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Factors Influencing Procurement Performance in State Corporations in Kenya- A Case Study of Kenya Ports Authority

George Gathigua Njogu

Student, Jomo Kenyatta University of Agriculture and Technology, Kenya

Lucy Gichinga

Lecturer, Jomo Kenyatta University of Agriculture and Technology, Kenya

Abstract:

In Kenya, the inefficiency and ineptness of overall implementation of procurement performance in many state corporations contributes to loss of over KES. 50 million annually. In addition, in over 50% of state corporations, the quality and quantity of procured goods and services do not meet the raised specifications during tendering and the actual procurement expenditure is normally higher than the budgeted procurement funds. Procurement expenditure could be minimized through effective implementation of procurement performance. The study used primary data which was collected through the use of questionnaires with respondents as the Procurement, Finance and line managers of Kenya Ports Authority. The specific objectives were to determine how procurement policy, procurement planning and procurement staff competitiveness affect state corporation procurement performance. The research design was descriptive in nature. Stratified random sampling method was used. The study targeted 6,476 employees of KPA working in the various departments and the sample size was 195. A modified Likert scale questionnaire will be developed divided into three parts. A pilot study was carried out to refine the instrument. The quality and consistency of the study was further assessed using Cronbach's alpha. Data analysis was performed on a PC computer using Statistical Package for Social Science (SPSS Version 22) for Windows. Analysis was done using frequency counts, percentages, means and standard deviation, regression, correlation and the information generated was presented in form of graphs, charts and tables. From the findings, majority of respondents have bachelor's degree with other professional qualifications like CIPS which enhances professionalism in the procurement department. On working experience, majority of respondents have worked for between 6-10 years. On which department respondents work in, majority of respondents work in the procurement department. On position held by the respondents, majority hold the position of middle level procurement staff. It's a policy for the procurement department to implement the procurement plan. Timelines are strictly observed in procurement planning this enhance efficiency in the department and service delivery for the organization. Staffs are regularly trained on new trends in matters procurement and this make to be at par in delivering excellent services in the organization. Conducting procurement performance appraisal at least twice in a year which enhances evaluation of the whole procurement processes Correlation between independent variable and dependent variable was 0.493, 0.412 and 0.241 for procurement policy, procurement planning and procurement staff competency. The coefficient of determination was 0.524 of 52.4%. The overall P-value of 0.00 which is less than 0.05 (5%) is an indication of relevance of the studied variables, significant at the calculated 95% level of significance. This implies that the studied independent variables namely procurement policy, procurement planning and procurement staff competency have significant effect on procurement performance of KPA. The study recommended that: Procurement policies set out by the organization should be known by all staff in the organization; that procurement planning should be a continuous process and not a onetime event: That staff working in the procurement department should be well trained in all procurement processes.

1. Introduction

1.1. Background of the Study

Procurement is a crucial element in the working functions of any state. It refers to the purchasing of goods and services in the right quality, from the right source and the right price all to meet a specific need. Every government has the obligation to provide essential services to its citizens. In Kenya, procurement consumes 45% of the national budget, excluding local government procurement. The close relationship between procurement and development demonstrates that there is need for transparency and accountability in the manner in which procurement is conducted. (Masime, 2009). This study aimed at determining factors affecting effective implementation of procurement performance in state corporations in Kenya.

Procurement is the process in which public or private organizations buy supplies or services to fulfill various functions such as shelter, transport and need for infrastructures, among many others (Talluri, 2008). According to (Chopra, 2005), procurement is the process of obtaining goods and services from the preparation and processing through to receipt and approval of the invoice for payment. Procurement commonly involves purchase planning, standards determination, specifications development, supplier research and selection, value analysis, financing, price negotiation, making the purchase, supply contract administration, inventory control and stores, and disposal and other related functions (Corsten, 2009). Public procurement is concerned with how public sector organizations spend taxpayers' money on goods and services (Hall, 2009). Public procurement is guided by principles of transparency, accountability, and achieving value for money for citizens and taxpayers. Globally, in many developed nations, public sector expenditure is substantial. Government organizations across the world tend to spend between 8 per cent and 25 per cent of GDP on goods and services (OECD, 2006). In the UK, public procurement expenditure is approximately £150 billion (DEFRA, 2007). Government is often the single biggest customer within a country, and governments can potentially use this purchasing power to influence the behavior of private sector organizations (Charles, 2007). In particular, it has been noted that public procurement can be a lever to deliver broader government objectives, such as stimulating innovation in supply markets, using public money to support environmental or social objectives, and for supporting domestic markets (McCrudden, 2008).

According to Van Weele (2006) purchasing performance is considered to be the result of two elements: purchasing effectiveness and purchasing efficiency. Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements. This means that purchasing performance is not an end in itself but a means to effective and efficient control and monitoring of the purchasing function (Lardenoije, Van Raaij, & Van Weele, 2005). Purchasing efficiency and purchasing effectiveness represent different competencies and capabilities for the purchasing function. CIPS Australia (2005) presents the differences between efficiency and effectiveness. Efficiency reflects that the organization is "doing things right" whereas effectiveness relates to the organization "doing the right thing". This means an organization can be effective and fail to be efficient, the challenge being to balance between the two. Measuring the performance of the purchasing function yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage as was noted by (Batenburg and Versendaal, 2006).

1.1.1. Kenya's Public Procurement

Public procurement can either be for projects or for consumables. In project specific procurement, goods, works or services are sought for a particular initiative (e.g. a new road, a hospital, plant and equipment), whereas general consumable procurement relates to items that are required for a ministry or authority to perform its duties (e.g. fuel, stationery, vehicle parts, road maintenance, and security) (George, 2008). According to the Kenya Gazette Supplement No. 92, (2006), there are five types of public procurements; open tenders, where prospective suppliers are invited to compete for a contract advertised in the press and the lowest tender in terms of price is generally accepted although the advertisers usually state that they are not bound to accept the lowest or any tender. Another type of tender is the restricted open tender where prospective suppliers are invited to compete for a contract, the advertising of which is restricted to appropriate local newspapers. Selective tenders are those where tenders are invited from suppliers from an approved list that have been previously vetted regarding their competence and financial standing. In a negotiated tender, a tender is negotiated with only one supplier such that competition is eliminated (Arthur, 2009).

Procurement performance in Kenya public sector are regulated by three major acts, namely; (PPDA 2005, RoK 2005, PPDR 2006, GoK 2006) and the Supplies Practitioners Management Act, 2007 (GoK 2007). The PPDA, effective as of 1st January 2007, applies to all procurement of goods, works and services, as well as the disposal of assets by public entities. Public entities are those that procure goods, services or works utilizing public funds. As such, public entities include the central and local governments, courts, commissions, state corporations, cooperatives, and educational institutions such as colleges, schools and universities (Duncan, 2009).

The PPDA was established in order to; maximize economy and efficiency, promote competition and ensure that competitors are treated fairly, promote the integrity and fairness of procurement procedures, increase transparency and accountability in those procedures, increase public confidence in those procedures, facilitate the promotion of local industry and economic development (Mathew, 2009). To achieve these objectives, the Act establishes procurement and disposal procedures, and sets up the necessary structures to ensure that the procedures are followed and there is provision of oversight and compliance. The Act also establishes the Public Procurement Administrative Review Board, which handles complaints, reviews and appeals stemming from procurement performance. The Public Procurement and Disposal Regulations, 2006 (ROK) read together with the PPDA, outline the various processes and procedures to be followed when goods, services or works are procured. A threshold matrix is outlined, as are the duties and functions of the various participants. The Supplies Practitioners Management Act 2007 was assented to law on 22nd October 2007 and commenced on 30th October 2007. This Act regulates both public and private sector procurement practitioners and strives to professionalize procurement performance in Kenya (Andrew, 2010).

1.1.2. Profile of Kenya Ports Authority

Kenya Port authority was established through an act of parliament in 1978 after the collapse of the East African Community. It is commonly known as the port of Mombasa and is one of the most modern and vibrant port in Africa. Mombasa Port handles all types of ships and cargo services, not only for Kenya, but also Uganda, Rwanda, Burundi, DR Congo, Ethiopia, Southern Sudan, north-

eastern Tanzania and Somalia. The port has 19 deep-water berths — six handle containers and 13 conventional cargos. Two oil jetties are for refilled and crude oil, with the capacity to handle tankers of up to 80,000 Dead Weight Tonnage.

Mombasa is the second largest port in Africa (Durban in South Africa is the largest) in tonnage and containers handled. Total cargo traffic through the port averages 16 million tons a year. After Durban, Mombasa is also the second best connected port in the region, with 17 shipping lines calling and direct connectivity to more than 80 ports Kenya Ports Authority also owns and operates Inland Container Depots (ICDs) or 'dry ports' in Nairobi and Kisumu. The ICDs are connected to the port by a special rail service (railtainer) that transports containerized imports and exports. Expansion of the port is high on the Government's agenda. Its annual cargo turnover is projected to reach 30 million tons by 2030. In this regard, the Transport ministry, through KPA, has started developing port infrastructure at Kilindini harbour to expand the ship turning basin, dredge the channel to increase the depth of the berthing areas and construct additional cargo termini.

The port has initiated computerization programs to enhance quick and efficient processing of cargo. E-procurement has revolutionized procurement systems and the way goods and services are obtained. The use of biometric time management has also initiated the elements of accountability and self-motivation. It now operates a 24-hour, seven-days-a week work system. KPA, s vision statement according to www.kpa.go.ke is "World class seaports of choice" and the mission is "to facilitate and promote global maritime trade through provision of competitive port services". Service excellence is key to KPA operations with the aim to exceed customer expectations and always striving to uphold the virtues of fairness, honesty, professionalism and transparency.

1.2. Statement of the Problem

State Corporations experience major challenges in the execution of procurement performance. In Kenya, the central government spends about KES 234 billion per year on procurement. However, on annual bases, the government losses close to KES.121 billion about 17 per cent of the national budget due to inflated procurement quotations (KISM 2010). According to Public Procurement Oversight Authority (PPOA 2009), most of the tendered products/services in many State Corporation have a mark-up of 60 per cent on the market prices. In the year 2010, the Ministry of Transport lost 4.2 billion Kenyan shillings, in the year 2011, a total of Ksh. 33,061,925 is said to have been embezzled from "Kazi Kwa Vijana funds" (Daniel 2010). The inefficiency and ineptness of overall implementation of procurement performance in many state corporations contributes to loss of over Ksh.50 million annually (Tom 2009). According to Victor (2012), procurement expenditure could be minimized through proper implementation of procurement performance. A relatively well-developed body of research by Daniel (2010), Victor (2012) and Tom (2009) explored implementation of procurement performance in public sector organizations in general and left a major knowledge gap on effective implementation of procurement performance in State Corporation. It's hence against this background this study was undertaken to determine factors affecting effective implementation of procurement performance in State Corporation in Kenya

1.3. Objective of the Study

This study was guided by general and specific objectives as follows:

1.3.1. General Objective

The general objective of the study was to examine the factors that influence procurement performance in state corporations in Kenya.

1.3.2. Specific Objectives

The specific objectives are as follows:

1. To determine the effect of procurement policies on procurement performance in state corporations in Kenya
2. To determine the effect of procurement planning on procurement performance in state corporations in Kenya
3. To evaluate the effect of procurement staff competency on procurement performance in state corporations in Kenya.

1.4. Hypothesis

The objectives of this study will be fulfilled by testing the four hypotheses stated in terms of null hypothesis.

1. Hypothesis One

HO₁: There is no significant effect of procurement policies on procurement performance in State Corporation in Kenya

2. Hypothesis Two

HO₂: There is no significant effect on procurement planning on procurement performance in state corporations in Kenya.

3. Hypothesis Three

HO₃: There is no significant effect of procurement staff competency on procurement performance in state corporations in Kenya

2. Literature Review

2.1. Introduction

Reviewing the existing literature around the topic of research interest is vitally important because it helps in understanding not only the body of knowledge that relates to the research topic but also in developing an argument about the relevance of the research (Bryman, 2012). This chapter will systematically review the related literature to guide the reader in understanding what has already been done by other researchers in as far as factors affecting effective implementation of procurement performance in state corporations a case study of Kenya Port Authority is concerned; what concepts and theories are relevant in this area of research.

2.2. Theoretical Review

Theories are formulated to explain, predict, and understand phenomena and, in many cases to challenge and extend existing knowledge within the limits of the critical bounding assumptions. The theoretical framework introduces and describes the theory which explains why the research problem under study exists. A theoretical framework consists of concepts, together with their definitions, and existing theory/theories that are used for the particular study (Sekaran, 2005).

2.2.1. Agency Theory

Agency theory is concerned with agency relationships. The two parties have an agency relationship when they cooperate and engage in an association wherein one party (the principal) delegates decisions and/or work to another (an agent) to act on its behalf (Eisenhardt 2009; Rungtusanatham, Rabinovich, Ashenbaum & Wallin, 2007). The important assumptions underlying agency theory is that; potential goal conflicts exist between principals and agents; each party acts in its own self-interest; information asymmetry frequently exists between principals and agents; agents are more risk averse than the principal; and efficiency is the effectiveness criterion. Two potential problems stemming from these assumptions may arise in agency relationships: an agency problem and a risk-sharing problem (Xingxing, 2012). An agency problem appears when agents' goals differ from the principals' and it is difficult or expensive to verify whether agents have appropriately performed the delegated work (i.e. moral hazard). This problem also arises when it is difficult or expensive to verify that agents have the expertise to perform the delegated work (i.e. adverse selection) that they claim to have. A risk-sharing problem arises when principals and agents have different attitudes towards risk that cause disagreements about actions to be taken (Xingxing, 2012).

The assumptions and prescriptions of agency theory fit naturally with the issues inherent in supply chain quality management. In the process of managing supplier quality, buyers in agency relations are faced with potential problems. By their nature, buyers expect suppliers to provide good quality and to improve the quality of supplied products and/or services, but suppliers may be reluctant to invest substantially in quality, especially if they perceive that buyers are reaping all the benefits. The difference between buyers and suppliers will result in the two parties concerning themselves only with their self-interests (Xingxing, 2012). Agency theory determines how procurement managers execute procurement performance on behalf of State Corporation. Existence of poor principle agent relationship leads to low level of top management commitment and this also affects the relationship between institutions and the suppliers. Existence of conflict of interest amongst the agents leads to execution of procurement performance against the procurement the procurement policies and this leads to increased procurement budget and loss of procurement funds. The study thus used this model to determine the effect of procurement policies for effective implementation of procurement performance in state Corporation in Kenya.

2.2.2. Kirkpatrick Model

Kirkpatrick (1994) has developed a very popular evaluation model that has been used since the late 1950s by the training community. The focus is on measuring four kinds of outcomes that should result from a highly effective training programme (Kirkpatrick, 1994). Kirkpatrick's model includes four levels or steps of outcome evaluation: Level 1 Evaluation is called Reaction level; Level 2 Evaluation is called Learning level; Level 3 Evaluation is called Behavior level and finally Level 4 Evaluation is called Results level. Level 1 Reaction level, the goal is to measure participants' reactions to the training programme. One should measure their reactions immediately after the program. Level one evaluation should not just include reactions toward the overall programme; it should also include measurement of participants' reactions or attitudes toward specific components of the programme, such as the instructor, the topics, the presentation style, the schedule, audiovisuals, etc. Furthermore, each of these components can be further broken down into sub-components for evaluation (e.g., you can ask participants to evaluate specific characteristics of the instructor, the presentation, etc.). In short, level one evaluation is far more than just the measurement of overall customer satisfaction (Richard, 2007).

In level 2 Learning level, the goal is to determine what the training programme participants learned during the training event. Because the training instructor should have specific learning objective, one hopes to find clear learning outcomes. Learning outcomes can include changes in knowledge. The evaluation should focus on measuring what was covered in the training event (i.e., the learning objectives) (Richard, 2007). Level two evaluations should be done immediately after the training event to determine if participants gained the knowledge, skills, or attitudes. A couple of issues here are (a) how shall one measure knowledge, skills, attitudes, and (b) what research design should be use to demonstrate improvement in level two outcomes? (Richard 2007).

In Level 3 Behaviour, the goal is to find out if training programme participants change their on-the-job-behaviour (OJB) as a result of their having attended and participated in the training programme. If the behaviour change does not occur, you also want to find out why the change did not occur. The level three question is, did the training have a positive effect on job performance? Level three evaluation specifically involves measuring the transfer of knowledge, skills, and attitudes from the training context to the workplace (Richard 2007). Level 4 Results is where the goal is to find out if the training programme led to final results, especially business results that contribute to the "bottom line" (i.e., business profits). Level four outcomes are not limited return on training investment (ROI). Level four outcomes can include other major results that contribute to the well functioning of an organization. Level four includes any outcome that most people would agree is "good for the business." Level four outcomes are either changes in financial outcomes (such as positive ROI or increased profits) or changes in variables that should have a relatively direct effect on financial outcomes at some point in the future (Richard 2007). Kirkpatrick Model helps in determining the organization training needs and establishing how employees should be trained in order to fill the organization skills gaps. The model is important in assessing training need, determining how staff should be qualified, finding out the impact of the offered training and equipping the employees with

additional skills. The study used this model to evaluate the effect of training on effective implementation of procurement performance in State Corporation in Kenya.

2.2.3. Technology, Organization and Environment Model

The TOE framework was developed in 1990 by Tornatzky and Fleischer. It identifies three aspects of an entrepreneurial context that influences the process by which it adopts and implements a technological innovation: technological context, organizational context, and environmental context. Technological context describes both the internal and external technologies relevant to the firm. This includes current practices and equipment internal to the firm, as well as the set of available technologies external to the firm. Organizational context refers to descriptive measures about the organization such as scope, size, and managerial structure. Environmental context is the arena in which a firm conducts its business, its industry, competitors, and dealings with the government (Tiago & Maria 2010).

The TOE framework as originally presented, and later adapted in IT adoption studies, provides a useful analytical framework that can be used for studying the adoption and assimilation of different types of IT innovation. The TOE framework has a solid theoretical basis, consistent empirical support and the potential of application to IS innovation domains, though specific factors identified within the three contexts may vary across different studies (Tiago and Maria 2010). The use of ICT based procurement systems in state corporations is influenced by technological innovation: technological context, organizational context and environmental context. All these contexts determine the level of Computer literacy in the institutions, level of automation, type of procurement systems to be used in the institutions, nature of the ICT infrastructure and how e-procurement is employed in the institution. The study thus used this theory to assess the effect of information communication technology on effective implementation of procurement performance in State Corporation in Kenya.

2.3. Conceptual Framework

Mugenda (2008) defines conceptual framework as a concise description of phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study. According to Young (2009), conceptual framework is a diagrammatical representation that shows the relationship between dependent variable and independent variables. A conceptual framework shows the relationship between independent and dependent variable. In this study, the dependent variable is the Procurement performance while the independent variables are procurement policies, environmental factors, training and information communication and technology (See Fig. 1)

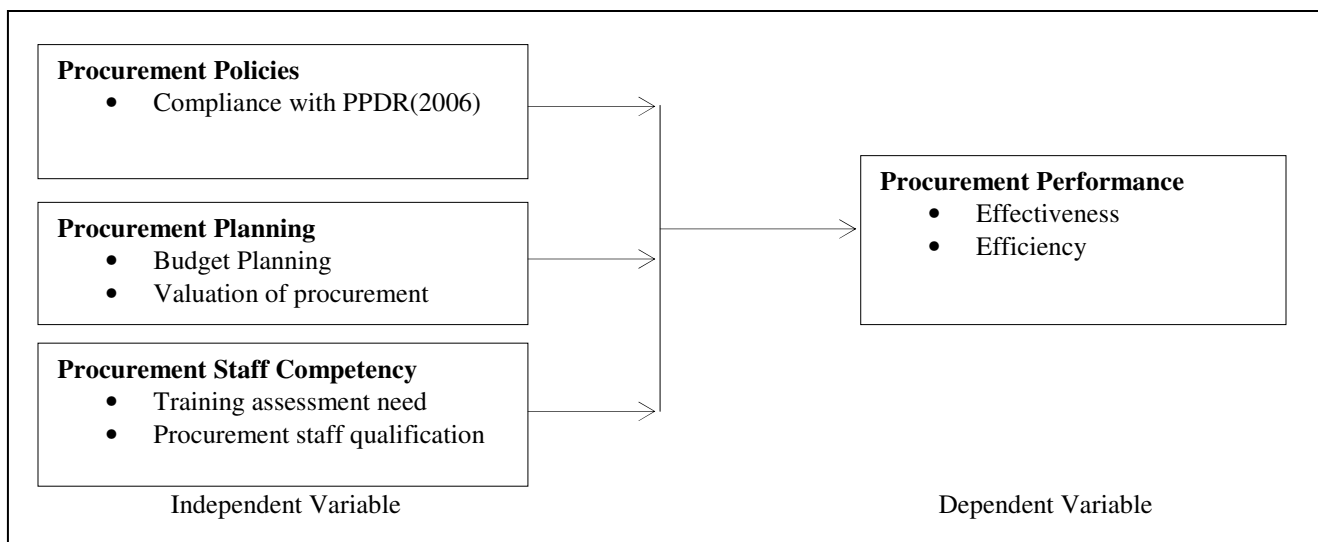


Figure 1: Conceptual Framework

2.3.1. Procurement Policy

A procurement policy is simply the rules and regulations that are set in place to govern the process of acquiring goods and services needed by an organization to function efficiently (Findlay, 2009). The exact process will seek to minimize expenses associated with the purchase of those goods and services by using such strategies as volume purchasing; the establishment of a set roster of vendors, and establishing reorder protocols that help to keep inventories low without jeopardizing the function of the operation. Both small and large companies as well as non-profit organizations routinely make use of some sort of procurement policy (Bartik, 2009). There is no correct way to establish a procurement policy, factors such as the size of the business, the availability of vendors to supply necessary goods and services, and the cash flow and credit of the company will often influence the purchasing procurement approach. (Golder, 2007). The size of the company is likely to make a difference in the formation of procurement policy, in that a small company may not be able to command the volume purchase discounts that a large corporation can manage with relative ease (Gadde, 2007).

Procurement policy benefits the organization by keeping costs in line and clearly defining how purchases will be made (Hall, 2009). As the needs of the entity change, there is a good chance that the procurement policy will be adjusted to meet those new circumstances. This is necessary to make sure the policy continues to function in the best interests of the company or non-profit organization and keep the acquisition process simple and orderly (Günther, 2007). According to PPOA (2007), the public procurement system in Kenya has been undergoing consistent reforms with the global trend since mid-1990s, most notably within the periods covering 1997-2001 and 2005. Previous to these reforms, the legal framework governing public procurement was very amorphous, providing a conducive environment for the perpetration of various malpractices in public procurement including the endemic corruption that characterized the system. George (2010) contends that the level of compliance with procurement regulations greatly influences the efficiency of the procurement procedures in public sector organizations.

According to Patrick (2009), with the official launch of Public Procurement Reforms, the country set on the reform road in the area of public procurement by; putting in place a unified legal and regulatory framework to guide the reforms. This was realized through the gazettelement of the Exchequer and Audit Act Public Procurement, Regulations (2001), which harmonized all the Treasury circulars and manuals governing procurement in the public sector. Putting in place an institution to oversee development and implementation of the public procurement policy in Kenya and improve transparency. This was realized through the creation of the Public Procurement Directorate (PPD) to oversee the public procurement process in Kenya and the Public Procurement Complaints, Review and Appeals Board (PPCRAB) to handle tendering disputes Act (PPOA, 2007).

According to Johnson (2010), the landmark in the reforms was in 2005 when the Public Procurement and Disposal Act (2005) were enacted by Parliament. The Act established an oversight body, the Public Procurement Oversight Authority (PPOA), Public Procurement Oversight Advisory Board and the Public Procurement Administrative Review Board. It amended all other laws relating to procurement in public entities ensuring that all of it is done under the umbrella of the Act thus widening the scope of application of the law and providing a proper basis for enforcement. With the gazettelement of the subsidiary legislation entitled Public Procurement and Disposal Regulations 2006, the law became operational on 1st January, 2007 (PPOA, 2007). According to Andrew (2008), the Public Procurement and Disposal Act, 2005 became operational on 1st January, 2007 with the gazettelement of the Public Procurement and Disposal Regulations, 2006. This called for all public entities to strictly execute procurement functions according to the Act. However, despite all these regulatory machines, the public sector procurement process is not in tandem with these legislations.

According to the study by Price Water House Coopers PWHC (2009), over 50% of public enterprises in Kenya do not comply with procurement regulations and this has created corruption loopholes and other malpractices on procurement processes. According to PPOA (2009), the current public procurement framework in Kenya has recently been strengthened in a number of respects: With the enactment of the PPDA and Regulations, Kenya today has in place a sound and comprehensive legal framework for public procurement with a clear hierarchical distinction. The PPDA clearly establishes the procurement methods to be applied, advertising rules and time limits, the content of tender documents and technical specifications, tender evaluation and award criteria, procedures for submission, receipt and opening of tenders, and the complaints system structure and sequence.

The PPDA and Regulations cover goods, works and services for all procurement using national funds. Both documents are published and widely distributed within government. The legal framework is complemented with a series of Standard Tender Documents (STDs) covering procurement of goods, works and services, and the responsibility for updating the STDs is clearly assigned to the PPOA.

(Christianne, 2008) found that the procurement policies employed by many State Corporation in UK determine the level of effectiveness in execution of the procurement performance. The study also notes that the level of procurement regulations compliance, level of top management support and the employed procurement procedures determine the nature of the employed procurement policies in State Corporations. Jackson (2007) noted that over 70% of public and private companies in Britain and Germany have embraced effective procurement policies while in China only less than 30% of organizations have managed to successfully implement effective procurement policies. Talluri (2008) found that many government organizations in United India and Malaysia lack effective procurement policies for supporting implementation of sustainable procurement policies. A study by George (2008) notes that in Africa many government corporations lack effective procurement policies and this influences implementation of ineffective procurement performance. Further, findings by Simpson & Power (2007) revealed that low level of procurement regulations compliance in many public training institutions in developing nations hampers effective execution of procurement functions and this impedes implementation of institutional development projects. Tanzi (2009) notes that application of poor procurement policies and lack of top management support does not promote effective implementation of procurement performance in many governments (PPOA, 2009).

Ombuki, Arasa, Ngugi, and Muhwezi, (2014) conducted a study on determinants of procurement regulatory compliance by Kenya's public universities. The study findings indicate that political factors influence most the regulatory compliance in the public university procurement in Kenya. The most influential politician was the member of the women representative whose influence accounted for 95.5%. The study recommended that politicians should be well-educated on the need to comply with the government's procurement rules and regulations. A study by Muli (2009) reveals that the public procurement reforms in Kenya have culminated in promulgation of the Public Procurement and Disposal Act 2005 and the Public Procurement and Disposal Regulations 2006 that provide a legal framework for regulating public procurement, with oversight functions carried out by the Public Procurement Oversight Authority (PPOA). The study further notes that many State Corporation procurement performance do not fully comply with the procurement regulations and this leads to misappropriation of institutional funds.

2.3.2. Procurement Planning

According to Agaba and Shipman (2007), procurement planning is the process used by companies or public institutions to plan purchasing activity for a specific period of time. This is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases. This is the first step in the procurement planning process. Burt *et al* (2004), further defines procurement planning as the purchasing function through which organization obtain products and services from external suppliers. A good procurement plan will go one step further by describing the process you will go through to appoint those suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. First, define the items you need to procure. Next, define the process for acquiring those items. And finally, schedule the timeframes for delivery.

According to PPDA (2005), Public Procurement Act requires Procuring Entities to plan their procurements. A procurement plan helps Procurement Entities to achieve maximum value for expenditures and enables the entities to identify and address all relevant issues pertaining to a particular procurement before they can publicize their procurement notices to potential suppliers of goods, works and services. A procurement plan is influenced by a number of factors. These include; the value of the procurement, the type of procurement – for example, whether the procurement is sensitive, unique, high risk, or of strategic significance to the procuring Entity's success, and the nature of procurement – for example, whether it involves intrinsic risks and ethical and process issues.

Before any procurement transaction is conducted, Procuring Entities must determine their procurement needs which must be consistent with their organization's objectives. In this regard, the Procuring Entity should assess whether or not, a particular procurement is necessary. The assessment should take account of; the need to ensure that the Procuring Entity uses its resources effectively and efficiently; how the proposed expenditure would contribute to the Entity's desired outputs; and the Procuring Entity's overall procurement philosophy in accordance with the provisions of the Public Procurement and Disposal Act (PPDA, 2005).

2.3.3. Procurement Staff Competency

Compton (2007) suggests that effective execution of organization procurement procedures greatly depends on the level of employees' training since lack of professional trained staff on procurement functions limits the ability of the organizations to embrace procurement best practices through benchmarking. Charles (2007) contends that lack of professional training is a key impediment to maintenance of high level of professionalism in the execution of procurement procedures in many public sector organizations. According to Andrew (2008), new training ideas are developed because trends are towards making training more practical, realistic and pertaining to employees' jobs. Training must give employees broader knowledge to enable them to effectively use new technology and integrate it into the workplace. Lower costs, better quality, faster return on investment, increased productivity and long-term growth are all achieved once employees adapt to changes and are trained accordingly. In the past, training was very classroom/instructor-oriented, this has recently proved ineffective compared to modern developments. More recent trends show training going beyond "job specific" to "continuous learning", in which the focus is on other areas of expertise within the company. In continuous learning, employees are encouraged to learn and understand the jobs and skills needed of those around them and more often perform them on a regular basis. Semi-autonomous work teams are most conducive in the continuous learning environment because each employee trains others in their group. This way, employees know one another's jobs and can perform them in case of an employee absence.

Employees begin to realize that learning and continuous training is as big as job itself (Christianne, 2008). Training one another, or "train the trainer", is another important aspect of continuous learning. It allows employees to develop new applications and techniques and share them with their peers or supervisors. (Christianne, 2008). Smith (2009) contends that lack of professional training on procurement functions and lack of continuous training on implementation of best procurement performance hinders the procurement staff in public sector organizations to effectively execute procurement procedures. Hall (2009) argues that the efficiency and the effectiveness of procurement procedures are hindered by absence of effective continuous employees training programmes that help in equipping the employees with competitive procurement management skills.

Armstrong (2008) affirms that a continuous employee training contributes towards improvement of the level of their competency in the execution of respective job task functions. David (2007) argues that competency is a standardized requirement for an individual to properly perform a specific job. It encompasses a combination of knowledge, skills and behaviour used to improve performance. More generally, competency is the state or quality of being adequately or well-qualified, having the ability to perform a specific role.

Ebrahim (2010) contends that from management viewpoint, training is associated with higher organizational productivity, it can improve the adaptability and flexibility of their employees and their responsiveness to innovation, it can be regarded as a means of engaging the commitment of employees to the organization and training programmes specific to the organization are of paramount importance not least because they bind the employee and cannot be used by rival organizations. A study by Emmanuel (2007) showed that in Africa, training of procurement personnel could greatly support effective implementation of procurement performance in many public training institutions. A study by Simpson and Power (2007) found that in many African government institutions, many procurement managers are not trained on implementation of effective procurement performance and this contributes to wastage of procurement funds. A study by Arthur (2009) notes that many procurement managers in State Corporation in Kenya lack competitive knowledge and skills on how to effectively embrace effective procurement performance and this hampers minimization of procurement expenditure. A study by Handfield (2009) notes that in UK, many State Corporation have succeeded in embracing effective procurement performance as a result of continuous training of procurement staff and employment of professionally trained procurement staff. Findlay (2009) notes that in South Africa, State Corporation have not managed to embrace effective procurement

performance as a result of low level of staff competency, use of poor training methods, lack of qualified procurement staff with technical knowledge and skills on the requirements of effective procurement performance. A study by Cristianne (2008) reveals that lack of professionally trained procurement staff and employment of unqualified and incompetent staff discourages implementation of effective procurement performance in State Corporation in developing nations.

2.3.4. Procurement Performance

Procurement encompasses the whole process of acquiring property and/or services. It begins when an agency has identified a need and decided on its procurement requirement. Procurement continues through the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of and payment for the property and/or services and, where relevant, the ongoing management of a contract and consideration of options related to the contract. Procurement also extends to the ultimate disposal of property at the end of its useful life (Waters, 2004).

Sound public procurement policies and practices are among the essential elements of good governance (KIPPRA, 2006). (Otieno, (2004) notes the irregular procurement activities in public institutions provide the biggest loophole through which public resources are misappropriated. According to Thai (2001), the basic principles of good procurement performance include accountability, where effective mechanisms must be in place in order to enable procuring entities spend the limited resources carefully, knowing clearly that they are accountable to members of the public; competitive supply, which requires the procurement be carried out by competition unless there are convincing reasons for single sourcing; and consistency, which emphasizes the equal treatment of all bidders irrespective of race, nationality or political affiliation.

According to (Kalakota & Robinson (2001) before the implementation of e-procurement, a company must first clearly define the business problems its e-procurement solution is intended to address. Furthermore, before an e-procurement solution can be deployed, a company must undergo thorough procurement process re-engineering. Automating an existing procurement process will only make matters worse (Kalakota & Robinson (2001). Puschmann and Alt (2005) recognize that in the successful practices the redesigning of the procurement process is focused on: reduction or elimination of authorization stages; regulation of exceptions to a limited degree in the beginning; elimination of paper; integration of suppliers in the entire process chain; and consideration of the complete process from searching for goods through to invoicing.

2.4. Empirical Literature Review

A procurement policy is simply the rules and regulations that are set in place to govern the process of acquiring goods and services needed by an organization to function efficiently (Findlay 2009). The exact process will seek to minimize expenses associated with the purchase of those goods and services by using such strategies as volume purchasing; the establishment of a set roster of vendors, and establishing reorder protocols that help to keep inventories low without jeopardizing the function of the operation. Both small and large companies as well as non-profit organizations routinely make use of some sort of procurement policy (Bartik 2009). There is no correct way to establish a procurement policy, factors such as the size of the business, the availability of vendors to supply necessary goods and services, and the cash flow and credit of the company will often influence the purchasing procurement approach. (Golder 2007).

The size of the company is likely to make a difference in the formation of procurement policy, in that a small company may not be able to command the volume purchase discounts that a large corporation can manage with relative ease (Gadde 2007).

Procurement policy benefits the organization by keeping costs in line and clearly defining how purchases will be made (Hall 2009). As the needs of the entity change, there is a good chance that the procurement policy will be adjusted to meet those new circumstances. This is necessary to make sure the policy continues to function in the best interests of the company or non-profit organization and keep the acquisition process simple and orderly (Günther 2007). According to PPOA (2007), the public procurement system in Kenya has been undergoing consistent reforms with the global trend since mid-1990s, most notably within the periods covering 1997-2001 and 2005. Previous to these reforms, the legal framework governing public procurement was very amorphous, providing a conducive environment for the perpetration of various malpractices in public procurement including the endemic corruption that characterized the system. George (2010) contends that the level of compliance with procurement regulations greatly influences the efficiency of the procurement procedures in public sector organizations.

2.5. Critique of the Existing Literature

The theoretical and the empirical literature demonstrate that, the existing literature on implementation of effective procurement performance is not extensive in Africa and in Kenya in particular. Most studies on implementation of effective Public Procurement performance are common in many developed countries such as Europe, America and Canada. This is explained by studies by Bovaird (2007), Ryall (2001), Murray (2009) and Stonebraker (2007).

E-Procurement should be viewed as an enabling mechanism to make the process of procurement more efficient in terms of cost, time, and achievement of value for money. Where existing procurement performance and procedures may contradict the goals and objectives of the new initiative, the implementation of e-Procurement requires the re-engineering of existing purchasing processes (KPMG, 2001). The roles and responsibilities might change substantially with the new process, which requires staff to adapt according to these (Birks *et al.* 2001)

According to the Stenning and Associates Report (2003), as a significant proportion of the benefits to be gained from implementing e-Procurement initiatives are related to the changes made through process re-engineering rather than the implementation of the e-Procurement initiatives themselves, existing processes for dealing with procurement will need to be revised.

Birks *et al.* (2001) suggest that the process of reengineering should not only address process but also supplier relationships and all the internal groups affected by procurement (Soeters, *et al.*, 2014). The overriding objective of a state's public procurement system is to deliver efficiency and "value for money" in the use of public funds, whilst adhering to national laws and policies. Performance measurement is about seeking to answer the fundamental question of whether the procurement system and operations ultimately deliver in accordance with the main objectives set (Rasheed, 2004).

Whilst it has been widely contended that Procurement implementation practise will have considerable implications for the design of the procurement process, it was observed by Lancioni *et al.*, (2000) that the precise nature of these process changes remained unclear. Recently, Yen & Ng (2003) carried out a case study investigation of textile and apparel supply chain electronic commerce implementation in Hong Kong and although primarily interested in the e-commerce system roll-out processes, they provide a useful comparison of pre- and post- e-commerce procurement process performance. The above case study gives some useful description of the changes to the procurement process and supports the claims from prior literature that such changes deliver process efficiencies. In addition to the three categories of efficiency improvement mentioned above, they also highlight the reduction in costs arising as a result of, digitizing catalogues, reducing errors in order transmission, reductions in inventory, and reductions suppliers marketing costs. Consequently, improved economies of management information are considered to be a major catalyst for reducing purchase prices (Moszoro, 2014).

2.6. Research Gaps

Despite the importance of public sector procurement, the number of studies that have investigated the role of public authorities in effective supply is still small. Studies by Thomson and Jackson (2007), DEFRA (2006) and Brulhart (2009) draw much emphasis on effective procurement in developed nations but failed to address the factors affecting adoption of effective procurement performance in developing nations. Studies by Patrick (2008) and Edward (2009) attempted to explain the status of effective procurement performance in Kenya but do not offer practical solution on how government training institutions should embrace effective procurement performance. A study by Talluri (2008) found that many government organizations in United India and Malaysia lack effective procurement policies for supporting effective implementation of procurement performance. A study by Sobczak (2008) notes that many Japanese firms that employ just in time inventory management technique have succeeded in embracing efficient procurement performance. A study by Moses (2009) found that application of poor sourcing strategies is a key impediment to implementation of effective procurement performance in many government institutions in Kenya. A study by Simpson and Power (2007) found that in many African government institutions, many procurement managers are not trained on implementation of effective procurement performance since most African training institutions have not embraced effective procurement performance in public procurement training institutions. These studies have not specifically addressed the key effective procurement performance implementation challenges hence developing a major knowledge gap on factors influencing implementation of effective procurement performance in State Corporations in Kenya. This study aims to fill the missing gaps by determining the major factors influencing the implementation of effective procurement performance in public training institutions in Kenya and offering recommendations on implementation of effective procurement performance in State Corporation.

2.7. Summary

This chapter has dealt with the factors influencing procurement performance in state corporations in Kenya based on what other researchers have found out and written. It has also included the conceptual framework which shows the relationship between the independent variables; procurement policy, procurement planning and procurement staff competitiveness; and the dependent variable; Procurement performance. The researcher has also criticized a part of the existing literature on procurement performance.

3. Research Methodology

3.1 Introduction

This chapter outlines the research design and methodology that will be used to carry out the study. The chapter also deals with the target population, type of data collected, sampling frame, sample and sampling technique, the sample size, data collection procedures, pilot test, validity and reliability of the instrument as well as the data analysis techniques and how eventually data will be presented.

3.2. Research Design

The researcher will use descriptive research design. Descriptive study is concerned with finding out who, what, where and how much of a phenomenon, which is the concern of the study. Sekaram (2006) observes that the goal of descriptive research is to offer the researcher a profile or describe relevant aspects of the phenomena of interest from the individual, organization, industry or other perspective. In addition, the design best fit in the ascertainment and description of characteristics of variable in this research study and allows for use of questionnaires, interviews and descriptive statistics such as frequencies and percentages. In addition, a descriptive design is appropriate since it will enable the researcher to collect enough information necessary for generalization.

3.3. Population

Kenya Ports Authority has approximately 6,476 members of staff working in various departments. The population of the study will be 6,476 staff of KPA.

The study targeted 1,943 employees of KPA in the top, middle level management and unionsable employees in procurement, finance and engineering departments. Since the study was descriptive in nature, Mugenda (2003) recommends a sample size of thirty percent. However, Kothari (2004) recommends that a sample size be as large as possible in order to reproduce salient characteristics of the accessible population to an acceptable level as well as to avoid sampling errors. Mombasa port is selected as a case study because of proximity to the researcher, time availability for research and budgetary constraints.

3.4. Sample Frame and Sampling Technique

Sampling is the process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire population. Sample is a small group of objects or individuals selected or drawn from a population in such a manner that its characteristics represent population characteristics (Orodho, 2009).

Stratified random sampling method will be used to select relevant respondents from various departments of KPA. Mugenda and Mugenda (2009) argue that stratified random sampling is where a given number of cases are randomly selected from each population sub-group. It thus ensures inclusion in the sample of subgroup which otherwise could be omitted entirely by other sampling methods. In this case stratification will be based on department from which employees come from.

Stratified sampling enables the population to be divided into five segments (relevant departments within KPA) called strata. Simple random sample is then drawn from each stratum, and then those sub-samples joined to form complete stratified samples. In addition, proportional allocation is done, where each stratum contributed to the sample a number that is proportional to its size in the population.

3.5. Sample Size

Mugenda and Mugenda (2003) asserts that sampling is that part of the statistical practice concerned with the selection of individual or observations intended to yield some knowledge about a population of concern, especially for the purpose of statistical inferences. They advise that a researcher would have to use 10% of the total target population as a sample for it to be accepted as a good representative sample. The sample size will be 195 as indicated in the table 1 below.

Management	Population	Percentage %	Target Population	Percentage	Sample
Top Management	80	10	8	30	3
Middle Management	1,600	10	160	30	48
Unions able Worker	4,796	10	480	30	144
TOTAL	6,476		648		195

Table 1: Sample Size

3.6. Data Collection Procedures

The researcher will use structured questionnaires to collect data from KPA respondents. A questionnaire with high reliability would receive similar answers if it is done again and again or by other researchers (Bryman & Bell, 2015). In addition, the questionnaires are convenient for the task in that they can be easily and conveniently administered with the study sample. The use of questionnaire is cost effective, less time consuming as compared to the use of interview. Data collected through the use of well-structured questionnaire is easy to analyze.

3.7. Pilot Study

The questionnaires will be pilot tested before the actual data collection. This will involve a few respondents from KPA to ascertain its effectiveness. The researcher will be interested in testing the reliability of the research instruments, the questionnaire hence validity of data collected. Validity is the accuracy and meaningfulness of inferences which are based on the research results (Mugenda & Mugenda, 2009) asserts that reliability test is done using Cronbach's Alpha Model on SPSS. Mugenda and Mugenda (2009) assert that reliability is the measure of the degree to which research instrument yields consistent results or data after repeated trials. The researcher will do a pilot with 10% of respondents before distributing the questionnaire. The purpose is to ensure that those items in the questionnaire are clearly stated and have the same meaning to all respondents. At the same time, it will help to determine how much time is required to administer the questionnaire. Respondents for pre-testing will not form part of the sample.

3.8. Data Processing Analysis and Presentation

Kothari (2009) argues that data collected has to be processed, analyzed and presented in accordance with the outlines laid down for the purpose at the time of developing the research plan. Data analysis involves the transformation of data into meaningful information for decision making. It will involve editing, error correction, rectification of omission and finally putting together or consolidating information gathered. The collected data will be analyzed quantitatively and qualitatively. The quality and consistency of the study will further be assessed using Cronbach's alpha. Data analysis will be performed on a PC computer using Statistical Package for Social

Science (SPSS Version 22) for Windows. Analysis will be done using frequency counts, percentages, means and standard deviation, regression, correlation and the information generated will be presented in form of graphs, charts and tables. Set of data will be described using percentage, mean standard deviation and coefficient of variation and presented using tables, charts and graphs. Fraenkel and Wallen (2012) argue that regression is the working out of a statistical relationship between one or more variables. The researcher will use a multiple regression analysis to show the effect and influence of the independent variables on the dependent variables.

The relationship is as follows;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Y = Represents the dependent variable, Procurement performance

α = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Partial regression coefficient

X_1 = Procurement Policy

X_2 = Procurement Planning

X_3 = Procurement Staff Competency

4. Data Analysis, Results and Discussion

4.1. Introduction

This chapter presents analysis of the data on the factors influencing procurement performance in state corporations in Kenya, a case study of Kenya Ports Authority in Mombasa, Kenya. The chapter also provides the major findings and results of the study and discusses those findings and results against the literature reviewed and study objectives. The data is mainly presented in frequency tables, means and standard deviation.

4.2. Response Rate

The study targeted 195 employees of Kenya Ports Authority in Mombasa County, Kenya. From the study, 145 out of the 195 sample respondents filled-in and returned the questionnaires making a response rate of 74.4% as per Table 2 below.

	Frequency	Percentage
Respondent	145	74.4
Non-respondent	50	25.6
Total	195	100

Table 2: Questionnaire Return Rate

According to Mugenda and Mugenda (2003) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent; therefore, this response rate was adequate for analysis and reporting.

4.2.1. Data Validity

The researcher asked experts, three academicians, to assess the scales' content validity. Accordingly, the researcher made changes on the first draft in terms of eliminating, adding or rewording some of the items included in that draft.

4.2.2. Reliability Analysis

Prior to the actual study, the researcher carried out a pilot study to pre-test the validity and reliability of data collected using the questionnaire. The pilot study allowed for pre-testing of the research instrument. The results on reliability of the research instruments are presented in Table 3 below.

Scale	Cronbach's Alpha	Number of Items
Procurement Policy	0.714	5
Procurement Planning	0.709	4
Procurement Staff competency	0.723	3

Table 3: Reliability Coefficients

The overall Cronbach's alpha for the four categories which is 0.711. The findings of the pilot study show that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Mugenda and Mugenda, 2003).

4.3. Background Information

The background information gathered was based on education level, working experience, department working in and position held.

4.3.1. Level of Education

The study sought to establish the highest level of education held by respondents. The results revealed that majority of the respondents hold a bachelor's degree standing at 36.6%, secondary education were 11.7%, college level were 32.4% and postgraduate level were 19.3% with a mean score of 2.63 and a standard deviation of 0.927 as shown in Figure 2 below.

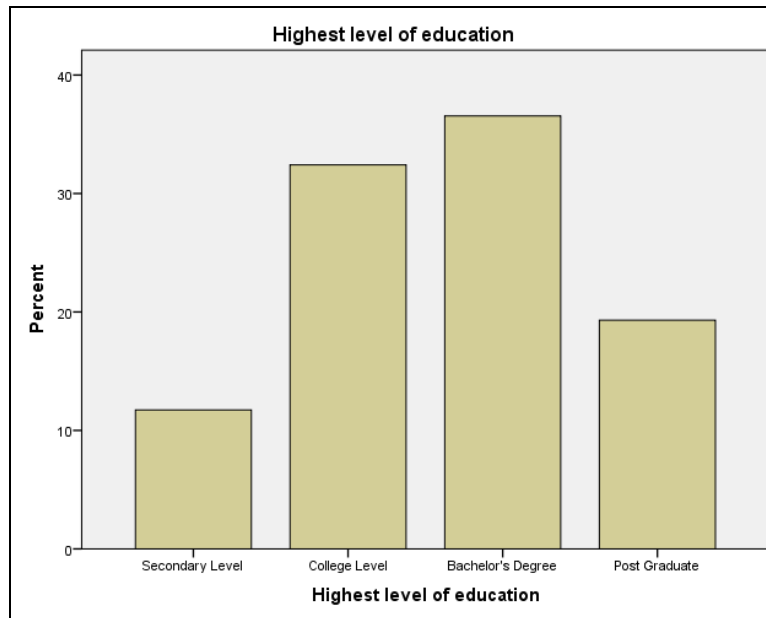


Figure 2: Highest Level of education

4.3.2. Working Experience

The study sought to establish the working experience of respondents. The results revealed that respondents who have worked for less than 5 years were 21.4%, between 6-10 years were 43.4%, between 11-15 years were 18.6% and those who have worked for 16 years and above were 16.6% with a mean score of 2.30 and a standard deviation of 0.988 as shown in Figure 3 below.



Figure 3: Working Experience

4.3.3. Department Working In

The study sought to establish the departments in which respondents are working in. The results revealed that respondents working in the procurement department were 57.9%, administration were 14.5%, finance department were 17.2% and other departments were 10% with a mean score of 1.80 and a standard deviation of 1.065 as shown in Figure 4 below. This shows that the majority of the respondents are working in the procurement department.

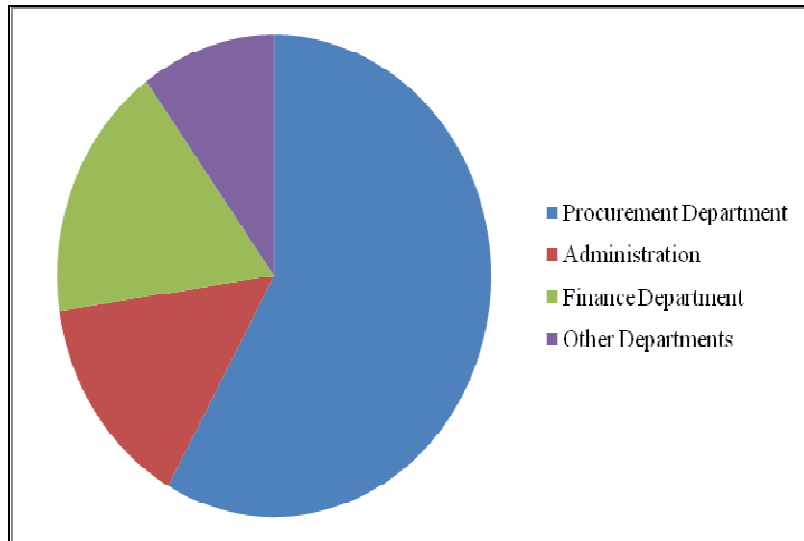


Figure 4: Departments Working In

4.3.4. Position Held

The study sought to establish the positions held by respondents. The study results revealed that top management in the procurement department were 29.7%, middle level procurement staffs were 51.0% and junior procurement staffs were 19.3% with a mean score of 1.90 and standard deviation of 0.694 as shown in Figure 5 below. The study shows that the majority were middle level procurement staff.

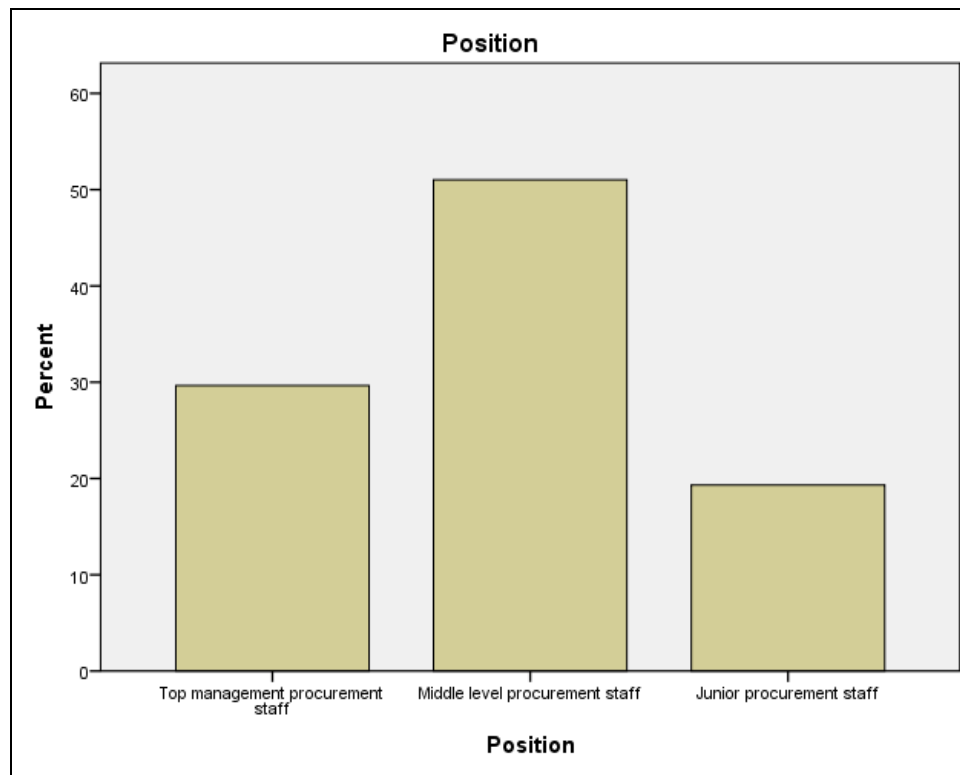


Figure 5: Position held

4.4. Analysis of Objectives

In the research analysis the researcher used a tool rating scale of 5 to 1; where 5 was the highest and 1 the lowest. Opinions given by the respondents were rated as follows, 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1= Strongly Disagree. The analysis for mean, standard deviation and coefficient of variation were based on this rating scale.

4.4.1. Procurement Policy

Procurement Policy	N	Mean	Std. Deviation
The organization is in compliance with Public Procurement and Disposal Regulations (2006)	145	4.06	1.343
The organization has a high level of accuracy and reliability of procurement records kept	145	3.68	1.332
The organization prepare procurement plans on annual basis	145	4.03	.971
The organization fails to adhere to the budgets allocated to procurement department	145	3.65	1.283
The organization prepares procurement progress reports frequently	145	3.92	1.202
Valid N (listwise)	145		

Table 4: Procurement Policy

The first objective of the study was to establish the effects of procurement policy on procurement performance at KPA. Respondents were required to respond to set questions related to procurement policy and give their opinions. The opinion statement that the organization is in compliance with public procurement and disposal regulations 2006 had a mean score of 4.06 with a standard deviation of 1.343. This statement is in agreement with Mahinda, (2015), that state corporations that are in compliance with the public procurement and disposal regulation are more likely to perform better and efficiently than those institutions that do not. The opinion statement that the organization has a high level of accuracy and reliability of procurement records kept had a mean score of 3.68 with a standard deviation of 1.332. The opinion statement in agreement that the organization prepare procurement plans on annual basis had a mean score of 4.03 with a standard deviation of 0.97. This statement is in agreement with Matuga, (2016), that procurement planning is key for the success of any institution be it public or private. The opinion statement that the organization fails to adhere to the budget allocated to procurement department had a mean score of 3.65 with a standard deviation of 1.283. The organization prepares procurement progress reports frequently had a mean score of 3.92 with a standard deviation of 1.202. This statement is in agreement with Matuga, (2016), that monitoring and evaluating procurement progress enables the procurement team to review and reduce variances that may cause budget allocations to be exceeded.

4.4.2. Procurement Planning

Procurement Planning	N	Mean	Std. Deviation
There is a planning team in the procurement department	145	3.86	1.338
Timelines are strictly observed in procurement planning	145	4.03	1.093
Plans are reviewed on monthly, quarterly, semi-annually basis	145	3.77	1.258
Top management funds procurement department adequately	145	3.73	1.468
Valid N (listwise)	145		

Table 5: Procurement Planning

The second objective of the study was to establish the effects of procurement planning on procurement performance at KPA. Respondents were required to respond to set questions related to procurement planning and give their opinions. The opinion statement in agreement that timelines are strictly observed in procurement planning had a mean score of 4.03 with a standard deviation of 1.093. This statement is in agreement with Ng'etich, (2016) that observing timelines strictly enables the organization to have the necessary inputs when required and therefore it does not slow down the production process. The opinion statement that there is a planning team in the procurement department had a mean score of 3.86 with a standard deviation of 1.338. The opinion statement that plans are reviewed on monthly, quarterly, semi-annually basis had a mean score of 3.77 with a standard deviation of 1.258. The opinion statement that the top management funds procurement department adequately had a mean score of 3.73 with a standard deviation of 1.468.

4.4.3. Procurement Staff Competency

Procurement Staff Competency	N	Mean	Std. Deviation
Staff are taken for refresher courses often	145	3.71	1.213
Staff have the right skills in procurement	145	4.05	1.016
Staff without skills are allowed to learn on the job	145	2.90	1.489
Valid N (listwise)	145		

Table 6: Procurement Staff Competency

The third objective of the study was to establish the effects of procurement staff competency on procurement performance at KPA. Respondents were required to respond to set questions related to procurement staff competency and give their opinions. The opinion statement that staffs are taken for refresher course often had a mean score of 3.71 with a standard deviation of 1.213. This statement is in agreement with Matuga, (2016), that retraining procurement staff often enables them to acquaint themselves with new procurement

trends. The opinion statement that staffs have the right skills in procurement had a mean score of 4.05 with a standard deviation of 1.016. Having qualified staff in the procurement department helps to create efficiency thus increasing performance by reducing mistakes that may be wasteful to the organization. The opinion statement that staffs without skills are allowed to learn on the job had a mean score of 2.90 with a standard deviation of 1.489.

4.4.4. Procurement Performance

Procurement Performance	N	Mean	Std. Deviation
Procurement systems are effective at detecting fraud	145	3.66	1.425
KPA has appropriate and sufficient internal controls in place	145	3.83	1.298
KPA does conduct performance appraisals at least twice a year	145	4.08	1.024
KPA conducts monthly and Yearly budget variance analysis	145	3.66	1.287
KPA does produce daily, weekly, monthly, quarterly and yearly financial reports	145	4.14	.962
The performance appraisals are supported by rewards	145	3.03	1.404
Valid N (listwise)	145		

Table 7: Procurement Performance

The opinion statement that procurement systems are effective at detecting fraud had a mean score of 3.66 with a standard deviation of 1.425. The opinion statement that KPA has appropriate and sufficient internal controls in place had a mean score of 3.83 with a standard deviation of 1.298. The opinion statement that KPA does conduct performance appraisal at least twice in a year had a mean score of 4.08 with a standard deviation of 1.024. The opinion statement that KPA conducts monthly and yearly budget variance analysis had a mean score of 3.66 with standard deviation of 1.287. The opinion statement in agreement that KPA does produce daily, weekly, monthly, quarterly and yearly financial reports had a mean score of 4.14 with a standard deviation of 0.962. This statement is in agreement with Matuga, (2015), that continuous auditing of the procurement department creates efficiency in an organization.

4.5. Regression Analysis

The correlation analysis Table 8 shows the relationship between the independent variables, procurement policy, procurement planning and procurement staff competency the dependent variable procurement performance at KPA. The analysis indicates the coefficient of correlation, r equal to 0.493, 0.412 and 0.241 for procurement policy, procurement planning and procurement staff competency. This indicates positive relationship between the independent variables, procurement policy, procurement planning and procurement staff competency and the dependent variable procurement performance.

Model		Coefficients ^a							
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	20.967	3.385		6.195	.000			
	Procurement Policy	.329	.078	.368	4.190	.000	.493	.333	.301
	Procurement Planning	.225	.100	.194	2.238	.001	.412	.185	.161
	Procurement Staff Competency	.138	.189	.056	4.728	.001	.241	.061	.052

a. Dependent Variable: Procurement Performance

Table 8: Multiple regression analysis

The regression equation was:

$$Y = 20.967 + 0.329X_1 + 0.225X_2 + 0.138X_3$$

Where

Y: the dependent variable (Procurement Performance).

X_1 : Procurement Policy

X_2 : Procurement Planning

X_3 : Procurement Staff Competency

The regression equation above has established that taking all factors into account (Procurement performance as a result of procurement policy, procurement planning and procurement staff competency) constant at zero procurement performance among employees of KPA will be 20.967. The findings presented also shows that taking all other independent variables at zero, a unit increase in procurement policy will lead to a 0.329 increase in the scores of procurement performance among employees of KPA; a unit increase in procurement planning will lead to a 0.225 increase in procurement performance among employees of KPA, a unit increase in procurement staff competency will lead to a 0.138 increase in the scores of procurement performance among employees of

KPA. This therefore implies that all the three variables have a positive relationship with procurement performance with procurement policy contributing most to the dependent variable.

➤ Hypothesis 1

→ H_{O1} : There is no effect of procurement policy on procurement performance at KPA

$$\beta_1=0,$$

→ H_{A1} : There is an effect of procurement policy on procurement performance at KPA

$$\beta_1 \neq 0,$$

In relation to the variable procurement policy, the results in Table 8 above indicate that procurement policy has a significant influence on procurement performance at KPA. This is supported by regression analysis t-value of 4.190 which is greater than the critical value 2.0 and a p-value of 0.01 at 95% level of significance which is less than 0.05. Lambert et al, (2010) underscores that one of the most important facets of success in procurement is having procurement policy in place.

After testing the hypothesis by comparing the scores of calculated t-value and critical t; Calculated t-values was, 4.190 for procurement policy, which is greater than the critical $t_{36-1} (0.05) = 2.0$, the study rejected the null hypothesis that there is no effect of procurement policy on procurement performance at KPA.

Therefore, the study accepted the alternative hypothesis that there is an effect of procurement policy on procurement performance at KPA.

➤ Hypothesis 2

→ H_{O1} : There is no effect of procurement planning on procurement performance at KPA

$$\beta_1=0,$$

→ H_{A1} : There is an effect of procurement planning on procurement performance at KPA

$$\beta_1 \neq 0,$$

In relation to the variable procurement planning, the results in Table 8 above indicate that procurement planning has a significant influence on procurement performance at KPA. This is supported by regression analysis t-value of 2.238 which is greater than the critical value 2.0 and a p-value of 0.04 at 95% level of significance which is less than 0.05.

After testing the hypothesis by comparing the scores of calculated t-value and critical t; Calculated t-values was, 2.238 for procurement planning, which is greater than the critical $t_{36-1} (0.05) = 2.0$, the study rejected the null hypothesis that there is no effect of procurement planning on procurement performance at KPA.

Therefore, the study accepted the alternative hypothesis that there is an effect of procurement planning on procurement performance at KPA.

This is in agreement with Stock et al. (2013) who argue that for an organization to operate efficiently, its supply chain activities should flow smoothly to create value to customers hence it should minimize delays by avoiding poor and outdated equipment.

➤ Hypothesis 3

→ H_{O1} : There is no effect of procurement staff competency on procurement performance at KPA

$$\beta_1=0,$$

→ H_{A1} : There is an effect of procurement staff competency on procurement performance at KPA

$$\beta_1 \neq 0,$$

In relation to the variable procurement staff competency, the results in Table 8 above indicate that procurement staff competency has a significant influence on procurement performance at KPA. This is supported by regression analysis t-value of 4.728 which is greater than the critical value 2.0 and a p-value of 0.00 at 95% level of significance which is less than 0.05.

After testing the hypothesis by comparing the scores of calculated t-value and critical t; Calculated t-values was, 4.728 for procurement staff competency, which is greater than the critical $t_{36-1} (0.05) = 2.0$, the study rejected the null hypothesis that there is no effect of procurement staff competency on procurement performance at KPA.

Therefore, the study accepted the alternative hypothesis that there is an effect of procurement staff competency on procurement performance at KPA. This concurs with Bowersox et al. (2012) who underscores that staff competency creates efficiency in an organization.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.724 ^a	.524	.500	5.65550	.720	17.798	3	141	.000

a. Predictors: (Constant), Procurement Staff Competency, Procurement Planning, Procurement Policy

Table 9 Regression Analysis Summary

Table 9 above indicates an overall P-value of 0.001 which is less than 0.05 (5%).

This shows that the overall regression model is significant at the calculated 95% level of significance. It further implies that the studied independent variables namely procurement policy, procurement planning and procurement staff competency have significant effect on procurement performance of KPA.

Table 9 shows the regression model summary indicating the coefficient of determination R Square as 0.724. This means that 52.4% of the relationship is explained by the identified three factors namely procurement policy, procurement planning and procurement staff competency. The rest 52.4% is explained by other factors not studied in this research.

In summary the three factors studied namely, procurement policy, procurement planning and procurement staff competency or determines 52.4% of the relationship while the rest 47.6% is explained or determined by other factors.

4.6. Analysis of Variance (ANOVA)

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model is as per Table 10 below with P-value of 0.00 which is less than 0.05. This indicates that the regression model is statistically significant in predicting procurement performance in KPA.

Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall Anova results indicates that the model was significant at $F = 17.798$, $p = 0.000$.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	376.510	3	125.503	17.798	.000 ^b
	Residual	994.290	141	7.052		
	Total	1370.800	144			
a. Dependent Variable: Procurement Performance						
b. Predictors: (Constant), Procurement Staff Competency, Procurement Planning, Procurement Policy						

Table 10: Analysis of Variance

5. Summary of the Findings, Conclusions and Recommendation

5.1. Introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The chapter finally presents the limitations of the study and suggestions for further studies and research.

5.2. Summary of the Findings

The objective of this study was to examine the factors influencing procurement performance in State Corporation in Kenya a case study of Kenya Ports Authority. The study was conducted on the 145 employees out of 195 employees that constituted the sample size. To collect data, the researcher used a structured questionnaire that was personally administered to the respondents. The questionnaire constituted 22 items. The respondents were the employees of KPA. In this study, data was analyzed using frequencies, mean scores, standard deviations, percentage, Correlation and Regression analysis.

From the findings, majority of respondents have bachelor's degree with other professional qualifications like CIPS which enhances professionalism in the procurement department. On working experience, majority of respondents have worked for between 6-10 years. On which department respondents work in, majority of respondents work in the procurement department. On position held by the respondents, majority hold the position of middle level procurement staff. It's a policy for the procurement department to implement the procurement plan. Timelines are strictly observed in procurement planning this enhance efficiency in the department and service delivery for the organization. Staffs are regularly trained on new trends in matters procurement and this make to be at par in delivering excellent services in the organization. Conducting procurement performance appraisal at least twice in a year which enhances evaluation of the whole procurement processes

Correlation between independent variable and dependent variable was 0.493, 0.412 and 0.241 for procurement policy, procurement planning and procurement staff competency. The coefficient of determination was 0.524 of 52.4%.

5.3. Conclusion

From the research findings, the study concluded all the independent variables studied have significant effect on organizational performance as indicated by the strong coefficient of correlation and a p-value which is less than 0.05. The overall effect of the analyzed factors was very high as indicated by the coefficient of determination. The overall P-value of 0.00 which is less than 0.05 (5%) is an indication of relevance of the studied variables, significant at the calculated 95% level of significance. This implies that the studied independent variables namely procurement policy, procurement planning and procurement staff competency have significant effect on procurement performance of KPA.

5.4. Recommendation

The study recommended the following:

1. Procurement policies set out by the organization should be known by all staff in the organization
2. That procurement planning should be a continuous process and not a onetime event
3. That staff working in the procurement department should be well trained in all procurement processes.

5.5. Limitations

The respondents took a lot of time in filling in the questionnaires therefore the researcher had to collect the already filled questionnaires to do the analysis because of the time constraints. This made the response rate not to be 100% as expected. The respondents were also not free to give personal information as they considered it of private nature but the researcher assured them the information will be treated confidentially and will be used purely for academic purposes.

5.6. Suggestion for Further Research

This study focused on the factors influencing procurement performance in state corporations in Kenya- a case study of Kenya Ports Authority. Since only 52.4% of results was explained by the independent variables in this study, it is recommended that a study be carried out on other factors that affect procurement performance, specifically, a study on relationship between behavioral factors and financial performance from across the country should be carried out in order to pick out other variables not covered in this study. The research should also be done in other state corporations and the results compared so as to ascertain whether there is consistency on factors influencing procurement performance in state corporations a case study of KPA.

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