

**EPROCUREMENT, STRATEGY DRIVERS AND PERFORMANCE AT THE  
NATIONAL TREASURY IN KENYA**

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REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS  
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**DECLARATION**

I Charity Wanja Nyaga hereby declare that this masters research project titled  
EPROCUREMENT, STRATEGY DRIVERS AND PERFORMANCE AT THE NATIONAL  
TREASURY IN KENYA is my original work and has not been submitted in any other college,  
Institution or University for award of certificate, diploma or degree.

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## **DEDICATION**

This project is dedicated to my husband Samuel and my children Tracy, Harvey and Valarie for their love and support.

## **ACKNOWLEDGEMENTS**

I do acknowledge the Almighty God for seeing me through this journey. I wish also to extend my appreciation to my family who has encouraged me the entire time, their understanding while I was away and late. Am forever indebted for the love and support they have shown me.

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## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>iii</b>
<b>DEDICATION.....</b>	<b>iii</b>
<b>LIST OF TABLES .....</b>	<b>viii</b>
<b>LIST OF FIGURES .....</b>	<b>ix</b>
<b>ABSTRACT.....</b>	<b>x</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 Background of the Study .....	1
1.2 Research Problem .....	7

1.3 Research Objectives .....	8
1.4 Value of the Study .....	8
<b>CHAPTER TWO .....</b>	<b>10</b>
<b>LITERATURE REVIEW .....</b>	<b>10</b>
2.1 Introduction.....	10
2.2 Theoretical Foundation .....	10
2.3 Empirical Review.....	13
2.5 Conceptual Framework.....	19
<b>CHAPTER THREE .....</b>	<b>20</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>20</b>
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Data Collection .....	21
3.4 Data Analysis .....	21
<b>CHAPTER FOUR.....</b>	<b>22</b>
<b>DATA ANALYSIS, RESULTS AND DISCUSSION.....</b>	<b>22</b>
4.1 Introduction.....	22
4.2 General Information.....	22
4.3 Effect of E – procurement on performance at the National Treasury in Kenya .....	22
4.4 Intervening effect on strategy drivers on the relationship between E-procurement and performance at the National Treasury in Kenya .....	23
4.5 Performance of the National Treasury .....	25
4.6 Discussion of Results.....	26
<b>CHAPTER FIVE .....</b>	<b>32</b>
<b>SUMMARY, CONCLUSION AND RECOMMENDATION.....</b>	<b>32</b>
5.1 Introduction.....	32
5.2 Summary .....	32
5.3 Conclusion .....	33
5.4 Recommendations.....	33
5.5 Limitations of the Study.....	35
5.6 Suggestions for Further Research .....	35
<b>REFERENCES.....</b>	<b>37</b>
<b>APPENDICES .....</b>	<b>42</b>

APPENDIX I: INTERVIEW GUIDE..... 42

## LIST OF TABLES

Table 2.1 Empirical Studies and Knowledge Gaps Summary .....	17
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## LIST OF FIGURES

Figure 2.1: Conceptual Framework .....	19
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## **ABSTRACT**

The main objective of the study was to establish the effect of E-procurement on performance at the National treasury and to determine the intervening effect on strategy drivers on the relationship between E-procurement and performance at the national treasury. Most of the inefficiencies in government ministries are caused by use of manual system in the operation of the procurement function. Implementation of electronic procurement enhances performance of an organization. Electronic procurement helps to minimize the paper work and thus saving on the cost of production. It also brings together the suppliers and buyers together through a system. This therefore necessitates adoption of technology in the procurement system function. The study aimed at determining the intervening effect on strategy drivers on the relationship between E-procurement and performance at the National Treasury in Kenya. Resource based view theory, system theory and transactional cost philosophy made up the theories to inform the investigation. The research design that was adopted by the study was a case study. The preferred data in the study was primary. The interview data obtained was analyzed qualitatively since it is able to make general conclusions on how data categories are related. Content analysis was used to assess the answers, draw deductions and to develop commendations. The study found that e procurement greatly affects organizational performance. They further indicated that e procurement enhances efficiency in operation. The study also found that e procurement also reduces paper work and thus enhancing transparency. Results further showed that the national treasury had adopted the different forms of e procurement; e tendering, e ordering and e sourcing. The study also found that the national treasury had adopted the following strategic drivers; good leadership, organizational structure, good leadership, conflict management, user trainings. The conclusion from the study was that e procurement had a significant effect on organizational performance. In addition, e procurement enhances efficiency in operation and reduces paper work thus enhancing efficiency. The study also concluded that the national treasury of Kenya had adopted the different forms of e procurement; e tendering, e ordering and e sourcing. In addition, regular training in e procurement enhances the performance of the organization. The study also concluded that strategic drivers affect performance of organizations. Organizational structure, good leadership, conflict management, user trainings do enhance the organization performance. Government ministries seem to be risk averse and ought to take more

active approach to embracing e-procurement technologies, such as e tendering, that have the prospective to streamline procurement processes and minimize procurement costs over the long term. The government ministries should employ strategic drivers such as organizational structure, good leadership since strategic drivers have a great impact on performance. In order to overcome the challenges met in the strategic management at the National Treasury the study recommends an analysis of the organization design and organization culture.

## **CHAPTER ONE**

### **INTRODUCTION**

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

Procurement is an essential part of any organization and it involves looking for vendors and agreeing on the terms and conditions for delivery of goods and or services from a qualified supplier through a competitive process (Borson, 2017). E-procurement is the purchase and sale of goods, services and or works through an electronic media (Momanyi & Nasidai, 2014). It is the procurement process automation in an organization with an aim of streamlining and standardizing procurement processes. It's a management tool used by managers to enforce reforms in procurement so as to establish a transparent procurement environment. E-procurement is beneficial to the management in an organization because they can retrieve real time data and reports which will help them to make appropriate timely decisions (Ling & Ling, 2012). Mithamo, Iravo and Mbithi (2011) view procurement as a vital management activity that supports the strategic objectives of any firm. Performance is the capability of a firm to be able to use its resources effectively to be able to operate on day to day activities, grow and also be able to survive in case of harsh conditions in the future (Prahalanthan & Ranjany, 2011). Strategy drivers are those drivers that help in the translation of strategic thoughts into performance that can be attained. These drivers assist the firms to attain the planned performance. These drivers include; customer association controlling, competitive placing and organizational knowledge, strategic preparation and ICT. Organizations that have adopted strategic drivers are positioned ahead of the rest (Carter & Pucko, 2010).

This study is anchored on the Resource based theory. This theory instructs that an organization success is affected by strategic supply competence. The theory states that resources should give monetary value and need to be infrequent, challenging to duplicate, not easy to substitute, not easy to access and not easily available in factor marketplaces to generate competitiveness (McIvor, 2009). Another theory is system theory which argues that the way in which organized systems responds in an adaptive technique aids to manage with substantial variations in their external environments so as to uphold their elementary assemblies complete. The system theory projected by Bertalanffy (1968) argues that systems with opacity are changed to allow for transparent ones, those lacking integrity are transformed to enhance integrity, where in the past responsibility for procurement actions could not be pin-pointed, clear principles of accountability now become the vogue, where there had been corruption, honesty now prevails and generally wrongdoing and weaknesses become exceptions rather than the rule.

According to Hawking (2004) the process of procurement has used manual methods in the past. Procurement in Kenya has been advancing since 1990s to date. The current Government procurement operations are done in accordance to the Public Procurement and Asset Disposal Act (2015). These manual methods are very slow that the electronic processes in carrying out the procurement transactions. This has therefore made e procurement to be very important in the B2B procurement. In addition, the e procurement facilitates the firm coordination leading to cost saving in transactions and sourcing opportunities that are competitive for the buyer organization (Subramanian & Shaw, 2012). According to Shale (2014), firms are becoming sharper on decisions relating to electronic procurement and how to respond to the pressures of electronic procurement in the past few years. In this case, various organizations in the world have prioritized the usage of e procurement and have already executed the process. Kenyan firms have

not been left behind on executing electronic procurement. The e-procurement implementation is in accordance with the presidential directive no. 3 of 2018. In 2014 the Kenyan president his excellency Uhuru Kenyatta directed that government institutions move from manual systems to e-procurement so as to manage public finances and resources in a more transparent manner. For example the Kenyan government has been focusing on both the performance of the government ministries and the enhancement of accountability by the public in the public expenditure. In order to attain this objectives e procurement practices have been implemented in the government ministries (GoK, 2015). Electronic procurement is very important in ministries of the government. Anyango (2018) argued that electronic procurement enhances the speed of all actions that take place in the government ministries and especially in the procurement department. The ability of an organization to give its customers goods services lies in their systems. The manual systems are quite tiring and have tremendous pressures. Carabello (2007) argued that manual systems led to poor services delivery. However, with digital systems, work is made easier and thus better customer services. There is therefore need to study the e procurement and how it affects National treasury performance.

### **1.1.1 Concept of E-procurement**

E-procurement is a B2B software that has internet functions; requisition, approval, catalogue, control, receiving, payment processes (Rayport & Jaworski, 2002). Tassabehji and Moorhouse (2008) referred electronic procurement as the corporate to customer, corporate to administration purchase and supplies of sale, business to business services using internet. It licenses uneven buying of services and products by firms and suppliers abilities to supply services and products in agreement to the relation to e procurement forms that are explored in this research include

electronic tendering, electronic ordering, e- tendering, electronic informing as well as electronic sourcing defined.

E procurement systematizes the procurement and purchasing procedure of a firm and joins supplies and buyers using IT systems which form a network of value in an organization. Therefore, traditional way of purchase has been overtaken by end to end procurement flow of work (Khanapuri, Nayak, Soni & Sharma, 2011). This helps in boosting the success and control of the organization over the activities of procurement. Bof and Previtali (2010) argued that electronic procurement causes minimized lead time, improved transparency and price of procurement. In addition, the procurement functions transfer from manual procedures to use of internet has unlimited influence of minimizing corruption cases in procurement in the public sector.

Although some organizations have not yet adopted e procurement, some companies have made a lot of saving and investment towards e procurement. However, a big percentage of the companies are in the process of adopting the e procurement since they believe it will make their work easier by minimizing the paper work and thus improving their performance in the long run. Electronic procurement is believed to change the purchasing process from manual to digital. It also brings together the supplies and buyers through an IT system (Shale, 2014). Chau (2006) further argued that electronic procurement helps to boost the firm efficiency and hence its performance.

### **1.1.2 Strategy Drivers**

Strategic management is an art that comprises of formulating, implementing, and evaluating decisions that are targeted towards helping firms to attain long term goals (Wang, Walker &

Redmond, 2007). On the other hand, strategy drivers are those drivers that help in the translation of strategic thoughts into performance that can be attained. These drivers assist the firms to attain the planned performance. These drivers include; customer association controlling, competitive placing and organizational knowledge, strategic preparation and ICT.

Firms that have adopted strategic drivers are positioned ahead of the rest (Carter & Pucko, 2010). The strategic uniqueness helps an organization to be able to compete well with another firm and hence increase its performance. However, most firms globally are still struggling on how to adopt the strategic drivers and thus are not able to compete well with their rivals (Sage, 2015). Lawal, Omone and Oludayo (2012) further established that a firm strategic direction is linked to its vision, mission and objective.

According to Armstrong and Taylor (2014) strategic management can be categorized into three stages. The first stage is the conceptual outline that signifies the context the plan is enclosed. It further outlines the purpose and roles of the firm, basis of the plan and procedure that is used in coming up with the plan. The second stage gives the issues of the environment and situation which include external and internal which affect the organizational activities and explaining the mission, vision, principles and SWOT. The last stage gives the strategic analysis to be executed in the time of the period plan. This comprises of goals, objectives to be attained in a span of 10 years.

Strategic drivers adopted by a firm influence performance as reinforced by past studies and theories. Lawal, Omone and Oludayo (2012) argued that firms that adopt strategic drivers accomplish than organizations which do not adopted strategic drivers. In addition, the standing of a firm is determined by the sound implementation of strategic drivers in terms of managing conflict, organizational structure, good leadership, transparency in allocation of resources.



### **1.1.3 Organization Performance**

This entails the fulfillment of the firm objective through effective administration, strong authority and insistent dedication to attaining outcomes (Mokaya, 2014). Armstrong and Baron (2014) described firm performance as strategic and integral management approach that increases the efficiency and capabilities of teams and individual contributors. Armstrong and Baron (2014) added that effective delivery of strategic and operational purposes may be improved by monitoring and aligning performance of employees to objectives thence improving firm`s competitive advantage.

Benefits of performance for an organization can be pulled and enhanced by use of technology innovations especially e-procurement (Ramayah, Zbib, Jantan &Koh, 2006). Brush (1992) viewed organization performance as a field entailing the financial measures and non financial elements such as satisfaction of employees and social achievements. To achieve organization performance benefits there is need to have KPIs which are frequently facts, but will fluctuate from corporate to corporate. KPIs are vital means for firms to be able justify how good they are doing. These indicators allow firms to identify some of the critical factors, provide standardized way of determining whether goals, targets and objectives are being met (Mols, 2010).

### **1.1.4 National Treasury in Kenya**

The national treasury was established under Article 225 of the Kenyan constitution. The executive and legal basis for the National Treasury accords it specific directives and functional tasks that are to be executed. In addition, it is responsibility of the National Treasury to provide oversight of all monetary organizations which includes Cooperatives dealing with financial functions.

The National Treasury in Kenya has recently undergone various strategic changes such as technological changes, structural changes, administrative changes and people changes. In addition, it is facing a continuous process of change globally and it is a major ministry of the country's economy. Framing economic and financial policies in evolving and upholding complete monetary policies that ease socio-economic growth is the obligation of the National Treasury. It is a necessity for the National Treasury to generate a permitting situation in which it can function efficiently and proficiently since it is the custodian of Government's economic (Wahome, 2016).

## **1.2 Research Problem**

Most of the inefficiencies in the government ministries are caused by use of manual system in the operation of the procurement function. Implementation of electronic procurement enhances performance of an organization. Electronic procurement helps to minimize the paper work and thus saving on the cost of production. It also brings together the suppliers and buyers together through a system. It is therefore important to adopt technology in the procurement system function. Government ministries are whirling to ICT so as to boost the facilities for dealers and other clienteles in directive to subordinate functioning charges and refining organizational performance. Mburu and Njeru (2014) argued that information technology offers easier and quicker flow of processes, effective supply of information, tasks devolution and results, amplified clearness and better control.

Past studies have been done on role of e-procurement on performance but little is known on intervening effect on strategy drivers on the relationship between E-procurement and performance at the National Treasury in Kenya. Makali (2015) found that electronic procurement execution of e is minimal in supermarkets. The study was informed by contingency theory thus

presenting a theoretical gap. Orina (2013) found that staff capabilities and skills, change resistance, unmotivated by staff were the major factors that affected e-procurement process. This study was not informed by any theory. The current research is informed by resource based view theory, systems theory and transactional cost theory. Padhi and Mohapatra (2009) did an investigation on execution of electronic procurement in the government departments. The research concentrated on e-procurement leaving out the aspect of strategy drivers and performance.

### **1.3 Research Objectives**

The research objectives are as follows;

- i. To establish the effect of E – procurement on performance at the National Treasury in Kenya
- ii. To determine the intervening effect on strategy drivers on the relationship between E-procurement and performance at the National Treasury in Kenya

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

Several studies have been conducted in relation to e-procurement, however this particular research will add to the theory and knowledge in relation to e-procurement. The research will be of help to the National treasury to develop the appropriate policies, laws and regulations that are anchored on empirical evidence .

The research findings will help in practice and industry in that it will highlight the association amongst e procurement, strategy drivers and performance. Since the technology sector is continually advancing and change is inevitable the findings of the study will help to align the system with the changes.

Findings of this research will aid the policy makers to come up with strategies that support and enhance the e-procurement implementation across the entire government as well as devise ways of combating the challenges faced. The gathering of such information will help build the body of research within the area of procurement, strategy drivers and performance. The policies can either be captured through the procurement regulations or be included in the act for legal backing purposes. They will also help in allocating resources that are required in implementation.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter will elaborate the theories the research is anchored on. It further explains the past literature on e- procurement, strategy drivers and performance at the national treasury in Kenya. Conceptual diagram will also be shown in this chapter.

#### **2.2 Theoretical Foundation**

A good research need to be informed by a theory (Esper, Mentzer & Stank, 2008). According to Defee, Randal, Thomasd and Williams (2010) a theoretical framework directs the statistical associations to search for. Resource based view theory, system theory and transactional cost theory made up the theories to inform the investigation.

##### **2.2.1 Resource Based View Theory**

Resource based theory instructs that firm success is affected by strategic supply competence. .In this theory resources have been categorized into two; intellectual assets and physical assets. Intellectual capital related to intangible part of human resource which include individual competencies, knowledge and staff skills (Hafeez et al., 2007). The theory further states that resources should give monetary value and need to be infrequent, challenging to duplicate, not easy to substitute, not easy to access and not easily available in factor marketplaces to generate competitiveness (McIvor, 2009). In addition, performance is also determined by resources (Gottschalk & SolliSæther, 2005).

According to Barney (2001) only strategically significant resources, capabilities and abilities ought to be viewed as basics of competitiveness. For example core competencies, distinctive competencies and strategic assets show the deliberately significant possessions and capabilities, which give an organization with a possible edge of competition. Strategic assets refer to the assets that are hard trade and are specific possessions and abilities that give the competitive advantage of a firm (Amit & Shoemaker, 1993). Powell (2001) proposed that firms' strategy is regarded as an instrument to deploy funds to generate competitiveness. Core capabilities are distinguishing, infrequent, treasured organizational incomes that opponents are incapable to copy or reproduce (Prahalad & Hamel, 1994). This theory advises the dependent variable and the intervening variable which are performance and strategy drivers respectively.

### **2.2.2 System Theory**

The system theory argues that the way in which planned activities retorts is an adaptive technique to handle important variations in the external environment so as to maintain their organization objectives. Systems theory models of choice creation in human collections and administrations stress their collaboration with external performers and administrations and focus on recognizing the specific fundamentals in the environment of the organization that meaningfully shake the results of its executive. The theory further argued that to comprehend what a society did, try to bargain out what danger or opening it was replying to and how its prevailing response devices operated to do this (Bertalanffy, 1968). This theory informed the independent variable which was e - procurement.

### **2.2.3 Transactional Cost Theory**

This theory was discovered by Coase (1937). Coase (1937) proposes that agreements that are short lived inappropriateness rises because of the charges linked with gathering material and those experienced added charges in converting agreements. The reoccurrence is that long term agreements whereby compensation is stated for contracted after conforming but inside restrictions that get into conclusion. Market charges oversee relations between assorted market firms. Nevertheless effective choices are prepared on a dissimilar foundation from profit expansion subject to marketplace values.

Transaction cost theory places stress on two overindulgences of business regulator; hierarchy verses markets and more hybrid procedures and long term agreements (Joskow, 1991). Within businesses, choices are in core made over capitalist direction (Williamson, 1989). In addition, resolve is to shape and uphold association with suppliers of the organization. This benefit in determining hitches that rise in present commercial relations and contractors engagement in unprincipled conduct (Grover & Malhotra, 2003). Firms can buy from marketplaces or option to produce goods internally. This purchasing has comparative charges which include; manufacture and business prices. The theory makes an assumption that firms devote less once they carry out business in-house in contrast to the marketplace. Therefore, administrations seek advanced conducts to use to carry business in-house and thus minimize cost of transaction which drains association possessions. Doing business outside is very costly because of communication and transaction charges (Laundon, 2006).

## **2.3 Empirical Review**

This segment provides an analysis of past studies done on similar topic. The empirical review helps to establish the knowledge gaps which the study aimed to fill.

### **2.3.1 E – procurement and Performance**

Brandon-Jones (2009) explored lessons learned from the execution of electronic procurement United Kingdom public sectors. Most public establishments in the UK have adopted the e procurement practices. They argued that in-house cost competences, external prices, finance system assimilation, project management and IT infrastructure are the main aspects that influence e procurement execution.

The research conducted by Sharifai *et al.* (2013) employed a descriptive survey design. It recognized that e- procurement has a substantial association on service organizations performance. The research established that e procurement was key in improving the performance of any organization. This research mainly focused only on service organizations in Uganda not in any other country.

Kalau (2016) investigated e-procurement strategies and Kenya-Owned Parastatals performance. The research identified that the significant variables in determining a good procurement performance were reduced lead times, reduced paperwork, cost saving measure in tendering process, minimized redundancies and almost non-existent bureaucracies as the most important variables observed to have an impact on their procurement performance. The study focused on all the parastatals in Kenya.

Luketero (2016) did a research on determinants of procurement performance in Commercial Banks within East Africa. Descriptive survey was employed. The research established that



procurement planning secures the provision of right services to clients and reduces disputes during various purchasing assessment phases, fraud hampers optimal performance of the procurement department, aggregation of procurement influences the accomplishment of procurement functions, existing regulatory framework is instrumental to the attainment of optimal procurement performance, management of contracts have an impact on procurement performance and following of rules of conduct is important to attain desired procurement performance.

Another study done by Justin (2014) focused on electronic procurement and its effect on performance of parastatals. The research used survey design of research. The research established that electronic procurement is very essential in improving performance of any organization. Good procurement practices reduced the paper work, saved the cost of tendering and remove the un necessary bureaucracies.

Njiru (2016) investigated on procurement practices and firm performance of NSE firms. It was established that most firms listed at NSE had adopted e procurement. E procurement had minimized the paper work in the firms thus reducing the operational costs. Firms are also able to outsource for the e procurement activities. This has enhanced the procurement process of firms.

### **2.3.2 Strategy Drivers, E-procurement and Performance**

Kamau (2018) adopted cross-sectional design in his investigation. Significant association was found between firm capabilities and performance of selected channeled product ICT firms. The study concluded that strategic drivers such as logistics, marketing and human resource strategies are crucial for organizational competitiveness if effectively embraced by top leadership. The study recommended that unless ICT firms dealing with channeled ICT products in Kenya recognize the essences of pricing decisions and product values, achieving competitive advantage would be an uphill task.

Shale (2015) used cross-sectional and established that customer facility level plan, procurement cost lessening strategy, buyer/ supplier teamwork strategy, inventory optimizations plan and audits and compliance policy meaningfully affects organizational success. Results also established that electronic procurement is instrumental in organizational performance. It helps in improving the firm performance.

Kimondo et al. (2016) added that long-term relations, in work with specialized dealers, practical dealer choice and insufficient dealer policies, good collaboration and interior, trust and pledge with associates, strategic procuring, supply net organization, external incorporation, logistics incorporation impact the performance of the construction scheme. Supply chain management is enhanced by e procurement.

Akongo (2018) focused on strategic procurement and successful implementation of projects at Trademark East Africa. Descriptive research design was used. It was established that strategic procurement practices leads to increased performance of an organization. Further, strategic

procurement practices enhance execution of projects in an organization. Therefore, all organizations should adopt procurement practices.

Magutu, Aduda and Nyaoga (2015) focused on supply chain technology, supply chain strategies and firm performance. Descriptive research was used. Supply chain technology led to improvement of the firm performance. In addition, supply chain technology moderated the link amongst procurement approaches and performance of a firm. Organizations should therefore adopt supply chain technology. The research adopted supply chain technology as the intervening variable.

Audi (2014) focused on how multinational corporations performance is affected by the practices of strategic procurement. The multinational corporations have been performing poorly. The poor performance has been associated with failure to adopt the strategic procurement policies. Therefore the corporations should adopt the policies of procurement so as to become successful.

**Table 2.1 Summary Empirical Studies and Knowledge Gaps Summary**

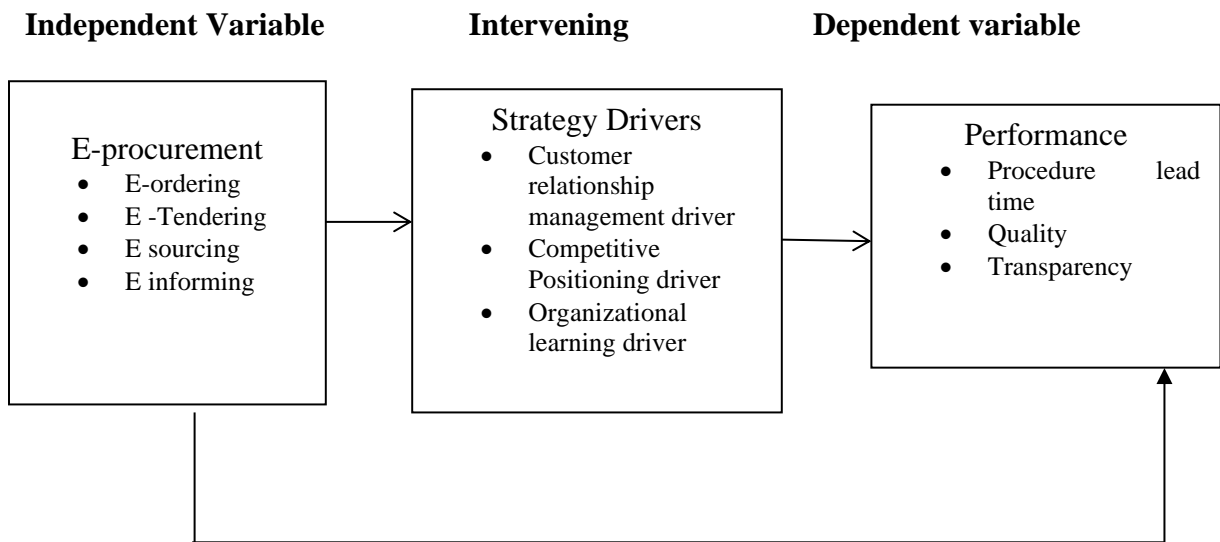
<b>Study</b>	<b>Methodology</b>	<b>Findings</b>	<b>Knowledge Gaps</b>	<b>Current study Focus</b>
Dynamics of supply chain management in the Kenyan construction industry. Kimondo et al. (2016)	Descriptive study	The study established that supply chain management process impact success of the organization	Research focused on national irrigation board of Kenya thus indicating a contextual gap.	This study focuses on the National Treasury in Kenya.
Effectiveness of strategic drivers on performance of selected channeled product. Kamau (2018)	cross-sectional design	Firm strategies, firm capabilities and performance of selected channeled product ICT firms in Nairobi, Kenya were related.	The study focused on selected channeled products	The investigation national treasury in Kenya
Electronic procurement implementation in the Government of Malaysia Brandon-Jones (2009)	Descriptive study.	Proper implementation of e-procurement system will facilitate interconnection among firms.	The research concentrated in Malaysia	This study focuses on the National Treasury in Kenya.
Role of e-procurement strategy on the performance of state corporations in Kenya Shale (2015)	cross-sectional	Electronic procurement was found to be instrumental in organizational performance. It helps in improving the firm performance.	Research was cross section and thus quantitative	This research was qualitative
strategic procurement and successful project implementation at	Descriptive research design	Strategic procurement practices helps in improving performance of a firm.	The investigation focused on strategic procurement and project implementation	The current study focused on e procurement on performance.

Trademark East Africa Akongo (2018)				
Strategic procurement practices and performance in multinational corporations in Kenya. Audi (2014)	Cross sectional research design	The multinational corporations have been performing poorly. The poor performance has been associated with failure to adopt the strategic procurement policies.	The investigation focused on multinational corporations in Kenya.	This study focuses on the National Treasury in Kenya..
Procurement practices and firm performance of NSE firms. Njiru (2016)	Descriptive research design	It was established that most firms listed at NSE had adopted e procurement	descriptive design was used	Case study was adopted

**Source: Researcher 2019**

## 2.5 Conceptual Framework

This was an illustration showing the link between the independent variable, intervening variable and the dependent variable as show in Figure2.1. The dependent variable was performance, intervening variable was strategy driver while the independent variable as shown in figure2.1 was E- procurement.



**Figure 2.1: Conceptual Model**

**Source: Researcher 2019**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the approach that was used in this project. Design that was adopted, data gathering and data analysis is also explained.

#### **3.2 Research Design**

Research design is the representation of the structure used by the researcher in conducting their study (Cooper and Schindler, 2008). The research design is that method that is procedurally acquired by the researcher and that which enables the researcher to be able to answers questions accurately, validly, objectively so as to get to a conclusion. The study adopted a descriptive research design. The descriptive research design helped to report without changes thus establishing the real state of the population being studied. According to Khan (2008), a research design aims at improving the ability of the research in conceptualizing an operational plan in order to be able to embark on the various techniques available and required tasks for the completion of the study while at the same time ensuring that that the procedures used are sufficient enough to acquire valid, objective and precise responses to the research questions.

The descriptive research design that was adopted by the research was a case study. Cooper and Schindler (2008) argued that case study is a framework applied at the point once the restrictions among situation and whiz are not normally recognizable and frequent sources of approval are employed.

### **3.3 Data Collection**

The preferred data in current study was primary. Interviews were conducted to gather the primary data. The interview guide is preferred for this case study since it gives better insights and understanding of results. The interview guide helps the researcher to get more recent and prompt data that might not have been captured with the other data collection techniques.

The researcher conducted the interviews and the target were the head of supply chain and head of the ifmis department at the National Treasury in Kenya.

### **3.4 Data Analysis**

This study adopted qualitative analysis since it enabled the researcher to define and aim at achieving the theme objective of the research.

Content analysis was used to assess the answers, and draw deductions. Content analysis involves analyzing the interview answers, observing for resemblances and alteration. Khan (2008) further argued that content analysis involves examining data collected from different documentary supplies for example newspapers, books and information of all oral resources that can be published or pronounced.



## **CHAPTER FOUR**

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

#### **4.1 Introduction**

This chapter represents an overview of the research and interpretations of the information from the field. It presents analysis and findings of the study as set out in the research methodology on e-procurement, strategy drivers and performance at the national treasury in Kenya.

The interview guide was used in line with the objectives of the study. To boost the quality of data received, unstructured questions were used whereby respondents gave their views and opinions on e-procurement, strategy drivers and performance at the national treasury in Kenya.

#### **4.2 General Information**

The respondents were asked to specify the work that they do. The results indicated the respondents that were interviewed included; the head of supply chain at the ministry and the head of the ifmis department. This implies that the people who were interviewed had the relevant information required for the study.

#### **4.3 Effect of E – procurement on performance at the National Treasury in Kenya**

Respondents were asked to indicate whether e procurement affect organization performance. The interviewees indicated that e procurement greatly affected organizational performance. They further indicated that e procurement enhances efficiency in operations. E procurement also reduces paper work and thus enhancing transparency. The findings agreed with that of Sharifai, Mbaraka and Agaba (2013) who established that e - procurement has a substantial association with success of organization. The findings also agreed with those of Kalau (2016) who

researched on e-procurement strategies and Kenya-Owned Parastatals performance and found that e - procurement has a substantial association with performance.

The respondents were further asked to indicate the form of e procurement that their organization adopted. The interviewees indicated that the national treasury had adopted various forms of e procurement; e tendering, e ordering and e sourcing. These findings agreed with that of Muthoka (2016) who found that government ministries has adopted e procurement strategies. These findings agreed with that of Brandon-Jones (2009) who explored lessons learned from the execution of electronic procurement United Kingdom public sectors and found that e procurement enhances organizational efficiency.

The respondents were further asked to indicate how they improve their procurement quality in the organization. The interviewees indicated that the management had invested on regular training on e procurement. In addition, the respondents indicated that the management had highly invested on improving the e procurement system. These findings agreed with those of Brandon-Jones (2009) who indicated that organizations should invest in training. The findings also agreed with that of Kalau (2016) who indicated that trainings enhances procurement performance.

#### **4.4 Intervening effect on strategy drivers on the relationship between E-procurement and performance at the National Treasury in Kenya**

The respondents were asked to indicate the strategic drivers that the firm adopted. The respondents indicated that the national treasury had adopted the following strategic drivers; good leadership, organizational structure, good leadership, conflict management, user trainings. These findings agreed with those of Kamau (2018) which concluded that strategic drivers such as logistics, conflict management and organizational structure are crucial for organizational competitiveness if effectively embraced by top leadership.

The respondents further indicated that organizational structure defines the roles that each employee is required to do. It further defines the authority and powers of employees. In this case, performance is enhanced. This implies that organizational structure boost organizational performance. These findings agreed with that of Kamau (2018) who established that organizational structure enhanced organizational performance.

In addition the respondents explained that good leadership enhanced performance of the organization and clearly defined the mechanisms that have been put in place to ensure quality. Good leadership therefore boosts the performance of an organization. This implies that good leadership has a significant effect on performance. These findings agreed with that of Akongo (2018) who established that good leadership impacts success of a firm.

The respondents further indicated that adequate allocation of resources enhanced objectives to be achieved. It therefore enhanced performance. The respondents further indicated that trainings enabled the employees to familiarize with the new systems in an organization. The findings also agreed with resource based view theory that argued that only strategically significant resources, capabilities and abilities ought to be viewed as basics of competitiveness. For example core competencies, distinctive competencies and strategic assets show the deliberately significant possessions and capabilities, which give an organization with a possible edge of competition. These findings also agreed with that of Audi (2014) who argued that the multinational corporations have been performing poorly due to the in inadequate allocation of resources.

The respondents were also probed to state whether strategic drivers affect performance of the organization. The respondents indicated that strategic driver affect the performance of the organizations. These findings agreed with that of Akongo (2018) who established that strategic practices lead to increased performance of an organization. They further indicated proper

leadership enhances performance as the goal is clearly defined and mechanism has been put in place to ensure quality. In addition, they further indicated that adequate allocation of resources will ensure objectives to be achieved thereby enhancing performance. These findings agreed with that of Audi (2014) who argued that the multinational corporations have been performing poorly due to the inadequate allocation of resources.

The respondents were further asked to indicate whether national treasury positioned itself strategically depending on the needs of the citizens. The interviewees indicated that the Kenya national treasury has positioned itself strategically so as to meet the needs of the citizens in that there is stakeholders' participation in all its process especially the budget making process.

#### **4.5 Performance of the National Treasury**

The respondents were also requested to state how they would rate the customer relationship management of the organization. The interviewees indicated that the customer relation of organization is fair as the national treasury has provided various mechanisms on how to relate with the public such as phone calls, written communications, websites as direct person to person. These findings agreed with that of Barney (2001) in the resource based view theory which indicated that firms ought to position itself strategically so as to gain competitiveness.

The respondents were further asked to indicate whether the organization is able to meet all its expenses. The interviewees indicated that the National Treasury has not been able to meet all its expenses. They further indicated that the national treasury has extra borrowing due to the inadequate budget allocation. These findings agreed with that of Shale (2015) who established that customer facility level plan, procurement cost lessening strategy, buyer/ supplier teamwork strategy, inventory optimizations plan and audits and compliance policy meaningfully affects organizational success.

The respondents were further asked to state the quality of the services that the organization offer to customers. The interviewees indicated that the national treasury aim at providing quality services at all times.

#### **4.6 Discussion of Results**

This section discusses the findings of the study and aims to show the relationship between the variables of the study.

##### **4.6.1 E – procurement and performance at the National Treasury in Kenya**

Results indicated that e procurement greatly affect organizational performance. They further indicated that e procurement enhances efficiency in operation. E procurement also reduces paper work and thus enhancing transparency. These findings agreed with that of Justin (2014) who established that electronic procurement is very essential in improving performance of any organization. Good procurement practices reduced the paper work, saved the cost of tendering and remove the unnecessary bureaucracies.

The results further displayed that e procurement had a significant effect on organizational success. Implementation of electronic procurement strategies might boost improvement in performance. The findings agreed with that of Sharifai, Mbaraka and Agaba (2013) who established that electronic procurement has a significant connection with performance of service organizations. The findings also were reliable with that of Kalau (2016) who investigated e-procurement strategies and Kenya-Owned Parastatals performance and found that electronic procurement has a noteworthy connection with performance of service organizations.

The findings agree with the literature in that electronic procurement aids to decrease charges since the charges of assessing tender booklets are meaningfully declined (Hawking et al., 2004).

Over software system, the individuals vital to scrutinize over forms and examine the documents tender are meaningfully concentrated. Electronic procurement meaningfully aids to lessen quality disappointment connected charges. Hawking *et al* (2004) also indicated that while the procedure is computerized, every supplier is exposed to specified principles by a scheme. This lessens dishonesty cases linked charges unpaid to quality that is compromised.

Results further showed that the national treasury had adopted the following methods of e procurement; e tendering, e ordering and e sourcing. Eadie et al. (2007) explained that e-sourcing is vital because it redefines supplier association and administration. The e-tendering and e-sourcing platforms are good because from such platforms, suppliers can send information requests and receive feedback that aids tender bid preparation processes (Eadie et al., 2007). These factors could explain why the processes influence organizational performance the most. Ndunge (2016) also established that the relationship between e-informing, e-tendering, e-reverse auction and organizational performance is statistically substantial. In addition, there exists an important linear relation between e-tendering and organizational performance, e-reverse auction and organizational performance as well as e-sourcing, e-ordering, e-informing and organizational performance.

These findings agreed with that of Muthoka (2016) who did a research on e-procurement and performance of government ministries in Kenya and found that government ministries has adopted e procurement strategies. Results further indicated that e procurement strategies enhance the efficiency of the organization. Adoption of these e procurement strategies makes operations of an organization very easy. These findings agreed with that of Brandon-Jones (2009) who explored lessons learned from the execution of electronic procurement United Kingdom public sectors and found that e procurement enhances organizational efficiency.

Also the findings concur with the literature review in that according to Heywood (2002) established that one of the key elements is communication since it warrants agreement on supplier's behalf. Over an electronic procurement stage, dealers are permitted to obtain unremitting info which benefits them to develop compliant. In addition, for the procuring entity, electronic podiums offer a loop hole for rapidly and proficiently put together market intellect (Heywood, 2002). Due to boosted capacity to accomplish inventory at optimum heights, electronic procurement systems aid the acquiring object to distribute stuffs on demand base. The aids of fair time acquiring are declining inventory expenses for procuring entity and customer fulfillment because good quality for goods whose value is influenced by storage (Davila et al., 2003).

Outcomes further showed that the management had invested on regular training on e procurement. Investment on regular trainings enables the employees to be conversant with the e procurement process and thus increasing their productivity. In addition, results showed that the management had highly invested on improving the e procurement system. These findings agreed with that of Brandon-Jones (2009) who indicated that organizations should invest in training. The findings also agreed with that of Kalau (2016) who indicated that trainings enhances procurement performance.

#### **4.6.2 Strategy drivers, E-procurement and performance at the National Treasury in Kenya**

Results further showed that the national treasury had adopted the following strategic drivers; organizational structure, good leadership, conflict management, user trainings. Strategic drivers enhances the performance of an organization. These findings agreed with that of Kamau (2018) concluded that strategic drivers such as logistics, conflict management and organizational structure are crucial for organizational competitiveness if effectively embraced by top leadership.

Results indicated that organizational structure defined the roles that each employee is required to do. It further defines the authority and powers of employees. In this case, performance is enhanced. This implies that organizational structure boost organizational performance. These findings agreed with that of Kamau (2018) who established that organizational structure enhanced organizational performance.

In addition the results showed that good leadership enhanced performance of the organization and clearly defined the mechanisms that have been put in place to ensure quality. Good leadership therefore boosts the performance of an organization. This implies that good leadership has a significant impact on performance. These findings agreed with those of Akongo (2018) who established that good leadership boosts success of an organization.

The results indicated that adequate allocation of resources enhanced objectives to be achieved. It therefore enhanced performance. These findings agreed with that of Audi (2014) who argued that the multinational corporations have been performing poorly due to the in inadequate allocation of resources. The findings also agreed with resource based view theory that argued that only strategically significant resources, capabilities and abilities ought to be viewed as basics of competitiveness. For example core competencies, distinctive competencies and strategic assets show the deliberately significant possessions and capabilities, which give an organization with a possible edge of competition

The results further indicated that trainings enabled the employees to familiarize with the new systems in an organization. The findings also agreed with that of Kalau (2016) who indicated that trainings enhance procurement performance.

Results further showed that strategic driver affect the performance of the organizations. Strategic drivers make the operations of an organization to be effective. This implies that strategic drivers



have a significant impact on success of an organization. These outcomes agreed with that of Akongo (2018) who established that strategic practices lead to increased firm performance

The study findings also indicated that proper leadership enhances performance as the goal is clearly defined and mechanism has been put in place to ensure quality. In addition, results further showed that adequate allocation of resources will ensure objectives to be achieved thereby enhancing performance. These findings agreed with that of Audi (2014) who argued that the multinational corporations have been performing poorly due to the in inadequate allocation of resources.

#### **4.6.3 Performance of the National Treasury**

Outcomes further displayed that the Kenya national treasury has positioned itself strategically so as to meet the needs of the citizens in that there is stakeholders' participation in all its process especially the budget making process. This implies that the national treasury of Kenya has been performing well. These findings agreed with that of Barney (2001) in the resource based view theory which indicated that firms ought to position itself strategically so as to gain competitiveness.

Outcomes further displayed that the customer relation of organization is fair as the national treasury has provided various mechanisms on how to relate with the public such as phone calls, written communications, websites as direct person to person. This implies that the customers are satisfied and thus better performance. These findings agreed with that of Shale (2015) who established that customer facility level plan, procurement cost lessening strategy, buyer/ supplier teamwork strategy, inventory optimizations plan and audits and compliance policy meaningfully affects organizational success

Results further showed that the National Treasury has not been able to meet all its expenses. Results further indicated that the national treasury has extra borrowing due to the inadequate budget allocation. Results further indicated that the national treasury aim at providing quality services at all times. This implies that the national treasury need to minimize their expenses so as they can be able to meet them.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

This Chapter represents the summary of findings, conclusion and recommendations. This was done in line with the objectives.

#### 5.2 Summary

The first objective was to establish the effect of E – procurement on performance at the National Treasury in Kenya. The study found that e procurement greatly affects organizational performance. They further indicated that e procurement enhances efficiency in operation. The study also found that e procurement also reduces paper work and thus enhancing transparency. Results further showed that the national treasury had adopted the several forms of e procurement; e tendering, e ordering and e sourcing. The study also found showed that the management had invested on regular training on e procurement. In addition, results showed that the management had highly invested on improving the e procurement system.

The second objective was to determine the intervening effect on strategy drivers on the relationship between E-procurement and performance at the National Treasury in Kenya. The study also found that the national treasury had adopted the following strategic drivers; good leadership, organizational structure, good leadership, conflict management, user trainings. The study also found that strategic driver affects the performance of the organizations. They further indicated proper leadership enhances performance as the goal is clearly defined and mechanism has been put in place to ensure quality. In addition, results further showed that adequate allocation of resources will ensure objectives to be achieved thereby enhancing performance.

The study also found Kenya national treasury has positioned itself strategically so as to meet the needs of the citizens in that there is stakeholders' participation in all its process especially the budget making process. The study also found that the customer relation of organization is fair as the national treasury has provided various mechanisms on how to relate with the public such as phone calls, written communications, websites as direct person to person. This implies that the customers are satisfied and thus better performance.

### **5.3 Conclusion**

The study concluded that e procurement had a great effect on organizational performance. In addition, e procurement enhances efficiency in operation and reduces paper work thus enhancing efficiency. The study also concluded that the national treasury of Kenya had adopted the following forms of e procurement; e tendering, e ordering and e sourcing. In addition, regular training in e procurement enhances the performance of the organization.

The research also concluded that strategic drivers affect performance of organizations. Therefore strategic drivers moderate the relationship between e procurement and organizational performance of the National treasury. Organizational structure, good leadership, conflict management, user trainings enhances the performance of the organization. In addition, proper leadership enhances performance as the goal is clearly defined and mechanism has been put in place to ensure quality. In addition, adequate allocation of resources will ensure objectives to be achieved thereby enhancing performance.

### **5.4 Recommendations**

Government ministries seem to be risk averse and ought to take more active approach to embracing e-procurement technologies, such as e tendering, that have the prospective to

streamline procurement processes and minimize procurement costs over the long term. In order for this to happen, organizations leadership are required to recognize the positive effect that more effective procurement can have on their budget and put procurement as a strategic agenda for the firm.

E-procurement ought to be adopted to aid executive team recognize the contribution of such ideas. A flexible e-procurement practices adopted through proper research will effectively and efficiently aid the business fulfill its various and changing needs as well as deal with challenges springing from a dynamic global business setting. Administration ought to implement both qualitative and quantitative features making the decisions and more suitable e-procurement practices and strategies incorporation throughout the grouping will create cooperation.

The top management should aim at actively and innovatively investing in proper e-procurement practices for their organizations to grow. This is to keep pace with the globalization and stiff competition where there is less time left for entities that are slow in handling such issues. Stake holders from all levels of the entity are supposed to take part the implementation of e-procurement.

The government ministries should employ strategic drivers such as organizational structure, good leadership since strategic drivers have a greatt impactt on performance. In order to overcome the challenges met in the strategic management at the National Treasury the study recommends a analysis of the organization design and organization culture. The study further recommends that the National Treasury should consider an organic and flatter organizational structure whereby major functions are decentralized thus enhancing efficiency, flexibility and speed of execution.

## **5.5 Limitations of the Study**

Since am a part time scholar am required to balance between full time employment and studies. Therefore, as a researcher it was hard for me to undertake an exhaustive and extensive study restraining the study to a sample that is small and less time of research. In addition, the investigator is self-sponsored scholars who rely on savings so as to finish the studies and therefore financial resource was a limitation.

There were also challenges during the collection of data where several respondents did not give the relevant information. However, the investigator sought to win the confidence of the correspondence by giving them the various reasons for the study and assured them of confidentiality.

In addition, some respondents refrained from providing some of the information for fear that the information provided might be availed to their competitors to gain competitive advantage. This was mitigated by assuring them that the information collected was purely for study purposes and they were free to ask for the final report of the study for their use.

## **5.6 Suggestions for Further Research**

From the research and related conclusions, the researcher recommends further research in the area of the role of each of the strategy drivers and performance at the national treasury in Kenya. For example a study should be conducted on the impact of customer relationship management on performance at the national treasury in Kenya.

In addition this investigation concentrated on the intervening effect on strategy drivers on the relationship between e-procurement and performance at the National Treasury in Kenya and thus

focused in the national treasury ministry only. Therefore a current study can focus on other government ministries in Kenya.

In addition, a further study can be conducted but focus on government ministries in other East African countries. The study can be compared with the current study.

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## APPENDICES

### APPENDIX I: INTERVIEW GUIDE

1. Which position do you hold?
2. In your opinion, does e procurement affect your organization performance?
3. Which form of e procurement has your organization adopted?
4. How do you improve your procurement quality in your organization?
5. Which strategic drivers have your firm adopted
6. Do strategic drivers affect performance of the organization?
7. Has the national treasury positioned itself strategically depending on the needs of the citizens
8. How would you rate the customer relationship management of the organization
9. Is your organization able to meet all its expenses?
10. How would you explain the quality of the services that your organization offer to customers