service. While on the negative part, on-application of procurement best practices results to short term supplier partnering in terms of outsourcing products, poor customer service quality, poor information sharing,

and poor-quality products delivered to customers that are not fit for consumption. Since the firm's procurement best practices are not the same in depends on its operations, there is need for further study.

1.1.4 SME'S in Nairobi County

The SMEs are organizations that engage few employees which vary across nations. In the European Union, the most common upper boundary suggesting an SME is two hundred and fifty (250) employees. Other nations consider SMEs to include firms with less than five hundred (500) employees (OECD, 2005). According to the nation of Kenya (2005), Small medium-sized enterprises are those that employ 10-49 and 50-99 people correspondingly. These SMEs have contributed 50% GDP in Kenyan economy. Moreover, SME's have the probability to grow up into great companies which can sustain the economy and address unemployment (KNBS, 2007).

The characteristics of SMEs in Nairobi CBD have been described as; those with high number of family workers and apprentices, requiring minimal capital, ease of entry and exit and small-scale nature of activities and have little access to organized market (Kendi, 2012). Small scale businesses range from Jua kali artisans, retail shops whereas for the large scale they vary from manufacturing to large retail outlets. According to Kavula (2011), most SMEs engage in procurement and supply of health items such as pharmaceuticals and surgical. Food items such as agricultural products, communication services and others construction materials. Despite of good and services provided, many SMEs continue to struggle to understand the complex procurement challenges for instance economic, technological and environmental. Therefore, there is a need for further study in procurement best practices and procurement performance in coming up with solutions to be applied by all firms.

1.2 Statement of the Problem

Procurement firms are under considerable pressure to deliver quality goods and services, this can be done through adoption of procurement best practices which include green purchasing, supplier partnering, adoption of information technology and purchasing ethics to bring value in procurement performance in firms in goods and service delivery to customers (Schonberger, 2007).

There are some SMEs in Kenya that have embraced procurement best practices however they are still facing various challenges as they try to propel economic growth. Procurement challenges are not the same in all SMEs, but they vary depending on firm's procurement practices, though several challenges ranging from economic, technological and environmental tend to affect the SMEs efficiency and effectiveness in procurement function (Njuki, 2013).

Many researchers have argued in numerous context and agreed generally that most SMEs fails due to poor adoptability of procurement best practices which include; Green Purchasing that; reduce environmental risk, increase market share ,enhance reputation and reduce supplier generated wastes, poor supplier partnering that leads to; delays in delivery times, poor storage capacity and insecurity, short-term relationship and non-application of Information Technology that leads to; Service dependability, Information sharing, coordination of business processes and finally poor customer service quality (Kakwezi, 2010). This leads to closure of most SMEs which do not operationalize their procurement best practices effectively and efficiently to meet customer needs on time hence remain competitive in the market. Therefore, to curb this menace there is urgent need for further research on procurement best practices and procurement performance in SMEs to come up with solutions to be used by many firms.

Several studies have been done in Kenya. For instance, Wambui (2008) did a research in effects of ICT in purchasing process in the Tandem Limited. The findings established that lack of finances, administrative manager's failure to allocate capital towards implementing of ICT in procurement and incompetence by ICT employees affected the implementation of ICT greatly. Moses (2012) concluded that e-procurement adoption affect performance of procurement positively. Therefore, many researchers concurrently agree that procurement plays an important role in any firm's operations and is measured in terms of procurement performance which entails; quality and amount of goods obtained, timely delivery of goods and services, procurement cost minimization, accuracy and completeness in order processing, speed, flexibility, and supplier profiling. The question is why do SMEs fail in procurement function?

Since the studies were done in different times and haven't fully filled the gap hence, with an ever-changing business environment, most SME's are faced with new procurement performance challenges. The study therefore, bridges the gap by

responding to the research questions: (i) what are procurement best practices adopted by Small and Medium Enterprises Nairobi County? and (ii) what is the relationship between procurement best practices and procurement performance of Small and Medium Enterprises in Nairobi County?

1.2 Research Objectives

The general objective was to examine procurement best practices and procurement performance of Small and Medium Enterprises in Nairobi County.

The specific objectives were:

- i. To establish the extent to which procurement best practices are adopted by Small and Medium Enterprises in Nairobi County.
- ii. To determine the relationship between procurement best practices and procurement performance of Small and Medium Enterprises in Nairobi County.

1.4 Value of the Study

This study will be useful to SMEs for solving procurement related challenges. Also to public who are widely interested in understanding procurement best practices in SMEs. It will also contribute to the literature due to the scarcity of publications about procurement best practices and procurement performance in SME's.

The study will be of value to the policy makers in solving procurement related issues. Hence implementing the best strategic solutions to govern procurement entities.

The study contributed significantly to stated theories; Network Theory and Resource-Based Theory on procurement best practices and procurement performance in filling the gap left by researchers who developed these theories. Hence contribute to firm's procurement best practices and gain long term procurement performance and remain competitive in business. Hence, the study was of value to the academicians and researchers for using results from research for reference.

The study will be of value to the procurement professional body; Kenya Institute of management as a benchmark tool in procurement and supply chain management hence as a reference material.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The theories in this section reviewed were: network theory and resource-based theory. The chapter also presented an overview of procurement best practices, procurement performance and the relationship between procurement best practices and procurement performance, critical issues, conceptual framework and research gaps.

2.2 Theoretical Review

The theoretical frame assists in reasoning about the variables relate and factors that are seen to be appropriate to the problem. It defines the relationship between all the variables which are posited and make them known hence it guides the research and decide on what factors that will be measured statistically.

2.2.1 Network Theory

Firm performance depends on well it interacts with its direct partners and their own business partners. Network theory is the source for theoretical investigation of reciprocity willingly. Constant interaction of the firm with other companies is significant. (Haakansson & Ford, 2002). When two organizations relate, they combine resources to gain more profits rather than individual efforts. Combining with other resources is also known as quasi-organization. Resources become valuable when they combine with other resources and this results in inter-organizational bond which is more significant than possessing resources individually. Therefore, the capital structure affects supply chain hence an inspiring aspect.

The Network Theory (NT) deeply enhances the changing aspects of inter-organizational procurement and significantly emphasise organization acquisition relationship between events, trust built through long-term cooperation and the shared variation of procedural systems and exchange processes. This is achieved through communication in relation to individual tastes which leads to supply chains to modify and meet individual customer needs. Mutual trust is progressively achieved by partners via social exchange processes (Johanson & Mattson, 1987). Network Theory is primarily applicable in Supply Chain Management plan activities, actors, and resources

descriptively. Its aim to develop a lasting trust understanding among those who participate in supply chains of which these issues include buyer supplier relations.

2.2.2 Resource-Based Theory

It is used to analyze and identify an organization's procurement strategic returns which look into the diversity of organization in terms of its assets, capabilities and intangibles. The importance of RBV is that it differentiates the importance of each firm exclusively regarding its intangible and tangible resources and assets. Procurement abilities from these resources is developed which makes the organization to be competitive in the procurement process. (Peace & Robinson, 2007).

According to Barney (1991), firms thrive by adopting good procurement practices hence bring about competition with other organizations. These may include green purchasing, adoption of IT, supplier partnering and purchasing ethics. Consequently, these competitive advantages are founded on their worth, exclusivity, distinctiveness and get fit in the procurement function in the organization. The ability of an organization is to demonstrate its worthiness contrary to the disagreement of situation and/or compete with what it decides to accomplish (Learned, et al., 1969). Each and every organization has its weaknesses and strengths hence it is good to know what their values are and differentiate them from one another therefore firms are just not know with what they do but it depends on the resources the organization can control. Therefore, this theory contributes in understanding how procurement best practices affects procurement performance in firms.

2.3 Empirical Review

This section entails procurement best practices, procurement performance and the relationship between procurement best practices and procurement performance.

2.3.1 Procurement Best Practices

The adoption of best procurement practices in firms will seek to lead to improvement in procurement performance in terms of procurement of quality goods and services, reduction in procurement cost. Timely delivery of goods and services, good supplier relationship through supplier profiling which increases good organization image and customer base loyalty. (Masiko & Waiganjo, 2014). Due to ever changing business environment hence not all procurement practices apply to all SMEs therefore there is

need for further study in procurement best practices and fill up the gap left in order for firms to remain competitive.

2.3.1.1 Green Purchasing

Green procurement involves purchasing environmentally goods and services which are fit for human consumption. Such goods and services include those which contain recycled content to minimize waste (Ochoa & Erdmenger, 2003).

Many firms have adopted green purchasing activities that creates value through increased products and service cost efficiency that has increased good market penetration and good public image that retains customers in buying goods and services. Firms that have adopted accrue economic gains through reduction of supplier procurement wastes (Holt & Kockelbergh, 2003).

The most efficient purchasing of goods and services is through the application of use of procurement conducive technologies that minimizes waste (Holt & Kockelbergh, 2003). It is achieved through suppliers and consumers working together in order to find best procurement solutions. Many firms acquire good customer service reputation by going green (Khiewnavawongsa & Schmidt, 2008).

2.3.1.2 Supplier Partnering

Supply partnering promotes procurement planning and solving procurement problems (Ragatz et al., 1997). Supplier partnering enhances suppliers and firms to conduct procurement related activities effectively and efficiently in terms of coordination of goods supplied on time to respective users. The firm uses integrated technology with suppliers and is able to share information pertaining goods and services. An effective supplier partnering is important component in the whole supply chain function (Harvey, 2012).

The supplier partnering enables the firm to integrate its procurement activities and to collaborate and coordinate to its suppliers Griffith (2009). He stated that the parties involved in procurement, implements purchasing system that it is able to coordinate procurement operations. This can only be done through adoption of information technology enhances procurement performance (Grant, 2011).

2.3.1.3 Adoption of Information Communication Technology

As firms seek to improve the efficiency in procurement best practices and procurement performance by application of IT that aids in effective and efficient procurement processes. That is it reduces information searching time of goods and services (Mouritsen, *et al.*, 2003). Similarly, the impact of ICT can be demonstrated through flexibility of processing of quotations and order processing of requisitions of goods and services. This in the long run enhances procurement performance in firms.

The many dimensions in which procurement best practices and procurement performance can be demonstrated in dynamic way on IT. That is from integration of all procurement processes in the supply chain and its control from accountability perspective. The application of IT in procurement process it aids in coordination of procurement processes internally and externally of the firm. that is firm and its suppliers. For instance, e-catalogue-procurement (Johnson & Leenders, 2004). Procurement officers procurement managers and store clerks gains a lot of advantages attributed to It, from lead time order process and accountability in processing of requisitions (Flynn, 2003). Therefore, there is a need for further study to come up with strategic procurement IT solutions.

2.3.1.4 Purchasing Ethics

It's vital for firm's which have adopted procurement practices to deliver services with due diligence in terms of accountability and in honest manner. This creates good public image of the firm and enhances value for money for customers and investors. (Saeed *et al.* & Telgen, 2007). Transparency ensures that many firms have adopted best procurement practices and are able to deliver value to its esteemed customers in goods and service delivery.

Purchasing ethics is enhanced by adoption of good procurement stem that enhances procurement performance that promotes accountability in procurement transaction related activities. This is influenced by adoption of ICT and firms cultural procurement standards. Most ethical compete in the market effectively and efficiently through delivery of quality goods and services (Thai, 2011).

2.3.2 Procurement Performance

Various Procurement Performance Measurement Systems (PPMS) have been documented by different scholars but no single system is universally accepted. Each

firm needs to carefully select a procurement performance system that uniquely supports the realization of its objectives. Some of PPMS include; the Balance Scorecard, the performance pyramid system that links strategy with procurement best practices and procurement performance prism that adopts a stakeholder centric view of procurement performance. According to Handfield (2009), asserts that modern procurement best practices and procurement performance measurement systems this includes flexibility in order processing, cost reduction by application of it in searching information and lead time delivery of products and services.

It is critical to have such procurement performance measures to help a firm to support better decision making, improve communication among the procurement partners, provide opportunity for procurement performance feedback that will be used to prevent, or correct problems identified in the process, with a view of motivating and directing behaviors towards the desired result (Ntayi, 2009). Though many SMEs have been affected in procurement activities and ultimately affect procurement performance of a firm negatively, therefore, there was a need for further study on procurement performance of firm's procurement best practices and fill the gap left.

2.3.3 Relationship between Procurement Best Practices and Procurement Performance

Procurement best practice includes Green Purchasing; compliance with green procurement policies to procurement performance, recycling of the products procured, procured material composition, procurement process efficiency, timeliness in green purchasing process, procurement process effectiveness and procurement of the environmentally friendly products (Holt & Kockelbergh, 2003). Supplier Partnering; supplier's relationship aid firms in adoption of cost-effective procurement design choices, suppliers, promotes collaboration in products procured, supplier performance improves firm's procurement best practices, promotes rapid procurement integration in the firm, reduction in lead time delivery of goods and services, promote partnership in market and mutual procurement planning and problem-solving efforts (Harvey, 2012).

Adoption of information technology; the firm delivers service in good time, lowers of information search costs for suppliers, streamlining procurement processes and building confidence of employees and response to request for quotation (Ntayi, 2009). Purchasing ethics; suppliers cost effective and efficient, positive supplier relationships,

honestly and with fairness to all participants in procurement, lowering procurement costs and finally professionalism in procurement for quality supplies.

While procurement best practices are measured in terms of procurement performance which includes accuracy requisition, completeness in order processing, procurement cost minimization, speed and flexibility in delivery of goods and services, quality of supplies and supplier profiling. These indicators measure the correlation between procurement best practices and procurement performance to determine positive, neutral or negative correlation in firms. Since SMEs are dynamic in nature of business and not all procurement best practices can be applied, there is expectation of variation in correlation (Flanagan, 2010).

2.4 Conceptual Framework

Independent Variables

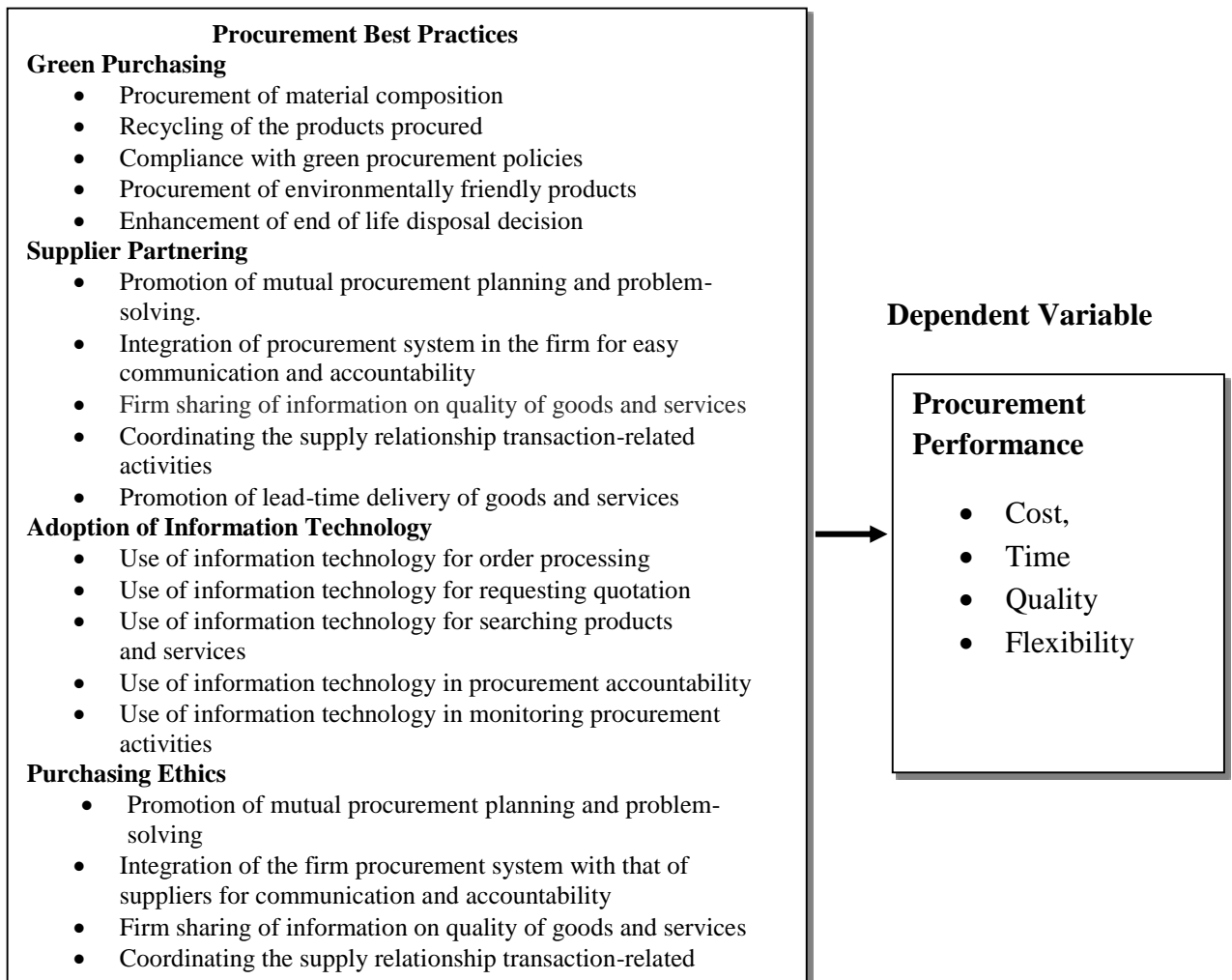


Figure 1.1: Conceptual Framework

Source Author (2018)

2.5 Summary of Literature

Many firms have adopted green purchasing activities that creates value through increased products and service cost efficiency that has increased good market penetration and good public image that retains customers in buying goods and services. Firms that have adopted accrue economic gains through reduction of supplier procurement wastes (Holt & Kockelbergh, 2003).

Supply partnering promotes procurement planning and solving procurement problems (Ragatz et al., 1997). Supplier partnering enhances suppliers and firms to conduct procurement related activities effectively and efficiently in terms of coordination of goods supplied on time to respective users.

The many dimensions in which procurement best practices and procurement performance can be demonstrated in dynamic way on IT. That is from integration of all procurement processes in the supply chain and its control from accountability perspective. The application of IT in procurement process it aids in coordination of procurement processes internally and externally of the firm. that is firm and its suppliers, for example, e-catalogue-procurement (Johnson & Leenders, 2004).

Procurement performance in a firm, reduce procurement costs of goods and services, and identifying better sources of supply. Other studies such as Liker, (2004); Hines and Taylor (2000); Lee, (2003). Their studies have been done in developed countries. Therefore, procurement performance which will be measured through, cost minimization in delivery of goods and services, Order cycle time, quality supplies and flexibility in order processing.

2.6 Research Gap

Green procurement on procurement best practices have been targeted by numerous studies. One of the researches was carried out by Njuki (2013) on effects of green procurement practices at UNEP Kenya and established that there was lack of administrative support, government guidelines, and incompetent workers which affected green procurement practices at UNEP. This concurs with Wambui (2008) who did a research in effects of ICT in purchasing process in the Tandem Limited. The findings established that lack of finances, administrative manager's failure to allocate capital towards implementing of ICT in procurement and incompetence by ICT

employees affected the implementation of ICT greatly. Moses (2012) concluded that e-procurement adoption affect performance of procurement positively.

Therefore, many researchers concurrently agree that procurement plays an important role in any firm's operations and is measured in terms of procurement performance which entails; quality of goods procured, timely delivery of goods and services, procurement cost minimization in delivery of goods and services, accuracy and completeness in order processing, speed, flexibility in order processing.

Since the studies were done in different times and haven't fully filled the gap hence, with an ever-changing business environment, most SMEs are faced with new procurement performance challenges this calls for a lot of investigation and assessment to be done to improve on procurement best practices and procurement performance in SME. The study bridged the gap by examining the adoption of procurement best practices and procurement performance of SMES in Nairobi County.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Chapter entails research design, population, sample size, the data collection methods, data analysis and presentation.

3.2 Research Design

Descriptive research design of a cross-sectional method was used. It determines and reports the status of the population being studied and explain the relationship between procurement best practices and procurement performance in Nairobi City County. Moreover, the consistency is simple and ensures all topics presented are not biased (Mugenda & Mugenda, 2004).

3.3 Target Population

Mugenda and Mugenda (2004) defines population as the number of people, organization with certain noticeable features that are appropriate for research study. The population studied was four hundred (450) SMEs registered by Registrar of Companies at Sheria House, located in the Nairobi Central Business District (NCBD) and operating from 2002 to 2018.

Table 3.1: Population

Stratum of SMEs	Population Frequency	Population Percentage (%)
Trade sector	220	49
Service sector	150	33
Manufacturing sector	70	16
Construction sector	10	2
Total	450	100

Source Author :(2018)

3.4 Sampling Technique

The researcher used stratified random sampling. This is because it gave the employees equal opportunity to participate in the study from sample strata (Mugenda & Mugenda, 1999). After defining of the target population of 450SMEs stratum from Registrar of

Companies (See Table 3.1), Based on required level of precision of statistical results, accuracy level, time and cost. A sample size of 10% was applied sufficiently resulting to forty-five SMEs doing business within Nairobi CBD. Formulae applied:

$$S = (N)/X$$

Where;

S=required sample size

N=given population size

X=given degree value of chosen population

$$S_1 = \frac{450}{10} = 45$$

= Sample size was 45SME's

Table 3.2: Sample Size

Stratum of SMEs	Population Frequency	Sample Size	Sample Size Percentage (%)
Trade sector	220	22	49
Service sector	150	15	33
Manufacturing sector	70	7	16
Construction sector	10	1	2
Total	450	45	100

Source Author: (2018)

3.5 Data Collection

The open-ended questionnaires was used to gather primary data from respondents; procurement managers, procurement officers and stores clerks in these SMEs in Trade, Manufacturing, Construction and Service sector operating in Nairobi County and secondary data from other researchers. The questionnaires were given using “drop and pick” method.

3.6 Data Analysis and Presentation

Questionnaires were corrected and then coded using SPSS version 22, for analysis. The data was analyzed using descriptive statistics such as Mean, Standard Deviation and Frequency Distribution while Percentages, Frequency Tables were used for data presentation. Variables measured on nominal scale were quantified using dummy variable for purposes of attaining higher level of analysis.

Table 3.3: Summary of Data Collection and Analysis methods

Objective	Questionnaire	Data Analysis
General Information	SECTION A	Descriptive Statistics
Procurement Best Practices	SECTION B	Descriptive Statistics
Procurement performance	SECTION C	Descriptive Statistics
Relationship between Procurement Best Practices and procurement performance	SECTION D	Regression Analysis

Source Author: (2018)

The regression equation assumed the following form: Procurement Performance = f (x₁, x₂...) the regression was on the form;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y – Procurement Performance (Dependent variable)

X₁- X₄ – The independent variables

X₁- Green Purchasing

X₂- Supplier Partnering

X₃- Adoption of Information Technology

X₄- Purchasing ethics

β₀ - constant of the model

β₁- β₄ – regression coefficients

CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

Chapter contains data analysis, presentation and interpretation of data.

4.2 Response Rate

Forty-five (45) questionnaires were administered to be filled by the respondents selected in the sample of the study. Out of these, 40 questionnaires were filled successfully and submitted for analysis. This represents 88.8% response rate. Mugenda & Mugenda (2003), the rate was excellent representative of population. Therefore, the response rate was above 70% as shown in Table 4.1.

Table 4.1: Response Rate

	Frequency	Percent
Response	40	88
Non-response	5	12
Total	45	100

Source Author: (2018)

4.3 General Information

The study established the general information of respondents; Gender, Highest Level of Education, the period firms had been in procurement operation, designation of employees, work experience and the period of working in the firm.

4.3.1 Gender

The respondents were sought to indicate their Gender. Data from respondents was analyzed and findings is shown in Table 4.2.

Table 4.2: Gender

	Frequency	Percent
Male	35	88
Female	15	12
Total	40	100

Source Author: (2018)

The findings in Table 4.1. indicated that 88% of the respondents were male while 12% of the respondents were female. This showed the study was gender sensitive during the administration of the research instrument.

4.3.2 Level of Education

The respondents were sought to indicate their education level attained and the findings are shown in Table 4.3.

Table 4.3: Level of Education

	Frequency	Percent
Postgraduate	4	9
Degree	5	13
Diploma	20	50
Certificate	11	28
Total	40	100

Source: (Author, 2018)

From the finding's majority indicated that, 50% of the respondents had attained a Diploma, 28% of the respondents had attained Certificate, 13% of the respondents had attained Degree while 9% of the respondents had attained postgraduate level Degree. This showed that most of the respondents were well learned and conversant with the information required in the study.

4.3.3 Designation of the Respondents

The respondents were required to specify their designation in their respective firms and the results were shown in shown Table 4.4.

Table 4.4: Designation of the Respondent

	Frequency	Percent
Procurement Manager	4	10
Procurement Officers	22	55
Stores Clerks	14	35
Total	40	100

Source Author: (2018)

From the finding, 10% of the respondents indicated that they were procurement managers, 55% indicated procurement officers and 35% indicated stores clerks. This indicated that the study covered all designations in the procurement department hence the information from the respondents was vital for the research.

4.3.4 Work Experience

The respondents were required to specify years of work experience in the procurement department of their respective firms and the findings are shown in Table 4.5.

Table 4.5: Work Experience

	Frequency	Percent
Less than 5 years	22	55
5-10 years	14	35
11-20 years	4	10
Total	40	100

Source Author: (2018)

From Table 4.5, Majority of respondents indicated ,55% of the respondents indicated that their total years of work experience in procurement department was less than 5 years, 35% indicated a period of between 5-10 years and 4%indicated a period of between 11-20 years. This indicated that information provided was relevant due to the

respondent's work experience in procurement department and had experiences on what were the procurement best practices and procurement performance.

4.3.5 Firms time in Procurement Business

The respondents were required to specify the number of years the firm had been in procurement business and findings are shown in Table 4.6.

Table 4.6: Period the Firm in Procurement Business

	Frequency	Percent
Less than 5 years	5	12
More than 5 years	35	88
Total	40	100

Source Author: (2018)

The findings in Table 4.6. shows that 12 % of the respondents said that the firm has been in procurement business for a period of less than 5years.While 88% of the respondents indicated that the firm has been in procurement business for more than 5years. This implies that the firms have had enough experience in the field of study.

4.3.6 Nature of Business

The respondents were required to specify the nature of firm's business and the findings are shown in the Table 4.7.

Table 4.7: Nature of Business

	Frequency	Percent
Trade	12	30
Manufacturing	8	20
Construction	5	14
Services	15	36
Total	40	100

Source Author: (2018)

The findings in Table 4.7, majority of the respondents that is established that 36% of firm's business was in service businesses, 30% of firms business was in trade sector, 20% of firms business was in manufacturing sector and 14% of firms business was in construction sector.

4.4 Procurement Best Practices and Organizations Performance

The respondents were required to indicate whether the firm had adopted procurement best practices and results was shown in Table 4.8.

Table 4.8: Procurement Best Practices Adopted

	Frequency	Percent
Yes	27	68
No	13	32
Total	40	100

Source: (Author, 2018)

The findings in Table 4.8 show that majority 68% of the respondents indicated that the firm had adopted procurement best practices and 32% of the respondents indicated that the firm had not adopted procurement best practices. From majority of the respondents, adoption of procurement best practices in firms was affirmative.

4.5 Procurement Best Practices

The respondents were required to specify various statements on the extent to which procurement best practices were adopted in their firms using a scale of 1 to 5 where 1-No extent; 2-Little extent; 3-Moderate extent; 4-Large extent and 5-Very large extent was used. From the findings, mean and standard deviation was calculated to allow ease of interpretation and generalization of the results. The data from respondents was analyzed and the results of findings are shown in Table 4.9, Table 4.10, Table 4.11 and Table 4.12.

4.5.1 Green Purchasing

Table 4.9: Effect of adoption in Green Purchasing

Green purchasing	Mean	Standard deviation
Compliance with green procurement policies to performance	4.81	0.78
Recycling of the products procured	4.73	0.74
Procurement of material composition	4.70	0.69
Procurement of environmentally friendly products	4.65	0.66
Enhancement of end of life disposal decision	4.56	0.41

Source: (Author, 2018)

Table 4.9 show that majority of the respondents indicated, compliance with green procurement policies to performance had very large extent Mean of 4.81 and SD of 0.78, Recycling of products procured had large extent Mean of 4.73 and SD of 0.74, Procurement of material composition had moderate extent Mean of 4.70 and SD of 0.69, Procurement of environmentally friendly products had little extent mean of 4.65 and SD of 0.66 and Enhancement of end of life disposal decision had little extent mean of 4.56 and SD of 0.41. The findings show that majority of the firms had adopted green purchasing.

4.5.2 Adoption of Information Technology

Table 4.10: Information Technology in Procurement

Information Technology	Mean	Standard Deviation
Use of information technology for order processing	4.88	0.75
Use of information technology for requesting quotation	4.76	0.66
Use of information technology for searching for products and services	4.59	0.60
Use of information technology in procurement accountability	4.38	0.40
Use of information technology in publishing disqualified suppliers	4.35	0.32

Source: (Author, 2018)

The findings in Table 4.10 established that majority of the respondents indicated that use of information technology for order processing had very large extent Mean of 4.88 and SD of 0.75, use of information technology for requesting quotation had large extent with Mean of 4.76 and SD of 0.66, use of information technology for searching for products and services had moderate extent Mean of 4.59 and SD of 0.60, use of information technology in procurement accountability had little extent Mean of 4.38 and SD of 0.40 and finally the use of information technology in publishing disqualified suppliers had little extent Mean of 4.35 and SD of 0.32. From the findings majority of firms had adopted information technology.

4.5.3 Supplier Partnering

Table 4.11: Supplier Partnering

Supplier Partnering	Mean	Standard deviation
Promotion of mutual procurement planning and problem-solving.	4.89	0.78
Integration of the firm procurement system with that of suppliers for communication and accountability	4.84	0.75
Firm sharing of information on quality of goods and services	4.79	0.70
Coordinating the supply relationship transaction-related activities	4.73	0.61

Source: (Author, 2018)

Findings on Table 4.11, majority of the respondents established that Promotion of mutual procurement planning and problem-solving had very large extent Mean of 4.89 and SD of 0.78, Integration of the firm procurement system with that of suppliers for communication and accountability had large extent Mean of 4.84 and SD of 0.78, Firm sharing of information on quality of goods and services had moderate extent Mean of 4.79 and SD of 0.75 and finally, Coordinating the supply relationship transaction-related activities had little extent Mean of 4.73 and SD of 0.61. Most of the respondents indicated the firm had adopted supplier partnering.

4.5.4 Purchasing Ethics

Table 4.12: Purchasing Ethics

Purchasing Ethics	Mean	SD
Promotion of fairness by lowering procurement costs to all procurement participants	4.89	0.81
Promotion of accountability in order processing	4.77	0.65
The firm ensures compliance with all procurement guidelines	4.53	0.54
Promotion of professionalism in procurement of quality goods and service	4.50	0.44
Handling of customers effectively and efficiently	4.49	0.59
Disqualifying incompetent suppliers	4.27	0.34

Source: (Author, 2018)

The findings in Table 4.12, majority of the respondents indicated that, Promotion of fairness by lowering procurement costs to all procurement participants had very large extent Mean of 4.89 and SD of 0.81, Promotion of accountability in order processing had large extent Mean of 4.77 and SD of 0.65, the firm ensures compliance with all procurement guidelines had moderate extent Mean of 4.53 and SD of 0.54, promotion of professionalism in procurement of quality goods and service had little extent Mean of 4.50 and SD of 0.44, handling of customers effectively and efficiently had little extent Mean of 4.49 and SD of 0.59 and finally disqualifying incompetent suppliers had little extent Mean of 4.27 and SD of 0.34. Majority of the respondents established that the firm had adopted purchasing ethics in procurement.

4.6 Procurement Performance

The respondents were required to indicate various statements on the extent to which firm had achieved procurement performance for each of the following procurement performance indicators. Data in Table 4.3 was analyzed using a scale of 1 to 5 where 1- No extent; 2-Little extent; 3-Moderate extent; 4-Large extent and 5-Very large extent was used. From the findings, mean and standard deviation was calculated to allow ease of interpretation and generalization of the results. The findings are shown in Table 4.13.

Table 4.13: Firm Achievement in Procurement Performance

Procurement Performance	Mean	Standard deviation
Lowering of information search cost for suppliers	4.71	0.67
Lead time delivery of goods and services to customers	4.64	0.73
Professionalism in procurement of quality goods and services	4.56	0.53
Flexibility in recycling of products procured	4.43	0.44

Source: (Author, 2018)

Findings in Table 4.13 show that majority of the respondents indicated that lowering of information search cost for suppliers had very large extent a Mean of 4.71 and SD of 0.67, lead time delivery of goods and services to customers had large extent a Mean of 4.64 and SD of 0.73, Professionalism in procurement of quality goods and services had a moderate extent a Mean of 4.56 and SD of 0.53 and finally, flexibility in recycling of products procured had little extent a Mean of 4.43 and SD of 0.44. From the findings most respondents specified there was procurement performance in firms due to practice of procurement best practices

4.7 Relationship Between Procurement Best Practices and Procurement Performance

The study sought to find out the relationship between procurement best practices and procurement performance. The respondents indicated that procurement best practices are green purchasing, adoption of information technology, supplier partnering and purchasing ethics. Respondents stated that each of procurement best practices enable the firm to enhance: lowering of information search cost for suppliers, lead time delivery of goods and services to customers, professionalism in procurement of quality goods and services and flexibility in recycling of products procured. This implies that procurement teams in the firm practice teamwork and constant improvement on procurement best practices and procurement performance of firms to remain competitive in goods and service delivery to customers. The results of findings are shown in Table 4.14, Table 4.15, Table 4.16 and Table 4.17.

4.7.1 Correlations Analysis

Correlation analysis established strength of association between independent and Dependent variables. The results of findings are shown in shown in Table 4.14.

Table 4.14: Correlation of procurement Best Practices and Procurement Performance

		Procurement Performance Indicators	Green Purchasing	Supplier Partnering	Adoption of Information	Purchasing Ethics
Procurement performance	Pearson Correlation	1				
	Sig. (2-tailed)	0.02				
	N	40				
Green Purchasing	Pearson Correlation	.658(*)				
	Sig. (2-tailed)	.001				
	N	40	40			
Supplier Partnering	Pearson Correlation	.642(*)	.590(*)	1		
	Sig. (2-tailed)	.001	.007			
	N	40	40	40		
Adoption of Information	Pearson Correlation	.869(*)	.580(*)	.430	1	
	Sig. (2-tailed)	.002	.037	.003		
	N	40	40	40	40	
Purchasing Ethics	Pearson Correlation	.737(*)	-.642(*)	-.704(*)	-.619	1
	Sig. (2-tailed)	.001	.000	.002	.000	.000
	N	40	40	40	40	40

Correlation is significant at the 0.05 level (2-tailed).

The Pearson correlation analysis was done for all the study variables showed that there existed a very strong positive relationship between procurement best practices and procurement performance in firms operating in Nairobi County CBD at 95% confidence level. The correlation between green purchasing and procurement performance was significantly strong and positive ($r=0.658$, $P=0.001 < 0.05$). This implied that when the firm decided to go along with green procurement activities tangible benefits are experienced. The findings on correlation analysis in Table 4.14 show that supplier partnering and procurement performance was significantly strong and positive ($r=0.642$, $P=0.001 < 0.05$). This clearly indicated that procurement performance was high when good supplier partnering relations are maintained.

The finding in Table 4.14 revealed a strong relationship between adoption of information technology and procurement performance in the firm, ($r=-0.869$, $P=0.002 < 0.05$). This implied that information technology improves the firm's procurement performance. This is in line with Coulthard, (2004) who stated that procurement best practice will seek to lead to improvement in procurement in quality goods and services, cost reduction in procurement process, customer responsiveness to lead time delivery of goods and services and flexibility in efficient order processing of goods and services procurement performance in SMEs.

4.7.2 Regression Analysis

The study sought to find out whether there existed a relationship between procurement best practices and procurement performance. The analysis was done and is shown in Table 4.15, Table 4.16 and Table 4.17.

4.7.2.1 Model Summary

The regression line's ability to account for the overall difference in the dependent variable. The findings are shown in Table 4.15.

Table 4.15: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Change	F Change	df1	df2	Sig. F Change
1	.892(a)	.795	.784	0.05	0.727	4	2.321	1.42	.01(a)

a. Predictors: (Constant) Green Purchasing, Supplier Partnering, Adoption of Information Technology and Purchasing Ethics

b. Dependent: Procurement performance

The study sought to determine relationship between procurement best practices and procurement performance of SMEs in Nairobi County. The findings in Table 4.15, show that R is the square root of R-Squared which correlate with observed and projected values of dependent variable suggesting that there was association of 0.892

between procurement performance and procurement best practices in firms. Adjusted R^2 in Table 4.15 is called the coefficient of determination which stipulates how the procurement performance varied with difference in procurement best practices in the firm which includes green purchasing, supplier partnering, adoption of information technology and purchasing ethics. The findings in Table 4.15, show that the value of adjusted R^2 is 0.784 indicating a variation of 78.4% in procurement best practices in the firm and procurement performance at a confidence level of 95%. This clearly indicated green purchasing, supplier partnering, adoption of information technology and purchasing ethics improved the firm's procurement performance.

4.7.2.2 ANOVA (b)

Table 4.16: ANOVA (b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.1359	13	.245	1.5622	0.01(a)
	Residual	5.4474	57	.239		
	Total	7.5833	70			

a. Predictors: (Constant) Green Purchasing, Supplier Partnering, Adoption of Information Technology and Purchasing Ethics

b. Dependent: Procurement performance

The Total variance (7.5833) was the difference into the variance which can be explained by the independent variables (Model) and the variance which was not explained by the independent variables (Error). The study established that there existed a significant goodness of fit between variable as F-test ($F=2.5504$, $P=0.01 < 0.05$). The calculated $F=2.5504$ far exceeds the F-critical of 1.5622. This implied there the level of variation between independence and dependent variable was significant at 95% confidence level. This indicated that the model formed between effects of procurement best practices and procurement performance was a good fit for the data. The strength of variation of the predictor values effects of procurement best practices in the firm was significant at $P=0.01 < 0.05$.

4.7.2.3 Coefficients (a)

Table 4.17: Coefficients (a)

Model		Unstandardized		Standardized	t	Sig.
		Coefficients	Coefficients			
		B	Std. Error	Beta		
1	(Constant)	3.563	0.000		2.445	0.001
	Green Purchasing	0.755	0.709	.463	2.712	0.001
	Supplier Partnering	0.828	0.790	.372	.2211	0.002
	Adoption of Information Technology	0.747	0.642	.746	1.859	0.003
	Purchasing Ethics	0.752	0.546	.287	1.437	0.004

- a. Predictors: (Constant) Green Purchasing, Supplier Partnering, Adoption of Information Technology and Purchasing Ethics
- b. Dependent: Procurement performance

The established regression equation

Where: Y=Procurement Performance, X1= Green Purchasing, X2= Supplier Partnering, X3= Adoption of Information Technology, X4= Purchasing ethics and ϵ = Error Term.

$$Y = 1.5632 + .755X1 + .828X2 + 0.747X3 - .752X4 + \epsilon$$

The findings in Table 4.17 indicated that procurement performance would be at 1.5632 holding procurement best practices which are green purchasing, supplier partnering, adoption of information technology and purchasing ethics constant at zero. The study established that effort by the management to support the green purchasing improves the firm's procurement performance ($r = .755$, $p = 0.001 < 0.05$).

The study found that good supplier partnering would significantly increase procurement performance ($r = 0.828$, $p = 0.002 < 0.05$). From the regression results in Table 4.17 on Information Technology, the study found that there was Adoption of Information

Technology which significantly increased firm's procurement performance ($r=0.747$, $p=0.003<0.05$).

From the regression results in Table 4.18 the study found that effort to enhance purchasing ethics significantly increased procurement performance of the firm ($r=0.752$, $p=0.004<0.05$). This clearly indicated that improved green purchasing, good supplier partnering, adoption of information technology and purchasing ethics; procurement best practices increased procurement performance. This is in line with Coulthard, (2004) who stated that procurement performance will be measured by determining information search cost for suppliers, lead time delivery of goods and services to customers, professionalism in procurement of quality goods and services and flexibility in recycling of products procured.

4.8 Discussion of Findings

The respondents indicated the extent to which procurement best practices were adopted in the firms; Trade, Manufacturing, Construction and Service sector. The findings show that Green purchasing and adoption of information technology was adapted to a very great extent in the firm as indicated by a mean of 4.79, 4.61 and 4.56 respectively. The study found that supplier partnering and purchasing ethics was adopted by the firm to a great extent as indicated by a mean of 4.41 and 4.47 respectively. Also, the study found that Supplier partnering, and Purchasing Ethics was adopted by the firm to a great extent as indicated by a mean of 4.41 and 4.47 respectively. The study established Green purchasing and adoption of ICT are the procurement best practices in respective firms; Trade, Manufacturing, Construction and Service.

Arawati (2011) argued that characteristics of procurement best practices are identified across many high procurement performing firms. This enhances firms to become competitive in the market in goods and service delivery. In the long run the customers get full satisfaction of the quality services offered by procurement firms. Therefore, through this procurement best practices it enhances procurement performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

Chapter entails discussion, conclusions and recommendation based on the objectives of the study which is; to establish the extent to which procurement best practices are adopted by SMEs and to determine the relationship between procurement best practices and procurement performance of SMEs.

5.2 Summary of Findings

Firstly, respondents indicated that adoption of green purchasing, majority of the respondents indicated that Compliance with green procurement policies had very large extent a Mean of 4.81 and SD of 0.78, Recycling of products procured had large extent a Mean of 4.73 and SD of 0.74, Procurement of material composition had moderate extent a mean of 4.70 and SD of 0.69, Procurement of environmentally friendly products had little extent a Mean of 4.65 and SD of 0.66 and Enhancement of end of life disposal decision had little extent a Mean of 4.56 and SD of 0.41.

Secondly, from the findings in use of Information Technology in Procurement, the respondents indicated, use of information technology for order processing had very large extent a Mean of 4.88 and SD of 0.75, use of information technology for requesting quotation had large extent a Mean of 4.76 and SD of 0.66, use of information technology for searching for products and services had Moderate extent with mean of 4.59 and SD of 0.60, Use of information technology in procurement accountability had little extent a mean of 4.38 and SD of 0.40 and finally, use of information technology in publishing disqualified suppliers had little extent a Mean of 4.35 and SD of 0.32.

Thirdly, from the findings in adoption of supplier partnering, majority of the respondents indicated that Promotion of mutual procurement planning and problem-solving had very large extent a Mean of 4.89 and SD 0.78, Integration of procurement system with that of suppliers for communication and accountability had large extent a mean of 4.84 and SD of 0.78, Firm sharing of information on quality of goods and services had moderate extent a mean of 4.79 and SD of 0.75 and finally, Coordinating the supply relationship transaction-related activities had little extent a mean of 4.73 and SD of 0.61

Fourthly, from the findings in purchasing ethics in procurement, majority of the respondents indicated that Promotion of fairness by lowering procurement costs to all procurement participants had very large extent a mean of 4.89 and SD of 0.81, Promotion of accountability in order processing had large extent a mean of 4.77 with SD of 0.65, the firm ensures compliance with all procurement guidelines had moderate extent a mean of 4.53 and SD of 0.54 and finally promotion of professionalism in procurement of quality goods and service had little extent a Mean of 4.50 and SD of 0.44.

Lastly, from the findings in procurement performance in a firm, majority of the respondents indicated that Lowering of information search cost for suppliers had very large extent a Mean of 4.71 and SD of 0.67, Lead time delivery of goods and services to customers had large extent with mean of 4.64 and SD of 0.73.

5.3 Conclusion

From the findings in adoption of procurement best practices, many SME's in trade sector, manufacturing sector, construction sector and service sector are seeking to improve procurement performance in firms that's is through adoption of green purchasing, use of information technology in procurement, supplier partnering and purchasing ethics. Therefore, through adoption of procurement best practices in SME's, the firms are able to attain procurement performance from low cost of information search for suppliers, lead time delivery of goods and services to customers, professionalism in procurement of quality goods and services and flexibility in recycling of products procured.

The relationship between procurement best practices and procurement performance, had a positive correlation. This indicated that model formed had a good fit therefore the firm was significant at $P = 0.01 < 0.05$.

5.4 Recommendation

The study recommends that firms should adopt procurement best practices that influences procurement performance in serving internal and external customers effectively and efficiently.

The study recommends that procurement managers, procurement officers and stores clerks should be prepared to participate in technology advancement to enhance accountability in procurement activities and also enhance supplier partnering. Ethical levels of behaviour of procurement and stores staff must be applied effectively in serving the internal and external customers. Finally, the study recommends that SMEs to fully operationalize best procurement practices that will enhance long term procurement performance of firms in order to remain competitive in goods and service delivery to customers.

5.5 Limitations of the Study

The respondents were procurement managers, procurement officers and stores clerks. They were reluctant to cooperate in giving detailed and timely information. The cost and time in Collection of primary data consumed a lot of time therefore, the researcher had to employ research assistants to aid in data collection which was costly and finally some respondents didn't return the research questionnaires. Out of 45 questionnaires distributed only 40 was fully filled and successfully returned. There was a variance of 5 questionnaires.

5.6 Recommendation for Further Study

From the findings, the accounts for 78.4% of procurement best practices affects procurement performance. The study was only based on SMEs in Nairobi County CBD. Therefore, there should be more research done to all firms operating in Kenya in order to come up with the best solutions that are going to be vast interest to all parties engaging in procurement business.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

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

P.O. Box 30197
Nairobi, Kenya

DATE 26/10/2018

TO WHOM IT MAY CONCERN

The bearer of this letter MAYNELL GEEFFREY NTAKUNDI

Registration No. D61/184246/2016

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

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

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

Thank you.

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS



APPENDIX II: QUESTIONNAIRE

INSTRUCTIONS

Please answer questions by putting a tick [√] in the appropriate box or by writing in the space provided.

SECTION A: DEMOGRAPHIC INFORMATION

Respondent

1. Gender

Male [] Female []

2. Age in years

18-25 Years.... [] 26-30 Years... [] 31-35 Years... []

36-40 Years.....[] 41-45 Years... [] 46-50 Years...[]

Over50 Years..[]

3. Job Title

Procurement Manager.....[]

Procurement Officers.....[]

Stores Clerks.....[]

Others, specify.....

4. Years of Experience

1-5 Years[] 6- 10 Years.....[] 11 - 15 Years...[]

16- 20 Years....[] 21- 25 Years...[] 26- 30Years.....[]

Over 30Years...[]

5. Highest Level of Education

Postgraduate Degree...[] Bachelor Degree....[]

College Diploma.....[] College Certificate..[]

Others, Specify.....

Firm

6. Categories of Firm

Trade [] Manufacturing.....[]

Construction...[] Service.....[]

Others, specify.....

7. Duration in which the organization has been inexistence

0-5 years.....[] 6-10years.....[] 11 – 15years....[]

16 – 20years.....[] Over 20years...[]

8. Number of employees

1-5.....[] 6-10....[] 11-15.....[]

16- 20.....[] 21-30...[] Over 3.....[]

SECTION B: PROCUREMENT BEST PRACTICES

Indicate the extent to which in each of the following procurement practices has been adopted by the firm. Indicate (with a tick) using the scale :**1** - No extent; **2**- Little extent; **3**-Moderate extent; **4**-Large extent;**5**- Very large extent.

Green Purchasing	No extent (1)	Little extent (2)	Little extent (2)	Moderate extent (3)	Large extent (4)	Very large extent (5)
Procurement of material composition						
Recycling of the products procured						
Compliance with green procurement policies						
Procurement of environmentally friendly products						
Enhancement of end of life disposal decision						
Others, specify and rate accordingly						

Indicate the extent to which in each of the following procurement practices has been adopted by the firm. Indicate (with a tick) using the scale :**1** – No extent; **2**- Little extent; **3**-Moderate extent; **4**-Large extent;**5**- Very large extent.

Adoption of Information Technology	No extent (1)	Little extent (2)	Moderate extent (3)	Large extent (4)	Very large extent (5)
Use of information technology for order processing					
Use of information technology for requesting quotation					
Use of information technology for searching for products and services					
Use of information technology in procurement accountability					
Use of information technology in monitoring procurement activities					
Others, specify and rate accordingly					

Indicate the extent to which in each of the following procurement practices has been adopted by the firm. Indicate (with a tick) using the scale :**1** – No extent; **2**- Little extent; **3**-Moderate extent; **4**-Large extent; **5**- Very large extent.

Supplier Partnering	No extent (1)	Little extent (2)	Moderate extent (3)	Large extent (4)	Very large extent (5)
Promotion of mutual procurement planning and problem-solving.					
Integration of the firm procurement system with that of suppliers for communication and accountability					
Firm sharing of information on quality of goods and services					
Coordinating the supply relationship transaction-related activities					
Others, specify and rate accordingly					

Indicate the extent to which in each of the following procurement practices has been adopted by the firm. Indicate (with a tick) using the scale :**1** - No extent; **2**- Little extent; **3**-Moderate extent; **4**-Large extent;**5**- Very large extent.

Purchasing Ethics	No extent (1)	Little extent (2)	Moderate extent (3)	Large extent (4)	Very large extent (5)
Promotion of fairness by lowering procurement costs to all procurement participants					
Promotion of accountability in order processing					
The firm ensures compliance with all procurement guidelines					
Promotion of professionalism in procurement of quality goods and services					
Handling of customers effectively and efficiently					
Disqualifying incompetent suppliers					

SECTION C: PROCUREMENT PERFORMANCE

To what extent has the firm achieved procurement performance? Indicate the extent(using a tick) for each of the following procurement performance indicators. Use the scale:

1 – No extent; **2**- Little extent; **3**-Moderate extent; **4**-Large extent;**5**- Very large extent.

Procurement Performance	No extent (1)	Little extent (2)	Moderate extent (3)	Large extent (4)	Very large extent (5)
Lowering of information search cost for suppliers					
Lead time delivery of goods and services to customers					
Professionalism in procurement of quality goods and services					
Flexibility in recycling of products procured					
Others, specify and rate accordingly					

THANKS FOR YOUR KIND CORPORATION

**APPENDIX III: LIST OF REGISTERED SMALL MEDIUM SIZED
ENTERPRISES IN NAIROBI CBD**

The list of SMEs was extracted from the website. The list has 40 SMEs

1. Adva Tech Ltd
2. Air fall Cooling Services
3. Axis Business Concept
4. Baku Kenta Ltd
5. Briantony International Consultants
6. BTL Consulting Ltd
7. Chemo quip Ltd
8. City Motorcycles and Auto Ltd
9. Copyright Furniture Ltd.
10. Cutlery Duka - Nairobi
11. Deluxe Fruits Ltd
12. DIPEK initiative Kenya.
13. ECOMA Investment
14. ECOSE Limited
15. Edarns Enterprises Ltd
16. Edarns Enterprises Ltd
17. Future soft T
18. Giovani Enterprises
19. Ice pay Business Solutions ltd
20. Ice pay Business Solutions ltd
21. Lite Price Ltd
22. Malibu Pharmacy Ltd
23. Maxswagg investments
24. Mega Wholesalers Ltd
25. Mega wholesalers solutions Ltd
26. Newline Furniture Ltd
27. NikoHapa Ventures Ltd
28. Offers Africa Limited
29. OneSource Financial Services Ltd
30. Pharmasinya Ltd

31. Prestige Bookshop enterprises
32. Primetect ltd
33. Projector Technologies and Co, Ltd
34. Recours Four Kenya Consultant Ltd
35. SokoHuru
36. TasKwetu
37. Tropical Opticians
38. Urban Properties Consultants & Developers Ltd
39. Viffa Consult Limited
40. Wallpaper Kenya