

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

MAXWELL GEOFFREY NYAKUNDI

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DECLARATION

Declaration by the Student

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

Sign

Date

Maxwell Geoffrey Nyakundi

D61/84346/2016

Declaration by the Supervisor

This research project has been submitted with my approval as the University Supervisor.

Sign

Date

Mr. Joel Lelei

Department of Management Science

School of Business

University of Nairobi

DEDICATION

Dedicating to family: Mr. Evans Nyakundi, Mrs. Peninah Bosibori and my siblings:
Mr. Brian Nyakundi and Mrs. Lilian Nyakundi giving me study support.

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It wasn't easy completing research by the author alone. I salute Mr. Joel Lelei and Mr. Stephen Nyamwange for the supporting completion of this research project.

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ABBREVIATIONS

CBD	Central Business District
EFP	Environmental Friendly Products
GSCM	Global Supply Chain Management
IT	Information Technology
LCM	Lean Chain Management

ABSTRACT

This study was on procurement best practices and procurement performance of SMEs in Nairobi County. To accomplish study, it used descriptive research design. Out of 450 SMEs operating in Nairobi CBD, researcher sampled 45 SMEs using judgmental sampling method. Forty-one (41) questionnaires was completed and returned by respondents for analysis the respondents were procurement managers, procurement officers and stores clerks. Descriptive statistics and regression method was used in data analysis and results findings presented using tables. The objectives of the study were to establish the extent to which procurement best practices are adopted by SME's in Nairobi County and to determine the relationship between procurement best practices and procurement performance of SME's in Nairobi County. Data revealed procurement best practices namely green purchasing had moderate extent, adoption of information technology had moderate extent, supplier partnering had moderate extent and purchasing ethics had moderate extent. Therefore, this had positive relationship between procurement best practices and procurement performance. The study recommends more adoption and application of procurement best practices in SME in order to enhance procurement performance in terms of minimization of cost of market survey, quality checks on merchandise before delivery to customers, flexibility in processing of orders and flexibility in recycling of products procured.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Procurement best practices can enable SMEs to operate on optimal level. This translates to noteworthy procurement cost savings that in turn improves on firm's procurement performance. On the other hand, poor procurement practices result to poor procurement performance in firms; as a result, customers are dissatisfied, and market share lost. The adoption of procurement best practices by firms or SMEs minimizes various discrepancies realized in the supply chain for instance dumping of defective or counterfeit merchandise in the market that will exploit customers and affect customer's loyalty negatively towards suppliers. Therefore, adoption of procurement best practices improves supplier to customer relationships effectively (Wanyonyi & Muturi, 2010).

Globally the failure by many SMEs to establish procurement best practices, will give rise to biased and irregular assessments which are procurement costly to a business. The adoption of procurement best a practice by SME's globally that improves business needs, thorough analysis and understanding of industry economics, this enhances firms to improve on procurement performance (Cousins & Spekman, 2009). Competition in the operating environment has called on organization to rethink all functions and see how they can exploit them for sustainable competitiveness. Procurement is important in firms' terms of accuracy and completeness in order processing, cost minimization through market survey for goods and services and flexibility in delivery of quality supplies.

Advancement on procurement best practices has seen a lot of growth in many firms in Kenya in goods and service delivery to customers (Arachi, 2013). Procurement performance is important to SMEs competitiveness. In Kenya SMEs haven't operationalize fully their procurement best practices in longer time, operations in SME's were limited to a few selected market sectors and were largely confined in Kenya. Therefore, there is a need for studying further.

1.1.1 Procurement Best Practices

The activities involved in procuring of merchandise and service is significant in market, firms are able to deliver merchandise on time to consumers. Therefore, effective and efficient procurement best practices are essential in firm's procurement performance in terms of accuracy and completeness in order processing, cost minimization through market survey for goods and services and flexibility in delivery of quality supplies to customers (Kihara, 2012).

Firm's procurement performance is achieved through the development of procurement best practices which is very significance in firms/SME despite of the various procurement activities involved. However, it's been not easy for many SME's to perform effectively due to low financial capacity, unaffordability of innovative technology to be applied in enhancing procurement, ineffective labour capacity because most rely on family members some have no procurement or some technical skills. This has really hindered many firms in diversification on their procurement operations, procurement best practices that enhances procurement performance in supply of goods in the competitive market (Arawati, 2011). Therefore; there is a need for further study.

1.1.2 Procurement Performance

It's firm's capability being competitive in the market in delivering quality merchandise effectively and efficiently to customers. Therefore, procurement performance is established by accuracy order processing, costs minimization through market survey for goods and services and flexibility in delivery of quality supplies to respective customers (Schiele, 2007).

Many firm's degree of competitiveness is measured through procurement performance namely, better supplier and customer relationship, more sales from requisition of orders by customers, customer's loyalty and attraction and retention of more customers in the competitive market, efficiency of technology applied in requisition and processing of orders on time and flexibility in delivery times. All this enables diversification of firms and expansion from locally to globally. Hence, procurement performance enables managers to make long term strategic decision that is viable in procurement operations in cost minimization and maximization of lead time delivery of merchandise to customers (Devaraj, 2008).

1.1.3 Relationship between Procurement Best Practices and Procurement Performance

Most findings from data analysis of procurement best practices and procurement performance have shown positive relationship; some have shown negative relationship. According to Mugo (2011), procurement best practices and procurement performance vary depending on various activities undertaken by SMEs. Some firms have a positive relationship. The positive response will be satisfied customers making more requisition of goods and service. While on the negative part, on-application of procurement best practices results to short term supplier partnering in terms of outsourcing products, poor customer service quality, poor information sharing, and poor-quality products delivered to customers that are not fit for consumption. The firm's procurement best practices are not the same they depends on their operations.

1.1.4 SME'S in Nairobi County

According to nation of Kenya (2005), Small medium-sized enterprises are those that employ 10-49 and 50-99 people correspondingly. These SMEs have contributed 50% GDP in Kenyan economy (KNBS, 2007). SMEs in Nairobi CBD have been described as: family based, requires small amount of finance to start, low bureaucratic, ease of entry, exit and small-scale nature of activities and have little access to organized market (Kendi, 2012). Small scale businesses range from Jua kali artisans, retail shops whereas for the large scale they vary from manufacturing to large retail outlets.

According to Kavula (2011), most SMEs engage in procurement and supply of health items such as food items such as agricultural products, communication services and others construction materials. Despite goods and services provided, many SMEs continue to struggle to understand the complex procurement challenges for instance economic, technological and environmental. Therefore, there is a need for this study so as to come up with solutions to be applied by all firms

1.2 Statement of the Problem

Any firm is under considerable pressure in delivery quality goods and services, this can be done through adoption of procurement best practices to bring value in procurement performance in firms in goods and service delivery to customers (Schonberger, 2007).

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

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

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

Since the studies were done in different times and haven't fully filled the gap. The study therefore, bridges the gap by responding to: (i) what are procurement best practices adopted by SMEs in Nairobi County? and (ii) what is the relationship between procurement best practices and procurement performance of SME's in Nairobi County?

1.3 Research Objectives

General objective was to examine procurement best practices and procurement performance of SME's in Nairobi County.

The specific objectives were:

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

1.4 Value of the Study

Solving procurement related challenges in SMEs. Also to public to comprehend procurement best practices in SMEs. It will also enhance literally work and increase more publication on procurement best practices and procurement performance in SMEs.

Solving procurement related policies by top management hence implementing the best strategic solutions to govern procurement entities.

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

Benchmark tool and as a reference material by procurement professional body; Kenya Institute of Management.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter entails reviewed theories; network theory, resource-based, empirical review, conceptual framework, summary and research gap.

2.2 Theoretical Review

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

2.2.1 Network Theory

Many organizations whether big or small their performance in procurement depends on how they deal with internal and external customers, for instance cost minimization, reduction of distribution channels, effective and efficient communication with suppliers and customers or consumers pertaining the products prices, usage and the availability hence delivery of quality products that are reliable and affordable to customers when demand arises. The flexibility aspect is all time bound, meaning many firms or SMEs are able to compete competitively in the market niche. Therefore, procurement performance relies upon entirely on the procurement best practices (Haakansson & Ford, 2002).

Network theory contributes to good interpersonal relationship among suppliers and customers to the apparent firms or SME's in their daily business transactions. It enhances firms adopting procurement best practices namely, use of information technology in easy networking in terms of sharing ideas with customers on products, market survey on various products and the range of prices in the market (Chandra, 2010). It also promotes ethics in handling customer's queries effectively and efficiently, it also promotes green purchasing. Therefore, the network theory is efficient in procurement planning in all activities involved in the supplies chain management. Its long-term goal is to enhance good relationship among firms for instance suppliers and customers (Johansson & Mattson, 1987).

2.2.2 Resource-Based Theory

Organizations capacity noncurrent and current resources varies from one firm to another due to variation of merchandise it deals with. Therefore, organizations competitiveness whether big or small is determined by its resources it has and how it delivers quality goods and services to customers continuously as per demand arises. The customers tend to be loyal hence introduce other customers to firm's goods and service. This is an indicator of product and service satisfaction (Peace & Robinson, 2007).

Resource based theory contributes significantly to firm's that thrive through adopting procurement best practices bring about competition with other organizations and able to cut the market niche in provisions of quality merchandise to customers. Procurement best practices include green purchasing, adoption of IT, supplier partnering and purchasing ethics. Consequently, these competitive advantages are founded on their worth, exclusivity, distinctiveness in procurement performance of SMEs (Barney, 1991). Therefore, this theory contributes in understanding how firm's resources is vital and it enhances procurement best practices and ultimately brings about procurement performance in firms in the competitive market.

2.3 Empirical Review

These sections cover concepts and previous studies related to procurement best practices, procurement performance and the relationship between procurement best practices and procurement performance.

2.3.1 Procurement Best Practices

Adoption of procurement best practices in firms enhances procurement performance that's is procurement of merchandise that satisfy customer needs, logistics and distribution channels cost minimization that enhances merchandise lead tome delivery to customers, good supplier relationship through supplier profiling which enhances good organization image and customer base loyalty (Masiko & Waiganjo, 2014). Due to ever changing business environment hence not all procurement practices apply to all SMEs therefore, there is need for further study to come up with purchasing and supplies solutions.

2.3.1.1 Green Purchasing

It involves purchasing environmentally goods and services which are fit for human consumption. Such goods and services include those which contain recycled content to minimize waste (Ochoa & Erdmenger, 2013). Many firms have adopted green purchasing activities that create value through increased products and service cost efficiency that has increased good market penetration and good public image that retains customers in buying goods and services. Firms that have adopted accrue economic gains through reduction of supplier procurement wastes (Holt & Kockelbergh, 2013).

Efficiency and effectiveness is achieved through the application of use of effective procurement technologies that minimizes waste. It is achieved through suppliers and consumers working together in order to find best procurement solutions. Many firms acquire good customer service reputation by going green (Khiewnavawongsa & Schmidt, 2008).

2.3.1.2 Supplier Partnering

Supply partnering promotes procurement planning and solving procurement problems (Ragatz et al., 2010). Supplier partnering enhances suppliers and firms to conduct procurement related activities effectively and efficiently in terms of coordination of goods supplied on time to respective users. The firm uses integrated technology with suppliers and is able to share information pertaining goods and services. An effective supplier partnering is important component in the whole supply chain function (Harvey, 2012).

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

2.3.1.3 Adoption of Information Technology

Firms or SME tends to enhance procurement best practices and procurement performance by application of IT that aids in effective and efficient procurement processes. That is it reduces information searching time of goods and services, flexibility and accuracy of processing of quotations (Gituro, 2007). Long rung enhances

firm's performance in goods and service delivery to customers to meet their demands on time. (Mouritsen, *et al.*, 2013).

Many dimensions in which procurement best practices and procurement performance can be demonstrated in dynamic way on IT. That is from integration of all procurement processes in the supply chain and its control from accountability perspective. The application of IT in procurement process aids in coordination of procurement processes internal and external to the firm and that is firm and its suppliers. Procurement officers, procurement managers and store clerks gain a lot of advantages attributed to it, from lead time order process and accountability in processing of requisitions (Flynn, 2003). Therefore, there is a need for further study.

2.3.1.4 Purchasing Ethics

Firm's transparency, good customer service, good problem-solving skills, being accountable for all decisions made regarding to procurement of merchandise and delivering them to customers as per their requisition it is significant for long term customer retention, loyalty and attracting more customers (Cole,2008). This enables firms or SME's dealing with variety of products to diversify and expand from locally to globally. There is no firm that can succeed and become strategically competitive in the market niche without ethics. Therefore, ethics in purchasing and supplies management creates good public relations hence where there is positive responsiveness in demand and supply this is an indicator of firm's procurement performance (Saeed *et al.* & Telgen, 2007).

Despite of procurement best practices adopted by relatively many firms, though many SME's have not fully operationalize ethical standards in purchase of merchandise fitness for use, this is because to lack of transparency in advising customer between quality products and counterfeit products(Karanja & Kiarie, 2015).Most firms tend to go for cheap counterfeit products and sell them and make supernormal profit from sales, the end results it ends up with dumping of poor quality products in the market, the customers get unsatisfied by the product performance meaning there will be less purchases and many firms will make losses from the mass initial procurement(Cleland, 2014). Therefore for many firms or SME's to remain competitive ethics must be paramount in all procurement activities and ensuring there is procurement best practices for instance supplier partnering through integration of ICT in order to perform

effectively and efficiently in provision of quality merchandise and services to customers on lead time effectively and efficiently whenever demand arises (Thai, 2011).

2.3.2 Procurement Performance

Many firms from global aspect are competitive in the market due to performance from flexibility, accuracy in order processing from requisition made by customers, cost minimization by reducing distribution channels and logistics bureaucracy, reduction of information search time and lead time responsiveness to any queries arising from stakeholders (Handfield, 2009). Therefore it is crucial for firms to implement a good procurement system that is enhanced by procurement best practices that will enhance procurement performance irrespective of procurement operations.

Developing countries, many SMEs have been affected in procurement activities and ultimately affecting procurement performance of a firm negatively. This is because of lack of sufficient knowledge and skills in setting up an effective procurement system that is able to be integrated among the stakeholders, that is the firms, suppliers and customers or consumers (Brooks, 2014). There is no firm that can be competitive without establishment and application of best procurement practices in the various products that it is dealing with. There is no customer who wants to be loyal to firms that cannot deliver products as per specification at the right price, time and place. Customers will tend to shift or switch to more better options. Therefore, the existence of firms or SMEs in purchasing and supplies is procurement performance and is measured through flexibility, accuracy, cost minimization and lead time delivery of goods and services to customer (Ntayi, 2009). Therefore, there was a need for further study.

2.3.3 Relationship between Procurement Best Practices and Procurement Performance

Many SME's vary as per the kind of business operations in terms of merchandise and services they offer in the market. Their performance varies depending on the market niche. The customers responsiveness can be positively, neutral or negatively. If their responsiveness is positive it means the goods and services are quality, air priced, delivered on time and there is flexibility in delivery (Blackmore, 2008).

On the other hand, if there is neutral responsiveness meaning the customers have no complain or rather the firms have not really fully exploited more in the market, meaning it does its business in the same concept day in day out. Lastly if there is negative responsiveness by customers meaning that the firm is not delivering quality goods or services, there is no product awareness to customers, the customers are unsatisfied by the poor products therefore there will be low demand. It is crucial for firms to ensure positivity correlation to remain competitive efforts (Harvey, 2012).

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

2.4 Conceptual Framework

The framework contains specific variables under research study

Independent Variables

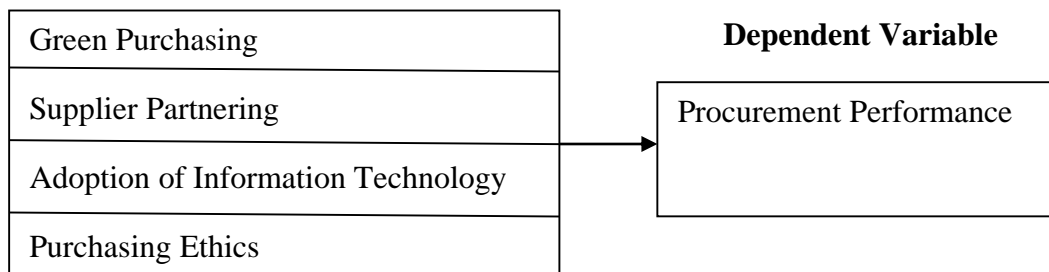


Figure 1.1: Conceptual Framework

2.5 Summary of Literature

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

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

The many dimensions in which procurement best practices and procurement performance can be demonstrated in dynamic way on IT. That is from integration of all procurement processes in the supply chain and its control from accountability perspective (Taylor & Lee 2013). The application of IT in procurement process it aids in coordination of procurement processes internally and externally of the firm that is firm and its suppliers, for example, e-catalogue-procurement (Johnson & Leenders, 2014). Their studies have been done in developed countries. Therefore, procurement performance which will be measured through, cost minimization in delivery of goods and services, Order cycle time, quality supplies and flexibility in order processing.

2.6 Research Gap

Green procurement on procurement best practices have been targeted by numerous studies. One of the researches was carried out by Njuki (2013), on effects of green procurement practices at UNEP Kenya. Established there was an insufficient administrative function hence incompetent worker. This concurs with Wambui (2008), research in effects of ICT in purchasing process in the Tandem Limited. The findings established that lack of finances, administrative manager's failure to allocate capital towards implementing. Moses (2012), concluded that e-procurement adoption affects performance of procurement positively.

There are many researchers concurrently acknowledge significance of procurement in any firm's operations and is measured in terms cost minimization in provision of merchandise to customers, accuracy and completeness in order processing, speed, and flexibility in order processing. Though, since the studies were done in different times and haven't fully filled the gap due to dynamism of business activities in the market. Therefore, most SMEs encounter different and unique dynamics in procurement performance; there is need for further study to fill the gap by examining procurement best practices and procurement performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter covers research design, target population, sample size, data collection methods, data analysis and presentation of result findings.

3.2 Research Design

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

3.3 Target Population

Mugenda and Mugenda (2004), defines population, number of people, organization with certain noticeable features that are appropriate for research study. The population studied was 450SMEs registered by Registrar of Companies and operating from 2002 to 2018 in Nairobi CBD (Registrar, 2017).

Table 3.1: Population

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

Source Author :(2020)

3.4 Sampling Technique

Judgmental sampling was used in this study; it gave employees equal opportunity to take part. Sample size of 45 which was determined by 10% deduction from 450 target population. Sample size was determined using the formula shown below:

$$S = (N)/X$$

Where;

S=required sample size

N=given population size

X=given degree value of chosen population

$$S=450*10\%=45$$

$$S= 45\text{SMEs}$$

To ensure representation for each category of SMEs, the researcher studied 10% of firms in each category as shown in Table 3.4.

Table 3.4: Sample Size

Stratum of SMEs	Population Frequency	Sample Size
Trade sector	220	22
Service sector	150	15
Manufacturing sector	70	7
Construction sector	10	1
Total	450	45

Source Author: (2020)

3.5 Data Collection

Primary data obtained from respondents; procurement managers, procurement officers and stores clerks in these SMEs. The questionnaires were distributed to respondents and later they were collected after completion.

3.6 Data Analysis and Presentation

Corrected questionnaires were coded for analysis while presentation was done using frequency distribution tables.

Table 3.3: Summary of Data Collection and Analysis Methods

Objective	Questionnaire	Data Analysis
General Information	SECTION A	Descriptive Statistics
Procurement Best Practices	SECTION B	Descriptive Statistics
Procurement Performance	SECTION C	Descriptive Statistics
Relationship Between Procurement Best Practices and Procurement Performance	SECTION D	Regression Analysis

Source Author: (2020)

Regression equation assumed Procurement Performance = f (x₁, x₂...) the regression was;

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

Where;

Y – Procurement Performance (Dependent variable)

X1- X4 – Independent variables

X1- Green Purchasing

X2- Supplier Partnering

X3- Adoption of Information Technology

X4- Purchasing ethics

β₀ - constant of the model

β₁- β₄ – regression coefficients

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter contains data analysis, presentation and interpretation result findings of data analysis.

4.2 Response Rate

Out of 45 questionnaires, forty-one (41) questionnaires were completed and returned for analysis. This represents 91% response rate (see Table 4.1) and was considered appropriate for the study at least 70% response rate is considered appropriate for research according to Mugenda and Mugenda (2004).

Table 4.1: Response Rate

	Frequency	Percent
Response	41	91
Non-response	4	9
Total	45	100

Source Author: (2020)

4.3 General Information

General information as collected from respondents from firms included, gender, age, job title education level, categories of firms, duration of firm has been in procurement business, years of work experience and nature of business was established.

4.3.1 Gender

Data analysis of respondent's gender is presented in Table 4.2.

Table 4.2: Gender

	Frequency	Percentage
Male	35	85
Female	16	15
Total	41	100

Source Author: (2020)

From findings in Table 4.2, respondents indicated that 85% were male and 15% were female. This showed that gender both male and female was included during data collection.

4.3.2 Level of Education

Data analysis of respondent's level of education is presented in Table 4.3.

Table 4.3: Level of Education

	Frequency	Percent
Postgraduate Degree	8	20
Degree	6	15
Diploma	18	44
Certificate	9	21
Total	41	100

Source Author: (2020)

Table 4.3 findings, 44% of respondents attained Diploma, 21% attained Certificate, 15% attained Degree while 20% had attained postgraduate Degree. This indicates that most respondents were literate and were knowledgeable what was required of them when filling the questionnaire during data collection of research study.

4.3.3 Job Title of the Respondents

Data analysis of respondent's job title is presented in Table 4.4

Table 4.4: Job Title of the Respondents

	Frequency	Percent
Procurement Manager	4	10
Procurement Officers	22	54
Stores Clerks	15	36
Total	41	100

Source Author :(2020)

In Table 4.4 findings, 10% of respondents were procurement managers, 54% indicated procurement officers and 36% indicated stores clerks. This indicates that the study covered all designations in the procurement.

4.3.4 Work Experience

Data analysis of respondents work experience is presented in Table 4.5

Table 4.5: Work Experience

	Frequency	Percent
Less than 5years	22	54
5-10 years	14	34
10-20 years	5	12
Total	41	100

Source Author: (2020)

From Table 4.5 findings, 54% of respondents stated their work experience in procurement department was less than 5 years, 34% stated 5-10 years and 12% stated 11-20 years. This indicates that the respondents were very experienced and conversant with procurement best practices and procurement performance.

4.3.5 Firms Duration in Procurement Business

Data analysis of respondent's firm's duration in procurement business is presented in Table 4.6.

Table 4.6: Firms Duration in Procurement Business

	Frequency	Percent
Less than 5 years	11	27
More than 5 years	30	73
Total	41	100

Source Author: (2020)

From Table 4.6 findings, 27% of respondents indicated firm has been in procurement business for a period of less than 5years while 73% firm has been in procurement business for a period of more than 5years. This showed that the firm had enough experience.

4.3.6 Nature of Business

Data analysis of respondent's nature of business is presented in Table 4.7.

Table 4.7: Nature of Business

	Frequency	Percentage
Trade	11	27
Manufacturing	9	22
Construction	7	17
Services	14	34
Total	41	100

Source Author: (2020)

From Table 4.7 findings, 34% of respondents indicated firms were in service businesses, 27% of firm's business was in trade sector, 22% of firm's business was in manufacturing sector and 17% of firm's business was in construction sector.

4.4 Procurement Best Practices and Organization Performance

Data analysis of respondents on procurement best practices and procurement performance is presented in Table 4.8.

Table 4.8: Adoption of Procurement Best Practices

	Frequency	Percent
Yes	33	73
No	8	37
Total	41	100

Source Author: (2020)

From Table 4.8 findings show 73% respondents indicated firms had procurement best practices adopted while 37% firms' procurement best practices had not adopted. Majority of respondents were affirmative.

4.5 Procurement Best Practices

This section concerns Procurement Best Practices. mean (M) and Standard deviation (SD) are calculated for each practice. To understand M and SD values, the following scales are used 1, No Extent, 2, Little Extent, 3, Moderate Extent, 4, Large Extent and 5, Very Large extent.

4.5.1 Green Purchasing

Table 4.9: Effect of Adoption in Green Purchasing

Green Purchasing	Mean	SD
Complying with green purchasing policies on procurement performance	4.81	0.78
Recycling products procured	4.73	0.74
Procurement of material composition	4.70	0.69
Procurement of environmentally friendly products	4.65	0.66
Enhancement of end of life disposal decision	4.56	0.41

Source Author: (2020)

From Table 4.9, findings shows that complying with green purchasing policies on procurement performance had M of 4.81, SD of 0.78 ,Recycling products procured had M of 4.73, SD of 0.74, Procurement of material composition had Mean of 4.70 and SD of 0.69, Procurement of environmentally friendly products had mean of 4.65 and SD of 0.66 and Enhancement of end of life disposal decision had little extent mean of 4.56 and SD of 0.41.It shows that many SMEs had adopted green purchasing to a very large extent

4.5.2 Adoption of Information Technology

Table 4.10: Information Technology in Procurement

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

Source Author: (2020)

Table 4.10, findings, use of information technology for processing of orders had M of 4.88 and SD of 0.75, use of information technology for requesting quotation had M 4.76 and SD of 0.66, use of information technology for searching for products and services had M of 4.59, SD of 0.60, use of information technology in accountability during procurement had M of 4.38 and SD of 0.40 and finally the use of information

technology in publishing disqualified suppliers had M of 4.35 and SD of 0.32. From the findings majority of firms had adopted information technology to a large extent

4.5.3 Supplier Partnering

Table 4.11: Supplier Partnering

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

Source Author: (2020)

From Table 4.11, findings, respondents established on promotion of mutual procurement planning and problem-solving had M of 4.89 and SD of 0.78, integration of firm procurement system with that of suppliers for communication and accountability had M of 4.84 and SD of 0.78, Firm sharing of information on quality of goods and services had M of 4.79 and SD of 0.75 and finally, Coordinating the supply relationship transaction-related activities had M of 4.73 and SD of 0.61. This confirmed supplier partnering was to a moderate extent.

4.5.4 Purchasing Ethics

Table 4.12: Purchasing Ethics

Purchasing Ethics	Mean	SD
Enabling fair procurement and cost minimization by firms	4.89	0.81
Enhancing transparency in processing of orders	4.77	0.65
The firm complying with procurement procedures	4.53	0.54
Transparency in procurement of quality merchandise and services	4.50	0.44
Handling of customers effectively and efficiently	4.49	0.59
Disqualifying incompetent suppliers	4.27	0.34

Source Author: (2020)

From Table.412 findings, respondents indicated, enabling fair procurement and cost minimization by firms had M of 4.89 and SD of 0.81,enhancing transparency in processing of orders had M of 4.77 and SD of 0.65,the firm complying with procurement procedures had M of 4.53 and SD of 0.54,transparency in procurement of quality merchandise and services had M of 4.50 and SD of 0.44, handling of customers effectively and efficiently had M of 4.49 and SD of 0.59 and disqualifying incompetent suppliers had M of 4.27 and SD of 0.34.From findings the firm had adopted purchasing ethics in procurement to a very large extent.

4.6 Procurement Performance

This section concerns Procurement Performance. Mean (M) and Standard deviation (SD) are calculated for each indicator. To understand M and SD values the following scales are used 1, No Extent,2, Little Extent, 3, Moderate Extent, 4, Large Extent and 5, Very Large extent.

Table 4.13: Firm Achievement in Procurement Performance

Procurement Performance	Mean	Standard deviation
Lowering of information search cost for suppliers	4.71	0.67
Supply of merchandise on time to consumers	4.64	0.73
Good customer service that attracts improves firms' image	4.56	0.53
Flexibility in recycling of products procured	4.43	0.44

Source Author: (2020)

From Table 4.13 findings, respondents indicated lowering of information search cost for suppliers had Mean of 4.71 and SD of 0.67, supply of merchandise on time to consumers had M of 4.64 and SD of 0.73, good customer service that attracts improves firms image had M of 4.56 and SD of 0.53 and flexibility in recycling of products procured had M of 4.43 and SD of 0.44.Majority respondents affirmed procurement performance is enhanced by procurement best practices to moderate extent

4.7 Relationship between Procurement Best Practices and Procurement Performance

In this section regression analysis was done, the results from Table 4.16 and Table 4.17 indicated that procurement best practices namely green purchasing, adoption of

information technology, supplier partnering and purchasing ethics have positive regression with procurement performance. This implies that there is constant improvement on procurement best practices and procurement performance in firms to remain competitive in goods and service delivery to customers.

4.7.1 Correlations Analysis

Table 4.14: Correlation of Procurement Best Practices and Procurement Performance

		Procurement Performance Indicators	Green Purchasing	Supplier Partnering	Adoption of Information Technology	Purchasing Ethics
Procurement Performance	Pearson Correlation	1				
	Sig. (2-tailed)	0.02				
	N	41				
Green Purchasing	Pearson Correlation	.658(*)				
	Sig. (2-tailed)	.001				
	N	41	41			
Supplier Partnering	Pearson Correlation	.642(*)	.590(*)	1		
	Sig. (2-tailed)	.001	.007			
	N	41	41	41		
Adoption of Information Technology	Pearson Correlation	.869(*)	.580(*)	.430	1	
	Sig. (2-tailed)	.002	.037	.003		
	N	41	41	41	41	
Purchasing Ethics	Pearson Correlation	.737(*)	-.642(*)	-.704(*)	-.619	1
	Sig. (2-tailed)	.001	.000	.002	.000	.000
	N	41	41	41	41	41

Analysis of study variables used Pearson correlation which established very strong positive relationship between procurement best practices and procurement performance within firms operating in Nairobi County CBD at 95% confidence level. The analysis of correlation is given in Table 4.14. As shown, Green Purchasing and Procurement Performance had significant strong positive ($r=0.658$, $p=0.001<0.05>$) relationship. Also, firms adopting Green Purchasing operations gains are significant. Supplier Partnering and Procurement Performance had significant strong positive ($r=0.642$, $p=0.001<0.05>$) relationship. Showed mutual interpersonal relationship among suppliers results to procurement performance in firms.

Adoption of Information Technology and Procurement Performance had strong positive ($r=0.869$, $p=0.002<0.05>$) relationship. Information Technology enhances procurement performance in firms in service delivery effectively and efficiently. Lastly, Purchasing Ethics had significant strong positive ($r=0.737$, $P=0.001<0.05>$) relationship. Purchasing Ethics creates loyalty, attraction and retention of customers and this creates good public image of the firm in goods and service delivery.

4.7.2 Regression Analysis

The analyses were done and is shown in Table 4.15, Table4.16 and Table 4.17.

4.7.2.1 Model Summary.

Table 4.15: Model Summary

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

Table 4.15 shows that R correlates observed projected values of dependent variable (0.892) association between procurement performance and procurement best practices in firms. Table 4.15, adjusted R^2 is coefficient determination stipulating procurement performance varied with differences in procurement best practices. Adjusted R^2 (0.784) showing a variation of 78.4% in the firm's procurement best practices and procurement performance at 95% confidence level. Thus, the procurement best practices enhance firm's procurement performance.

4.7.2.2 ANOVA (b)

Table 4.16: ANOVA (b)

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

Total variance was 7.5833 and is described by independent variable model and variance unexplained by Independent Variables-Error. Findings shows there existed significant goodness of fit between variables as F-test (F=2.5504, P=0.01<0.05). From calculations (F=2.5504) is more than the F-critical of 1. 5622. Implying level of variation between procurement best practices and procurement performance was significant at 95% confidence level hence model established was of good fit for data. Variation strength of predictor values effect on procurement best practices in SMEs was significant at (P=0.01<0.05)

4.7.2.3 Coefficients (a)

Table 4.17: Coefficients (a)

Model		Unstandardize Coefficients		Standard t Coefficients	Sig.
		B	Std. Error		
1	(Constant)	3.563	0.000	2.445	0.001
	Green Purchasing	0.755	0.709	.463	2.712 0.001
	Supplier Partnering	0.828	0.790	.372	.2.211 0.002
	Adoption of Information Technology	0.747	0.642	.746	1.859 0.003
	Purchasing Ethics	0.752	0.546	.287	1.437 0.004

Established regression equation where;

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

Where:

Y – Procurement Performance (Dependent variable)

X1- X4 – Independent variables

X1- Green Purchasing

X2- Supplier Partnering

X3- Adoption of Information Technology

X4- Purchasing ethics

β_0 - constant of the model

β_1 - β_4 – regression coefficients

Table 4.17 findings, shows that procurement performance at 1.5632 holding procurement best practices at zero is constant. Management effort in supporting Green Purchasing enhances procurement performance in the firm ($r=.755$, $P=0.001<0.05$). From findings, good Supplier Partnering significantly increases Procurement Performance. Table 4.17 on Information Technology, significantly increased procurement performance in a firm ($r=0.747$, $p=0.003<0.05$) while effort of enhancing Purchasing Ethics increased significantly Procurement Performance of a firm ($r=0.752$, $p=0.004<0.05$).

4.8 Discussion of Findings

The research findings in objective (i), showed that procurement best practices namely Green Purchasing had average mean of 4.56. It shows that many SMEs had adopted green purchasing to a large extent. Adoption of information technology had average mean of 4.60. It shows that many SMEs had adopted information technology to a large extent. Supplier Partnering had average mean of 3.85. It shows that many SMEs had adopted supplier partnering to a moderate extent. Purchasing ethics had average mean of 5.49. It shows that many SMEs had adopted purchasing ethics in procurement to a very large extent. Therefore, the research study established Adoption of Information Technology and Purchasing Ethics are the procurement best practices that had significant impact in firms to a very large extent.

In objective (ii) the relationship between procurement best practices and procurement performance from the data analysis, indicated that procurement best practices namely green purchasing, adoption of information technology, supplier partnering and purchasing ethics have positive relationship with procurement performance as shown in table 4.7.2.3.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

Chapter entails research discussion, conclusions and recommendation.

5.2 Summary of Findings

Respondents indicated that complying with green purchasing policies on procurement performance had M of 4.81, SD of 0.78, Recycling products procured M of 4.73 and SD of 0.74, Procurement of material composition M of 4.70, SD 0.69, Procurement of environmentally friendly products had M of 4.65 and SD of 0.66 and Enhancement of end of life disposal decision had M of 4.56 and SD of 0.41. Firms had adopted green purchasing.

Respondents indicated use of information technology for processing of orders had M of 4.88 and SD of 0.75, use of information technology for requesting quotation had M of 4.76 and SD of 0.66, use of information technology for searching for products and services had M of 4.59, SD of 0.60, use of information technology in accountability during procurement had M of 4.38 and SD of 0.40 and finally the use of information technology in publishing disqualified suppliers had M of 4.35 and SD of 0.32. From the findings majority of firms had adopted information technology.

Respondents established on promotion of mutual procurement planning and problem-solving had M of 4.89 and SD of 0.78, integration of firm procurement system with that of suppliers for communication and accountability had M of 4.84 and SD of 0.78, Firm sharing of information on quality of goods and services had M of 4.79, SD of 0.75 and finally, Coordinating the supply relationship transaction-related activities had M of 4.73 and SD of 0.61. This confirmed supplier partnering was established.

Respondents indicated, enabling fair procurement and cost minimization by M of 4.89 and SD of 0.81, enhancing transparency in processing of orders had M of 4.77 and SD of 0.65, the firm complying with procurement procedures had M of 4.53 and SD of 0.54, transparency in procurement of quality merchandise and services had M of 4.50 and SD of 0.44, handling of customers effectively and efficiently had M of 4.49 and SD of 0.59 and disqualifying incompetent suppliers had M of 4.27 and SD of 0.34. From findings the firm had adopted purchasing ethics in procurement.

Respondents indicated lowering of information search cost for suppliers had M of 4.71 and SD of 0.67, supply of merchandise on time to consumers had Mean 4.64 and SD 0.73, good customer service that attracts improves firms image had M of 4.56 and SD of 0.53 and flexibility in recycling of products procured had M of 4.43 and SD of 0.44. Majority respondents affirmed procurement performance is enhanced by procurement best practices.

Data analysis indicated that procurement best practices namely green purchasing, adoption of information technology, supplier partnering and purchasing ethics have positive regression with procurement performance.

5.3 Conclusion

There is more need in adoption and application of procurement best practices in firms or SME's: Trade, Manufacturing, Construction and Service in order to enhance procurement performance in terms of minimization of cost of market survey, quality checks on merchandise before delivery to customers, flexibility in processing of orders and flexibility in recycling of products procured. This enables firms to be competitive in the market. The correlation between Procurement best Practices and Procurement Performance had a positive correlation. This indicated that model formed had a good fit therefore the firm was significant at $P= 0.01 < 0.05$.

5.4 Recommendation

Firms or SME's should ensure that establishment of procurement best practices in related procurement activities irrespective of variation of products the firm is dealing with, this will enhance on procurement performance in the competitive market. The end results will be diversification and expansion of firms, attraction and retention of more customers, more sales in product and services and cost minimization from inflexibility in lead time supplies of merchandise and counterfeit products supplied to customer.

Training of procurement managers, procurement officers from respective firms on usage of information technology in procurement related activities for instance market survey, order processing and benchmarking of customers. These will enhance accountability in supplier partnering and ethical levels of behavior in goods and service delivery to customers.

5.5 Limitations of the Study

Procurement managers, procurement officers and stores clerks were respondents of the research study. They were reluctant to cooperate in giving detailed and timely information. The cost and time in collection of primary data and some respondents didn't return the research questionnaires. Forty-five (45) questionnaires were administered to respondents only forty-one (41) were fully completed and returned for data analysis. There was a variance of four (4) questionnaires.

5.6 Recommendation for Further Study

From the findings in table 4.1,91% account for Procurement best Practices and Procurement Performance. Study focused on SMEs in Nairobi County CBD only. Therefore, there should be more research done to all firms operating in Kenya and coming up with various remedies for all parties engaging in procurement business.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

INSTRUCTIONS

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

SECTION A: DEMOGRAPHIC INFORMATION

Respondent

1. Gender

Male [] Female []

2. Age in years

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

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

Over50 Years..[]

3. Job Title

Procurement Manager.....[]

Procurement Officers.....[]

Stores Clerks.....[]

Others, specify.....

4. Years of Experience

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

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

Over 30 Years..[]

5. Highest Level of Education

Post Graduate Degree...[] Bachelors Degree....[]
 College Diploma.....[] College Certificate....[]
 Others, Specify.....

Firm

6. Duration in which the Organization has been in Procurement Business

0-5 Years..... [] 6-10 Years..... [] 11-15 Years... []
 16-20 Years....,[] Over 20 Years..[]

7. Nature of Business

Trade [] Manufacturing.....[]
 Construction...[] Service.....[]
 Others, specify.....

SECTION B: PROCUREMENT BEST PRACTICES

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

(i) Table 1.1: Green Purchasing

Green Purchasing	No Extent (1)	Little Extent (2)	Moderate Extent (3)	Large Extent (4)	Very Large Extent (5)
Complying with green purchasing policies on procurement performance					

Recycling of the products procured					
Procurement of environmentally friendly products					
Enhancement of end of life disposal decision					
Others Specify and Rate accordingly					

(ii) Table 1.2: Adoption of Information Technology

Adoption of Information Technology	No Extent (1)	Little Extent (2)	Moderate Extent (3)	Large Extent (4)	Very Large Extent (5)
Use of information technology for processing of orders					
Use of information technology for requesting quotation					
Use of information technology for searching for products and services					
Use of information technology in accountability during procurement					
Use of information technology in publishing disqualified suppliers					
Others, Specify and Rate accordingly					

(iii) Table 1.3: Supplier Partnering

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

(iv) Table 1.4: Purchasing Ethics

Purchasing Ethics	No Extent (1)	Little Extent (2)	Moderate Extent (3)	Large Extent (4)	Very Large Extent (5)
Enabling fair procurement and cost minimization by firms					
Enhancing transparency in processing of orders					

Firm complying with procurement procedures					
Transparency in procurement of quality merchandise and services					
Handling of customers effectively and efficiently					
Disqualifying incompetent suppliers					
Others, Specify and Rate accordingly					

SECTION C: PROCUREMENT PERFORMANCE

To what extent has the firm achieved procurement performance? Indicate the extent (using a tick).

Table 1.5: Procurement Performance

Procurement Performance	No Extent (1)	Little Extent (2)	Moderate Extent (3)	Large Extent (4)	Very Large Extent (5)
Lowering of information search cost for suppliers					
Supply of merchandise on time to consumers					
Good customer service that attracts improves firms image					
Flexibility in recycling of products procured					
Others, Specify and Rate accordingly					

THANKS FOR YOUR KIND CORPORATION.

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

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

1. Adva Tech Ltd
2. Air fall Cooling Services
3. Axis Business Concept
4. Baku Kenta Ltd
5. Briantony International Consultants
6. BTL Consulting Ltd
7. Chemo quip Ltd
8. City Motorcycles and Auto Ltd
9. Copyright Furniture Ltd.
10. Cutlery Duka - Nairobi
11. Deluxe Fruits Ltd
12. DIPEK initiative Kenya.
13. ECOMA Investment
14. ECOSE Limited
15. Edarns Enterprises Ltd
16. Edarns Enterprises Ltd
17. Future soft T
18. Giovani Enterprises
19. Ice pay Business Solutions ltd
20. Ice pay Business Solutions ltd
21. Lite Price Ltd
22. Malibu Pharmacy Ltd
23. Maxswagg Provision Investment
24. Mega Wholesalers Ltd
25. Mega wholesalers solutions Ltd
26. Newline Furniture Ltd
27. NikoHapa Ventures Ltd
28. Offers Africa Limited
29. OneSource Financial Services Ltd
30. Pharmasinya Ltd
31. Prestige Bookshop enterprises
32. Primetect ltd
33. Projector Technologies and Co, Ltd
34. Recours Four Kenya Consultant Ltd
35. SokoHuru
36. TasKwetu
37. Tropical Opticians
38. Urban Properties Consultants & Developers Ltd
39. Viffa Consult Limited
40. Wallpaper Kenya