

**BEST- VALUE PROCUREMENT PRACTICES AND FINANCIAL
PERFORMANCE OF KENYAN COMMERCIAL STATE
CORPORATIONS**

BY

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DEDICATION

This project is a dedication to my family for their inspiration, understanding and encouragement from the start to the end of undertaking the research project and to God almighty, for the wisdom to undertake the research and the strength to complete this project

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ABSTRACT

The intend of this research is to determine the influence of best-value procurement practices and financial performance of Kenya commercial state corporations. The two research objectives of the research were; to establish the best-value procurement practices used by the Kenya commercial state corporations and to determine the correlation between best-value procurement practices and financial performance of Kenya commercial state corporations. The research included a descriptive survey research design. The target population comprised of one hundred and forty nine commercial state corporations in Kenya which was then sampled to the corporations that have their offices in Nairobi which came to sixty. All the sixty commercial state corporations returned dully filled questionnaires producing a response rate of 100 percent. A census survey was done on all the commercial state corporations in Kenya. Data was collected by use of structured questionnaires. The data was then analyzed through the use of descriptive statistical tools and presented. The information was then presented by use of tables and bar charts. The finding gave a progressive correlation between best-value procurement practices and financial performance. It was found that if best-value procurement practices were to be implemented properly, variety of benefits would be experienced such as enhancing the corporations image, enhanced transparency, increased profitability, improved cost efficiency, improved communication and better problem solving. The study found that best-value procurement practices significantly affect financial performance of commercial state corporations in Kenya. Results using statistical package for social science revealed a positive correlation between best-value procurement practices and financial performance of Kenya commercial state corporations.”

CHAPTER ONE: INTRODUCTION

1.1 Background

Supply chain management functions are increasingly changing thus adopting to the changes would require old discipline approach towards executing, implementing and controlling business relationships as well as the ability to strategically evaluate and analyze new techniques and technology. This would not only respond to market situations and external forces but also envision the future needs and enhance development and success to an organization(Sollish& Semanik, 2007).

The supply chain has become a core function in many organizations as pressure is extended to procurement chiefs and executives to enhance on effectiveness and efficiency, they have resorted to involve procurement in strategic conversations and decision making on how to achieve great returns by optimizing the supply chain. Earlier this was not the culture as procurement was considered noncore with its main objective being to decide the core suppliers that would then furnish the organization with its needs. The government has resulted in privatizing activities in public sectors with an aim of enhance operations of the public sector(Baily, Farmer, Crocker, Jessop, & Jones, 2008).

1.1.1 Best-Value Procurement Practices

Procurement is a practice where a user department raises needs, requirements or requisitions which are then processed or converted into purchase orders or contracts by the procurement department. It can also be referred to as the purchase of products or works from a vendor outside the organization (CIPS, 2017)

“Best-value procurement is a procurement process where more than one variable are considered in the evaluation and selection of contractors with the aim of minimizing risk and enhancing long term performance (Scott, 2006)”. “It is a procurement method where more than one variable are considered as the decision to award is solely not based on the least price, but on the best price – value. It is a procurement, project administration and risk controlling approach, based on the concept of win – win, less management, direction and control as well as transparency between the client and the contractor as defined and developed by Kashiwagi(2011) in conjunction with his team at the performance based studies research group (PBSSRG) at Arizona State University”.

“According to Kashiwagi and Byfield (2002), best-value procurement is a method that consists of four major stages which are: selection, clarification, pre-award and execution”. The stages are enhanced and executed by the following best-value procurement practices: value based evaluation of bidders, value based negotiation of bids, ethical tendering, fair and transparent contract awards, performance based evaluation of bids, risk sharing in evaluation and selection, quality based evaluation and selection, time bound contract management and supplier evaluation and pre-qualification.

1.1.2 Financial Performance

Performance is the degree to which organizations achieve their tasks and responsibilities efficiently and effectively thus managing resources in a strategic manner to gain competitive advantage and achieve desired goals(Iswati& Anshori, 2007).

Performance is either financial or non-financial, financial performance measures the outputs of organizations policies and operations in monetary terms which communicate the benefits from investment, assets and value addition. According to Almajali et al (2012), measurement of financial performance can be in the form of; return on sales-informs how much an organization receive from their sales, return on assets which analyses the efficiency to which an organization employ their assets and finally return on equity which analyses the benefits stakeholders receive from their investment.

Determinants of financial performance include; firm age, control and ownership of the firm, development of the capital market, floatation and agency costs, cost of capital and tangibility of assets, stable cash flows and profit margins and tax shield(Almajali, Alamro, & Al-Soub, 2012)

1.1.3Kenya Commercial State Corporations

Parastatals are a state corporation as defined under the state corporation Act Cap 446(2012). state corporation are not only parastatals and may also include a corporate body that is tasked to undertake specified orders as would be established by the order of the president, it's a corporate institution as determined by or under the parliament Act and a parastatal may be a financial institution such as a bank as stated in the banking Act or any other company which is incorporated on the company Act(Government of Kenya, 1987; Wamalwa, 2003).

Development in the country has moved the Kenyan government to come up with parastatals as early as 1960s for both economic and public policy motives. The formed parastatals were to meet both commercial and social goals. The objectives being to enhance economic social development thus balancing economic performance in different regions/ counties, encourage Kenyan citizens to be a resource in the institutions and have an influence in the country's economy and to attract direct investment from foreigners through partnership(GOK – Sessional paper No.4, 2005).

Parastatals have undergone reforms to restructure their operations and are already progressing. The reforms are geared towards increasing revenue and enhancing national development by accelerating economic growth. This would also drive social economic transformation of Kenya to a global competitive country and improve the standards of living (Wamalwa 2003).

The financial performance of parastatals has declined over the previous year's thus losing the public trust who are the major shareholders. The poor performance would be associated to lack of adequate management with discipline in expenditure pattern and control. Wastages, corruption, poor governance and lack of proper supervision by required authorities" (Secional paper no.4 GOK 1991).

1.2Research Problem

Best-value procurement practices and financial performance is a study geared towards delivering high quality services, managing organizations resources and optimizing supply chain as it also brings about a leadership structure. Cases have been reported where the tendering process was not executed as per the stated law and regulations under the Act, suppliers compromised the process to their advantage by issuing bribes and other forms of corruption (Chen, 2008)

World bank 2004 article highlighted that parastatals in Kenya are one of the sectors that should be busted for corruption. A comparison with other economies Kenya had over – abundance of state corporations that mainly mismanage public resources.

Hasnain and Thaheem, (2016)who researched on “best value procurement in construction and its evolution in the 21st century”, they found out that indeed best value procurement practices is efficient and effective as a strategy, the study however did not correlate to financial performance and Kenya commercial state corporations.

Bruno, (2016) researched on “best value procurement, a case study on governance and (in) stability of specifications within a complex procurement project”, the study however did not link financial performance and Kenya commercial state corporations

Bardai (2015) researched on “best value procurement on the performance of outsourcing ict projects”. Just like Hasnain and Thaheem he did recommend the implementation of best value procurement approach over the traditional approach but did not associate the study to financial performance to Kenya commercial state corporations.

Wamalwa (2009) examined “the relationship between performance contract and financial performance of two parastatals; Kenya railways and Kenya Airport Authority”, he then concluded that financial performance improved with implementation of performance contracts.

The subject matter sought to answer the research questions: what are the best-value procurement practices being used in Kenya Commercial State Corporations? Is there any relationship between best-value procurement practices and financial performance in Kenya Commercial State Corporations?

1.3 Research Objective

The study objectives will be:

- I. To establish the best-value procurement practices commonly used by Kenya commercial state corporations.
- II. To determine the relationship between best-value procurement practices and financial performance of Kenya commercial state corporations.

1.4 Significance of the Study

The paper is expected to yield information which will be of much value to the government parastatals for future improvements in the field of procurement and its practices.

The research is expected to yield additional awareness in the discipline of procurement by exploring additional factors promoting its use. The paper is also likely to establish areas of further research in the field of financial performance.

Theoretically the findings contribute to the body of knowledge on procurement as operations strategy. The paper will also create an opportunity for further developments and research in the government parastatals.

CHAPTER TWO: LITERATURE REVIEW

2. Introduction

The literature review will be geared towards expounding the objectives, related theories of best-value procurement and financial performance. Under 2.1 we shall examine the theoretical review where we shall expound on theories used in best-value procurement practices and financial performance. Under 2.2 best-value procurement practices. 2.3 we shall examine financial performance. 2.4 empirical literatures on best-value procurement practices and financial performance 2.5 we shall have a summary of empirical studies followed by 2.6 which will be the conceptual framework.

2.1 Theoretical Review

Several theories offer insights and provide clarity into the rationale underlying the best-value procurement practices and financial performance on Kenya Commercial State Corporations. The theories are discussed below

2.1.1 Principal-Agency Theory

The agency model was enhanced by economists to settle problems that might arise when a principal will get into an agreement with an agent who will be performing tasks in the principals interest (Heath & Norman, 2004).

The Principal-Agent Theory come to light when an individual or an organization which will then be the principal contracts and gets into an agreement with an independent individual or entity which will then be the agent to act on their behalf. The two parties then get to a binding agreement that will govern their operations. The agent will then utilize the resources and make decision on behalf of the principal (Fayezi, O'Loughlin, & Zutshi, 2012)

The bond between the two parties excels when the agent is skilled and knowledgeable when undertaking managerial duties, the relationship will fail when the interests of the two parties differ extensively. The client is to source, recognize and select for an expert to execute the expectations and align them with reality as best value procurement is based on taking responsibility, dominant information and measuring performance leading to more transparency (Bruno, 2016).

2.1.2 The Institutional Theory

Institutional theory describes how external institutions regulate operations in an organization, the institutions are not part of the organization nevertheless it should consider the inputs of the external institution for reasons such as legitimacy or to be accepted by the general public (Powell, 1994)

According to Scott (2003), an institution is a composition of both cultural-cognitive and regulative fundamentals, institutions are made up of pillars which are “regulatory (policy), normative and cultural cognitive”. “The regulatory pillar is concerned with the implementation of rules, laws and sanctions while the normative pillar describes how operations are to be done with desired value outcomes and finally the cultural pillar which holds its ground on shared understanding such as common beliefs and symbols”.

Public Procurement and Disposal of public asset Authority (2005) designed a policy document which entails standards to be used in implementing and maintenance of records and delivering of quality services. As per the institutional theory, public procuring entities are guided by manual documents such as the Acts which promote fairness and transparency.

2.2 Best-Value Procurement Practices

Best-value procurement practices is a procurement method that administers various practices and ensures an organization gets the best possible value for money after they commit their expenditure. Best-value procurement practices will enhance procurement procedures in an organization which will then lead to acquisition of desired goods and services from a reputable suppliers, the same will enable an organization achieve their goal and the strategic objectives in an economic, efficient and effective manner. Best-value procurement practice will not only enhance delivery of quality products but will also result to cost reduction as adequate allocation of firm resources is observed thus the organization will benefit in the form of being delivered with high quality products within stipulate procurement time and budgetary saving hence increasing profitability. Below are practices that contribute to best-value procurement;

Value- Based Evaluation of Bidders is a best-value procurement practice whereby an organization sources for a bidder with the finest combination of price and quality. When evaluating all the documents, dominant information plays an essential role which are analyzed leaving no room for uncertainties (Bruno, 2016)

Value- Based Negotiation of Bids is a best-value procurement practice where negotiation is used as a strategic tool as it is a well-known practice in public procurement. The benefit of negotiation as a practice is that one is able to realize a best value solution. Best value might not be the lowest cost. Negotiations are used when clarification is needed on various variables of a contract. Through negotiation an organization will be in a better and a greater position to foresee contract management issues and find solutions for the same. Negotiation also provides a format for realizing greater value to an organization through contractor concessions. (Metzger & Kramar, 2012)

Ethical Tendering is a best-value procurement practice where the violations and or most potential ethical abuses occur on the procurement process (Koria, 2017) Tender violations maybe of many forms which may include but not limited to bid-cutting, cover pricing and collusion among many other practices. A procurement manual should have policies indicating what is entailed in a conflict of interest and measures to be taken where it is proven that indeed a conflict exists. Relationships between employees and suppliers can also result to ethical issues during the procurement process mainly if the employee receives kickbacks of any form from the supplier (Amemba, Nyaboke, Osoro, & Mburu, 2013). Chen et al (2005) suggests that one objective of the ordinary tendering measures is to reduce the likelihood of collusion and manipulation of prices.

Fair and Transparent Contract Award is a best-value procurement practice where transparency is considered to be of great importance when facilitating effectiveness in procurement activities, public procurement set their objectives around fairness, competition and economic value, to achieve the objectives an organizations needs to incorporate adequate control to enhance accountability and clarity. This practice can be achieved in a number of ways within the procurement function such as and not limited to publishing procurement manuals, publication of contract awards and prices paid among many other practices. The practices could be effective in raising questions on a timely basis and holding public officials accountable (Ballard, 2012).

Performance- Based Evaluation of Bids is a best-value procurement practice that spotlight desired outcomes to a certain extent than on regulatory details for how to achieve the outcomes. By its nature, performance-based evaluation of bids involves determination of what is more significant to an organization (Molenaar, Sobin, & Antillón, 2010).

Risk Sharing in Evaluation and Selection is a best-value procurement practice where risk is analyzed as an uncertain occurrence which can negatively influence certain variables (Rose, 2013). Risks and their sources can be classified as quantitative or qualitative as they have an effect on desired outcomes (Baloi & Price, 2003). High costs can result in high profits as a result with financial issues being evident, the reason for analysis by public procurement is to share risk and goods to avoid these potential downfalls (Van Tulder & Van der Zwart, 2005).

Quality-Based Evaluation and Selection is a best-value procurement practice where price is not the only variable for consideration but quality is to be examined. Quality based selection ensures that each and every variable is analyzed and not only focusing on one variable during evaluation and selection. Quality based selection also gives room to transparent selection process thus ensuring no unjustifiable influences have been allowed to occur in the selection process.

Time Bound Contract Management is a best-value procurement practice where time related project goals and best value parameters are transparent, choices would be made on cost-time tradeoffs that optimize value to the owner. Time lost due to disruptions in a project is relative and often problematic to justify (Shi et al., 2001).

Supplier Evaluation and Pre-qualification is a best-value procurement practice where an organization appoints a committee who are entrusted to evaluate and select a qualified supplier who will then supply products to the organization as per specifications. When the practice is transparent, reliable supplier will be identified thus ensuring a suitable working relationship (Kang & Lee, 2010). Supplier selection will then be simplified as a means where an organization gets into a bidding agreement with a supplier who will deliver products as per the specifications (Sonmez, 2006). Pre-qualification step is the process where bids are evaluated and reduced to a smaller set of acceptable bids. It is a categorization process where bids which communicate desired outcomes of the organization are grouped together and those which didn't pass the cut are removed (De Boer, Labro, & Morlacchi, 2001).

2.3 Financial Performance

Financial performance would enable an organization analyze and identify the strengths and weaknesses by analyzing the correlation of items on the balance sheets, profit and loss account. Quarden (2004) stated that "short-term and long term forecast and growth can be identified through financial performance analysis, which is a process of evaluating the

relationship of component parts of financial statement to obtain a better understanding of the organizations position and performance". Bekana (2011) outlined that "Financial performance measures ratios such as asset utilization/efficiency ratios, liquidity ratio, leverage/financial efficiency ratios, profitability ratios, solvency ratios and coverage ratios to can be used to evaluate a firm's financial performance". According to Besley and Brigham (2000), "ratio analysis is the first step in financial analysis as the ratios are designed to show relationships between financial statement accounts within firms and between firms".

Pandey (2010) provided financial measures in form of return of assets which is measured by dividing "profit after tax by book value of total assets", "return on investment which is found by dividing earnings before interest and tax by total assets", "return on equity found by dividing net profit by shareholders equity" and "Tobin Q which is the market value of equity plus book value of debt all divided by book value of total assets". The same can be catalyzed by financial performance determinants as explained below;

Firm age determines financial performance where a distinct relationship between the organization age and the financial performance would be relevant both theoretically and practically, in a case where performance reduces as the organization grows older an explanation and a conclusion will be reached as to why many organization are eventually taken over (Lorderer, 2009). "Malik (2011) in his Pakistan study concluded that there is a significantly more optimistic relationship between company size and profitability".

Size of an organization is a determinant of financial performance as smaller organizations are faced with high risks which then results to obstacles as and when they would want to raise capital through debt, they therefore result to utilize retained earnings, equity capital and short term debt to finance their activities (Connel 1999)

Control and ownership of an organization is a determinant of financial performance where it is urged that when the management of an organization is in control of a few ordinary shareholders it will result to effective management, "Wiwattanakantang (1999) in a study of Thailand firms, 35% of sampled firms are family owned. Non – dilution of ownership increases liquidity since it improves the trading capability of stocks in the market".

Cost of capital and tangibility of assets is a determinant of financial performance as observed by Williamson (1988) where high cost of capital leads to costly borrowing hence equity is preferred, It is cheaper to maintain equity capital since once the shares start trading, the firm incurs no borrowing fees and floatation costs, "Low cost of capital lead to high firm value. On tangibility, it is the ability of assets to be utilized as collateral".

Stable cash flows and profit margins is a determinant of financial performance as “Wurgler (2002) mentioned firms with stable growth and cash flow streams, use more debt to finance their activities because floatation costs incurred is less than when common stock is utilized and it can afford to pay the fixed charges associated with high debt levels. Competitive structure and high rate of returns on investment stimulates use of retained earnings which is cheaper. Firms utilize equity during periods of fluctuation in sales and profit margins”.

2.4. Best-Value Procurement Practices and Financial Performance

“According to Kashiwagi and Byfield (2002) best-value procurement is a philosophy about working together as it is becoming very popular in contracting services and purchasing projects, the process of best value procurement exists on the following four stages:

Preparation of the procurement projects, the selection stage: the supplier is the expert, the pre-award (award stage) the client performs the expert role, execution: the supplier fulfils the expert role”.

Best-value procurement practices creates a “win –win” situation for parties involved under certain variables such as highest possible value at low cost (D. Kashiwagi et al., 2012).

Choudhary & Tandon, (2011) “identified the determinants of a firm’s financial performance (both capital market based and accounting based) in Indian context. In his study the data of a sample of 233 companies in Midas Touch International Journal of Commerce, Management and Technology used to evaluate the financial performance measured in terms of shareholders’ value, growth and profitability using a set of independent variables during the period ranging from 1996 to 2008”.

Chander and Aggarwal (2007) analyzed “the determinants of growth in drugs and pharmaceutical industry for a period of ten years from 1995-96 to 2004-05. The growth of firms was measured in terms of growth in average total assets and average total sales”. “Multiple regression analysis was used to develop a model to identify determinants of growth of firms in the industry”. The findings showed that certain variables were statistically important in determining the growth of firms.

Langat, (2013) found that procurement performance involves the manner in which the organization can achieve set objectives at minimal amounts. The study examined the functions performance “in terms of efficiency, competitiveness of services procured, quality of goods procured, and reduction of conflict of interests within the procurement activities”.

Masaba, (2010) found that procurement performance can be measured using two metrics; effectiveness and efficiency. “Effectiveness in procurement performance involves achievement of procurement values such as transparency, accountability and value for money”.

The efficiency aspects of procurement involve aspects such as adequate consideration of the user needs, efficiency in utilization of public resources and risk management.

Madhavaram and Hunt (2008) and Hassanzadeh and Jafarian (2010) observed that procurement practices when adequately implemented boosts the organization’s profitability as there is a reduction on raw material prices and costs having identified reliable sources of supply.

2.5 Summary of Empirical Studies

The concept of best-value procurement practices and financial performance has been done in both theoretical literature and empirical studies, it is evident that best-value procurement practices and financial performance are relevant in commercial State Corporation; this is due to the benefits that accrue from the practices. Organizations emphasizes on best-value procurement practices and financial performance, to achieve the required or improve the operational performance and meet the respective demand. However, the various studies on the related study have not comprehensively tackled the best-value procurement practices and financial performance of Kenya commercial State Corporations according to the best knowledge of the researcher as illustrated on the table below

Study	Objectives	Methodology	Findings	Gap
“Best Value Procurement – a case study on governance and instability of specifications within complex procurement projects”	“How is the (in)stability of specifications and (contractual and relational) governance handles in practice in the application of the nest value procurement method in complex	A case study basis	Not all risks can be identified beforehand and controlled as the best value method presumes. The best value procurement method is not a good method for coping with complexity	The study did not focus on best-value procurement practices and financial performance of Kenyan commercial state corporations which in our study I wish to address them

	procurement trajectories”			
“Best Value Procurement in Construction and its Evolution in the 21 st Century: A Systematic Review “	“facilitate client needs by describing the priority indicators that could help in decision making for awarding contracts”	Systematic Review	“It is authenticated that best value procurement strategy is simple to implement and flexible enough to adjust to the project specific and client preferable requirements. These criteria not only discourse the ultimate performance and overall cost of the work but also subsidize to the efficient execution of the work”	The study did not focus on best-value procurement practices and financial performance of Kenyan commercial state corporations which in our case is the subject under review
“Impact of best value procurement on the performance of outsourcing ICT projects”	“To provide recommendations and suggestions for contractors on the performance of ICT projects based on best value procurement inorder to refine or design the strategy (approach) and implement actions in their procurement process”	Descriptive qualitative research	“Best value procurement methods is also effective for ICT projects, it’s an additional procurement method that can be used for certain projects”.	The study was on best value procurement on the performance of outsourcing ICT, it did not correlate to financial performance of Kenya commercial state corporations

Thus, the study under review would want to explore the independent and dependent variable in conjunction to Kenya commercial state corporations.

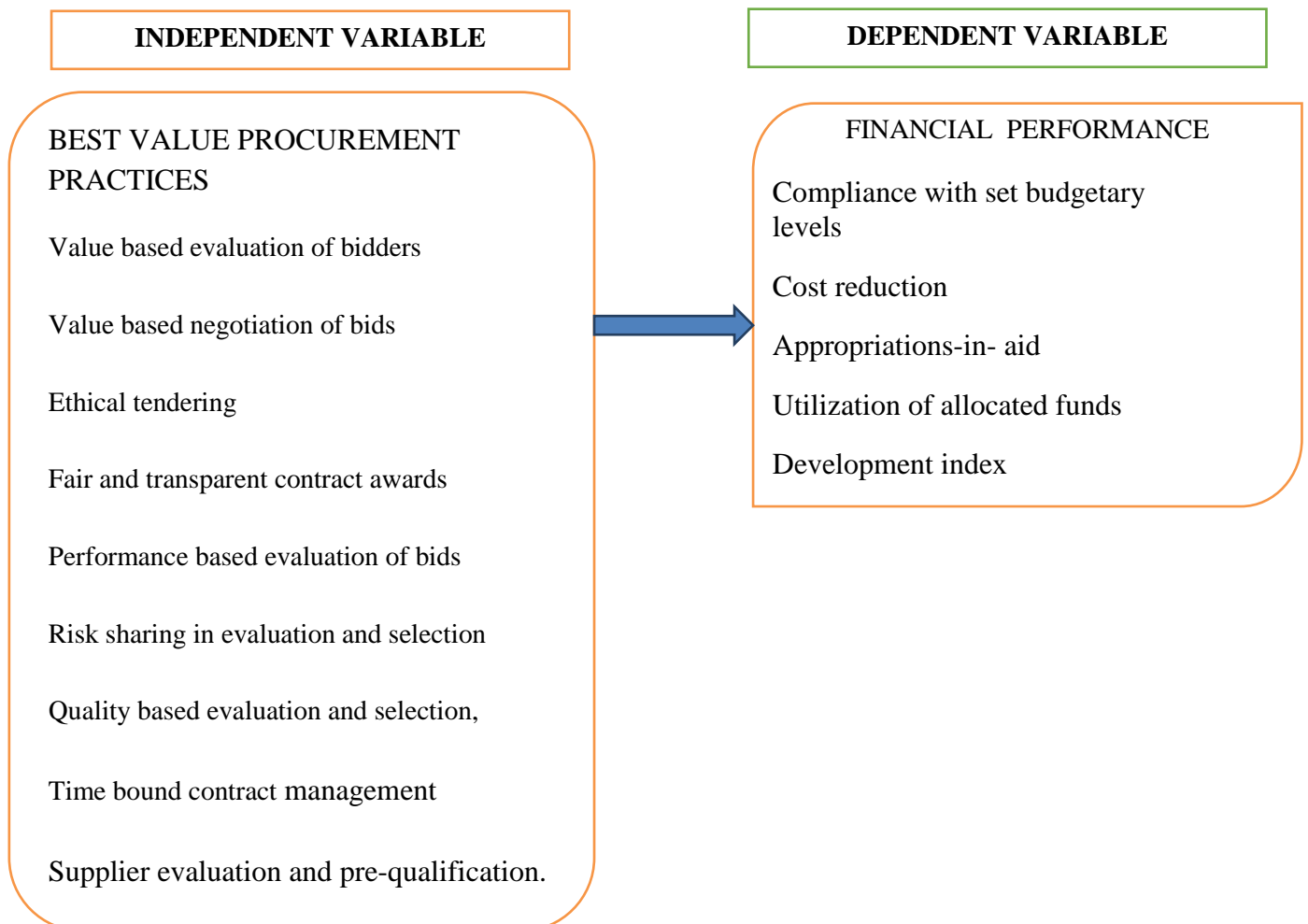
2.6 Conceptual Framework

“According to Mugenda and Mugenda (2003, 2010) conceptual framework is a combination of visual representation of major variables and descriptions of phenomenon under the review”.

Conceptual framework can also be described as an aspect of systematic research process where a specific idea is recognized in quantifiable terms that will then give a clear meaning of the concept (Cooper & schindler, 2010).

Reichel and Ramey (1987) described conceptual framework as wide-range ideas and values extracted from various related fields of enquiry which will then be used to design an appropriate presentation. It is a research instrument that is used to assist and build up knowledge and understanding of the subject under study.

The independent and the dependent variable are presented in the following figure 1.



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter addresses the methods and procedures that would be used to attain the study objectives taking into consideration the design, the target population, sample and sampling technique, data collection method, and data analysis which will be in line with how the study will achieve its objectives.

3.2 Research Design

Mugenda (2010) described research design as an art and structure that outlines the methodologies and practices for collecting, evaluating and eventually analyzing the data needed. The study will adopt descriptive research design as data will be collected with the aim of determining research questions with reference to the study.

Descriptive research design represents the variables being studied by answering the questions who, what and how (Babbie 2002), thus it is appropriate for the research as it would enhance collection of substantive information on our topic.

3.3 Population of the Study

“Mugenda and Mugenda (2001) described target population as an entire group of individuals, events or objects having observable characteristics”.

Targeted population for this study consisted of all the 149 corporations. According to the state corporations advisory committee, there are eight categories of corporations which include; financial corporation’s – 17, service corporations – 26, commercial and manufacturing corporations – 33, training and research – 14, public universities – 19, regional development – 6, tertiary education and training – 5 and regulatory corporations – 29.

3.4 Sample and Sampling Procedure

A sample size of sixty (60) respondents will be considered for the study drawn from parastatals operating in Nairobi. There are currently 70 parastatals that have their offices in Nairobi and thus were accessible to the researcher.

The state corporation advisory committee categorized eight functional of State Corporation which was then categorized as strata and afterwards simple random sampling was done fairly to the number of corporations in each stratum. The objective of using stratified random sampling is to achieve the desired representation from various sub-groups in the population.

“According to Mugenda & Mugenda (2003) a sample of 30% is considered representative for a population less than 500. If the population is less or equal to 30% it is appropriate to carry out census study, the sample size is justified by 40% when collecting data on a large scale this will minimize the duplicity and redundancy of the data to be obtained”. The table below shows sampling that was done on respective functional categories.

Category of corporation	Population size	Sample size (40% of size Population)
Financial corporation's	17	7
Commercial and manufacturing corporations	33	13
Public universities	19	8
Training and research	14	6
Service corporations	26	10
Regional development	6	2
Tertiary education and training	5	2
Regulatory corporations	29	12
Total	149	60

3.5 Data Collection

Data collection is a practice of gathering and measuring information concerning variables of interest. The research will rely on primary data which will be collected by issuing prearranged questionnaires developed in line with the objectives entailing questions which were closed and open – ended.

Respondents are divided into three groups which then will ensure adequate distribution, according to Verschuren and Doorewaard (2000) people do act in three different ways as sources of information. Number one is the respondent: “persons providing information on themselves, number two are informants they provide data on someone else or by his or her familiar situation, objects and processes and number three are experts they act as suppliers of knowledge.

A pre-test shall be done on the questionnaires by using them to interview selected sample respondents. The questionnaires shall be administered on a drop and pick basis where the

sampled respondents shall be issued with questionnaires which they would be required to fill and would be collected once they are done.

3.6 Data Analysis

The information that would be collected from the respondents working under the various commercial state corporations will be analyzed by use of descriptive statistics that involves mean and standard deviation.

Summary of Data Collection and Analysis to be Adopted in the Questionnaire

RESEARCH VARIABLES	DATA COLLECTION METHOD (Questionnaire)	DATA ANALYSIS METHOD
Demographic Information	Section A	Descriptive statistics
Best-value procurement practices commonly used by Kenya commercial state corporations	Section B	Descriptive statistics
Financial performance of Kenya commercial state corporations	Section C	Descriptive statistics

The following regression equation will be adopted to demonstrate the relationship between best-value procurement practices and financial performance of Kenya commercial state corporations.

$$y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + \beta_9X_9 + \epsilon$$

Where: y = Financial performance

α = Constant; y intercept, that is, the value of y when x is equal to zero

$\beta_1 \dots \beta_9$ = the slope representing degree of change in independent variable by one-unit variable

X1 = Value based evaluation of bidders

X2= Value based negotiation of bids

X3= Ethical tendering

X4= Fair and transparent contract awards

X5= Performance based evaluation of bids

X6= Risk sharing in evaluation and selection

X7= Quality based evaluation and selection,

X8=Time bound contract management

X9= Supplier evaluation and pre-qualification

ϵ = error term”

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

In this chapter, we analyze the data collected from Kenya commercial state corporations in regard to the research objective that guided the study. Data is analyzed to identify, describe and explore the best-value procurement practices used by the Commercial Corporations and the relationship between best-value procurement practices and financial performance of Kenya commercial state corporations.

The data gathered from the questionnaires will be analyzed using the statistical package for the social sciences software. This chapter solely focuses on presenting the collected data in a meaningful way for easy understanding.

The introduction to the chapter provides the background of targeted respondents, achieved through examining their demographic profile followed by findings and analysis of data, which is composed of descriptive analysis, and regression analysis. This include demographic profile, best-value procurement practices used by commercial State Corporation and the relationship between best-value procurement practices and financial performance in Kenya Commercial State Corporation in Diagrams and tables such as frequency tables have been used to facilitate a simplistic reader-friendly understanding.

4.2 Response Rate

The total numbers of questionnaires administered were sixty (60). A total of forty six(46) questionnaires were properly filled and returned. This represented an overall successful response rate of 76.67% as shown on Table 4.1. “According to Mugenda and Mugenda (2003) a response rate of 50% was adequate for a descriptive study”. “Babbie (2004) also noted that return rates of 50% were acceptable to analyze and publish, 60% was good and 70% was very good. Therefore, based on these assertions, at 76.67% response rate was adequate for the study.

Table 4.1 Response Rate

Response	Frequency	Percent
Returned	46	76.67%
Unreturned	14	23.33%
Total	60	100%

4.3 Descriptive Statistics

This presents the descriptive statistics of the data collected in the study in which the researcher used the frequency and percentages in analyzing the data in this section.

4.3.1 Demographic Profile

My target respondent for this study worked in different commercial state corporations. My questionnaire design was to target respondent working in these commercial state corporations under procurement department and finance department.

Respondents were asked to indicate the highest level of education attained. The findings are as per the table below;

Table 4.2 Highest level of education

	Frequency	Percent	Valid percent	Cumulative percent
Valid DIPLOMA	5	10.9	10.9	10.9
DEGREE	22	47.8	47.8	58.7
POSTGRADUATE	19	41.3	41.3	100.0
TOTAL	46	100.0	100.0	

Respondents were asked to tick how long they have worked in the company appropriately. All of them responded to the question (46 responses or 76.67%). Twenty nine percent of the respondents worked for that organization under two years' (9 responses). Twenty of the thirty-one respondents (64.5%) have worked for the organization between six and ten years which constituted the bulk of the sample and two of the thirty-one respondents (6.5%) have worked for the organization for more than ten years which constituted the least category of the sample size

Table 4.3 Number of years worked in the corporation

Qa3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 2yrs	3	6.5	6.5	6.5
Between 2-5 yrs	14	30.4	30.4	37.0
Between 6-10yrs	24	52.2	52.2	89.1
Between 11-15yrs	3	6.5	6.5	95.7
Between 16-20yrs	1	2.2	2.2	97.8
Above 20yrs	1	2.2	2.2	100.0
Total	46	100.0	100.0	

(Source: Researcher, 2018)

The table below represents the responses on the number of years the state corporations have been in operation.

Table 4.4 Number of years the organization has been in operation

Qa4

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Between 6-10 years	5	10.9	10.9	10.9
Between 11-15 years	8	17.4	17.4	28.3
Between 21-25 years	8	17.4	17.4	45.7
Above 25 years	25	54.3	54.3	100.0
Total	46	100.0	100.0	

From the findings, 10.9% of the respondents indicated that the firm had been in operation for 6-10 years, 17.4% of the respondents ascertained that the firm had been in operation for 11-15 years, 17.4% of the respondents indicated that the firm had been in operation for a period between 21-25 years, and 54.3% of the firms had been in operation for over 25 years. This indicated that most of the firms used in this study had adverse practical experience in the use of best-value procurement practices.

4.4 Analysis of Best-value Procurement Practices adopted by Commercial State Corporation

The first objective of the study was to ascertain the best-value procurement practices adopted by commercial state corporations. To establish these, the researcher used descriptive statistics to indicate the level at which the various best-value procurement practices had been implemented.

4.4.1 Value based evaluation of bidders

The tables below represents the various responses on the extent to which Value based evaluation of bidders practice had been adopted in commercial state corporations:

Respondents were asked if the organization balances the selection of committee members as a value based evaluation of bidders practice. From the findings 4.3% agreed to a very small extent, 6.5 agreed to a small extent, 15.2% agreed to a moderate extent, 28.3% agreed to a great extent and 45.7 agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.5. The organization balances the selection of committee members.

Qb2_a

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	3	6.5	6.5	10.9
moderate extent	7	15.2	15.2	26.1
great extent	13	28.3	28.3	54.3

very great extent	21	45.7	45.7	100.0
Total	46	100.0	100.0	

(Source: Researcher, 2018)

Respondents were asked if the selected members have authority in the committee as a value based evaluation of bidders practice. From the findings 4.3% agreed to a very small extent, 4.3% agreed to a small extent, 13.0% agreed to a moderate extent, 41.3% agreed to a great extent and 37.0 agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice

Table 4.6. The selected members have authority in the committee

Qb2_b

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	2	4.3	4.3	8.7
moderate extent	6	13.0	13.0	21.7
great extent	19	41.3	41.3	63.0
very great extent	17	37.0	37.0	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization has separate groups reviewing price and non-price as a value based evaluation of bidders practice. From the findings 6.5% agreed to a very small extent, 28.3% agreed to a small extent, 13.0% agreed to a moderate extent, 26.1% agreed to a great extent and 26.1% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.7. The organization has separate groups reviewing price and non-price

Qb2_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	3	6.5	6.5	6.5
small extent	13	28.3	28.3	34.8
moderate extent	6	13.0	13.0	47.8
great extent	12	26.1	26.1	73.9
very great extent	12	26.1	26.1	100.0
Total	46	100.0	100.0	

Respondents were asked if the committee documents the evaluation process as a value based evaluation of bidders practice. From the findings 2.2% agreed to a very small extent, 2.2% agreed to a small extent, 10.9% agreed to a moderate extent, 30.4% agreed to a great extent and 54.3% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.8. The committee documents the evaluation process

Qb2_d

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	1	2.2	2.2	4.3
moderate extent	5	10.9	10.9	15.2
great extent	14	30.4	30.4	45.7

very great extent	25	54.3	54.3	100.0
Total	46	100.0	100.0	

Respondents were asked if the committee establish priority of objectives as a value based evaluation of bidders practice. From the findings 4.3% agreed to a very small extent, 6.5% agreed to a small extent, 34.8% agreed to a moderate extent, 32.6% agreed to a great extent and 21.7% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.9. The committee establishes priority of objectives

Qb2_e

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	3	6.5	6.5	10.9
moderate extent	16	34.8	34.8	45.7
great extent	15	32.6	32.6	78.3
very great extent	10	21.7	21.7	100.0
Total	46	100.0	100.0	

4.4.2 Value based negotiation of bids

The tables below represents the various responses on the extent to which value based negotiation of bids as a practice had been adopted in commercial state corporations:

Respondents were asked if the organization confirms the negotiation team, responsibilities and objectives as a value based negotiation of bids practice. From the findings 6.5% agreed to a very small extent, 8.7% agreed to a small extent, 19.6% agreed to a moderate extent, 34.8% agreed to a great extent and 30.4% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.10. The organization confirms the negotiation team

Qb3_a

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	3	6.5	6.5	6.5
small extent	4	8.7	8.7	15.2
moderate extent	9	19.6	19.6	34.8
great extent	16	34.8	34.8	69.6
very great extent	14	30.4	30.4	100.0
Total	46	100.0	100.0	

(Source: Researcher, 2018)

Respondents were asked if there's planning and pre-negotiation consolidation of team as a value based negotiation of bids practice. From the findings 2.2% agreed to a very small extent, 17.4% agreed to a small extent, 21.7% agreed to a moderate extent, 34.8% agreed to a great extent and 23.9% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.11. There's planning and pre-negotiation consolidation of team.

Qb3_b

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	8	17.4	17.4	19.6
moderate extent	10	21.7	21.7	41.3
great extent	16	34.8	34.8	76.1
very great extent	11	23.9	23.9	100.0

Qb3_b

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	8	17.4	17.4	19.6
moderate extent	10	21.7	21.7	41.3
great extent	16	34.8	34.8	76.1
very great extent	11	23.9	23.9	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization clarify requirements and proposals as a value based negotiation of bids practice. From the findings 4.3% agreed to a very small extent, 15.2% agreed to a small extent, 10.9% agreed to a moderate extent, 43.5% agreed to a great extent and 26.1% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.”

Table 4.12. The organization clarify requirements and proposals

Qb3_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	7	15.2	15.2	19.6
moderate extent	5	10.9	10.9	30.4
great extent	20	43.5	43.5	73.9
very great extent	12	26.1	26.1	100.0
Total	46	100.0	100.0	

Respondents were asked if the negotiation create a better understanding and relationships between parties as a value based negotiation of bids practice. From the findings 6.5% agreed to a very small extent, 8.7% agreed to a small extent, 15.2% agreed to a moderate extent, 47.8% agreed to a great extent and 21.7% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.13. The negotiation create a better understanding and relationships between parties

Qb3_d

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	3	6.5	6.5	6.5
small extent	4	8.7	8.7	15.2
moderate extent	7	15.2	15.2	30.4
great extent	22	47.8	47.8	78.3
very great extent	10	21.7	21.7	100.0
Total	46	100.0	100.0	

Respondents were asked if the negotiation improve benefits such as better quality, performance or service delivery as a value based negotiation of bids practice. From the findings 6.5% agreed to a very small extent, 4.3% agreed to a small extent, 32.6% agreed to a moderate extent, 21.7% agreed to a great extent and 34.8% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.14. The negotiation improve benefits such as better quality, performance or service delivery

Qb3_e

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	3	6.5	6.5	6.5
small extent	2	4.3	4.3	10.9
moderate extent	15	32.6	32.6	43.5
great extent	10	21.7	21.7	65.2
very great extent	16	34.8	34.8	100.0
Total	46	100.0	100.0	

4.4.3 Ethical tendering

The tables below represent the various responses on the extent to which ethical tendering practice has been adopted in commercial state corporations:

Respondents were asked if the organization adheres to loyalty and respect for rules and regulations as an ethical tendering practice. From the findings 2.2% agreed to a very small extent, 2.2% agreed to a small extent, 15.2% agreed to a moderate extent, 30.4% agreed to a great extent and 50.0% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.15. The organization adheres to loyalty and respect for rules and regulations

Qb4_a

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	1	2.2	2.2	4.3
moderate extent	7	15.2	15.2	19.6

great extent	14	30.4	30.4	50.0
very great extent	23	50.0	50.0	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization has a stand firm on integrity as an ethical tendering practice. From the findings 2.2% agreed to a very small extent, 4.3% agreed to a small extent, 26.1% agreed to a moderate extent, 21.7% agreed to a great extent and 45.7% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.16. The organization has a stand firm on integrity

Qb4_b

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	2	4.3	4.3	6.5
moderate extent	12	26.1	26.1	32.6
great extent	10	21.7	21.7	54.3
very great extent	21	45.7	45.7	100.0
Total	46	100.0	100.0	

(Source: Researcher, 2018)

Respondents were asked if the organization practices impartiality and fairness as an ethical tendering practice. From the findings 2.2% agreed to a very small extent, 13.0% agreed to a small extent, 19.6% agreed to a moderate extent, 37.0% agreed to a great extent and 28.3% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice

Table 4.17. The organization practices impartiality and fairness

Qb4_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	6	13.0	13.0	15.2
moderate extent	9	19.6	19.6	34.8
great extent	17	37.0	37.0	71.7
very great extent	13	28.3	28.3	100.0
Total	46	100.0	100.0	

Respondents were asked if there's transparency in every activity as an ethical tendering practice. From the findings 4.3% agreed to a very small extent, 8.7% agreed to a small extent, 23.9% agreed to a moderate extent, 45.7% agreed to a great extent and 17.4% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice

Table 4.18. There's transparency in every activity

Qb4_d

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	4	8.7	8.7	13.0
moderate extent	11	23.9	23.9	37.0
great extent	21	45.7	45.7	82.6
very great extent	8	17.4	17.4	100.0
Total	46	100.0	100.0	

Respondents were asked if there's confidentiality in performance as an ethical tendering practice. From the findings 8.7% agreed to a very small extent, 4.3% agreed to a small extent, 34.8% agreed to a moderate extent, 34.8% agreed to a great extent and 17.4% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice. **Table 4.19. There's confidentiality in performance**

Qb4_e

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	4	8.7	8.7	8.7
small extent	2	4.3	4.3	13.0
moderate extent	16	34.8	34.8	47.8
great extent	16	34.8	34.8	82.6
very great extent	8	17.4	17.4	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization carries out due diligence as an ethical tendering practice. From the findings 2.2% agreed to a very small extent, 2.2% agreed to a small extent, 15.2% agreed to a moderate extent, 26.1% agreed to a great extent and 54.3% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice

Table 4.20. The organization carries out due diligence

Qb4_f

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	1	2.2	2.2	4.3
moderate extent	7	15.2	15.2	19.6

great extent	12	26.1	26.1	45.7
very great extent	25	54.3	54.3	100.0
Total	46	100.0	100.0	

4.4.4 Fair and Transparent Contract Awards

The tables below represent the various responses on the extent to which fair and transparent contract awards practice has been adopted in commercial state corporations:

Respondents were asked if the organization has a pledge against Anti-corruption as a fair and transparent contract awards. From the findings 4.3% agreed to a very small extent, 10.9% agreed to a small extent, 39.1% agreed to a moderate extent, “39.1% agreed to a great extent and 6.5% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.21. The organization has a pledge against Anti-corruption

Qb5_a

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	5	10.9	10.9	15.2
moderate extent	18	39.1	39.1	54.3
great extent	18	39.1	39.1	93.5
very great extent	3	6.5	6.5	100.0
Total	46	100.0	100.0	

Respondents were asked if there is budget transparency in the organization as a fair and transparent contract awards. From the findings 23.9% agreed to a very small extent, 26.1% agreed to a small extent, 32.6% agreed to a moderate extent, 39.1% agreed to a great extent

and 17.4% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.22. There is budget transparency in the organization

Qb5_b

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid small extent	11	23.9	23.9	23.9
moderate extent	12	26.1	26.1	50.0
great extent	15	32.6	32.6	82.6
very great extent	8	17.4	17.4	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization provides equivalent information for all procurement transactions and contracts and making sure that the information is accessible to the public as a fair and transparent contract awards. From the findings 4.3% agreed to a very small extent, 13.0% agreed to a small extent, 37.0% agreed to a moderate extent, 39.1% agreed to a great extent and 10.9% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice

Table 4.23. The organization provides equivalent information for all procurement transactions and contracts and making sure that the information is accessible to the public

Qb5_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid small extent	6	13.0	13.0	13.0
moderate extent	17	37.0	37.0	50.0
great extent	18	39.1	39.1	89.1
very great extent	5	10.9	10.9	100.0

Qb5_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid small extent	6	13.0	13.0	13.0
moderate extent	17	37.0	37.0	50.0
great extent	18	39.1	39.1	89.1
very great extent	5	10.9	10.9	100.0
Total	46	100.0	100.0	

Respondents were asked if the award decision and its justification is clear to everyone as a fair and transparent contract awards. From the findings 4.3% agreed to a very small extent, 19.6% agreed to a small extent, 41.3% agreed to a moderate extent, 32.6% agreed to a great extent and 6.5% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.24. The award decision and its justification is clear to everyone

Qb5_d

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid small extent	9	19.6	19.6	19.6
moderate extent	19	41.3	41.3	60.9
great extent	15	32.6	32.6	93.5
very great extent	3	6.5	6.5	100.0
Total	46	100.0	100.0	

Respondents were asked if there is a protest and dispute- settlement mechanism and procedure as a fair and transparent contract awards. From the findings 4.3% agreed to a very small extent, 15.2% agreed to a small extent, 34.8% agreed to a moderate extent, 41.3% agreed to a great extent and 8.7% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.25. There is a protest and dispute- settlement mechanism and procedure

Qb5_e

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid small extent	7	15.2	15.2	15.2
moderate extent	16	34.8	34.8	50.0
great extent	19	41.3	41.3	91.3
very great extent	4	8.7	8.7	100.0
Total	46	100.0	100.0	

4.4.5. Performance Based Evaluation of Bids

The tables below represent the various responses on the extent to which performance based evaluation of bids practice has been adopted in commercial state corporations:

Respondents were asked if there’s a score card used to evaluate bids as a performance based evaluation of bids practice. From the findings 4.3% agreed to a very small extent, 13.0% agreed to a small extent, 32.6% agreed to a moderate extent, 50.0% agreed to a great extent and 6.5% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.26. There’s a score card used to evaluate bid

Qb1_a

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
moderate extent	6	13.0	13.0	17.4
great extent	15	32.6	32.6	50.0
very great extent	23	50.0	50.0	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization provide quality assurance plan and surveillance as a performance based evaluation of bids practice. From the findings 4.3% agreed to a very small extent, 6.5% agreed to a small extent, 28.3% agreed to a moderate extent, 54.3% agreed to a great extent and 6.5% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.27. The organization provide quality assurance plan and surveillance

Qb1_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	3	6.5	6.5	10.9
moderate extent	13	28.3	28.3	39.1
great extent	25	54.3	54.3	93.5
very great extent	3	6.5	6.5	100.0
Total	46	100.0	100.0	

Respondents were asked if there's administration of performance evaluation types that motivate as a performance based evaluation of bids practice. From the findings 4.3% agreed to a very small extent, 13.0% agreed to a small extent, 39.1% agreed to a moderate extent, 39.1% agreed to a great extent and 8.7% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.28 There's administration of performance evaluation types that motivate

Qb1_d

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid small extent	6	13.0	13.0	13.0
moderate extent	18	39.1	39.1	52.2
great extent	18	39.1	39.1	91.3
very great extent	4	8.7	8.7	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization specifies what exactly is needed publicly as a performance based evaluation of bids practice. From the findings 2.2% agreed to a very small extent, 2.2% agreed to a small extent, 8.7% agreed to a moderate extent, 28.3% agreed to a great extent and 58.7% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.29. The organization specifies what exactly is needed publicly

Qb1_e

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	1	2.2	2.2	4.3
moderate extent	4	8.7	8.7	13.0
great extent	13	28.3	28.3	41.3
very great extent	27	58.7	58.7	100.0
Total	46	100.0	100.0	

(Source: Researcher, 2018)

4.4.6 Risk Sharing in Evaluation and Selection

The tables below represent the various responses on the extent to which risk sharing in evaluation and selection practice has been adopted in commercial state corporations:

Respondents were asked if policies and governance for risk reduction documented as a risk sharing in evaluation and selection practice. From the findings 2.2% agreed to a very small extent, 6.5% agreed to a small extent, 23.9% agreed to a moderate extent, 43.5% agreed to a great extent and 23.9% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.30. Policies and governance for risk reduction documented

Qb6_a

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	3	6.5	6.5	8.7
moderate extent	11	23.9	23.9	32.6
great extent	20	43.5	43.5	76.1
very great extent	11	23.9	23.9	100.0
Total	46	100.0	100.0	

Respondents were asked if there is awareness and knowledge management on risk in the organization as a risk sharing in evaluation and selection practice. From the findings 2.2% agreed to a very small extent, 21.7% agreed to a small extent, 32.6% agreed to a moderate extent, 26.1% agreed to a great extent and 17.4% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.31. There is awareness and knowledge management on risk in the organization

Qb6_b

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	10	21.7	21.7	23.9
moderate extent	15	32.6	32.6	56.5
great extent	12	26.1	26.1	82.6
very great extent	8	17.4	17.4	100.0
Total	46	100.0	100.0	

Respondents were asked if there is mitigation and preparedness measures put in place by the organization as a risk sharing in evaluation and selection practice. From the findings 2.2% agreed to a very small extent, 10.9% agreed to a small extent, 50.0% agreed to a moderate extent, 28.3% agreed to a great extent and 8.7% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.32. There is mitigation and preparedness measures put in place by the organization

Qb6_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	5	10.9	10.9	13.0
moderate extent	23	50.0	50.0	63.0
great extent	13	28.3	28.3	91.3

very great extent	4	8.7	8.7	100.0
Total	46	100.0	100.0	

(Source: Researcher, 2018)

4.4.7 Quality Based Evaluation and Selection,

The tables below represent the various responses on the extent to which quality based evaluation and selection practice had been adopted in commercial state corporations:

Respondents were asked if there's adequate resources allocated to quality control for different sources categories and the compilation process as a quality based evaluation and selection practice. From the findings 4.4% agreed to a very small extent, 4.4% agreed to a small extent, 4.4% agreed to a moderate extent, 37.8% agreed to a great extent and 48.9% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.33. There's adequate resources allocated to quality control for different sources categories and the compilation process

Qb7_a

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.4	4.4
small extent	2	4.3	4.4	8.9
moderate extent	2	4.3	4.4	13.3
great extent	17	37.0	37.8	51.1
very great extent	22	47.8	48.9	100.0
Total	45	97.8	100.0	
Missing System	1	2.2		
Total	46	100.0		

Respondents were asked if there's ample time usually allocated to conduct the checks and reviews of emissions estimates as a quality based evaluation and selection practice. From the findings 2.2% agreed to a very small extent, 11.1% agreed to a small extent, 35.6% agreed to a moderate extent, 20.0% agreed to a great extent and 31.1% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice

Table 4.34 . There's ample time usually allocated to conduct the checks and reviews of emissions estimates

Qb7_b

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very small extent	1	2.2	2.2	2.2
	small extent	5	10.9	11.1	13.3
	moderate extent	16	34.8	35.6	48.9
	great extent	9	19.6	20.0	68.9
	very great extent	14	30.4	31.1	100.0
	Total	45	97.8	100.0	
Missing	System	1	2.2		
Total		46	100.0		

Respondents were asked if there's availability and access to information on activity data and data quality as a quality based evaluation and selection practice. From the findings 4.3% agreed to a very small extent, 8.7% agreed to a small extent, 23.9% agreed to a moderate extent, 15.2% agreed to a great extent and 47.8% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.35. There's availability and access to information on activity data and data quality

Qb7_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	4	8.7	8.7	13.0
moderate extent	11	23.9	23.9	37.0
great extent	7	15.2	15.2	52.2
very great extent	22	47.8	47.8	100.0
Total	46	100.0	100.0	

Respondents were asked if there's a level of quality control appropriate for each source category as a quality based evaluation and selection practice. From the findings 6.5% agreed to a very small extent, 6.5% agreed to a small extent, 17.4% agreed to a moderate extent, 30.4% agreed to a great extent and 39.1% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.36. There's a level of quality control appropriate for each source category

Qb7_d

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	3	6.5	6.5	6.5
small extent	3	6.5	6.5	13.0
moderate extent	8	17.4	17.4	30.4
great extent	14	30.4	30.4	60.9

very great extent	18	39.1	39.1	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization considers availability of sufficient expertise to conduct the checks and reviews as a quality based evaluation and selection practice. From the findings 4.3% agreed to a very small extent, 13.0% agreed to a small extent, 17.4% agreed to a moderate extent, 45.7% agreed to a great extent and 19.6% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.37. The organization considers availability of sufficient expertise to conduct the checks and reviews

Qb7_e

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	6	13.0	13.0	17.4
moderate extent	8	17.4	17.4	34.8
great extent	21	45.7	45.7	80.4
very great extent	9	19.6	19.6	100.0
Total	46	100.0	100.0	

4.4.8 Time Bound Contract Management

The tables below represent the various responses on the extent to which time bound contract management practice has been adopted in commercial state corporations:

Respondents were asked if appropriate duration, reporting and oversight practices for contract management are in place as a time bound contract management practice. From the findings 2.2% agreed to a very small extent, 10.9% agreed to a small extent, 21.7% agreed to a moderate extent, 39.1% agreed to a great extent and 26.1% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.38. Appropriate duration, reporting and oversight practices for contract management are in place

Qb8_a

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	5	10.9	10.9	13.0
moderate extent	10	21.7	21.7	34.8
great extent	18	39.1	39.1	73.9
very great extent	12	26.1	26.1	100.0
Total	46	100.0	100.0	

Respondents were asked if the investment and duration required to manage a contract is assessed and committed as a time bound contract management practice. From the findings 2.2% agreed to a very small extent, 26.1% agreed to a small extent, 19.6% agreed to a moderate extent, 41.3% agreed to a great extent and 10.9% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice

Table 4.39. The investment and duration required to manage a contract is assessed and committed

Qb8_b

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	12	26.1	26.1	28.3
moderate extent	9	19.6	19.6	47.8
great extent	19	41.3	41.3	89.1
very great extent	5	10.9	10.9	100.0

Qb8_b

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	12	26.1	26.1	28.3
moderate extent	9	19.6	19.6	47.8
great extent	19	41.3	41.3	89.1
very great extent	5	10.9	10.9	100.0
Total	46	100.0	100.0	

Respondents were asked if when the contract is signed the content of the contract includes the duration to be taken as a time bound contract management practice. From the findings 2.2% agreed to a very small extent, 23.9% agreed to a small extent, 23.9% agreed to a moderate extent, 39.1% agreed to a great extent and 50.0% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.40. When the contract is signed the content of the contract includes the duration to be taken

Qb8_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
moderate extent	11	23.9	23.9	26.1
great extent	11	23.9	23.9	50.0
very great extent	23	50.0	50.0	100.0
Total	46	100.0	100.0	

Respondents were asked if contracts that do not adhere to the duration are nullified as a time bound contract management practice. From the findings 10.9% agreed to a very small extent, 21.7% agreed to a small extent, 19.6% agreed to a moderate extent, 19.6% agreed to a great extent and 28.3% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.41. Contracts that do not adhere to the duration are nullified

Qb8_d

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	5	10.9	10.9	10.9
small extent	10	21.7	21.7	32.6
moderate extent	9	19.6	19.6	52.2
great extent	9	19.6	19.6	71.7
very great extent	13	28.3	28.3	100.0
Total	46	100.0	100.0	

4.4.9 Supplier evaluation and pre-qualification

The tables below represent the various responses on the extent to which supplier evaluation and pre-qualification practice has been adopted in commercial state corporations:

Respondents were asked if the organization has a standard prequalification form and uses it as a supplier evaluation and pre-qualification practice. From the findings 8.7% agreed to a very small extent, 4.3% agreed to a small extent, 13.0% agreed to a moderate extent, 34.8% agreed to a great extent and 39.1 % agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.42. The organization has a standard prequalification form and uses it

Qb9_a

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	4	8.7	8.7	8.7
small extent	2	4.3	4.3	13.0
moderate extent	6	13.0	13.0	26.1
great extent	16	34.8	34.8	60.9
very great extent	18	39.1	39.1	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization ensures proper inspection as a supplier evaluation and pre-qualification practice. From the findings 2.2% agreed to a very small extent, 4.3% agreed to a small extent, 37.0% agreed to a moderate extent, 34.8% agreed to a great extent and 21.7 % agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice.

Table 4.43. The organization ensures proper inspection

Qb9_b

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	1	2.2	2.2	2.2
small extent	2	4.3	4.3	6.5
moderate extent	17	37.0	37.0	43.5
great extent	16	34.8	34.8	78.3

very great extent	10	21.7	21.7	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization performs an audit and requests audits such as safety manuals, implementation and field audit as a supplier evaluation and pre-qualification practice. From the findings 4.3% agreed to a very small extent, 21.7% agreed to a small extent, 13.0% agreed to a moderate extent, 45.7% agreed to a great extent and 15.2 % agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice

Table 4.44. The organization performs an audit and requests audits such as safety manuals, implementation and field audit

Qb9_c

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	10	21.7	21.7	26.1
moderate extent	6	13.0	13.0	39.1
great extent	21	45.7	45.7	84.8
very great extent	7	15.2	15.2	100.0
Total	46	100.0	100.0	

Respondents were asked if the organization is consistent in reviews as a supplier evaluation and pre-qualification practice. From the findings 4.3% agreed to a very small extent, 4.3% agreed to a small extent, 37.0% agreed to a moderate extent, 41.3% agreed to a great extent and 13.0% agreed to a very great extent thus showing a positive result towards the usage of the best-value procurement practice

Table 4.45. The organization is consistent in reviews

Qb9_d

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very small extent	2	4.3	4.3	4.3
small extent	2	4.3	4.3	8.7
moderate extent	17	37.0	37.0	45.7
great extent	19	41.3	41.3	87.0
very great extent	6	13.0	13.0	100.0
Total	46	100.0	100.0	

(Source: Researcher, 2018)

4.5 Measurement of financial Performance

Respondents were asked to provide financial information that would then be used to measure financial performance. They were asked to indicate the level to which the organization complies with set budget levels. Majority indicated a positive percentage of above 50%.

Table 4.46. Level of compliance to set budget

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Qc1_1	32	30	100	74.81	17.483
Qc1_2	32	40	100	77.00	15.070
Qc1_3	32	50	100	78.56	13.863
Qc1_4	32	30	100	79.03	16.380
Qc1_5	26	30	100	81.15	14.669

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Qc1_1	32	30	100	74.81	17.483
Qc1_2	32	40	100	77.00	15.070
Qc1_3	32	50	100	78.56	13.863
Qc1_4	32	30	100	79.03	16.380
Qc1_5	26	30	100	81.15	14.669
Valid N (listwise)	26				

Respondents were required to indicate the level of cost reduction, although most of them did not respond to the question, the percentage that responded showed a decrease in cost thus some positivity in the commercial corporation as illustrated below.

Table 4.47. Level of cost reduction

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Qc2_1	10	0	25000	5650.00	9296.983
Qc2_2	9	0	20000	5222.22	7749.319
Qc2_3	9	0	20000	4906.11	7481.856
Qc2_4	9	0	18000	4481.11	6641.721
Qc2_5	8	0	10000	4112.50	4473.873
Valid N (listwise)	8				

Respondents were asked to indicate as a measure of financial performance the appropriations-in-aid. Many of the respondents were not able to respond to this but those who were able to respond gave their figures giving a positive result.

Table 4.48. The appropriation –in-aid

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Qc3_1	9	380	541994	237653.22	267348.145
Qc3_2	9	500	541994	213260.78	252421.617
Qc3_3	9	591	587621	277725.22	276748.286
Qc3_4	9	630	1050000	309652.33	374564.195
Qc3_5	9	475	1500000	441405.67	493411.090
Valid N (listwise)	9				

Respondents were asked to indicate as a measure of financial performance the utilization of allocated funds. Many of the respondents were not able to respond to this but those who were able to respond gave their figures giving a positive result with most of the corporations utilizing everything that was issued by the government.

Table 4.49. Utilization of allocated funds

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q4_1	31	50	100	85.77	16.480
Q4_2	31	50	100	88.65	13.556
Q4_3	31	50	100	90.23	12.107
Q4_4	31	60	100	91.06	11.682
Q4_5	27	50	100	92.22	12.741
Valid N (listwise)	27				

Respondents were asked to indicate as a measure of financial performance the development index. Many of the respondents were not able to respond to this but those who were able to

respond gave their figures giving a positive result with most of the corporations utilizing everything that was issued by the government.

Table 4.50. The development index

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Q5_1	21	10	100	60.71	23.890
Q5_2	21	12	100	67.90	20.712
Q5_3	21	15	100	72.57	18.723
Q5_4	21	20	7080	410.33	1528.323
Q5_5	18	22	100	78.11	18.998
Valid N (listwise)	18				

4.6 Best-value Procurement Practices and Financial Performance in Commercial State Corporations

The second objective of this study was to establish the relationship between best-value procurement practices and financial performance of Kenya commercial state corporations. To ascertain this regression analysis was carried out between best-value procurement practices and financial performance of Kenya commercial state corporations and the findings are as indicated below: The results presented in the table below presenting the fitness of model used of the regression model in explaining the study phenomena.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997 ^a	.995	.973	2.887

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997 ^a	.995	.973	2.887

a. Predictors: (Constant), Qb9_d, Qb1_b, Qb5_b, Qb1_d, Qb6_c, Qb9_b, Qb9_a, Qb3_b, Qb1_e, Qb5_e, Qb5_c, Qb1_c, Qb7_b, Qb4_c, Qb7_d, Qb4_e, Qb5_d, Qb6_a, Qb2_c, Qb7_a, Qb8_d, Qb8_c, Qb2_a, Qb7_e

Dependent financial performance

Independent: Constant (Value based evaluation of bidders, Value based negotiation of bids, Ethical tendering, Fair and transparent contract awards, Performance based evaluation of bids, Risk sharing in evaluation and selection, Quality based evaluation and selection, Time bound contract management, Supplier evaluation and pre-qualification)

(Source: Researcher, 2018)

The adjusted R square indicates 99.5% of the total variability of the financial performance can be explained by the best-value procurement practices. These results also imply that the model applied to link the relationship of the variables was satisfactory. Besides the significance levels of 0.00 indicated that the variables substantially has an effect on performance since it is lower than the significance level of 0.05 at 95% confidence level.

The table below represents the results of the analysis of Variance.

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9186.774	24	382.782	45.934	.000 ^a
	Residual	50.000	6	8.333		
	Total	9236.774	30			

a. Predictors: (Constant), Qb9_d, Qb1_b, Qb5_b, Qb1_d, Qb6_c, Qb9_b, Qb9_a, Qb3_b, Qb1_e, Qb5_e, Qb5_c, Qb1_c, Qb7_b, Qb4_c, Qb7_d, Qb4_e, Qb5_d, Qb6_a, Qb2_c, Qb7_a, Qb8_d, Qb8_c, Qb2_a, Qb7_e

Dependent financial performance

(Source: Researcher, 2018)

Variance analysis was conducted to establish the suitability of the regression model. The results in the table above indicated that the model was significant. $F(24, 6) = 45.934, p < 0.000$

The p value is less than 0.05 thus we can conclude that the independent variable (best-value procurement practices) can reliably predict the dependent variable (financial performance). The independent variable shows a significant relation with the dependent variable. The table shows that the independent variables (best-value procurement practices) statistically is significant in predicting the dependent variable ($24, 6) = 45.934, p < .000$ (The regression model is a good fit).

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.593	1.241		5.315	.000
	Value based evaluation of bidders	.016	.044	.067	.365	.718
	Value based negotiation of bids	.016	.317	.015	.049	.961
	Ethical tendering	.136	.342	.117	.398	.694
	Fair and transparent contract awards	-.755	.180	-.658	-4.201	.000

Performance based evaluation of bids	-.154	.225	-.109	-.684	.500
Risk sharing in evaluation and selection	-.785	3.551	-.424	-1.629	.154
Quality based evaluation and selection,	.136	.342	.117	.398	.694
Time bound contract management	.016	.317	.015	.049	.961
Supplier Evaluation and pre-qualification	.016	.044	.067	.365	.718

Estimates model Coefficients.

$$y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + \beta_9X_9 + \varepsilon$$

financial performance = 15.471 + (0.016* Value based evaluation of bidders) + (0.016* Value based negotiation of bids) + (0.136* Ethical tendering) + (-0.755* Fair and transparent contract awards) + (-0.154* Performance based evaluation of bids) + (-0.785* Risk sharing in evaluation and selection) + (-0.136* Quality based evaluation and selection) + (-0.016* Time bound contract management) + (-0.016* Supplier evaluation and pre-qualification) + ε

Regression of coefficients results above shows that best-value procurement practice and financial performance are positively and not significantly related. An increase in the unit change in any best-value procurement practice would lead to an increase in financial performance

4.7 Discussion

To a great extent best-value procurement practices have been implemented in commercial state corporations in Kenya as indicated by the responses where the entire respondent indicated that it has adapted to a large extent. The findings establish that best-value procurement practice affect financial performance as indicated by R square value of 99.5 percent an indication that financial performance is explain by best-value procurement practices to an extent of 99.5 percent.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the research outcome and draws the necessary conclusion. The findings provide very important insight of best-value procurement practices and financial performance of Kenya commercial state corporations and give a recommendation on what should be done to improve financial performance of commercial state corporations.

5.2 Summary of the Study

The two major objectives of this study were; to establish the best-value procurement practices commonly used by Kenya commercial state corporations and to “determine the relationship between best-value procurement practices and financial performance of Kenya commercial state corporations”.

To achieve the objectives, it was essential to gather data on commercial state corporations by administering structured questionnaire then analyzing it and presenting the findings. The study considered a sample of sixty commercial state corporations in Kenya that have their offices in Nairobi and as presented by Kenya inspectorate of state corporations. The findings of this study point out that financial performance of commercial state corporations in Kenya are influenced by best-value procurement practices.

5.3 Conclusions

Basing on the analysis, best-value procurement practices have an influence on the financial performance of commercial state corporations. The research concludes that understandings the best-value procurement practices are critical in corporations seeking to improve financial performance. “Characteristics of best-value practices for procurement management are identified across many high performing corporations and they include and not limited to, commitment to total quality management, total cycle time reduction and long range strategic plans”.

The study concludes that through best-value procurement practices the corporation’s focuses to achieve more on matters touching directly on procurement such as cost, quality and

timeliness of processes. The study concluded that for the organization to regain trust and belief from all the stakeholders it will be of importance to practice and uphold ethical behaviors which intern will lead to accountability and transparency. However, procurement processes are also highly vulnerable to certain unethical practices such as corruption, collusion, fraud and manipulation.

Conclusion is made that there is a significant relationship between the best-value procurement practices and financial performance of Kenya commercial state corporations.

5.4 Suggestions for future research

A study should be conducted to investigate best-value procurement practices and financial performance on the private sector and various ministries in Kenya.

5.5 Limitations of the study

The study experienced challenges in terms of time and finance. Furthermore, most of the main respondents were not available hence the questionnaires had to be filled by other officers in the procurement and finance department which also did not want to give out the information as they are confidential to the organization.

5.6 Weakness of the study

The main weakness experienced in carrying out the research was the lack of adequate material on best-value procurement practices as many studies available had focused on best-value procurement mostly in construction industries but not the practices. The other weakness was getting various respondents to fill the financial information that was needed.

5.7 Recommendations

In regard to this research, recommendations would be made to the state corporations to choose and implement the appropriate best-value procurement practices to boost their financial performance

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Appendix 1 - Questionnaire

) the box that matches Please tick (your answer to the questions and give the answers in the spaces provided as appropriate.

Section A: Demographic Information

1) Highest level of education attained

i. Diploma Level []

ii. Degree []

iii. Postgraduate []

iv. Any other, kindly specify

2) What is your designation in the Corporation? _____

3) How long have you worked in this position? Please tick where appropriate

Below 2 years Between 2-5 years Between 6-10 years

Between 11-15 years Between 16-20 years Above 20 years

4) How long has the State Corporation been in operation? Please tick where appropriate

Below 5 years Between 6-10 years Between 11-15 years

Between 16-20 years Between 21-25 years Above 25 years

SECTION: B, Best-Value Procurement Practices adopted by Commercial State Corporation

1. Has your company adopted best-value procurement practices?

Yes []

No []

1. To what extent has your organization used Performance-Based Evaluation of Bids Practices to manage procurement operations in an effort to improve on financial performance? Kindly indicate the level to which you agree with them in accordance to the scale of 1-5 where .(Very Great Extent -5, Great Extent -4, Moderate Extent -3, small extent -2 and very small Extent-1)

Performance-Based Evaluation of Bids	1	2	3	4	5
There's a score card used to evaluate bids					
Due diligence is carried out to determine previous performance after evaluation of bids					
The organization provide quality assurance plan and surveillance					
There's administration of performance evaluation types that motivate					
The organization specifies what exactly is needed publicly					

2. To what extent has your organization used Value Based Evaluation of Bidders Practices to manage procurement operations in an effort to improve on financial performance? Kindly indicate the level to which you agree with them in accordance to the scale of 1-5 where .(Very Great Extent -5, Great Extent -4, Moderate Extent -3, Small extent -2 and Very Small Extent-1)

Value Based Evaluation of Bidders	1	2	3	4	5
The organization balances the selection of committee members?					
The selected members have authority in the Committee					
The organization have Separate Groups Reviewing Price and Non-Price					
The committee documents the evaluation process					
The committee establish priority of objectives					

3. To what extent has your organization used Value Based Negotiation of Bids Practices to manage procurement operations in an effort to improve on financial performance? Kindly indicate the level to which you agree with them in accordance to the scale of 1-5 where (Very Great Extent -5, Great Extent -4, Moderate Extent -3, Small extent -2 and Very Small Extent-1)

Value Based Negotiation of Bids	1	2	3	4	5
The organization confirms the negotiating team, responsibilities & objectives					
There's planning and pre-negotiation consolidation of team					
The organization clarify requirements and proposals					
The negotiation create a better understanding and relationships between parties					
Negotiation Improve benefits such as better quality, performance or service delivery					

4. To what extent has your organization used Ethical Tendering Practices to manage procurement operations in an effort to improve on financial performance? Kindly indicate the level to which you agree with them in accordance to the scale of 5-1: (Very Great Extent -5, Great Extent -4, Moderate Extent -3, Small extent -2 and Very Small Extent-1)

Ethical Tendering	1	2	3	4	5
The organization adheres to loyalty and respect for rules and regulations.					
The organization has a stand firm on integrity.					
The organization practices impartiality and fairness?					
There's transparency in every activity?					
There's confidentiality in performance?					
The organization carries out due diligence					

5. To what extent has your organization used Quality Based Evaluation and Selection, Practices to manage procurement operations in an effort to improve on financial performance? Kindly indicate the level to which you agree with them in accordance to the scale of 5-1: (Very Great Extent -5, Great Extent -4, Moderate Extent -3, Small extent -2 and Very Small Extent-1)

Quality Based Evaluation and Selection	1	2	3	4	5
There's adequate resources allocated to quality control for different source categories and the compilation process					
There's ample time usually allocated to conduct the checks and reviews of emissions estimates					
There's availability and access to information on activity data and data quality					
There's a level of quality control appropriate for each source category					
The organization considers availability of sufficient expertise to conduct the checks and reviews					

6. To what extent has your organization used Risk Sharing in Evaluation and Selection Practices to manage procurement operations in an effort to improve on financial

performance? Kindly indicate the level to which you agree with them in accordance to the scale of 5-1: (Very Great Extent -5, Great Extent -4, Moderate Extent -3, Small extent -2 and Very Small Extent-1)

Risk Sharing in Evaluation and Selection	1	2	3	4	5
Policies and governance for risk reduction documented					
There is awareness and knowledge management on risk in the organization					
There is mitigation and preparedness measures put in place by the organization					

7. To what extent has your organization used Fair and Transparent Contract Awards Practices to manage procurement operations in an effort to improve on financial performance? Kindly indicate the level to which you agree with them in accordance to the scale of 5-1: (Very Great Extent -5, Great Extent -4, Moderate Extent -3, Small extent -2 and Very Small Extent-1)

Fair and Transparent Contract Awards	1	2	3	4	5
The organization has a pledge against Anti-corruption					
There is budget transparency in the organization					
The organization provides equivalent information for all procurement transactions and contracts (direct, limited bidding, formal, informal) and making sure that the information is accessible to the public					
The award decision and its justification is clear to everyone					
There is a protest and dispute-settlement mechanisms and procedure					

8. To what extent has your organization used Time bound contract management Practices to manage procurement operations in an effort to improve on financial performance? Kindly indicate the level to which you agree with them in accordance to the scale of 5-

1: (Very Great Extent -5, Great Extent -4, Moderate Extent -3, Small extent -2 and Very Small Extent-1)

Time bound contract management	1	2	3	4	5
Appropriate duration, reporting and oversight practices for contract management are in place					
The investment and duration required to manage a contract is assessed and committed					
When the contract is signed the content of the contract includes the duration to be taken					
Contracts that do not adhere to the duration are nullified					

9. To what extent has your organization used Supplier Evaluation and Pre-qualification Practices to manage procurement operations in an effort to improve on financial performance? Kindly indicate the level to which you agree with them in accordance to the scale of 5-1: (Very Great Extent -5, Great Extent -4, Moderate Extent -3, Small extent -2 and Very Small Extent-1)

Supplier Evaluation and Pre-qualification.	1	2	3	4	5
The organization has a standard prequalification form and uses it					
The organization Ensures proper inspection					
The organization performs an audit and requests audits such as Safety Manual, Implementation and Field Audits					
The organization is consistent in reviews					

10. Kindly mention other Best-value procurement practices, if any, implemented in your organization?

SECTION C: Financial Performance

1. Kindly provide the following information of the corporation's financial performance

	Indicators	Unit of	2013/201	2014/201	2015/201	2016/201	2017/201
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		measure	4	5	6	7	8
1	Compliance with set budgetary levels	%					
2	Cost reduction	Ksh'000'					
3	Appropriations -in- aid	Kshs'000'					
4	Utilization of allocated funds	%					
5	Development index	%					

How would you describe the financial performance of the corporation.....
.....
.....
.....

What challenges does the corporation face in improving the financial performance
.....
.....
.....

Thank you for your contribution”