

**STRATEGIC PROCUREMENT PRACTICES AND PERFORMANCE  
IN MULTINATIONAL CORPORATIONS IN KENYA**

**BY**

**KENNEDY OLUOCH AUDI**

**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL  
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF  
MASTER OF BUSINESS ADMINISTRATION DEGREE, SCHOOL  
OF BUSINESS, UNIVERSITY OF NAIROBI**

**OCTOBER, 2014**

## DECLARATION

I declare that this research project is my original work and has not been submitted for assessment or award of a degree to any other university.

**Signature**.....

**Date**.....

**Kennedy Audi**

D61/72651/2012

## DECLARATION BY SUPERVISOR

This project has been submitted for examination with my approval as the university supervisor.

**Signature**.....

**Date**.....

**Mr. Michael K. Chirchir,**

Lecturer, Department of Management Science,

School of Business, University of Nairobi.

## **DEDICATION**

This study is dedicated to my family, work mates and friends who made this a success.

## **ACKNOWLEDGEMENTS**

I acknowledge the power of God, the maker, and the provider of knowledge for enabling me to complete my studies in the right spirit.

Most important, I sincerely wish to acknowledge the support from my supervisor without whom I could not have gone this far with my project work.

To all my lecturers who contributed in one way or another in quenching my thirst for knowledge I owe you my gratitude.

I owe a great deal of gratitude to my family members for their unfailing moral support throughout my period of study and for understanding and appreciating the demand of the course in terms of time and resources.

I cannot forget my classmates who influenced positively in my life and were a source of inspiration throughout my study. To you all, God bless.

# TABLE OF CONTENTS

DECLARATION .....	ii
DEDICATION .....	iii
ACKNOWLEDGEMENTS .....	iv
LIST OF ABBREVIATIONS/ ACRONYMS .....	viii
ABSTRACT .....	ix
CHAPTER ONE: INTRODUCTION.....	1
1.1    Background of the Study.....	1
1.1.1    Strategic Procurement Practices .....	2
1.1.2    Multinational Corporations in Kenya .....	3
1.2    Statement of the Problem .....	4
1.3    Overall Objective .....	6
1.3.1    Specific Objectives .....	6
1.4    Value of the Study.....	6
CHAPTER 2: LITERATURE REVIEW .....	7
2.1    Introduction .....	7
2.2    Procurement .....	7
2.3    Strategic Procurement Practices.....	7
2.3.1    Established Procurement Council.....	8
2.3.2    Properly Aligned and Staffed Procurement Function.....	8
2.3.3    Proactive Technology Use.....	9
2.3.4    Strategic Sourcing.....	9
2.3.5    Supplier Alliance .....	9
2.3.6    Total Cost of Ownership.....	10
2.3.7    Established Levels of Control and Minimizing Risk.....	10
2.3.8    Corporate Social Responsibility & Sustainability .....	11
2.4    Procurement Performance .....	11
2.5    Strategic Procurement Practices and Performance of Procurement Function....	12
2.6    Challenges Facing Adoption of Strategic Procurement .....	14
2.7    Conceptual Framework .....	15
CHAPTER 3: RESEARCH METHODOLOGY .....	16

3.1	Introduction .....	16
3.2	Research Design.....	16
3.3	Population and Sample Design .....	16
3.3.1	Sampling Frame.....	17
3.4	Data Collection.....	17
3.5	Data Analysis .....	18
CHAPTER 4: DATA ANALYSIS, RESULTS AND DISCUSSION.....		19
4.1	Introduction .....	19
4.2	Characteristics of Respondents .....	19
4.3	Strategic Procurement Practices.....	21
4.4	Strategic Procurement Practices and Performance of Procurement Function....	23
4.5	Challenges Facing Adoption of Strategic Procurement .....	28
CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....		30
5.1	Introduction .....	30
5.2	Summary Findings and Discussions .....	30
5.3	Conclusions and Recommendations.....	31
5.4	Limitations of Study and Suggestions for Further Research.....	32
REFERENCES .....		33
APPENDIX II: Research Questionnaire.....		37
APPENDIX III: List of Multinational Corporations in Kenya.....		42

## **LIST OF TABLES**

Table 4.1: Position of Respondents .....	20
Table 4. 2: Education Level of Respondents .....	20
Table 4. 3: Strategic Procurement Practices .....	22
Table 4.4: Procurement Practices and Procurement Performance in Multinationals in Kenya .....	24
Table 4.5: Coefficient of Variables.....	25
Table 4.6: Model Summary .....	27
Table 4.7: ANOVA of Procurement Practices and Procurement Performance .....	27
Table 4.8: Challenges Facing Adoption of Strategic Procurement.....	29

## **LIST OF ABBREVIATIONS/ ACRONYMS**

BSC- Balanced Scorecard

CFO- Chief Finance Officer

CPO- Chief Procurement Officer

CSR-Corporate Social Responsibility

KNBS- Kenya National Bureau of Statistics

MNC- Multi National Corporation

PPMS- Procurement Performance Measurement Systems

SAB – South African Breweries

SCC- Supply Chain Council

SLA- Service Level Agreements

SRM- Supplier Relationship Management

TCO- Total Cost of Ownership

## **ABSTRACT**

Procurement is increasingly becoming one of the critical and strategic functions of every organization with the potential to contribute positively to the success of operations leading to reliable service delivery and competitiveness. Strategic procurement indeed as a tool for a firms competitiveness has a positive effect on the overall performance of the organization and sets in motion the entire acquisition/ procurement process of all the purchases by multinational companies. Despite this importance limited scientific research has been done on strategic procurement practices and performance in multinational corporations in Kenya. This study looked at the role of strategic procurement practices on procurement performance of multinational companies in Kenya. Specifically the study reviewed ten strategic procurement practices and how they contribute to success of procurement function in these companies. The practices discussed mainly comprised; established procurement council, proper staffing, technology use, strategic sourcing, total cost of ownership, established levels of control, Social responsibility & sustainability, supplier alliance, contracts under procurement function, company inventory and how they affected the procurement performance of the foreign multinationals in Kenya.

It was hypothesized in the study that strategic procurement practices, positively affect the procurement performance of the companies. Empirical data was collected from procurement officers of the 60 respondents from the targeted population of 70. The empirical data was analyzed both quantitatively and qualitatively to examine the relationships between strategic procurement practices and procurement performance. The key findings of the study indicated that only twenty seven percent (27%) of the variation in procurement performance were explainable by the ten procurement practices. Despite this low significance in the relationship between the variables, we recommended that the existing procurement practices be revised and strengthened to further improve the companies' procurement performance. The study recommended further research to determine the effect of supply chain strategy on performance among the all multinational companies in Kenya, both local and foreign

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The role of procurement in corporate success has increased considerably in the last decade. The best practice in the market lately is to align procurement management function at a strategic position and benefit from its contribution to the bottom-line profit. The dynamic complexity of a supply chain allows firms to formulate procurement practices that not only gives this competitive edge, but also allows it to adopt practices that will be robust to future changes in the general and competitive environments (Mabert & Venkataramanan, 1998).

Multinational Corporations in Kenya have become increasingly important as the driving force in the economy, though little research has been done to date on Multi-National Corporations (MNC's) procurement procedures (Tate, Lisa & Billington, 2008). They operate here for many reasons: to take advantage of the availability of specific raw materials, natural resources, labor pools, skills-sets, or processing facilities, or to serve growing customer markets. In many cases, it is their procurement strategies that matter most in shaping their contribution to enterprise development and local earnings. For companies with on-site production, such as mines or hotels, procurement can be a greater source of local economic impact than the direct payroll. For those that do not sell, but source their primary inputs here such as chocolate makers it is the procurement function that delivers impact (Carolyne, 2009).

Strategic procurement as a tool for a firms competitiveness has a positive effect on the overall performance of the organization. Unlike traditional procurement driven by the desire to cut costs of purchase, short-term profit improvement, transactional rather than relationship behavior, and emphasis on price reduction. Strategic procurement by contrast, looks at how the purchasing of goods and services, including outsourcing of entire processes, can deliver better long-term shareholder value. It involves reducing the supplier base, co-operative negotiation with suppliers, quality interaction with suppliers, and developing long-term relationships with the best suppliers. Nevertheless, these

strategic procurement behaviors are linked to better procurement performance (Ellram, 2003).

### **1.1.1 Strategic Procurement Practices**

Strategic procurement is the process of creating alignment and consistency of action that establishes the long range objectives and overall strategy or course of action by which procurement function fulfills its mission (Kocabasoglu, 2002). Soellner (1999) explains that procurement strategy can be distinguished along three key objectives of achieving total cost leadership, positioning the organization favorably in the value chain and creating growth opportunities so as to achieve value for money from spend analysis. These strategies can be achieved by practices including correctly staffing the function, the proactive use of technology, collaborative strategic sourcing, established levels of control and social responsibility and sustainability.

A company procurement strategy can be defined by its sourcing concepts, portfolio approaches, process approaches and task-focus (Hess 2004). It crafts sourcing procedures for goods and services at right price, the time, the right source, the right quality and quantity for enhancement of business growth. The structured procedures consult the market for the purchase of goods and services with the aim to guarantee the widest possible participation of economic operators, ensure the transparency of operations, and obtain the desired quality of services, supplies and works at the best possible price (Masiko, 2013)

Every organization has its own policies, procedures and structures that greatly influence the procurement process. These policies and procedures are built from the organizations paradigm that sometimes contradicts procurement goals and objectives. There are challenges as well, which are more pronounced when there is not enough information about the procurement procedure, its inputs, outputs, resource consumption and results and are therefore unable to determine their efficiency and effectiveness (Lysons & Farrington, 2006).

### **1.1.2 Multinational Corporations in Kenya**

Multinational corporations (MNC) are organizations that own or control production or services facilities in one or more countries other than the home country. They operate in a global environment unfamiliar in political, economic, social, cultural, technological and legal aspects. Kenya hosts approximately two hundred and fifty foreign multinationals in addition to one hundred and forty one local ones. Multinationals were established in Kenya as early as 1650 and currently 61% of them are foreign-owned while 39% are locally-owned. The number of such companies will increase with the government initiative to level the playing field for competition and wooing more investors with favorable fiscal policies (Samuel, 2010).

Multinational entities have played a major role in international trade for several centuries. A number of multinational corporations (MNCs) from developing economies are becoming key players in the global economy. Multinational corporations engage in useful and productive activities in Third World countries, such as, creating employment opportunities contributing to Kenya's gross national product, and make available a wider range and better quality products. The country has seen an astronomical growth in the presence of MNC's in the past two decades. Increased competition among them and the entry of other players necessitate the design of competitive strategies that guarantee performance. Creating strategies for coping with competition is the heart of strategic procurement which is critical for the long term survival of any organization (Ogutu, 2012)

The importance of purchasing to MNC's competitiveness in Kenya is increasingly being noted, and is now considered more and more a strategic function. Viewed holistically, however, purchasing comprises all of the goods and services used such companies: from temporary help to recruiting; benefits to market research services; direct mail to advertising services; telecommunication services to computer maintenance and repair; janitorial services. And when viewed in totality, the true impact of purchasing on the company's bottom line is hardly irrelevant (Cousins & Spekman, 2003). "Strategic procurement is a coordinated, holistic process that aligns actual business needs and

requirements with service acquisition and then measures the performance” (Adhiambo, 2012).

## **1.2 Statement of the Problem**

Strategic procurement is essential for competitiveness of procurement function in any organization. The overall procurement output depends on how it is strategically positioned to serve the organization. Procurement function is transitioning from a clerical non-strategic unit to an effective socio-economic unit that is able to influence decisions and add value (Lardenoije, Raaij, & Weele, 2005). Organizations that align their procurement at strategic level have a competitive edge. There is therefore need for continuous improvement for survival in the competitive business environment. Procurement as a function is faced with challenges for implementation and some of these challenges include rapid developments in Technology (which have led to new procurement methods).

Local studies on the area of strategic procurement have focused on the procurement activities among commercial banks in Kenya. Ngugi and Mugo (2007) analyzed the effect of procurement activities on the operation and effectiveness of commercial banks in the country.

Multi-national corporations in Kenya interact with greater global competition, changing markets or business models, cost reduction pressure, or price volatility among others. Some respond to these challenges by reducing their cost base, exploring new markets or partnerships, introducing new products and services on the market, or by redesigning the organizational structure to become more responsive to new trends and opportunities. These strategic initiatives impact on all functional areas of the MNC’s including procurement as a key functional area which contributes to realization of these strategic initiatives (Amelia & Pearson ,2002; Rwoti, 2005).

A number of studies have been done in the area of procurement. This has been mostly in developed countries and especially those that deal in manufacturing. This research therefore intends to bring out some of the benefits that are associated with the adoption of strategic procurement multinational corporations in Kenya. Kakwezi & Sony (2010)

found out that procurement planning is an ingredient to service delivery, but the study focused on service delivery ignoring other measures of procurement like financial gains from cost reduction. Other Studies asserts that strategic procurement management has a direct impact on the procurement performance MNC's in Asia. It is therefore critical to replicate the study in a different setting and find out if the same recommendation holds among the multinationals in Kenya.

Hassan (2012) in his research concluded that procurement planning and strategies do have a direct positive impact on the performance of humanitarian organization in delivery of relief and emergency services. The study however did not bring out the strategic procurement practices to use to realize these benefits. Further, it will be prudent to expand the study and cover other sectors of the Kenyan economy as Kazi (2013) based his study on (South Africa Beer) SAB Ltd entry into Kenyan market. It is clear from these studies that a lot of research has been conducted on procurement practices but focused on different aspects and countries other than strategic procurement practices of multinationals in Kenya.

This research therefore seeks to bridge the research gaps by trying to relate procurement strategies and the procurement performance of MNC's in Kenya. It will address questions on what are the strategic procurement practices used by MNC's in Kenya? What is the relationship between strategic procurement practices and procurement function performance among MNC's in Kenya? What challenges are faced in adoption of strategic procurement practices by MNC's in Kenya?

### **1.3 Overall Objective**

The overall objective is to examine the effect of strategic procurement practices on performance of the procurement function among multinational corporations in Kenya.

#### **1.3.1 Specific Objectives**

The specific objectives of this study are:

- i. To determine the Strategic procurement practices used by foreign Multi-national Corporations in Kenya.
- ii. To establish the relationship between strategic procurement practices and performance in Multi-national Corporations in Kenya.
- iii. To establish challenges faced in adoption of strategic procurement practices by foreign Multi-national Corporations in Kenya

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

The study is expected to be of significance to the service managers and decision makers to make strategic procurement decisions at the planning stage and be able to compete internationally.

It will also be beneficial to the Government and Policy makers as it will inform decisions on policy regarding multinationals terms of engagement and help strengthen government procurement systems.

Other non-MNCs in Kenya will also benefit from the study by learning the significance of taking into account the strategic procurement practices for better procurement performance in their organizations

The study will benefit the academia as it contributes to the ongoing debate on need for strategic supply chain management and adduces empirical evidence based on business in a developing country. The study will also identify areas for further study.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

Literature review is the recognition of the fact that previous works did laid ground on the subject of interest and that new knowledge can be accumulated by recognizing and building on the same. Research in this view is aimed at making new contributions to body of knowledge by adding on to the existing theories developed and gaining new grounds. In this chapter, a discussion of the previous works on procurement process, strategic procurement practices, benefits of strategic procurement and challenges facing it as well as procurement performance are discussed

### **2.2 Procurement**

The Procurement process starts with the planning decision to make the purchase, deciding whether there is a need for the particular goods or services, ensuring that the purchaser has the powers to undertake the transaction, obtaining any relevant approvals within the organization hierarchy and arranging the necessary funding. It is critical for a thorough procurement planning as firms are always facing budget constraints that cannot satisfy all capital acquisition needs (Gianakis, 2001).

Generic stages of the procurement process include need identification, generating detailed specification, request tenders, source selection, contracting receipt and payment, consumption, contract management, renewal and disposal. Factors that influence the procurement process include the supplier and the product factors, ethics of the society and organizational factors (Brian, 2006). The benefits that accrue as a result of having a procurement process include; ensures that all suppliers are treated equally and fairly, there will be a wide range of suppliers to ensure competitiveness, elimination of waste throughout the organization, the reduction of cost and contribution to bottom-line profit.

### **2.3 Strategic Procurement Practices**

The strategic procurement practices help create alignment and consistency of action that ensure procurement function fulfills its strategy and contribute to the bottom-line profit.

The practices include an established supply chain council, proper staffing, proactive use of technology, strategic sourcing, total cost of ownership, controls and sustainability.

### **2.3.1 Established Procurement Council**

A Procurement council gives direction and helps align procurement strategy with the company's overall strategy. The council's membership includes the leader of the supply chain organization as well as corporate executives, business unit managers, and other influential company leaders. It prevents any conflicts between the supply chain objectives and then company's stated objectives by providing constant, consistent validation that the supply chain strategy directly correlates with the corporate strategy. According to Li et al. (2011) Supply Chain Council (SCC) helps companies to examine the configuration of their supply chains. It helps identify and eliminate redundant and wasteful practices along supply chains. SCC also provides an effective forum for cross-functional communication. An active governing council creates an opportunity for business unit leaders to provide the supply chain management leadership with information regarding future strategies and projects. Supply Chain Council (SCC) defines the way these processes interact, how they perform and how they are configured from a supplier's supplier to a customer's customer (Min & Zhou, 2002; Huang et al., 2005; SCC, 2010).

### **2.3.2 Properly Aligned and Staffed Procurement Function.**

A properly aligned and well-staffed procurement function is key to realizing its strategy. Some multinationals are best served by embedding proficient procurement management professionals in various business units. For others, a more centralized operation is most effective. Most MNCs however, have adopted a hybrid approach that combines a centralized strategy to gain consensus with decentralized execution to improve service. Bob (2011) asserts that correctly staffing the procurement function is vital to the success of the department in terms of managing spend, handling contracts, rationalizing supplier base and aggregating demand. Elevating staff members' procurement management skills and knowledge is a priority for the top MNCs as they will hire supply chain managers who have strong communication and relationship management skills (both internally and externally), the ability to think strategically, and a focus on value creation.

### **2.3.3 Proactive Technology Use**

Best-in-class companies use technology to produce beneficial information for decision making. They work together in the battle for market dominance and stronger competitive position. Mulgan & Albury (2003) explains that successful innovation is the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes efficiency, effectiveness and quality. MNC's recognize the importance of an efficient purchase-to-pay process and have adopted strategies and mechanisms to get the greatest benefits from technology. Technology is being used to optimize company-owned inventory. The "real" cost of holding inventory often is higher than the generally assumed 20 to 25 percent which could rise up to 60 percent of the cost of an item that is held in inventory for 12 months. Thus more emphasis is put on technology to help on demand planning and forecasting as an additional means of ensuring optimal inventory levels (Gary, 2007).

### **2.3.4 Strategic Sourcing**

Strategic sourcing is a cornerstone of successful procurement management. CIPS, (2012) defines strategic sourcing as satisfying business needs from markets via the proactive and planned analysis of supply markets and the selection of suppliers with the objective of delivering solutions to meet pre-determined and agreed business needs. Large MNCs get internal customers actively involved in the decision-making process (Powell et al, 1996; de Rond & Bouchikhi, 2004). They solicit feedback and information regarding their objectives and strategies from those customers, which may include functional areas such as finance and accounting, engineering, operations, maintenance, safety/health/environment, and quality assurance—any internal business unit or function that will contribute to the initiative's success. This ensures availability of supplies and results in lower total cost, streamlined processes, and increased responsiveness to customers' changing needs.

### **2.3.5 Supplier Alliance**

Establishing alliances with key suppliers by having a focus on the benefits that the alliances will provide and the costs involved in Supplier Relationship Management (SRM) is a key practice for large MNCs (Morris & Hergert, 2002). Ansoff (1985) view

strategic supplier alliances as a response to globalization and changes in a firm's economic activities and technology. This is based on the belief that companies around the world can't survive without creating alliances that will bring together vital skills, resources and capabilities that otherwise will be time and costly to obtain. With a sound alliance management program, they are equipped to use the talents of the supply base to create sustained value while constantly seeking improvement.

### **2.3.6 Total Cost of Ownership**

The Total Cost of Ownership (TCO) analysis places a single value on the complete lifecycle of a capital purchase including acquisition, operation, and the softer costs of change management that flows down from acquisition such as documentation and training Kavaq (2014). Strategic procurement shifts the focus from looking only at the purchase price to understanding the total cost of owning or consuming a product or service. For significant spend areas, procurement teams of MNC's consider many other factors that affect the total cost of ownership. They gain competitive advantage from being able to produce at the lowest total cost. They are exceptionally good at finding ways to drive costs out of their business (Bertone, Clark, West & Groves, 2009). This requires looking at the entire process of procuring and consuming the product or service, something that can only happen with cooperation and input from both the buyer and the seller.

### **2.3.7 Established Levels of Control and Minimizing Risk**

Policies and controls are often put in place to streamline operations without sacrificing the ability of those controls to deter theft, fraud, and other problems. They are also reviewed to ensure that they are not creating bottlenecks Gadge (2013). MNC's procurement functions integrate risk-mitigation methodologies into their sourcing decision process. Contracts under the procurement function is a good control in managing spend and minimizing risk of non-compliance to SLA's. This has allows MNC's to more effectively leverage the company's spend, particularly in the area of services, where there is a great opportunity for cost reduction and risk mitigation (Bob, 2011). From technical to Software and service contracts, close monitoring is essential as total spend in the

procurement plan must be strictly followed and maximize contribution to bottom-line profit.

### **2.3.8 Corporate Social Responsibility and Sustainability**

Reducing a supply chain's carbon footprint has become a necessary practice. (Carter & Rogers, 2008) explains that buyers and consumers are taking environmental impact into consideration when they choose suppliers. Lately, they are considering social responsibility when making purchases. Social responsibility consists of a framework of measurable corporate policies and procedures that result in behavior designed to benefit the workplace, the individual, the organization, and the community (Clemens & Douglas, 2006). Social responsibility is playing an increasingly significant role in best-in-class supply management organizations' decisions, not just when it comes to procurement but also in regard to risk evaluation. The use of procurement to deliver social, economic and environmental benefits is driven by sustainability pressures as approximately 80% of spend is passed by the main contractor to the supply chain. Thus to be competitive MNC's engage sustainable procurement.

## **2.4 Procurement Performance**

Procurement performance involves measuring and evaluating the quality, effectiveness, and efficiency by using output and outcome indicators. It is the extent to which the procurement function is able to realize its predetermined goals with the limited company resources (Cavinato and Kauffman, 2009). Historically, procurement performance has been focused on 'cost' or 'savings'. This narrow approach fails to address the trade-offs with quality, inventory and supplier relationships. Due to increased focus on business results, performance measurement has been extended to broader business and operational objectives, Likierman (2005).

While effectively measuring procurement performance may appear simple, if you look deeper, adequate measurement of procurement success is a big issue. Functions like Human Resource and Finance can have their performance measured, but this is not the case with the procurement function. Some Chief Procurement Officers (CPO's) highlight that the best way to save money is not to spend it while others use metrics to measure

departmental performance which never hit the general ledger, and this compounds the performance measurement dilemma. The failure to establish performance of the procurement function has led to irregular and biased decisions that have costly consequences to every entity. The need to have coherent methods of performance of the procurement function in organizations has never been as sound as it is now. Delaying will worsen the already deteriorating performance, loss of professionals, and organizations will continue incurring unnecessary costs (Swinder & Seshadri, 2001).

The representation of the strategic procurement can be described in terms of its environment and structure, and what activities take place in the supply link. General performance indicators of the supply link in terms of time, quality, flexibility and cost are used to measure efficiency and effectiveness. The efficiency in the supply link explains how well the resources are utilized. Since resources are scarce, it is in everyone's interest in the organization to maximize the utilization of the resources. The effectiveness of the supply link explains how well the objectives are achieved (Arun & Linet, 2005).

There are several performance measurement systems in use today including the balanced scorecard (Kaplan & Norton, 1996, 2001). This identifies the basic measurements of organizational performance as efficiency in productivity, cost savings, supply of quality goods, customer satisfaction and supply of goods just in time. The Balanced Score Card (BSC) will aid this through processes such as translating the vision, feedback and learning, business planning, and communication & linking.

## **2.5 Strategic Procurement Practices and Performance of Procurement Function**

While functions like Human Resource and Finance can have their performance measured, this is not the case with the procurement function. The failure to establish performance of the procurement function has led to irregular and biased decisions that have costly consequences to every entity. CIPS Australia, (2010) reported that many Chief Finance Officers (CFOs) for MNC's are quoted saying that procurement department is or is not doing well but they cannot explain the measures used to arrive at such conclusion.

There is no universally accepted system from the various procurement performance measurement systems (PPMS) that have been documented by different scholars. Thus each firm needs to carefully select a procurement performance system that uniquely supports the realization of its objectives. Some of PPMS include; the Balance Scorecard, the performance pyramid system that links strategy with operations and the performance prism that adopts a stakeholder centric view of performance. “Modern procurement and supply chain performance measurement systems contain a variety of measures which falls into two major categories: effectiveness measures and efficiency measures” Handfield, (2009). Effectiveness refers to the extent to which by choosing a certain course of action, management can meet a previously established goal while efficiency refers to the relationship between planned and actual sacrifices made to realize a previously agreed-upon goal.

Efficiency is measured against budgeted cost where the end result is product or service cost. Effectiveness of procurement on the other hand considers indicators such as; supplier quality, delivery management, flexibility of suppliers, material quality defects, supplier profile, inventory incoming on-time, order cycle time, documentation among others. All these measures are intended to evaluate strategic procurement contribution to profit, supplier relations and customer satisfaction (CIPS 2010). It is critical to have such performance measures to help an organization to; support better decision making, improve communication among the procurement partners, provide opportunity for performance feedback that will be used to prevent or correct problems identified in the process, with a view of motivating and directing behaviors towards the desired end result. Some of the key performance indicators to measure in a supplier relationship include; Quality product offered to the total deliveries, on-time delivery requested and confirmed, supplier rating score, supplier innovation, % of revenue from existing and new products/services, contract compliance. It is critical for Procurement, especially in the Indirect Spend categories, to track customer satisfaction and engagement. One of the mechanisms to do this is customer satisfaction survey process (Marika, 2010). It is indeed in top agenda for every organization to find out how the customers feel about the goods and services offered by the company. Customer satisfaction index could be of importance especially where organization intends to benchmark its services.

## **2.6 Challenges Facing Adoption of Strategic Procurement**

Inexperienced MNC's, unfamiliar with many of the processes involved in global procurement, such as global supply chain management and formulating criteria for supplier selection have issues as serious lack of personnel knowledgeable about the subject. Besides, global sourcing is a relatively new phenomenon for most of these companies (Trent & Monczka, 2003). Due to the cheap labor and other factors, developing countries may be experiencing uncertain economic situation (Cook, 2006). A pronounced financial crisis happened in Kenya in 2008 after elections leading to a decline in the economy and currency was devalued. Plenty of banks and companies almost went bankrupt. This has affected MNC's who may incur foreign exchange losses. Besides, the government protectionist policies may favor local firms and this may make the playing field not level.

The organizational processes which provide a link between the global procurement offices and the headquarters influence the success of the MNC's procurement strategy (Cho & Kang, 2001). Cross-function and collaboration, that is, how does procurement work with not only engineering and quality management, but also with other functions like sales and marketing when it comes to requirements management affects strategic procurement performance. This is also true in its relations with finance, logistics and overall supply chain management.

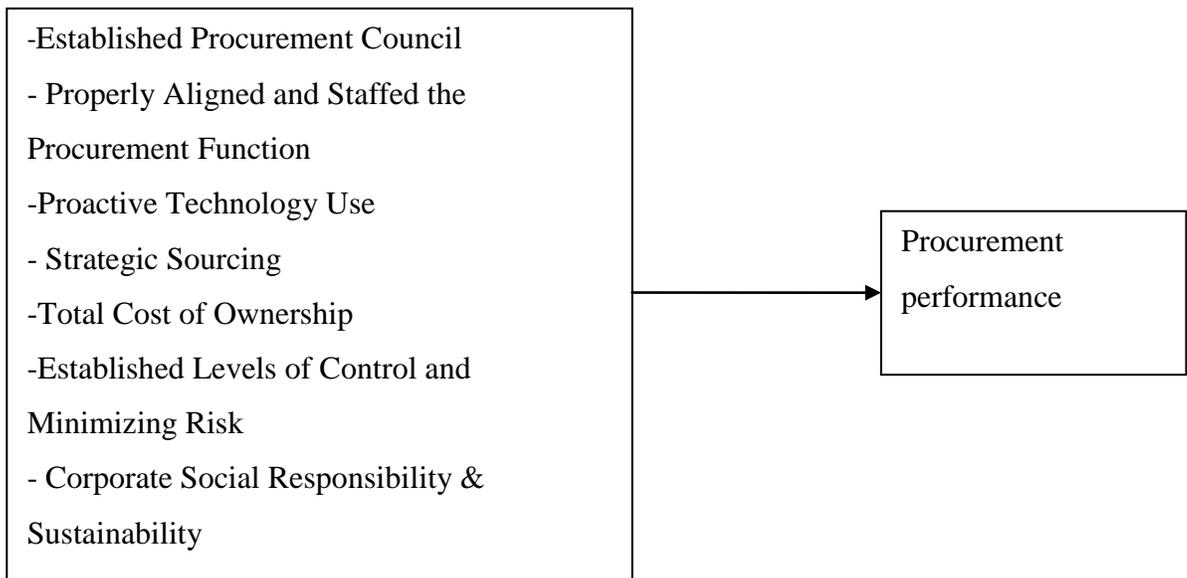
Strategy implementation is not as easy as formulation. Implementation of workable strategies may require considerable patience on the part of procurement managers. Lysons & Farrington (2006) asserts that suppliers will take time to ride the learning curve in terms of doing business with the firm which may include understanding the firm's values, quality requirements among others. This therefore becomes a challenge in situations where mistrust prevails among the partners.

## 2.7 Conceptual Framework

**Independent variable**

**Dependent variable**

Strategic procurement practices



Source: Author (2014)

An efficient and effective procurement function will depend on an established Procurement Council; Staffing; Proactive Technology Use; Strategic Sourcing; Total Cost of Ownership; Established Levels of Risk Control and Social Responsibility.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter covered the research methodology that was used for the study. The research design, target population, sample design, data collection and data analysis used are discussed.

### **3.2 Research Design**

A descriptive survey of Multinational Corporations in Kenya was used and conclusions drawn on correlation between strategic procurement practices and performance in multinational corporations. This method had a clear advantage of being an effective way of collecting data from a large sample cheaply and faster (Mugenda & Mugenda, 1999). The design ensured that the data obtained gave appropriate answers to the research question.

### **3.3 Population and Sample Design**

The population of study was 250 foreign-owned Multinational Corporations in Kenya (KNBS, 2013) and included all the cases about which to make generalizations for the study (Polit & Hungler, 2009). This was stratified and a sample of 70 used based on margin of error of 5% and a confidence interval of 95% which ensured all the elements of the population were included (Zikmund, 1998). Simple random sampling was used and it improved the representativeness of the sample.

### 3.3.1 Sampling Frame

<b>Sector</b>	<b>Population</b>	<b>%</b>	<b>Sample Size</b>
Agriculture	9	3.6	3
Audit, Insurance & Financial Services	39	15.6	11
Construction& Maintenance	17	6.8	5
Hospitality, Food& Beverage	25	10	7
Manufacturing	59	23.6	17
Media, Telecommunication & IT	28	11.2	8
Mining, Oil & Energy	13	5.2	4
Pharmaceuticals & Public Health	16	6.4	4
Transport & Logistics Services	28	11.2	8
Vehicle Assembly	16	6.4	4
<b>Total</b>	<b>250</b>	<b>100</b>	<b>70</b>

### 3.4 Data Collection

The study used primary data collected through structured questionnaires. These were administered to heads of procurement or their equivalent, who are the main decision makers on procurement strategies and policies employed in those firms. A drop and pick later strategy was used for those firms within Nairobi and e-mailed to the firms outside Nairobi. The questionnaire, based on a five-point likert scale, had part A for demographic data, part B helped answer relating to first objective of determination of strategic procurement practices used by MNC's in Kenya, while part C addressed second objective

relating the relationship between strategic procurement practices and procurement function performance among MNC's in Kenya, while D helped identify challenges faced in adoption of strategic procurement practices by MNC's in Kenya.

### **3.5 Data Analysis**

The completed questionnaires were edited for completeness and consistency. Descriptive techniques were employed to analyze data collected, while statistical measure of central tendency like mean, standard deviation utilized to analyze objective one and three of the study.

To achieve objective two, regression analysis was conducted to determine how strategic procurement practices relate to the procurement function performance. The regression model below was used:-

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \dots + e$$

Where Y= Procurement Performance,

$\beta_0$ = (alpha) constant or intercept.

Coefficients of respective strategic procurement practices, x1= Established Procurement Council, x2= Proper staffing, x3= Technology Use, x4= Strategic sourcing, x5= Total Cost of Ownership, x6=Established levels of control, x7= Social Responsibility & Sustainability, x8= Supplier Alliance, x9= Contracts under procurement function, x10= Company inventory and e= error term

## **CHAPTER 4: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter presents the research findings on an investigation to establish the relationship between strategic procurement practices and performance in multinational corporations in Kenya. The study was conducted on seventy foreign multinational corporations in Kenya. The corresponding interpretations also follow each presentation. The results of the study are presented according to the objectives and research questions. The findings in this chapter were also arrived at by analyzing and interpreting the available data using SPSS software. All the responses are presented in terms of frequencies and percentages which are displayed in tables. The hypothesis and each question were treated separately. The statistical data from the quantitative part of the questionnaire was then supported by the qualitative data of the study from the questionnaire. The qualitative data was analyzed based on 1- very great extent to 5- very small extent scale rate.

A total of seventy (70) questionnaires were distributed to procurement managers or their equivalents of which sixty (60) were returned. The response rate for the distributed questionnaires was therefore eighty six percent (86%). This is a high response rate which is good for research as any response rate above 70 % is good and adequate for analysis and reporting (Mugenda 2003).

### **4.2 Characteristics of Respondents**

The background information of the respondents was considered necessary because the ability of the respondents to give satisfactory information on the study variables may be affected by their background. This information was about the respondents' current position in employment and the level of education. The level or current position of employment was used as one of the respondents' characteristics so as to ascertain the respondents' experience with the company procurement strategy. From the study, nearly half of the respondents worked as procurement managers in various companies (48%); while the remaining 52% held varying procurement positions such procurement

consultants, procurement associates, regional procurement directors and senior procurement officers as indicated in Table 4.1.

**Table 4.1: Position of Respondents**

<b>position/ designation</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
procurement manager	29	48.3	48.3
others	31	51.7	100.0
Total	60	100.0	

**Source:** Research Data (2014)

On one hand the study sought to establish the education levels of the respondents. The level of education and training is key factor and ingredient in the determination of how successful procurement function will be. The findings of this research are summarized in table 4.2

**Table 4. 2: Education Level of Respondents**

<b>level of education</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
certificate	4	6.7	6.7
diploma	5	8.3	15.0
bachelor's degree	19	31.7	46.7
master's degree	18	30.0	76.7
PhD	5	8.3	85.0

mcips	9	15.0	100.0
Total	60	100.0	

**Source:** Research Data (2014)

The findings of the study indicates that 51% of the respondents had at least a bachelor degree, while 19% and 18% had college/university and master degree respectively. The remaining 9% had other qualifications and while 5% of respondents had a PhD.

Generally, procurement managers or their equivalents of these respective companies have at least a college/ university degree/diploma which signifies the importance of such skills in procurement function.

### **4.3 Strategic Procurement Practices**

The researcher sought to know the extent to which foreign multinational corporations in Kenya were utilizing the six strategic procurement practices mainly; Established Procurement Council; Staffing; Proactive Technology Use; Strategic Sourcing; Total Cost of Ownership; Established Levels of Risk Control and Social Responsibility. The findings are summarized in table below.

From the table below, the study revealed that based on a scale of 1-very great extent to 5-very small extent, the overall weighted mean from all the strategic procurement practices was 2.20. Based on the above scale, the respondents were agreeable to the fact that strategic procurement practices were evident in the procurement department of all MNC's in Kenya.

The study also revealed that the procurement council has top management. This is supported by a strong mean of 2.23 and a low standard deviation of 0.998 which indicates a small variation in opinion in response to the question on whether the top management supports the procurement council. This therefore shows that top management of these companies was aware and supported the procurement strategies

**Table 4. 3: Strategic Procurement Practices**

<b>Statement</b>	<b>Mean</b>	<b>Std. Error of Mean</b>	<b>Std. Deviation</b>
The contracts are under the custody of the procurement function to leverage spend.	3.18	0.201	1.557
Inventory quantities are constantly reviewed to reduce company working capital	3.13	0.149	1.157
All contracts are drafted and signed under the company's terms for uniformity.	2.75	0.142	1.099
The Requests for proposal (RFPs) ask suppliers and service providers to provide information about their green initiatives.	2.75	0.184	1.422
The company is green in its interactions with the environment to address consumers concerns.	2.65	0.142	1.102
Is the council multifunctional and composed of company executives & key decision makers	2.45	0.133	1.032
The council helps align the procurement strategy and the overall strategy	2.32	0.108	0.833
The procurement unit is well staffed to satisfy the company's customer needs.	2.28	0.154	1.195
Collaborative strategic sourcing is preferred to arm-length relationship by the firm	2.27	0.152	1.177
The Procurement council has top management support	2.23	0.129	0.998
The company employs technology in its procurement operations and dealings with demands of all stakeholders	2.22	0.16	1.236
Forecasting and demand planning is used to keep optimal inventory levels in the firm	2.18	0.146	1.127
The company social responsibility programs focus on workplace, individual and community and organization.	2.1	0.125	0.969
The procurement unit staff have professional qualifications purchasing and supplies	2.08	0.141	1.094

Strategic, value-adding supply relationships for improved business efficiency by the firm	2.07	0.082	0.634
The firm has a procurement council in place.	2.03	0.146	1.134
The company procurement function is an independent business function	2.03	0.123	0.956
Total cost of ownership and not purchase price is the focus of the company	1.93	0.111	0.861

**Source:** Research Data (2014)

The respondents were also asked if the company employs technology in its procurement operations and dealings with demands of all stakeholders. The respondents agreed that their companies do employ technology in their engagements with stakeholders. The mean was found to be 2.22 and a low standard deviation of 0.236. The researcher wanted to find out if the company employs strategic, value-adding supply relationships for improved business efficiency. The mean was found to be 2.07 and a low standard deviation of 0.634. The study sought to find out if total cost of ownership and not purchase price is the focus of the company. The mean of 1.93 was strong and a low standard deviation of 0.861. The researcher also wanted to establish if the company social responsibility programs focus on workplace, individual and community and organization. There was a strong agreement that social responsibility programs in place focus on workplace, individual and community. There mean of 2.10 and a low a standard deviation of 0.969 which further strengthened the statement.

#### **4.4 Strategic Procurement Practices and Performance of Procurement Function**

The summary of the findings of the study are as in the table below. The researcher sought to know if the seven procurement practices lead to improved procurement performance. The mean of 1.75 and a moderately low standard deviation of 0.968 strongly support the statement and the respondents agree to a very great extent that indeed the staffing of the

procurement department leads to high overall firm productivity. With a strong mean of 1.60 and a standard deviation of 0.588, most of the respondents agreed to a very great extent that the procurement council aligns procurement strategy to company strategy leading to more productivity for the firm. The respondents mean is a strong 1.84 clearly acknowledging the fact that procurement performance depend on the whole procurement strategic practices as in table 4.4

**Table 4.4: Procurement Practices and Procurement Performance in Multinationals in Kenya**

<b>Statement</b>	<b>Mean</b>	<b>Std. Error of Mean</b>	<b>Std. Deviation</b>
The procurement policies and controls adopted by the firm help ensure compliance and increase overall productivity	2.000	0.111	0.864
The firms technology satisfies its procurement processes and leads to customer satisfaction	1.950	0.102	0.790
Keeping all contracts within the procurement department makes for easy monitoring contract compliance thus save costs	1.950	0.113	0.872
Total Cost of Ownership not price focus by the firm leads to better quality goods and services by suppliers	1.930	0.111	0.861
The company-whole collaborative strategic sourcing results in lower total costs	1.920	0.104	0.809
Forecasting to help reduce company held inventory ensures reduced costs in the firm	1.850	0.103	0.799
Company green initiatives and social responsibilities help align the it closer to the customers and regulatory authorities	1.770	0.102	0.789
The staffing of the procurement department leads to high overall firm productivity	1.750	0.125	0.968
Supplier alliance management creates sustained value and leads to better quality goods/ services	1.650	0.088	0.685
The procurement council aligns procurement strategy to company strategy leading to more productivity for the firm	1.600	0.076	0.588

**Source:** Research Data (2014)

The study sought to establish the relationship between the independent variables and dependent variable. The following tables attempted to give the relationship in regression model as follow.

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \dots + e$$

Where Y= Procurement Performance,

$\beta_0$ = (alpha) constant or intercept.

Coefficients of respective strategic procurement practices, x1= Established Procurement Council, x2= Proper staffing, x3= Technology Use, x4= Strategic sourcing, x5= Total Cost of Ownership, x6=Established levels of control, x7= Social Responsibility & Sustainability, x8= Supplier Alliance, x9= Contracts under procurement function, x10= Company inventory and e= error term

**Table 4.5: Coefficient of Variables**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Comment
	B	Std. Error	Beta			
(Constant)	1.279	0.548		2.335	0.024	At $\alpha = 0.05$
Properly Aligned and Staffed the Procurement Function	0.055	0.114	-0.072	0.482	0.632	Not Significant
Established Procurement Council	0.448	0.196	0.36	2.283	0.027	Significant
Supplier alliance management	0.181	0.155	-0.169	1.167	0.249	Not Significant

Proactive Technology Use	0.002	0.145	-0.002	0.011	0.991	Not Significant
Collaborative Strategic Sourcing	0.405	0.143	-0.447	2.825	0.007	Significant
Total Cost of Ownership focus	0.116	0.129	0.136	0.898	0.374	Not Significant
Contracts within the procurement department	0.293	0.154	0.348	1.903	0.063	Not Significant
Company held inventory control	0.077	0.129	0.084	0.593	0.556	Not Significant
Corporate Social Responsibility & Sustainability	0.127	0.167	0.137	0.763	0.449	Not Significant
Established Levels of Control and Minimizing Risk	0.142	0.148	0.167	0.962	0.341	Not Significant

a. Dependent variable: Rate of Procurement Productivity

In table 4.5, the P-values for two variables are greater than the significance level  $p=0.05$ . An established procurement council with a significance level of 0.027 proves that the model is a good predictor of the relationship between established procurement council and performance. Likewise, collaborative strategic sourcing with a significance level of 0.007 proves this model is a good predictor of its impact on performance. The p-values for eight variables as indicated in the table are greater than the significance level  $p= 0.05$  ( $0.632>0.05$ ,  $0.249>0.05$ ,  $0.991>0.05$ ,  $0.374>0.05$ ,  $0.063>0.05$ ,  $0.556>0.05$ ,  $0.449>0.05$ , and  $0.620>0.05$ ). Overall therefore, the model is a poor predictor of the relationship between the independent variables and the dependent variable as most of the significance levels (p-values) are not within the acceptable levels  $p<0.05$ .

**Table 4.6: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.518a	.269	.119	.688

More importantly, the ten predictor variables (Established Procurement Council, Proper staffing, Technology Use, Strategic sourcing, Total Cost of Ownership, Established levels of control, Social Responsibility & Sustainability) all combined could only account for 26.9% of the total variation in procurement performance (R- squared = 0.269). This implies that, the remaining 80.9% of the variations in procurement performance are as a result of other factors not covered by this study. However, the standard error of 0.688 is low and acceptable, implying the factors analyzed are not unreliable but more studies are needed to analyze their effectiveness.

**Table 4.7: ANOVA of Procurement Practices and Procurement Performance**

ANOVA					
Model	Sum Squares	df	Mean Square	F	Sig.
Regression	8.526	10	.853	1.800	.086
Residual	23.208	49	.474		
Total	31.733	59			

a. Dependent Variable: general take on performance given strategic practices

Despite the low level of significance the regression model was presented as follows:

$$PP=1.279+0.448x_1+0.055x_2+0.002x_3+0.405x_4+0.116x_5+0.0142x_6+0.127x_7+0.181x_8+0.293x_9+0.077x_{10}$$

The F-test value 1.800 is low and therefore the regression model is statistically not significant. The p- value (0.086) from the ANOVA table indicate that  $0.086 > 0.05$  which implies that the model is not significant.

#### **4.5 Challenges Facing Adoption of Strategic Procurement**

The table below summarizes the findings of the study in relation to the challenges faced in the adoption of strategic procurement by multinational corporations in Kenya. To a very great extent the respondents agreed Length and complexity of supply chain increases supply risk of the firm. The mean of 1.917 indicated a strong agreement with a moderately low standard deviation of 0.645. The Technologies available for use in the company did allow for supply chain visibility. The respondents therefore did not agree to the fact that technology available did not allow for supply chain visibility. This is shown with a mean of 3.81 and a standard deviation of 0.971. Besides the research disagreed that market intelligence is not well collected, analyzed and strategically used to benchmark suppliers. This disapproval is shown by a mean of 4.083 and a deviation of 1.013. These statistics are strong indicators of the role the structure and company practices plays in success of the procurement function.

**Table 4.8: Challenges Facing Adoption of Strategic Procurement**

<b>Challenges Facing Adoption of Strategic Procurement</b>	<b>Mean</b>	<b>Std. Error of Mean</b>	<b>Std. Deviation</b>
There are sustainability issues including child labour, CO2 emissions, engaging 2nd and 3rd tier suppliers	4.200	0.106	0.819
Market intelligence is not well collected, analyzed and strategically used to benchmark suppliers	4.083	0.131	1.013
Market intelligence is not strategically used to run intelligent sourcing	4.067	0.109	0.841
Technologies available for use in the company do not allow for supply chain visibility.	3.800	0.125	0.971
The procurement strategy is wrongly focused on processes not outcomes	3.050	0.192	1.489
Procurement staffing level are inadequate for the realization of strategic procurement in the company	2.770	0.164	1.267
The company structure supports the procurement strategy	2.517	0.131	1.017
The economic and supply risks to the company due to commodity prices and pace of technology change	2.350	0.152	1.176
Has collaboration been embraced as a key strategic tool	2.133	0.145	1.127
Length and complexity of supply chain increases supply risk of the firm.	1.917	0.083	0.645
The contract terms are well spelt out and SLAs monitored to ensure customers are well managed.	1.717	0.086	0.666

**Source:** Research Data (2014)

The study sought to know if the Procurement staffing level are inadequate for the realization of strategic procurement in the company, there was a mean of 2.77 and a standard deviation of 1.267. It is evident that the respondents are in strong agreement that low procurement staffing level is an impediment to the successful implementation of strategic procurement practices. The respondents strongly disagreed that Market intelligence is not strategically used to run intelligent sourcing, which is shown by the mean of 4.067 and a standard deviation of 0.841 from table 4.8.

## **CHAPTER 5: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

The study established a number of findings, the summary of the findings are outlined here under; The study was based on ten strategic procurement practices which included; Established procurement council, Proper staffing, Technology Use, Strategic sourcing, Total Cost of Ownership, Established levels of control, Social Responsibility & Sustainability, Supplier Alliance and Contracts under procurement function. The results indicated that, the multinational corporations undertake all these strategic practices as part of their strategic procurement management. The study established that the relationship between strategic procurement practices and performance was positive.

### **5.2 Summary Findings and Discussions**

The objective number one of the study was to determine the Strategic procurement practices used by foreign Multi-national Corporations in Kenya. The researcher used arithmetical mean when evaluating and analyzing the answers from the study. For any arithmetic mean below 3.0, it was considered a connection between the answers, and if the mean was 2.0 it was proposed that the connection was strong to a great extent. The finding in this section scored a mean of between 1.0 and below 3.0; this therefore indicates that multinational companies in Kenya do employ strategic procurement practices in their operations. Findings were supported by (Magnus, B. 2006), who said that strategic procurement is seen as one of the critical functions of an organization with the potential to; save cost, improve operational efficiency, access to trusted suppliers, and improve in quality of product or service, and sharing of best practices among others.

Several challenges were researched and found to be an impediment to the successful implementation of the strategic procurement. The findings however suggest that Procurement staffing level are inadequate for the realization of strategic procurement in the company .The findings are supported by Kakwezi and Sony (2010) who noted that, the ability of any organization to realize procurement goals is influenced by internal force and external force. These Interactions between various departments, professionalism,

staffing levels and budget resources, procurement organizational structure whether centralized or decentralized, procurement regulations, rules, and guidance, and internal control policies, all need attention and influence the performance of the procurement function.

Objective two of the study was to establish the relationship between strategic procurement and the procurement function performance, the finding was strong linking positive relationship between the two variables. Though the regression model presents a weak prediction, the other results in this section shows that procurement practices thus influences the procurement performance. All the findings showed some significant relationships among the variables and cases of ANOVA and T-TESTS, the findings showed that strategic procurement practices among the multinational companies influence the procurement performance as a whole. The regression model also linked the procurement practices and the procurement performance and the relationship of the variable can be used to predict procurement function performance.

### **5.3 Conclusions and Recommendations**

From the summary findings above, it can be concluded that, strategic procurement practices and the procurement function performance of multinational companies in Kenya are positively related. The hypothesis that strategic procurement practices positively affects the procurement performance should be accepted based on the results shown in the summary findings above. Multinationals in Kenya should therefore emphasize its strong points (variables with mean of less than 3) while working on improving its weak areas (variables with mean of greater than 3).

It can therefore be concluded that, MNC's in Kenya have a lot to benefit by practicing strategic procurement.

The findings of the study showed that there is great need for multinational companies to improve their performance through proper use of procurement strategies as described by the respondents on the contribution of procurement strategies management to their procurement function performance. Although strategic procurement practices may not be the only contributing factors to procurement function performance, it is imperative that MNC's review their existing procurement systems in order to identify the weak points

and fasten them accordingly to positively influence their procurement performance. In light of these conclusions, below are the recommendations suggested; the companies should establish procurement council to oversee the implementation of the functions strategies with the top management support. These MNC's should also ensure the function is properly aligned and staffed to better manage spend, aggregate demand and have better people management skills to motivate all in the department. The companies should also proactively use technology in all its sourcing activities and communications with vendors and users to reduce turnaround time and increase efficiency. Besides, Strategic Sourcing satisfies business needs from markets via proactive and planned analysis of markets and selecting vendors to deliver agreed business needs.

#### **5.4 Limitations of Study and Suggestions for Further Research**

Although the study was meant to establish the relationship between strategic procurement practices and performance in multinational corporations in Kenya, it was only limited to ten procurement practices. The study was also limited to one respondent in each of the 70 multinationals in Kenya due to time limit and financial resources.

The study was limited to ten attributes of strategic procurement and few variables of performance measures. There is a need for future research to replicate the findings employing multi-disciplinary measures of company performance and wider coverage of strategic procurement management. The key reason for the responses to strategic procurement initiatives is to ensure organization survival through mitigation of threats to take advantage of the opportunities by aligning the organization and the procurement function through a structured strategy. The study recommends further research could be conducted to determine the effect of supply chain strategy on performance among the all multinational companies in Kenya, both local and foreign. The study will bring closer the effect of supply chain practices on the overall performance of Multinational companies in Kenya

## REFERENCES

- Adhiambo, B. A. (2012). Factors Influencing Competitive Advantage of Multinationals in Kenya, Unpublished MBA Thesis, University of Nairobi.
- Agnes, W. M. (2012). Multinational corporations in Kenya and application of the bottom of the pyramid proposition. Unpublished MBA project
- Amaratunga, D., & Baldry, D. (2002). Moving from Performance Measurement to performance Management, 20 (5/6), 217-223.
- Amelia S. & John N. P. (2002) The impact of purchasing and supplier involvement on strategic purchasing and its impact on firm's performance
- Ansoff, H. I., & Sullivan, P. (1990). 'Competitiveness through strategic response': *Constantly Improving Everything Inside and Outside the Organization*.
- Arun, K., & Linet, O. (2005). Procurement performance measurement system in the health care industry; *International Journal of Health Care Vol. 18 No. 2, 2005*
- Bertone, P., Clark, A., West, D. & Groves, S. (2009). Achieving Cost leadership a sustainable and pragmatic approach
- Bob, E. (2011). Fundamental Strategies and best practices of Supply Chain organizations.
- Carolyne, A. (2009). Supply and distribution chains of multinationals: *Harnessing their potential for development*.
- Carr, A. S., & Pearson, J. N. (2002). The impact of purchasing and supplier involvement on strategic purchasing and its impact on firm's performance.
- Cavinato, J. L., & Kauffman, R.G. (2009). *The Purchasing Handbook*, A Guide for the Purchasing and Supply Professional.
- Chartered Institute of Purchasing & Supplies (CIPS) Purchasing Context, the Official Course Book.
- Clemens, B., & Douglas, T. (2006, April). Does coercion drive firms to adopt 'voluntary' green initiatives? Relationships among coercion, voluntary green initiatives and firm resources. *Journal of Business Research*, 59(4): 491-500.
- Carter, C. R., & Dale S. Rogers ,D. S. (2008). A framework of sustainable supply chain management.

- Cousins, P., & Spekman, R. (2003). Strategic supply and the management of inter- and intra-organizational relationships. *Journal of Purchasing & Supply Management*, 9(1), 19–29
- De, R., & Bouchikhi: (2004). Dialectics of Strategic Alliances Organization Science, pp. 56–69.
- Denise, F.P., & Bernadette, P. H. (2009). *Nursing Research: Principles and Methods*.
- Gachanja, D. M. (2009). Strategies adopted by manufacturing Multinational Corporations to cope with social cultural challenges in Kenya. Unpublished MBA Project.
- Gary, L. G. (May 2007). Improving Inventory Performance and Bottom-Line Profits.
- Geoff, M. & David, A. (October 2003). Procurement innovation in the public sector.
- Ghadge, A. (2013). A systems approach to modeling for supply chain risks. *An international journal*. 18,5, p. 523-538.
- Giannakis, M. (2004). The role of purchasing in the management and performance of supplier relationships: *an empirical investigation in service industry*.
- Government of Kenya, (2005). The Public Procurement and Disposal Act (No.3 of 2005) Gazette Notice No.719, Government Printer: Nairobi.
- Hill, C. W. (2011). International Business; Competing in the Global Marketplace. (8th Ed.).
- Jinsook, C. & Kang, J. (2001). "Benefits and challenges of global sourcing: perceptions of US apparel retail firms", *International Marketing Review*, Vol. 18.
- Kenneth, L., & Brian, F. (2006). Purchasing and Supply Chain management, 7th Edition, Pearson Education Limited.
- Kenya National Bureau of Statistics Economic Survey (2013).
- Kiragu, R. (2012). Impact of Technology on Procurement in Kenya, *MBA Thesis UON*.
- Kocabasoglu, N. (2002) Impact of Category Management Practices on Performance of Multinational Company Supply Chains.
- Lardenoije, Van. R. & Van W. (2005) Purchasing Performance Measurement - Finance & Control
- Levin, R. C., Klevorick, A. K., Nelson, R. R., & Winter, S. G. (1987). Appropriating the returns from industrial research and development. *Brookings Papers on Economic Activity*, Issue.

- Likierman, A. (7 July 2005). "Measurably Better", Supply Management .
- Lisa M. E., Tate, L. W. & Corey, B.(2008). Services supply management: the next frontier for improved organizational performance *california management review* vol. 49.
- London, T., & Hart, S. (2004, August). Reinventing strategies for emerging markets: Beyond the transnational." *Journal of International Business Studies*, (35) p359-370.
- Mabert, V.A., & Venkataramanan, M.A. (1998). Special research focus on supply chain linkages: challenges for design and management in the 21st century.
- Marika, L. (2010). Measuring Strategic Sourcing and Procurement Maturity within Indirect Spend, Unilever Supply Chain Company.
- Mariti, P., & Smiley, R. H. (1983). Co-operative agreements and the organization of industry. *The Journal of Industrial Economics*, 31 (4), 437-451.
- McCue, C., & Gianakis, G. (2001)."Public Purchasing: Who's Minding the Store?" *Journal of Public Procurement*, (1): 71-95.
- Meyer, K. E. (2004, July). Perspectives on Multinational Enterprises in Emerging Economies." *Journal of International Business Studies*. 36 (4) p259-276.
- Min, H., & Zhou, G. (2002) Supply Chain Modeling: Past, Present and Future. *Computers and Industrial Engineering*, 43: 231-249.
- Mugenda, M., & Mugenda A. (2003). Research Methods, "Quantitative & Qualitative Approaches"
- Mulgan, G., & Albury, D. (2003). Innovation in the Private Sector.
- Nikolaus, S., & Carlo, M. (1999) Leadership Practices in Procurement Management pp.79-99
- Ogutu, M. (2012). Strategies adopted by Multinational Corporations to cope with competition in Kenya.
- Patrick, K., & Sonny, N. (2010.) Procurement processes and performance: efficiency and effectiveness of the procurement.
- Robert, S. K., & David, P. N. (1996).Using the Balanced Scorecard as a Strategic Management System.

- Rwoti, J. O. (2005). Procurement performance Measurement Systems; a survey of Large Manufacturing Companies in Nairobi, *Unpublished MBA Thesis, University of Nairobi*.
- Saad, M.S., Gunasekaran, A., Koh, L.C.S. (2005), "A business model for uncertainty management", *Benchmarking International Journal*.
- Sureshchandar, G. S., Chandrasekharan, R. & Anantharaman, R. N. (2002) "The relationship between service quality and customer satisfaction – a factor specific approach".
- Swinder, J., & Seshadri, S. (2001). The influence of purchasing strategies on performance. *The Journal of Business and Industrial Marketing*, 2001 16(4), 294-306.
- Trent, R. J., & Monczka, R. M. (2003). Understanding integrated global sourcing", *International Journal of Physical Distribution & Logistics Management*.
- Weele, A. J. (2006). *Purchasing and supply Chain Management: Analysis, Planning and Practice* .
- Zikmund, W.G. (1998). *Business research Methods*.

## APPENDIX II: Research Questionnaire

### PART A: Demographic Profile

*(Tick where appropriate)*

#### 1. Position/Designation

Procurement Manager

Others (specify).....

#### 2. Educational Level

*(Tick where appropriate)*

Certificate       Diploma       Bachelor Degree

Master Degree       PhD       MCIPS

Others (specify).....

## PART B: Strategic Procurement Practices

3. Kindly indicate the extent to which the firm implement/practice the following activities relating to strategic procurement practices

1= Very great extent, 2= Great extent, 3= Moderate extent, 4=Small extent and 5= very small extent

<b>Strategic Procurement Practices</b>	1	2	3	4	5
The firm has a supply chain council in place.					
The supply chain council helps align the procurement strategy and the overall strategy					
The supply chain council has top management support					
Is the supply chain council multifunctional and composed of company executives & key decision makers					
The company procurement function is an independent business function					
The procurement unit is well staffed to satisfy the company's customer needs.					
The procurement unit staff have professional qualifications purchasing and supplies					
The company employs technology in its procurement operations and dealings with demands of all stakeholders					
Strategic, value-adding supply relationships for improved business efficiency by the firm					
Collaborative strategic sourcing is preferred to arm-length relationship by the firm					

Total cost of ownership and not purchase price is the focus of the company					
All contracts are drafted and signed under the company's terms for uniformity.					
The contracts are under the custody of the procurement function to leverage spend.					
Forecasting and demand planning is used to keep optimal inventory levels in the firm					
Inventory quantities are constantly reviewed to reduce company working capital					
The Requests for proposal (RFPs) ask suppliers and service providers to provide information about their green initiatives.					
The company is green in its interactions with the environment to address consumers concerns.					
The company social responsibility programs focus on workplace, individual and community and organization					

**PART C: Procurement Performance**

4. Kindly indicate the extent to which you agree with the following statements concerning the effect of strategic procurement practices on procurement performance

1= Very great extent, 2= Great extent, 3= Moderate extent, 4=Small extent and 5= very small extent

<b>Procurement Performance Procedures</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The staffing of the procurement department leads to high overall firm productivity					

The supply chain council aligns procurement strategy to company strategy leading to more productivity for the firm					
Supplier alliance management creates sustained value and leads to better quality goods/ services					
The firms technology satisfies its procurement processes and leads to customer satisfaction					
The company-whole collaborative strategic sourcing results in lower total costs					
Total Cost of Ownership not price focus by the firm leads to better quality goods and services by suppliers					
Keeping all contracts within the procurement department makes for easy monitoring contract compliance thus save costs					
Forecasting to help reduce company held inventory ensures reduced costs in the firm					
Company green initiatives and social responsibilities help align the it closer to the customers and regulatory authorities					
The procurement policies and controls adopted by the firm help ensure compliance and increase overall productivity					

## PART D: Challenges Facing Procurement

6. Please indicate to what extent the following challenges have affected procurement in your firm. Where 1= Very great extent, 2= Great extent, 3= Moderate extent, 4=Small extent and 5= very small extent

<b>Challenges facing Procurement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Length and complexity of supply chain increases supply risk of the firm.					
The company structure supports the procurement strategy					
Procurement staffing level are inadequate for the realization of strategic procurement in the company					
The economic and supply risks to the company due to commodity prices and pace of technology change					
Technologies available for use in the company do not allow for supply chain visibility.					
There are sustainability issues including child labour, CO2 emissions, engaging 2 <sup>nd</sup> and 3 <sup>rd</sup> tier suppliers					
The contract terms are well spelt out and SLAs monitored to ensure customers are well managed.					
Market intelligence is not well collected, analyzed and strategically used to benchmark suppliers					
Has collaboration been embraced as a key strategic tool					
Market intelligence is not strategically used to run intelligent sourcing					
The procurement strategy is wrongly focused on processes not outcomes					

### APPENDIX III: List of Multinational Corporations in Kenya

<b>Company</b>	<b>Home Country</b>	<b>Sector</b>
Amiran Kenya Limited	UK	Agriculture
Avon Rubber company	UK	Agriculture
Booker Tate	UK	Agriculture
Vitacress Kenya Ltd.	UK	Agriculture
Williamson Tea Holdings	UK	Agriculture
Fresh Del Monte Produce	USA	Agriculture
Sher Flowers	India	Agriculture
Rea Vipingo Ltd	Uk	Agriculture
Ernst & Young	UK	Audit, Insurance & Financial Services
Price Waterhouse Coopers	UK	Audit, Insurance & Financial Services
Deloitte Touche	USA	Audit, Insurance & Financial Services
MasterCard	USA	Audit, Insurance & Financial Services
KPMG	Netherlands	Audit, Insurance & Financial Services
Ecobank	Togo	Audit, Insurance & Financial Services
Barclays Bank Of Kenya Limited	UK	Audit, Insurance & Financial Services
Standard Chartered Bank Kenya	UK	Audit, Insurance & Financial Services
Citi Bank Na Limited	USA	Audit, Insurance & Financial Services
Fidelity Bank	USA	Audit, Insurance & Financial Services
Habib Bank A G Zurich	Switzerland	Audit, Insurance & Financial Services
First Rand Bank	South Africa	Audit, Insurance & Financial Services
Stanbic Bank Kenya Limited	South Africa	Audit, Insurance & Financial Services

Swedfund International AB	Sweden	Audit, Insurance & Financial Services
East African Development Bank	Uganda	Audit, Insurance & Financial Services
Bank of Baroda	India	Audit, Insurance & Financial Services
Kenya Tenri Society	Japan	Audit, Insurance & Financial Services
British American Investment	Mauritius	Audit, Insurance & Financial Services
African Banking Corporation	Nigeria	Audit, Insurance & Financial Services
Citibank Nairobi	USA	Audit, Insurance & Financial Services
Credit Bank Ltd	Nigeria	Audit, Insurance & Financial Services
Diamond Trust Bank of Kenya Ltd	Uganda	Audit, Insurance & Financial Services
Fina Bank Ltd	Uk	Audit, Insurance & Financial Services
Imperial Bank Kenya	India	Audit, Insurance & Financial Services
Access Kenya Group	South Africa	Audit, Insurance & Financial Services
Kestrel Capital (East Africa) Ltd	South Africa	Audit, Insurance & Financial Services
Trans-Century Limited	South Africa	Audit, Insurance & Financial Services
MasterCard	USA	Audit, Insurance & Financial Services
Chase Bank Kenya	USA	Audit, Insurance & Financial Services
Visa Inc	USA	Audit, Insurance & Financial Services
UAP Provincial Insurance Company Ltd	UK	Audit, Insurance & Financial Services
Aon Minet Insurance Brokers Limited	UK	Audit, Insurance & Financial Services
Minet ICDC Insurance Brokers	UK	Audit, Insurance & Financial Services
Old Mutual Group	UK	Audit, Insurance & Financial Services
Kenindia Assurance Company	India	Audit, Insurance & Financial Services
Liberty Kenya Holdings Limited	South Africa	Audit, Insurance & Financial Services

Zakhem International Construction limited	Lebanon	Construction& Maitenance
Sandvik (Kenya)	Sweden	Construction& Maitenance
China national Aero-Technology Import-Export Corporation	China	Construction& Maitenance
China Overseas Engineering Corporation	China	Construction& Maitenance
China Road & Bridge Corporation	China	Construction& Maintenance
SIETCO Development Corporation	China	Construction& Maintenance
Itochu Corporation	Japan	Construction& Maintenance
Kajima Corporation	Japan	Construction& Maintenance
Nissho Iwai Corporation	Japan	Construction& Maintenance
Sumitomo Corporation	Japan	Construction& Maintenance
Hwan Sung Industries (Kenya) Ltd	Korea	Construction& Maintenance
Skanska	Sweden	Construction& Maintenance
S G S Kenya Ltd	Switzerland	Construction& Maintenance
General Electric	USA	Construction& Maintenance
Sanyo Armco	Japan	Construction& Maintenance
Otis Elevators	USA	Construction& Maintenance
Schindler Ltd	Switzerland	Construction& Maintenance
Mantrac Group	Egypt	Equipment Manufacture
ABB Asea Brown Boveri Ltd	Sweden	Equipment Manufacture
Assa Abloy EA Ltd	Sweden	Equipment Manufacture
Atlas Copco Eastern Africa Ltd	Sweden	Equipment Manufacture
Auto Sueco EA Ltd(Volvo)	Sweden	Equipment Manufacture
Ericsson Kenya Ltd	Sweden	Equipment Manufacture
Qualcomm	USA	Equipment Manufacture

Weurth (Kenya ) Limited	Germany	Equipment Manufacture
Greif Kenya Limited	USA	Equipment Manufacture
Innscor International Franchising	Zimbabwe	Food & beverage
Reckitt Benckiser	UK	Food & beverage
SAB Miller	UK	Food & beverage
Wheetabix Limited	UK	Food & beverage
Coca Cola	USA	Food & beverage
Anova East Africa (ANEA)	Netherlands	Food & beverage
Heineken	Netherlands	Food & beverage
Nestle Foods Kenya Limited	Switzerland	Food & beverage
Castle Brewing Kenya Ltd/SABMiller	South Africa	Food & beverage
Sasini Tea & Coffee	Uk	Food & beverage
Kentucky Fried Chicken (KFC)	USA	Food & beverage
Pepsi	USA	Food & beverage
Pepsi-Cola	USA	Food and Beverage
Steers	South Africa	Food and Beverage
The Wrigley Company (EA)	USA	Food& beverage
Fairview Hotel	UK	Hospitality
Hotel Inter-Continental Nairobi	UK	Hospitality
Nairobi Hilton Hotel	UK	Hospitality
Aust-Ang Caterings limited	Germany	Hospitality
Technogym	Italy	Hospitality
Ryden International	UK	Hospitality
Abercrombie & Kent Tours Ltd	UK	Hospitality
Ulf Ashchan Safaris	Sweden	Hospitality

SKF (Kenya) Ltd	Sweden	Manufacturing
Achelis Group	Germany	Manufacturing
Eltek	Norway	Manufacturing
United Apparels EPZ	Sri Lanka	Manufacturing
Avery Kenya limited	UK	Manufacturing
Berger Paints	UK	Manufacturing
Bonar EA ltd	UK	Manufacturing
Brackla Nodor Ltd	UK	Manufacturing
British American Tobacco	UK	Manufacturing
Cadbury Kenya	UK	Manufacturing
Carnaud Metalbox ( K ) Ltd	UK	Manufacturing
Holam Brothers EA (Broom and Wade)	UK	manufacturing
Silentnight	UK	Manufacturing
Treadsetters Tyres	UK	manufacturing
UDV Kenya(Guinness)	UK	Manufacturing
Unilever Kenya Limited(Unilever PLC)	UK	Manufacturing
Vitafoam	UK	Manufacturing
Colgate-Palmolive (EA) Ltd	USA	manufacturing
Cosmic Crayon company EA Ltd	USA	Manufacturing
Ecolab East Africa (K) Ltd	USA	Manufacturing
Eveready East Africa Ltd	USA	Manufacturing
Firestone East Africa	USA	Manufacturing
Procter & Gamble	USA	Manufacturing
SC Johnson & Son	USA	Manufacturing
Tetra Pak Ltd	Sweden	Manufacturing

Heidelberg East Africa	Germany	Manufacturing
Bata Shoes Company (K) Ltd	Switzerland	Manufacturing
Syngenta East Africa	Switzerland	Manufacturing
Texchem Ltd	Malaysia	Manufacturing
Dow chemicals	China	Manufacturing
Chloride Exide-Emmerson, US	India	Manufacturing
Praj. Industries Ltd	India	Manufacturing
Van Leer-Balmer Lwarie &Co	India	Manufacturing
Pirelli Tyre	Italy	Manufacturing
Matsushita Electrical Industrial	Japan	Manufacturing
Nippon Koei Ltd	Japan	Manufacturing
Fila East Africa	Korea	manufacturing
LG	Korea	Manufacturing
Samsung	Korea	Manufacturing
Crown Cork Company(EA) Ltd	USA	Manufacturing
Raymond Woolen Mills ( Kenya) Ltd	India	Manufacturing
Carbacid Investments Ltd	India	Manufacturing
A.Baumann & Co.Ltd	South Africa	Manufacturing
Hutchings Biemer Ltd	UK	Manufacturing
Botanical Extracts EPZ Limited	UK	Manufacturing
Dow Chemicals	USA	Manufacturing
L.G. Harris & Co EA Ltd	UK	Manufacturing
Sadolin paints(Akzo Nobel)	Denmark	Manufacturing
BASF	Germany	Manufacturing
Economic –Technical Cooperation Corporation	China	Manufacturing & Exporting

Cisco Systems	USA	Media, Telecommunication & IT
Google	USA	Media, Telecommunication & IT
IBM	USA	Media, Telecommunication & IT
Microsoft	USA	Media, Telecommunication & IT
SERA Software East Africa	Netherlands	Media, Telecommunication & IT
Alfa Laval Regional Office	Sweden	Media, Telecommunication & IT
Scala (EA) Ltd	Sweden	Media, Telecommunication & IT
Nec Corporation	Japan	Media, Telecommunication & IT
iWay Africa	South Africa	Media, Telecommunication & IT
Jamii Telecommunications	South Africa	Media, Telecommunication & IT
MTN Business	South Africa	Media, Telecommunication & IT
Wananchi Group	South Africa	Media, Telecommunication & IT
ScanGroup Ltd	South Africa	Media, Telecommunication & IT
Posterscope Kenya(Aegis grp)	UK	Media, Telecommunication & IT
McCann-Erickson (Kenya)	USA	Media, Telecommunication & IT
British Broadcasting Corporation	UK	Media, Telecommunication & IT
China Central Television (CCTV) China Jiangsu International	China	Media, Telecommunication & IT
China Radio International	China	Media, Telecommunication & IT
Xinhua News Agency	China	Media, Telecommunication & IT
Asahi Shimbun	Japan	Media, Telecommunication & IT
sage group	UK	Media, Telecommunication & IT
Siemens	Germany	Media, Telecommunication & IT
Afsat Communications Ltd	UK	Media, Telecommunication & IT

Reuters	UK	Media, Telecommunication & IT
Vodafone (Safaricom)	UK	Media, Telecommunication & IT
Nokia	Finland	Media, Telecommunication & IT
Research In Motion	Canada	Media, Telecommunication & IT
IGE Resources AB Africa	Sweden	Mining, Oil & Energy
Tata Chemicals (Magadi Soda)	India	Mining, Oil & Energy
Mitsui & Co Ltd	Japan	Mining, Oil & Energy
Tiomini Resources Inc.	Canada	Mining, Oil & Energy
Tullow Oil	UK	Mining, Oil & Energy
Solar World E A	Germany	Mining, Oil & Energy
Oil Libya	Libya	Mining, Oil & Energy
Total Kenya Ltd	France	Mining, Oil & Energy
BOC Kenya Ltd	UK	Mining, Oil & Energy
Shell-British Petroleum	UK	Mining, Oil & Energy
Kenol Kobil Ltd	USA	Mining, Oil & Energy
Royal Dutch Shell	Netherlands	Mining, Oil & Energy
Rentokil Ltd	UK	Personal care
Beiersdorf East Africa	Germany	Personal care
Henkel Kenya Limited	Germany	Personal care
Woolworths	South Africa	Personal care
Beta Healthcare	UK	Pharmaceuticals & Public Health
Cussons & Company	UK	Pharmaceuticals & Public Health
Glaxo Smithkline (Kenya) Limited	UK	Pharmaceuticals & Public Health
Phillip Medical Systems	Netherlands	Pharmaceuticals & Public Health
Cadila Pharmaceuticals Ltd	India	Pharmaceuticals & Public Health

UB Pharma Ltd	India	Pharmaceuticals & Public Health
Pfizer Laboratories Ltd	USA	Pharmaceuticals & Public Health
Novartis (Ciba-Geigy)	Switzerland	Pharmaceuticals & Public Health
Roche Products	Switzerland	Pharmaceuticals & Public Health
Vvestergaard Frandsen	Switzerland	Pharmaceuticals & Public Health
Unilab Kenya	Philippines	Pharmaceuticals & Public Health
Acme Press (Kenya) Ltd	USA	Printing and office supplies
Regal Press Kenya Limited	Canada	Printing and office supplies
Unigraphics Kenya limited	Canada	Printing and office supplies
Manugraph Kenya Ltd	India	Printing and office supplies
Egypt Air	Egypt	Transport & Logistics Services
Air Mauritius	Mauritius	Transport & Logistics Services
Air Zimbabwe	Zimbabwe	Transport & Logistics Services
Ethiopian Air	Ethiopia	Transport & Logistics Services
British Airways	UK	Transport & Logistics Services
Delta Air Lines	USA	Transport & Logistics Services
KLM Royal Dutch Airlines	Netherlands	Transport & Logistics Services
Air Tanzania	Tanzania	Transport & Logistics Services
Yellow Wings Air Services Ltd	Switzerland	Transport & Logistics Services
Air India	India	Transport & Logistics Services
Air Italy	Italy	Transport & Logistics Services
SDV Transami	France	Transport & Logistics Services
FedEx	USA	Transport & Logistics Services
DHL	Germany	Transport & Logistics Services
Overseas Courier Company	Japan	Transport & Logistics Services
Securicor	UK	Transport & Logistics Services

Tibbett & Britten Kenya (Exel)	USA	Transport & Logistics Services
CEVA Logistics/TNT Logistics	Netherlands	Transport & Logistics Services
Kuehne+Nagel	Germany	Transport & Logistics Services
Airside Ltd	Switzerland	Transport & Logistics Services
Private Safaris	Switzerland	Transport & Logistics Services
Maersk Logistics Kenya Ltd	Denmark	Transport & Logistics Services
Interfreight (Kenya) Limited	New Zealand	Transport & Logistics Services
Wec lines Ltd	Netherlands	Transport & Logistics Services
CMA CGM Kenya Ltd	France	Transport & Logistics Services
Express Kenya Limited	South Africa	Transport & Logistics Services
Travelport	USA	Transport & Logistics Services
Schenker Ltd	Germany	Transport & Logistics Services
Saab Automobile AB	Sweden	Vehicle Assembly
Peugeot Kenya	France	Vehicle Assembly
Scania (Kenya Grange)	Sweden	Vehicle Assembly
General Motors	USA	Vehicle Assembly
Foton Motors	China	Vehicle Assembly
Ashok Leyland	India	Vehicle Assembly
Marshalls EA (Tata)	India	Vehicle Assembly
Tata Motors	India	Vehicle Assembly
Asami Motor Services	Japan	Vehicle Assembly
Mitsubishi Corporation (Rep Office)	Japan	Vehicle Assembly
Nissan (KVA)	Japan	Vehicle Assembly
Toyota Kenya	Japan	Vehicle Assembly

Daewoo Corporation	Korea	Vehicle Assembly
Hyundai Corporation	Korea	Vehicle Assembly
Ogilvy	Kenya	Media, Telecommunication & IT
AAA Growers Ltd	Kenya	Agriculture
Honey Care Africa	Kenya	Agriculture
Co-operative Bank of Kenya	Kenya	Audit, Insurance & Financial Services
Equity Bank	Kenya	Audit, Insurance & Financial Services
KCB Bank Group	Kenya	Audit, Insurance & Financial Services
National Bank of Kenya	Kenya	Audit, Insurance & Financial Services
Sameer Group	Kenya	Audit, Insurance & Financial Services
Copycat Ltd, The	Kenya	Printing and office supplies
LANTech (Africa) Ltd	Kenya	Printing and office supplies
Next Technologies	Kenya	Printing and office supplies
PCWORLD	Kenya	Printing and office supplies
Techno Brain (K) Ltd	Kenya	Printing and office supplies
East African Portland Cement Co. Ltd	Kenya	Construction& Maintenance
H Young & Co.	Kenya	Construction& Maintenance
Intex Construction Ltd	Kenya	Construction& Maintenance
Triad Architects	Kenya	Construction& Maintenance
Mugoya Construction & Engineering Ltd	Kenya	Construction& Maintenance
Andy Forwarders Services Ltd	Kenya	Transport & Logistics Services
Kenya Airways Ltd	Kenya	Transport & Logistics Services
Ocean Freight (EA) Ltd	Kenya	Transport & Logistics Services
Value Pak Foods Ltd	Kenya	Transport & Logistics Services

Regent Freight Systems Ltd	Kenya	Transport & Logistics Services
Africa Manpower Resource Consultants	Kenya	
Summit Recruitment & Training	Kenya	
BIDCO	Kenya	Manufacturing
Bamburi Cement Ltd	Kenya	Manufacturing
E.A. Breweries Ltd	Kenya	Manufacturing
Spectre International Ltd	Kenya	Manufacturing
Kenya Pipeline Co Ltd	Kenya	Manufacturing
Old Mutual Kenya	Kenya	Audit, Insurance & Financial Services
Madison Insurance	Kenya	Audit, Insurance & Financial Services
British American Insurance Co. (K) Ltd	Kenya	Audit, Insurance & Financial Services
Capital Group Ltd	Kenya	Media, Telecommunication & IT
The Nation Media Group	Kenya	Media, Telecommunication & IT
The Standard Group	Kenya	Media, Telecommunication & IT
Multichoice Kenya Ltd	Kenya	Media, Telecommunication & IT
Radio Africa Group Ltd	Kenya	Media, Telecommunication & IT
Hass Petroleum Ltd	Kenya	Mining, Oil & Energy
BOC Kenya Ltd	Kenya	Mining, Oil & Energy
Oil Libya Ltd	Kenya	Mining, Oil & Energy
East African Educational Publishers (EAEP)	Kenya	Printing and Publishing
The Jomo Kenyatta Foundation,	Kenya	Printing and Publishing
Oxford University Press Kenya	Kenya	Printing and Publishing
Longhorn Kenya Ltd	Kenya	Printing and Publishing

Phoenix Publishers Ltd	Kenya	Printing and Publishing
Macmillan Kenya Ltd	Kenya	Printing and Publishing
Longman Kenya Ltd	Kenya	Printing and Publishing
Aua Industria	Kenya	Security
Radar Security Ltd	Kenya	Security
Wells Fargo Ltd	Kenya	Security
Jamii Telecommunications	Kenya	Telecoms & internet service providers
Kenya Data Networks	Kenya	Telecoms & internet service providers
Telkom Kenya	Kenya	Telecoms & internet service providers
Wananchi	Kenya	Telecoms & internet service providers
Safaricom Ltd	Kenya	Telecoms & internet service providers
Swift Global	Kenya	Telecoms & internet service providers
Heritage Hotels	Kenya	Tourism and travel
Eco Resorts of Kenya	Kenya	Tourism and travel
Hilton Kenya Ltd	Kenya	Tourism and travel
Kenya Safari Lodges & Hotels	Kenya	Tourism and travel
Intercontinental Hotels	Kenya	Tourism and travel
Mada Hotels	Kenya	Tourism and travel
Serena Hotels	Kenya	Tourism and travel
Sarova Hotels	Kenya	Tourism and travel
Easy Coach Ltd	Kenya	Transport Infrastructure

Source: Kenya National Bureau of Statistics Economic Survey (2013)