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Factors That Influence Performance of Procurement in the Private Sector: A Case Study of Pwani Oil Products Limited, Mombasa County, Kenya

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Abstract:

Procurement performance is the backbone of an organization success since it contributes to competitive purchase and acquisition of quality goods that puts the organization products or services in the competitive edge in the market. However, on several occasions, poor procurement performance has caused private sector financial loss due to delivery of poor-quality work materials, loss of value for money and inflated prices. The general objective of the study was to establish the factors that influence procurement performance at Pwani Oil Products Limited. The specific objectives of the study were: to establish the effects of specification on procurement performance, to assess the effects of supplier selection on procurement performance, to ascertain the effects of trained personnel on procurement performance and to establish the effects of information technology on procurement. The study was anchored on performance theory; Resource based view theory, theory of change management and technology acceptance theory. The study used descriptive research design. The target population of the study included 90 employees (top management, heads of departments and employees) at Pwani Oil Kikambala and Jomvu Plant. This study employed stratified and simple random sampling techniques in selecting study participants. The sample size for the study comprised of 73 respondents. The main data collection tool was questionnaire. Collected data were analyzed using Statistical Package for Social Sciences (SPSS 23). Pearson correlation and multiple linear regressions were used to test the relationship between variables in the study hypotheses. Analyzed data was presented descriptively using tables, graphs and pie charts. The study concluded that there was a significant effect on procurement performance. The organisation had proper material specifications and material specifications was always guided by quality service delivery, budget/cost, quality of work needed and availability of time. In addition, material specifications included regular follow ups. The study concluded that supplier selection had a significant effect on procurement performance. The organisation had effective selection supplier policies and supplier selection was influenced by supplier prequalification, supplier capacity, supplier appraisal, supplier financial ability and supplier budget as well as supplier flexibility. However, supplier selection was not influenced by supplier relationship with the organization supplier proximity to the organisation. The study concluded that personnel training had a significant effect on procurement performance. The organisation had enough employee training programs, employees of the organisation had relevant procurement knowledge and skills as well as procurement experiences. Furthermore, employee training reduced employee turnover and improved employee performance. The study concluded that IT had a significant effect on procurement performance. The organisation had embraced information technology in its processes and it had an ERP system. In addition, the organisation practised e-procurement and e-tendering. Furthermore, information technology improved service delivery in the procurement department. The study recommends that; there should continuously plan for procurement processes to adopt the best and new practices that reduce operational costs and enhance efficiency and organisations should embrace technology and implement the end to end use of technology that will improve efficiency in procurement performance among others.

Keywords: Procurement, performance, supplier, selection, training, contract, process, finance

1. Introduction

1.1. Background to the Study

The weakening global economic conditions are forcing organizations to reinvent their relations with, customers and suppliers alike. Thus, costs must be lowered throughout the procurement process by focusing on value addition. Bottlenecks must be removed, and performance measurements based on total system efficiency and equitable reward distribution to key players in the process; to achieve win-win situations. The working principle is to create customer satisfaction at the end of, delivery and continuous improvement of the process. For decades procurement performance has been attracting significant attention from practitioners, academicians, and researchers due to poor performance. Adoption of e-procurement has rapidly increased since the 1990s; yet organizations still face challenges associated with its advent and use (Abrahamson, 2016).

Analysis by Wyld (2014) showed that in the United States only 30% of firms surveyed use e-procurement systems for the request for quotations, online auctions (25%) and e-markets (33%). Despite evidence showing advantages of e-procurement systems, many organizations are still reluctant to embrace it. Organizations need to know critical success factors in implementing e-procurement strategies, processes, and systems. Due to limited vision, management of many organizations fails to appreciate the importance of system-wide performance measures. Procurement professionals find that combinations of quality, service, and price are seldom precisely equal. Burt, Petcavage, and Pinkerton (2013) postulated that if quality and price are similar, then supplier should be selected solely by service. Service is seldom similar, and in many cases, it is a supplier's capabilities that are being purchased, not commodities.

Many private company and agencies have adopted purchasing procurement programs that include all of the activities that take place when goods and services are acquired from vendors. Under these programs, a company or agency may issue a request for project, which details the goods requirements or the service specifications. Once the project request has been granted, bidders may submit their responses, and those who can comply with the project requirements may be considered as potential sellers. Once a bidder's project is accepted by a buyer, the bidder and the buyer enter into procurement (Appiah, 2016).

Some procurement systems exist in the marketplace, and one increasingly popular method of procuring contracts is through e-procurement systems. E-procurement programs operate in the same way as regular procurement programs, except that procurement information is exchanged through the Internet or other electronic network systems. Web-based enterprise resource planning, e-sourcing, and e-tendering are common e-procurement methods. Construction procurement are standard, and they are usually issued when a seller is providing new works, refurbishment, or maintenance project services to a buyer. These agreements can be more complicated than other types of procurement agreements, so given the complex nature of these contracts, buyers and sellers may require the services of an attorney who specializes in construction law (Armstrong, 2015).

In Africa, challenges that engulf private sector procurement are skill development; effective recruitment and retention of procurement professionals. Another problem is the management of global sourcing strategies. That is also a challenge in terms of processes, a linkage between the worldwide sourcing offices (Jason, 2016). Juma (2013) asserts that, even in private sector as in the government tenders, bribery and corruption are rife in the procurement field. The author states that the problem is that integrity has never been a guarantee from professionals. Banda (2009) however observes that factors affecting procurement performance in developed and in developing countries are different. "Private sectors in Africa are grappling with setting up the operational framework of procurement processes while developed countries as the United States and European Countries the problem is how to make it efficient."

In Kenya, private sector procurement functional unit suffers from different challenges drawn from internal and external factors in the organization. Attracting and retaining talent in the procurement space is among the top concerns for companies already dealing with today's sophisticated pricing pressures (Berger & Humphrey 2017). According to Dale (2014), for most of the organizations, procurement is still seen as add-on rather than core to business operations. This, therefore, affects the level of investment and resource allocation towards procurement function in the private sector. In today's complex global economy, the procurement function in private industry in Kenya must respond to some challenging issues, in no small part compounded by the recent economic turmoil and the changing dynamics of the global supply chain (Jason, 2016). With so much at stake, it apparently makes sense to fill key procurement roles with seasoned employees that have a keen understanding of how the commoditization process works in today's environment of increasing complexity across the supply chain. Overall, inhibiting factors to procurement performance in Kenya must be looked into holistically by the private sector and other stakeholders if the value is to be added to procurement processes and activities (Jason, 2016).

According to Migai (2015), many private sector organizations are losing out much because of their inability to develop quality preventive and quality assurance models within the supply chain. Juma (2014) also found that lack of quality systems in the private sector contributes to increasing of defect and wastes. The author went further to link the increase of loss due to lead time and the inability of the private sector in Kenya to compete with other players globally as based on inadequate investment in information communication technology. This significantly reduces procurement performance in the private sector in Kenya.

Chiwami et al., (2014) studied the factors that influence procurement performance of State law Office. The specific variables of the study were: records management systems, procurement procedures, and information communications technology and staff qualifications. The study found out that majority of the study participants are qualified and have attained education levels sufficient to influence their comprehension of antecedents favorably to effective management of the procurement function. Further findings on years of experience indicate that officers participating in the procurement function had very extended work experience. Overall records management is the most significant driver in procurement performance followed by procurement procedures, procurement staff qualifications, and ICT in that order. It recommended that reforms in the Department be accelerated with a view of streamlining procurement processes as well as automating activities and back office operations.

Barsemoi et al., (2014) studied the factors that influence procurement performance in private sector focusing on Henkel Chemicals (E.A). The independent variables of the study were: staff competence, organizational structure, and quality management as well as information technology. The research established that application of IT in Henkel Chemicals (E.A) Procurement process was the most related factor affecting procurement performance measured in terms of service delivery compared to staff competence, organization management, whereas quality management was the least relevant factor affecting procurement performance.

Waigwa and Njeru (2016) assessed the factors influencing the management of procurement in security agencies: A case of Kenya Police Service. The specific independent variables were: policy framework guidance, service markets, training, and motivation. The findings of the study indicated that procurement policy framework guidelines are essential for the success of the contracts in agencies. However, it had the lowest effect compare to the other two factors. The study also established that enhanced service markets using tools such as ICT would enhance efficient contract management. The study further confirmed that training and motivation correlated significantly with the success of contract management meaning that employees need to have the skills and knowledge necessary to make the contract management efficient. The three factors had positive and statistically significant effect as explained by the correlation and regression results. This study concluded that effective management of contracts of whatever size and for whatever purpose is an essential requirement to ensure an adequate policy framework, an excellent service market with improved ICT facilities and practical training and motivation of the staff.

1.1.1. Profile of Pwani Oil Products Limited

Pwani Oil Products Limited is a leading manufacturer of edible oils and fats as well as laundry bar soaps in Kenya. It started its operations in 1985 and had steadily expanded its capacity and improved the manufacturing technology becoming an efficient and competitive company. It exports products to East and Central Africa, positioning the company firmly in the region. Pwani Oil Products Ltd, fondly known as "Pwani," was founded in 1985 by the Chairman, Ramesh Malde and Director, Anil Malde. The first plant in Mombasa started production in 1985 with corn and coconut oil that later evolved into a palm oil refining plant.

Today, Pwani Oil has a modern state of the art factory at Jomvu, Mombasa, can refine over 500 metric tonnes of oil a day, prepared to the highest international standards. Adding to this, Pwani new production facility at Kikambala produces excellent laundry and moisturizing beauty soaps, which is of the most senior pharmaceutical quality. Pwani is now one of the largest manufacturers of high-quality edible vegetable oils and fats, laundry and toilet soaps in the East and Central African region. Pwani Oil strives daily to be seen as an organization that refines lives by consistently manufacturing premium quality products that offer great value. All Pwani Oil Products have been certified by KEBS and Halal. Pwani Oil products Ltd is a proud member of the UN Global Compact.

Like any other private sector organizations, Pwani Oil understands that conducting a competitive process results in the best value being realized, and therefore Pwani Oil policies often require it, there is no general legislative or trade agreement requirements for the private sector to conduct competitive procurement processes. Once a decision to use a competitive process is made, however, the same duties of transparency, fairness, and competitive contracting law apply. It is crucial that private sector staffs understand these obligations and the associated risks when embarking on a competitive process, and are equipped to conduct extensive commercial negotiations, when the competitive process is bypassed. Purchasing/Procurement Managers /Directors guides the organization's acquisition procedures and standards.

Pwani Oil uses a three-way check as the foundation of their purchasing programs. This involves three departments in the organization completing separate parts of the acquisition process. The three units do not all report to the same senior manager, to prevent unethical practices and lend credibility to the process. These units can be purchasing, receiving and accounts payable; or engineering, purchasing and accounts payable; or a plant manager, purchasing and accounts payable. Combinations can vary significantly, but a purchasing department and accounts payable are usually two of the three divisions involved. The other one is typically the user department.

1.2. Statement of the Problem

Procurement performance is the backbone of an organization success since it contributes to competitive purchase and acquisition of quality goods that put the organization products or services on the competitive edge in the market. However, on several occasions, poor procurement performance has caused the private sector financial loss due to the delivery of poor-quality work materials, loss of value for money and inflated prices. Poor procurement performance also contributed to decreasing of profitability of private sector (Juma, 2014). According to Migai (2016), reduced procurement performance is a significant hindrance to private sector organizations growth since it causes the delay of delivery, increase of defects, and delivery of low-quality goods or non-delivery at all.

Poor procurement performance in the private sector has been a problem due to incompetent staff, traditional procurement procedures, and inability to embrace e-procurement, poor coordination of procurement activities, lack of quality assurance policies and lack of proper regulations (Juma, 2014). Lack of established procurement laws in Kenya contributes to 61 percent of losses made in procurement bids. Also, procurement is a new field and issues such as training, and ethical policies are yet to be fully developed in this area. This has worsened the situation, especially in the private sector necessitating a study to examine factors influencing procurement performance in the Kenyan private sector focusing on Pwani Oil Products Limited.

Besides, majority of the studies conducted in Kenya have focused on the factors that influence procurement performance in the public sectors living a gap in the private sector. Chiwami et al., (2014) studied the factors that influence procurement performance in the Kenyan at State law Office. The specific variables of the study were: records management systems, procurement procedures, and information communications technology and staff qualifications. Waigwa and Njeru (2016) assessed the factors influencing the management of procurement among security agencies: A case of Kenya Police Service. The specific independent variables were: policy framework guidance, service markets, training and motivation among others. Barsemoi et al., (2014) studied the factors that influence procurement performance in private sector focusing on Henkel Chemicals (E.A). The independent variables of the study were: staff competence, organizational structure, and quality management as well as information technology.

As shown above, none of these studies was conducted in Mombasa County, and none of them focused on the independent variables of the study; material specifications, information technology, trained personnel, and regulation compliance. Therefore, this was the gap that the study sought to fill by assessing the factors that influence procurement performance at Pwani Oil Products Limited.

1.3. Study Objectives

1.3.1. General Objective

The general objective of the study was to establish the factors that influence procurement performance at Pwani Oil Products Limited.

1.3.2. Specific Objectives

The specific objectives of this research are:

- To establish the effects of material specification on procurement performance at Pwani Oil Products Limited.
- To assess the effects of supplier selection on procurement performance at Pwani Oil Products Limited.
- To ascertain the effects of trained personnel on the performance of procurement at Pwani Oil Products Limited.
- To establish the effects of information technology on procurement performance at Pwani Oil Products Limited.

1.4. Hypothesis of the Research

- Ho₁: Material specification does not significantly affect procurement performance at Pwani Oil Products Limited.
- Ho₂: Supplier selection does not significantly affect procurement performance at Pwani Oil Products Limited.
- Ho₃: Trained personnel do not significantly affect procurement performance at Pwani Oil Products Limited.
- Ho₄: Information Technology does not significantly affect procurement performance functions at Pwani Oil Products Limited.

1.5. Significance of the Study

The findings of the study are hoped to highlight the factors that influence procurement performance at Pwani Oil Products Limited. The management of the firm can use this information to improve the management of procurement as well as come up with practical procurement management policies. If proper procurement management policies are implemented, private companies will increase their revenues by saving cost that is associated with the malpractices in procurement.

By establishing the effects of supplier selection on procurement performance, Pwani Oil Products will be able to focus on proper supplier evaluation and appraisal to improve service delivery. To future researchers, this study can be used as a future reference in the field of procurement management as well as provide suggestions on how to improve on the same. Besides, academic researchers may need these study findings to stimulate further research in this area and as such form a basis of good background for further investigations.

1.6. Scope of the Study

The study sought to establish the factors that influence procurement performance at Pwani Oil Products Limited. The study was conducted from July-September 2019 at Pwani Oil Products Limited. The research was guided by the variables defined in the specific objectives namely; material specifications, information technology, trained personnel and supplier selection. The target population for the study comprised of the management, head of departments and staff (procurement and finance departments) of Pwani Oil Products Limited.

1.7. Limitations of the Study

The limitations of this study included some respondents were unwilling to respond to questionnaires provided for fear of victimization. The researcher assured respondents of utmost confidentiality of the information provided. Having industrial employees as the targeted population made it hard for the respondents to fill in the questionnaires on time due to their busy schedule. The researcher therefore, collected data when the respondents had closed the business of the day.

2. Literature Review

2.1. Introduction

This chapter explores the existing literature on the research topic. The section covers theoretical framework which will indicate the theory that anchors the study, conceptual structure which shows the interplay of the critical variables (independent and dependent variables), review of variables, the critique of existing literature as well as chapter summary and research gaps.

2.2. Theoretical Framework

A theory is an explanation of some aspect of the phenomenon. Theories have practical value because they are used to understand better, predict and control various events. The central element of the theory is to inform practice. It has been said that there is nothing as practical as a good theory. Njue (2013) theoretical framework is a set of assumptions about the nature of phenomena.

2.2.1. Resource Based View Theory

Explicitly, this study is theoretically underpinned by the resource-based view. Resource-based view (RBV) of the firm as a theoretical basis was propounded by Penrose (1959) and developed into a more robust theory by Barney (2015). The underlying assumption of this argument is that organisations can gain a competitive advantage by concentrating on their internal resources (abilities, skills, knowledge, capabilities, competencies, etc.). While transaction cost theory argues from the cost side, RBV emphasizes dynamic value and capabilities. The RBV suggests that firms should develop and maintain those resources that are core to the firm.

In talking about procurement performance, the human resource at an organization constitute a huge part of the resources that can be fully developed in order to create the needed value and capabilities for achieving procurement performance at Pwani Oil. Barney (2013) argues that organisations must obtain sustained competitive advantage by implementing strategies that exploit their internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses. Similarly, it is imperative for an organization to train and develop their procurement staff as an avenue to exploit the organizations' internal strengths. The resource-based view operational theory can be applied to procurement performance by identifying specific procurement processes that can be improved through capacity training and development with the goal of enhancing the value of the company. Training and development of the procurement staff is a process that can be used to develop the capabilities of the organization thereby responding to environmental opportunities while removing internal weaknesses. It is evident that this theory can form a basis to understand how training and development of the staff influences procurement performance at Pwani Oil Product in line with the third objective.

2.2.2. Agency Theory

Agency theory attempts to describe the agency relationship, in which one party (the principal) delegates work to another party (the agent), who performs that work (Baily, 2015). Two problems can arise in such relationships, the desires and goals of the principal and agent can conflict, and it is difficult for the principal to verify what the agent actually is doing. Principal-agent researchers are concerned with a general theory of the principal-agent relationship, a theory that can be applied to employer-employee, buyer-supplier and other agency relationships. Agency theory is most relevant in situations in which contracting problems are difficult. These include situations in which there is a substantial goal conflict between principals and agents and sufficient outcome uncertainty to trigger the risk implications of the theory. This theory can be used to understand the effects of supplier relationship to procurement performance of an organization. The goals of the supplier and the organization should be aligned to avoid any contracting or delivery problems that arise later. In the process of supplier selection, the procurement team ought to evaluate the objectives of the supplier and evaluate them in terms of the mission statement of their company to anticipate any problems that may come later. Supplier selection is a crucial step in the procurement process and this theory (agency theory) will help the researcher assess the third objective i.e. effects of supplier selection procurement performance at Pwani Oil Product Limited.

2.2.3. McNeils Relation Contract Theory

This theory was developed by Iain McNeils in U.S.A. This theory has been the object of theoretical research in common law Jurisprudence. It contracts legal formalism to a certain extent and assumes that all the contracts can fall along a relational range from discrete-mere transaction-to highly relational. Although no relation can be totally separate from relational elements, the isolation of the contract from a relational context and the complete and exact planning of the relationship presentation, although having a great importance for contracts law, cannot explain totally modern contractual relationships. Highly relational contracts are these, the effect of which is strongly based on a specific social and economic context, on an ongoing relation usually of trust between the parties, which influences the scope and content of the contract (Amayi, 2014). Highly relational contracts can however obstruct the delivery times and quality of products to an organization. Macaulay (1985) in expounding this theory talked about the difference between a rational exchange and a relational exchange. While in a rational exchange both parties only desire to achieve their own goals in a relational exchange the parties seek to overcome formal rationality. This will have an impact on the material delivered by the supplier since the supplier may not behave properly or adequately in all circumstance. Conversely, highly relation contracts may work to the benefit of the organization if the process of supplier selection was done properly. This theory can when related to the agency theory can be used to assess the effect supplier selection and material specifications on procurement performance at Pwani Oil Products Limited.

2.2.4. Technology Acceptance Model (TAM)

Davis (2016) illustrates the importance of prospective information technology (IT) users' perception of a system's value and simplicity in use on their possibility to use it. The importance of TAM as a model for forecasting IT usage is established by the frequency and consistency with which it is supported empirically by Davis and colleagues. Even though the strong relationship between the user perception and IT, usage is broadly recognized, TAM's limitations are also becoming evident, that is, while it is useful in predicting system usage.

TAM is not as much useful for explaining the relationship between the system usage and job performance. According to TAM, perceived usefulness and ease of use are the most actual determinants of actual system use. These two factors are influenced by external variables. The main external factors that are usually manifested are social factors, cultural factors and political factors. The attitude to use is concerned with the user's evaluation of the desirability of employing an information system application. Behavioral intention is the measure of the likelihood of a person employing

the application. Therefore, the easier to use the innovation the faster the technology is accepted. This theory was relevant to the study in assessing the effects of information and technology on procurement performance at Pwani Oil Products Limited.

2.2.5. Theory of Performance

This theory tries to explain the trend of performance in organizations. The theory develops foundational concepts based on which an explanation is given as to how and why performance can be improved over time in an organization. Elgar (2013) in an effort to expound on this theory defines performance as the ability to produce valued results. According to this theory performance cannot be improved overnight but rather takes a considerable amount of time and effort. Elger (2013) describes performance improvement as a journey and the level of performance as the location in the journey. According to this theory the prevailing level of performance in an organisation is determined by six crucial components, which are; the context, knowledge levels of the concerned individuals, levels of skills, identity level, the personal factors of the respective individual(s), and fixed factors which are primarily constant and cannot be altered. According to this theory, these elements are crucial since they determine the ease with which performance of the individuals and thus the firm, in general, can be improved.

The theory further proposes three axioms which are essential in ensuring there is enough improvement of performance in a firm. These include the mindset of the performer, being based in an enriching and supportive environment, and being engaged in reflective practice. This theory asserts that by upholding these axioms then it is possible to radically improve the performance of individuals in a firm and thus improve the performance of the entity in general (Reinelt and Roach, 2016). The facts of this theory can be used to explain how performance can be improved in organizations hence making it relevant to the study in assessing the factors that influence procurement performance at Pwani Oil Products Limited.

2.3. Conceptual Framework

A conceptual framework is an interconnected set of ideas (theories) about how a phenomenon functions or is related to its parts (Burns and Burns, 2012). The independent variable of the study was procurement performance while the independent variables were procurement material specification, procurement supplier selection, procurement IT, procurement trained staff. Figure 1 shows the conceptual framework of the study.

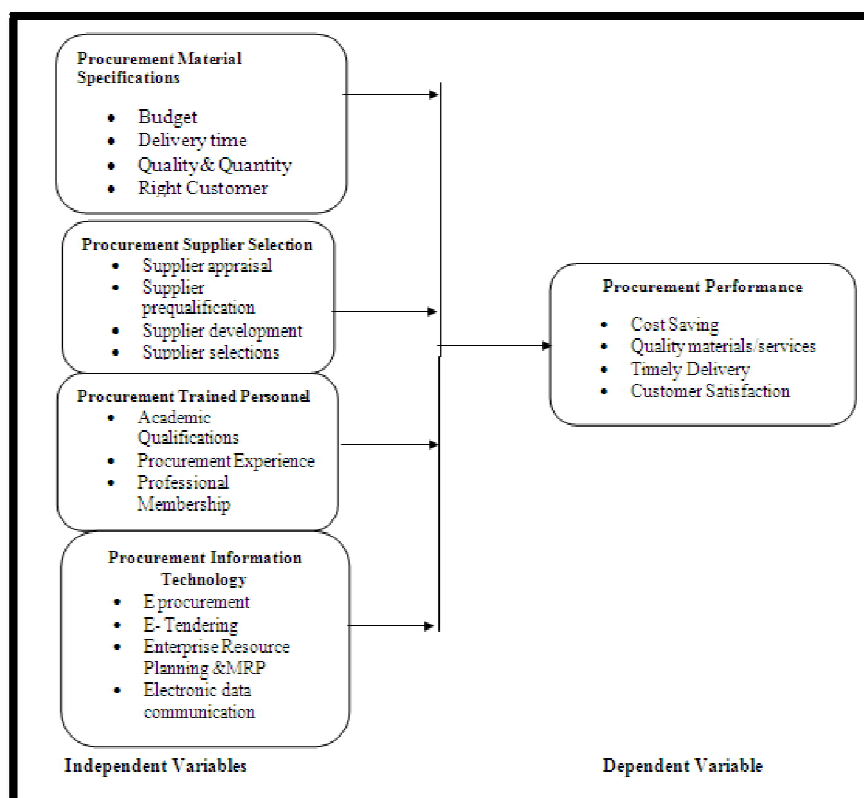


Figure 1: Conceptual Framework

2.4. Review of Variables

2.4.1. Procurement Material Specifications

The term "specification" refers to a description of the characteristics of a commodity or service required or desired (Dale, 2014). Precisely, it is defined as the explicit requirements furnished with a solicitation upon which purchases order or contract is to be based. Specifications set forth the characteristics of the property and services to be

purchased to enable the vendor to determine and understand that which is to be supplied. This information may be in the form of a description of the physical, functional, or performance characteristics, a reference brand name or both. It may include a description of any requirement for inspecting, testing, or preparing a material, equipment, supplies, or service for delivery. Specifications may be incorporated by reference and through attachment to the solicitation (Sultana, 2012).

A proper specification or product description will ensure the end user gets the correct commodity to perform a test. Specs are also important when it is necessary to procure generic, i.e., non-branded, items. Some tests require branded items and these commodities have been listed where appropriate. It could be in terms of price/cost, quality, quantity, and delivery time periods and to the right customer. For the specification to ensure efficient performance of procurement contact, the specification should be in the correct quantity, at the right price, in the right quality, at the right delivery time and finally to the right customer (Rusek, 2016).

Though only large corporate clients may choose to emulate the formalities of public sector procurement, most businesses recognize the merits of competitive bidding as a means of identifying not just the contractors with the lowest price but those who can provide the best all-around response to their needs. Competitive bidding offers several benefits: a consistent and methodical basis for selecting contractors; access to different ideas, approaches and solutions; an opportunity to learn how well contractors understand the client's requirements; and the chance to assess the quality of the working relationship likely to develop once the contract is awarded (Waters, 2014).

Material specification is an integral part of the procurement function. Without a quality specification, the process can be filled with pitfalls and obstacles for the purchasing department. He lists the characteristics of a good spec as follows; Identifies the minimum requirements of the end user, allows for a fair and open procurement process, provides for testing/inspection to ensure the goods/services received meet the standard set forth in the specification and provided equitable award at the lowest possible cost (Yasuhiko, 2013).

2.4.2. Procurement Supplier Selection

Supplier selection is mostly seen as the most vital role of the procurement function since the organization's suppliers can affect the price, quality, delivery reliability and availability of its products (Li, 2017). Organizations feel that proper supplier selection would assist reduce product and material costs while ensuring a high degree of quality and after-sales services (Sonmez, 2016). The implication here is that an efficient appraisal should be in place for the successful procurement. Selection of appropriate suppliers is one of the fundamental strategies for enhancing the quality of output of any organization, which has a direct influence on the company's reputation since they can have a very positive or a very adverse impact on the overall performance of the organization.

Cooperation between buyer and supplier is the starting point to establish a successful supply chain management and a necessary, but insufficient condition. The next level requires coordination and collaboration between buyer and suppliers. There are some benefits of supplier appraisal these include: the ability to harness the strengths and skills of suppliers to the advantage of buyers (Dwyer, Schurr & Oh, 2017), improved quality and process performance and continuous cost reductions among others.

According to CIPS, (2013) supplier appraisal is also essential in strategic sourcing, supplier management and the achievement of competitive advantage. Firms that appraise their suppliers discover that they have improved visibility into supplier performance, unmask and deal with hidden cost drivers, lower risk, increase competitive advantage through reducing order cycle times and have insight on how to best leverage their supply base (Gordon, 2015). Companies pursuing supplier appraisal commonly see a 20% improvement in supplier performance metrics such as on-time delivery, quality, and cost.

Procurement can be full of inefficiencies some due to poor policies and strategies at the supplier's, that results to hidden costs such as stock-outs, carrying costs of overstocking, (Gordon, 2014) incorrect payments of invoices, slow acknowledgement and reporting of shipment and lost sales which in turn affects productivity, quality issues, increased wasteful costs (extra inspections, additional freight fees, overtime, buffer stocks, obsolete inventory, multiple sourcing) and slow movement of goods which can be improved by supplier evaluation and better communications between buyers and suppliers.

Evaluating and improving supplier performance using the quality and production capacity criteria can lead to the resultant reduction in supplier quality problems eliminates wasteful steps in a firm's own processes and at the same time helps improve understanding of supplier performance and supplier's business policies and procedures and thus assisting the buyer help suppliers drive waste and inefficiency out of procurement, resulting in higher-quality suppliers and lower costs which in turn improves the profitability of the buyer (CIPS, 2013; Lysons et al., 2013; Handfield et al., 2015).

Supplier evaluation to ensure compatibility between buyer and supplier in terms of shared business ethics, similar standards of excellence, commitment to continuous improvement are essential in the performance of suppliers (CIPS, 2013). Compatibility is of concern especially in the adoption of procurement best practices such as the lean enterprise or any high-performance system that drives shorter delivery times, higher quality, and lower prices which could hurt a supplier who is not aligned with these practices.

According to Gordon (2016), a supplier who is unused to pursuing continuous improvement may be unable to keep up with its buyers' increasing requirements for better, cheaper, faster goods and services. Supplier appraisal is therefore important to ensure compatibility and reduce risk of failure of supplies (Handfield et al., 2015; Lysons et al., 2017) The financial criteria of supplier appraisal can give an important insight into supplier performance and supplier business practices which help reduce business risk, especially given firms' increasing dependence on its key suppliers. Some of the supplier risks that appraisal can mitigate on include: financial, operational, increased geographic distance and the performance of sub-tier suppliers whom the prime supplier has no contact with or knowledge.

The quality criteria help the supplier in performance improvement (Gordon, 2017). Supplier appraisal is a compelling motivation tool when it leads to continuous improvement activities and real supplier performance improvement. A buyer that appraises its suppliers helps them motivated to improve quality, delivery, and costs especially if these are used as yardsticks to reward performing suppliers (CIPS, 2013). As Gordon, (2017) posits, supplier evaluation can: unearth the causes of performance difficulties; improve understanding of business operations; cultural factors and the leadership at the supplier which lead to follow-up activities, such as supplier training and development, and corrective actions that deal with supplier evaluation findings hence coming up with the best ways to obtain measurable and positive results which will at the end improve profitability and quality performance of buying firm.

Supplier evaluation refers to the process by which organizations assess and appraise potential suppliers using quantitative methods, such as through the use of a questionnaire. This process is done to make sure that a best in class portfolio of suppliers are selected for the organization to use. Supplier selection is a stage during the process of procuring for products and services during which the organization(s) choose the preferred and most qualified supplier (s) from the group that has been evaluated and deemed to meet the requirements in the evaluation process, according to Gordon (2017).

According to Monczka, Trent and Handfield (2017), evaluation of suppliers is a process that leads companies to select their desired suppliers. This method has two main aims, which are to reduce all costs of purchasing and to increase the overall value of the purchasing. Regarding the costs of evaluating the suppliers (such as time and travel budget), companies assess those suppliers that have a good chance of qualifying for purchasing from them. In this process, formally, corporations send expert teams to the supplier site, and with evaluating different criteria and factors, they will do an in-depth evaluation. For supplier evaluation to be an objective and transparent process, it needs to be conducted using set rules to ensure standardization in the assessment.

The development of appropriate criteria that captures the interests of the buyer is one of the indicators of procurement performance (Nair, Jayaram & Das, 2015). Purchasing performance targets some aspects of the supplier evaluation criteria such as cost, quality, delivery, flexibility, and innovation. Supplier selection criteria should include an evaluation of supplier capabilities (and ultimately supplier performance) on these and other attributes. There is agreement that the choice of appropriate standards in supplier evaluation and selection has a significant influence on procurement performance. Traditionally, supplier evaluation criteria have been pegged on only three factors namely cost/price, quality, and delivery. Relatively recent developments in supplier selection advocate the use of multiple criteria models in supplier evaluation (Murigi, 2014). Some of the supplier evaluation criteria include financial ability, quality, production facilities, environmental issues, supplier's organizational culture, cost factors production capacity and employee capabilities among others (Lysons & Farrington, 2016).

2.4.3. Procurement Trained Personnel

According to Banda (2016), many procuring organizations do not have staff with the right competence critical to proper procurement process management. There is need for authorities to give much greater emphasis to developing such competence and to adopt best practice more widely. For big projects, the cost of employing advisers is very high and, in many cases, exceeded budgets by a substantial margin. Procuring organizations need to drive down advisers' fees and ensure that sensible budgets are adhered to through staff competence development.

Technological developments and organizational change have gradually led some employers to the realization that success relies on the skills and abilities of their employees, and this means considerable and continuous investment in training and development (Sultana, 2013). Current educational systems do not necessarily impart specific knowledge for specific job positions in organizations. Consequently, the labor force comprises of few people with the right skills, education, and competencies needed for positions in the job market. There is, therefore, the need for extensive external training for human resources to be able to improve and contribute to the productivity of organizations (Appiah, 2014).

Seleim (2017) explains that training is a crucial element for improved organizational performance through the increasing level of individual competencies. This means that exercise will help employees to master knowledge, skills, behaviors, sense of self-worth and confidence upon which they can perform efficiently to improve the performance of the organization. Boyan (2013) reveals that there are clear benefits in ensuring that staffs who handle suppliers are professionals and approaches are managed well. Competence can ensure that the benefits of new products and services are brought to the attention of the right person in the organization. It can protect the organization, keep work to a minimum, avoid souring relationships and add to the organization's reputation for efficiency and proper management. According to the author, in procurement, it is not what you do but how you do it that matters. "For big projects, the cost of employing advisers is very high and, in many cases, exceeded budgets by a substantial margin. Procuring organizations need to drive down advisers' costs and ensure that sensible budgets are adhered to. They also need to be mindful of the expenses to bidders. Imposing excessive expenses on bidders is likely to result in higher charges in the long run and risk deterring firms from bidding" (Boyan, 2013).

Saunders (2017) believed that successful functioning of organizational structures and efficient operation of planning control systems is dependent on the quality and ability of staff employed. Strategic plans should include information on the acquisition, development, use, and reward of human assets. Programs need to consider the current state of development of the procurement function and the strategic direction in which its state might change. Multi-skilling provides employees with a variety of skills and should be developed extensively. Training is beneficial and generates more than the equivalent cost of payback. To further the goals of value-based management, all employees need broad and continuous education and training. Education, training and professional development should be skill, process-oriented and constant.

Leenders and Fearon (2013) noted that many items, substantial monetary volume involved, need for an audit trail, severe consequences of poor performance, and the potential contribution to efficient organizational operations associated with the procurement function are five primary reasons for developing a sound, professionally managed procurement system. They further argue that qualifications are crucial for value-based management which requires employees to assess and improve processes while contributing to team performance. Also, requirements enhance staff ability to perform, enabling them to make better decisions, work as a team, and adapt to change, while increasing efficiency, quality, productivity and job satisfaction. Training is often for improving immediate work while education develops people for the long term. To enable individuals to create value consistently, both education and training are needed.

Burt et al., (2014), stressed that with the ever-increasing popularity of purchasing partnership philosophy, organizations must take a closer look at the educational levels of procurement staff. With procurement's perceived movement from a secretarial service to a strategic business function, the caliber of faculty in terms of training, education, and skills must increase to fulfill its potential. The author asserted that employees need to learn new skills for improving work performance. Procurement comprises a wide range of supply chain processes such as management of value analysis processes, supplier negotiations and quality certification; and supply market research as well as early supplier involvement in processes such as the development of specifications and purchase of inbound transportation. This calls for higher professional skills for enhanced performance.

Baily et al., (2015) propounded that knowledge of the mission, the existence of top-down objectives with related performance measures, and process guidelines link individual or group performance to the firm's goals and expectations of upper management requires proper qualifications. The use of teams, cross-functional managers, broad process and linkage, oriented job responsibilities, and extensive information systems enable individuals to balance conflicting objectives and improve operations. Professional qualifications are the fulcrum around which performance turns. Without well-motivated, able and well-trained staff, even the more brilliantly conceived plans and strategies can fail. A motivated team whose members work for and with each other can beat a team of less motivated people even if they are greater in talent.

To improve procurement performance, it is essential to understand the roles that are to be performed, the standards to be achieved and how performance is evaluated. Understanding is what allows an employee to become an innovator, initiative taker, and creative problem solver in addition to be a good performer on the job, (Goetsch & Davis, 2016). They list benefits of training as improved productivity, quality, safety and health, communication and better teamwork. The value-based procurement management paradigm requires a rethinking of the management of human resources. Education must cross necessary boundaries and motivate procurement team performance. However, possessing knowledge is less important than applying it. Attention should be moved to skills of doing jobs and demonstrating competences.

Bowersox et al., (2017) argued that all chartered bodies such as the Chartered Institute of Purchasing and Supply are set up for the benefit of the users because that is what professionalism is all about. It is both recognition and an expectation that professionals, through their expertise and commitment have a beneficial impact on society and corporate life. It is about promoting best-in-class procurement in organizations, whether responsible management environment or helping to stamp out corruption. Meanwhile, according to Maude (2013), many procurement professionals across government lack capability and market knowledge; and process-driven.

2.4.4. Procurement Information Technology

According to Campbell (2015), technology is the change or integration of means of processing a product or service from what is perceived not be a good version of a better one. It is also the change of system or way of operation from inefficient or manual to automatic processes. Private sector procurement activities have evolved from orders, systems to nowadays E-procurement. If you always remember that technology is a tool and that you need to know how to use it, for it to be productive, the money that you spend will never appear to be wasted. The emergence of Internet Technologies has changed the way that governments and organizations operate. Most of the organizational spending consists of purchasing. To decrease the total costs spent on purchasing process, internet technologies are used, and E-Procurement has become fashionable to implement in the latest era by both governments and enterprises. Several researchers studying in this area says E-Procurement is named as the "Revolution" due to its potential to reduce the total costs of acquisitions (Campbell, 2015). The one thing to always remember about technology it's just a tool to assist you in getting your sourcing and procurement related activities done in the organization. During the 1990's, the development of information technology has proved decisive for the network society that has evolved in recent years.

Today, Internet technology is relatively cheap and flexible technology which not only has held vital importance for communication in society, but also for the development of the interplay between one procurement units of an organization to another (Canon, 2014). According to Rusek (2016), the digitalization of information and data, as well as the opportunities offered by the Internet, provides the basis for rationalization and improved efficiency in administrative processes for private sector procurement companies. The digitalization of the regulatory and procurement of private sector companies offers some advantages, for example, the opportunity to establish new and more efficient work processes and to communicate and cooperate in new ways.

Traditional paper-based work processes in procurement can be made more efficient, changed or rendered superfluous when data and data-communication become electronic. Via this path, resources can be transferred from administration to service. Digitalization does not only bring advantages with it. The risk element in procurement changes

radically along with technical development, for example, when traditional paper documents disappear and are replaced by digital information that easily can be stolen (copied), changed, deleted, etc., without a trace (Chandan, 2016). Development also requires an essential technical redirection and further comprehensive training for users. For procurement officers, development will mean the need for additional training, new IT-based in procurement tools and amended procurement methods. Substantial usage of E-Procurement systems has led to significant savings in government procurement costs. It has been shown theoretically and empirically that these savings are mostly caused by increased competitive environment, thus by the increased number of bidders in government procurement auctions (Chopra et al., 2017).

The success of E-Procurement relies on the increased number of bidders (suppliers) that participate in procurement auctions. Therefore, the implementation of E-Procurement is limited to usage of E-Procurement systems and technology adoption by suppliers. Some private institutions have not embraced e-procurement. Again, E-procurement had high maintenance costs and required the level of professionalism that needs to be investigated in terms of sustainability (Christopher, 2015).

Berger and Humphrey (2017) state that use of information technology has not been fully embraced in conducting procurement activities in Kenya. However, they noted that most organizations have up to date systems such as the reverse auction for undertaking bidding process in procurement, in private sector the process is still being conducted manually allow for corruption and manipulation. Manual processes are equally lengthy affecting procurement activities. The same view is also recorded by Davila et al., (2013) that states that manufacturing industry performance in Kenya is hampered by lack of investment in technology that helps to reduce lead time, improve efficiency and efficacy, and eliminate quality default and corruption in the processes.

2.4.5. Procurement Performance

David (2015) identified seven critical success factors which influence procurement, namely; a clear procurement strategy, adequate management information and control systems, development of expertise, a role in corporate management, an entrepreneurial and proactive approach, coordination and focused efforts. An eighth is fundamental; communicate the critical success factors to all employees of the organization as well as having a procurement strategy. Success factors should be based on quality, total cost, and enhancement of competitiveness of suppliers using best procurement practice. Supplier performance directly influences procurement performance.

According to Leenders and Fearon (2014), decisions to buy instead of making it to improve quality, lower inventories, integrate supplier and buyer systems and create co-operative relations underline the need for proper supplier performance. Recent trends include; long-term contracts, fewer suppliers; procurement, and continuous improvement in quality, price, and service require closer coordination and communication between essential procurement partners. Supplier switching for lower rates does not always lead to best long-term value. Assisting supplier and sharing of information with suppliers improve supplier's performance.

Lardenoije, van Raaij and van Weele (2015) poised that emphasizing on financial performance and paying less attention to non-financial performance cannot improve the procurement operations because only partial performance is considered. Procurement goals are affected by external and internal forces, namely; professionalism, interactions between various elements; staffing levels and budget resources, procurement organizational structure, regulations, rules, and guidance, and internal control policies, all need attention and influence procurement performance. Christopher (2015) identified features of a responsive organization as; profit to performance, functions to process, products to customers, inventory to information, and transactions to relationships. Procurement performance is supposed to be monitored continuously.

The idea of 'Key Performance Indicators' framework suggests that whereas there are many measures of procurement performance to be deployed in an organization, only a small number of critical dimensions contribute more than proportionately to success or failure (De Anis&Haggins, 2014). A balanced scorecard provides the much-needed guidance on essential areas that need improvements to the achievement of organizational goals. Three critical outcomes of success are: faster, better, and cheaper. Benchmarking is used to identify current best practice in the market and then focuses on how processes could be re-engineered and managed to achieve excellence in critical procurement areas. Emphasis should be on the search for strategies that provide superior value in the eyes of customers seeking greater responsiveness and reliability (Gordon & Murray, 2015).

Van Weele (2016) maintained that there is a link between procurement process, efficiency, effectiveness, and performance. Procurement performance starts from purchasing efficiency and effectiveness in the procurement function to change from being reactive to being proactive to attain stable performance. Performance is a basis for a firm to ascertain its progress towards its set objectives decides on future initiatives as well as identify areas of strengths and weaknesses to initiate performance improvements. Procurement performance is a means to control and monitor the procurement function. For any organization to change its focus and become more competitive, performance is a crucial factor in improving quality of service delivery.

Batenburg and Versendaal (2016) stated that use of inappropriate technology and skills could lead to deterioration of procurement operations. Measuring procurement performance is of benefit to a firm like; cost reduction, assured supplies, enhanced profitability, competitive advantage and quality improvements. Electronic processes are a replacement for physical and paper-based processes. E-procurement moves are tendering, negotiation and purchasing processes to websites. Improvement in procurement performance can be realized through reduced costs and broader choice availed.

The ability to develop appropriate supplier evaluation criteria is a measure used in the determination of procurement performance. For instance, the use of the financial stability criteria is seen to be a good indicator of supplier performance. According to Murigi (2014), supplier appraisal has a direct correlation to the overall performance of the procurement process with 57.1% of the performance of the procurement process is directly determined by the supplier evaluation and appraisal criteria. Financially stable suppliers pose lower business risks as they are likely to remain independent than their financially weak counterparts (Kipkorir, 2013). Other criteria such as the geographical proximity of the supplier are also important since increased geographical distance can sometimes bring other challenges associated with transportation logistics and foreign exchange fluctuations thereby posing a setback to flexibility (Kavale&Mwikali, 2014).

The realization of these objectives in earnest leads to procurement performance. The use of other evaluation criteria such as the quality criterion is a helpful tool in supplier development. This is because supplier evaluation motivates suppliers to continuously improve their operations by raising efficiency and being more innovative (Hald&Ellegaard, 2014). The use of realistic evaluation criteria helps both parties to realize causes of weak performance on the part of suppliers, and this enables them to take remedial measures. The result is that suppliers can improve the metrics, and this translates to better metrics to the buying institution, a sign of good procurement performance. A study by Chemoiywo (2014) on supply chain performance and public procurement procedures of State corporations found that State Corporations had a poor adoption of public procurement principles and this resulted in poor performance of the procurement process characterized by high costs and poor delivery.

2.5. Empirical Review

Rebecca (2013) sought to pursue the understanding of current business-to-business e-procurement practices by describing the success factors and challenges to its implementation in the corporate setting. The study through factor analysis resulted in three e-procurement success factors: supplier and contract management; end-user behavior and e-procurement business processes; and information and e-procurement infrastructure. Three challenge-to-implementation factors also emerged: lack of system integration and standardization issues; immaturity of e-procurement-based market services and end-user resistance; and maverick buying and difficulty in integrating e-commerce with other systems.

Kakwezi and Nyeko (2013) study on procurement processes and performance unearthed that for decades the issue of how well procurement is doing has continued to command the interest of experts, scholars, and researchers especially because of the unacceptable performance caused by non-compliance to lay down processes and methodologies. As such, organizations that have in place performance metrics for the methodologies, processes, and campaigns witness higher customer satisfaction and personnel turnover than entities that don't measure performance. The main idea is to ascertain that there are metrics in place and they're being implemented on their intended functions.

Gordon (2013) sought to establish perceived local government (LG) procurement best practice. Secondary research was then drawn upon to establish LG procurement's response to the economic recession. The study was set within the context of English LG. Its contribution is in highlighting that perceived best public procurement practice may well, in the short-term, be inappropriate and perhaps delay economic recovery. Suggestions for more radical short-term procurement strategic interventions were set out and justified as accelerating the economic recovery. The suggestions were considered appropriate, not only for the crisis, but also for future economic downturns or indeed any country facing such a situation. The analysis suggested that British LG procurement strategy generally remain unaltered from that adopted prior to the economic recession. It is then argued that current best practice may well hinder an economic recovery and a short-term shift in procurement strategy is required.

Locally, Chemoiywo (2014), in her study on public procurement procedures and supply chain performance asserted that on the extent of compliance with procurement procedures, improving the capabilities of service companies has been shown to boost successful reforms in public procurement, a principle that's also true for private security providers. There is the urgent need for those in charge of procurement to set up training programs to ensure compliance which is value addition to supply chain. Training improves compliance. Mutai (2015) on his study on impact of procurement policies and procedures on supply chain performance of commercial banks in Kenya revealed that procurement policies and procedures are applied to varying degrees by commercial banks in Kenya in enhancing its supply chain performance.

2.6. Critique of the Existing Literature Related

Existing literature has found colossal constraints in the procurement system. For instance, Amayi (2014), in his study found that procurement operations require better performance control system. He asserted that a records management system that an organization adopts influences its procurement operations. Also, lack of ethics has negative effects on procurement performance operations. He further concluded that integrated ICT systems organize and disclose enormous amounts of information about the workings of the total system. While appreciating his findings, this study notes that the researcher did not employ the personal observation tool to collect data on integrity and ethics. Analyses of factors like the use of IT and core technical skills are essential to overcome some of the constraints.

Kirungu (2012) in his study found that inefficiency in the supply chain was caused by bureaucratic procurement and disposal procedures, irrational supply base, adversarial customer-supplier relationships, and traditional storage operations. He recommended that Kenyatta National Hospital procurement procedures be exempted from the Public Procurement Regulations, rationalization of the supply base, and partnership sourcing.

Maina (2013) found that weak oversight and enforcement, lack of effective links between procurement, non-transparent practices, poor record management and filing system, financial management, and delays and inefficiencies on

the implementation of the public procurement development authority as factors affecting enforcement of the procurement law in Kenya. The study concluded inefficiencies led to higher procurement costs, lowered quality purchasing decisions and caused longer cycle times. However, this study did not state that poor record management system impeded performance.

Chiwami et al., (2014) studied the factors that influence procurement performance of State Law Office. The specific variables of the study were: records management systems, procurement procedures, and information communications technology and staff qualifications. The study found out that majority of the study participants are qualified and have attained education levels sufficient to influence the effective management of procurement function. Further findings on years of experience indicate that officers participating in the procurement function had very long work experience. Overall, records management is the significant component of procurement performance seconded by procurement procedures, procurement staff qualifications, and ICT in that order. It recommended that reforms in the Department be accelerated with a view of streamlining procurement processes as well as automating activities and back office operations.

Barsemoi et al., (2014) studied the factors that influence procurement performance in private sector focusing on Henkel Chemicals (E.A). The independent variables of the study were: staff competence, organizational structure, and quality management as well as information technology. The study established that the use of IT in Henkel Chemicals (E.A) influenced procurement performance which was measured in terms of service delivery compared to staff competence, organization management, whereas quality management was the least related factor affecting procurement performance. Waigwa and Njeru (2016) assessed the factors influencing the management of procurement in security agencies: A case of Kenya Police Service. The specific independent variables were: policy framework guidance, service markets, training, and motivation. The findings of the study indicated that procurement policy framework guidelines are important for the success of the contracts in agencies. However, it had the lowest effect compare to the other two factors. The study also established that enhanced service markets using tools such as ICT would enhance efficient contract management. The study found out that training and motivation have a significant positive relationship with procurement performance. Therefore, employees need to have the relevant skills and knowledge needed to make the contract management effective. The three factors had positive and statistically significant effect as explained by the correlation and regression results. This study concluded that effective management of contracts of whatever size and for whatever purpose is an essential requirement to ensure an effective policy framework, a good service market with improved ICT facilities and effective training and motivation of the staff.

2.7. Research Gaps

Some studies related to management of procurement have been done in Kenya, but the majority of them have focused on the public sector procurement neglecting private sector procurement. For example, Chiwami et al., (2014) studied the factors that influence procurement performance at State law Office. The specific variables of the study were: records management systems, procurement procedures, and information communications technology and staff qualifications. Waigwa and Njeru (2016) assessed the factors influencing the management of procurement in at Kenya Police Service. The specific independent variables were: policy framework guidance, service markets, training and motivation among others.

Barsemoi et al., (2014) studied the factors that influence procurement performance in private sector focusing on Henkel Chemicals (E.A). The independent variables of the study were: staff competence, organizational structure, and quality management as well as information technology. As shown above, none of these studies was conducted in Mombasa county, and none of them focused on the independent variables of the study; specifications, information technology, trained personnel, and regulation compliance. Therefore, this was the gap that the study sought to fill by assessing the factors that influence procurement performance at Pwani Oil Products Limited.

2.8. Summary

This chapter has indicated the theories that are relevant to the study namely: Agency theory, Technology Acceptance Theory and Theory of Performance. The conceptual framework and literature reviews relating to the objectives of the study have been highlighted as well as empirical review. The critiques of existing literature as well as the gaps have been shown in this chapter too. Chapter three presents the methodology that the researcher will employ in conducting the study.

3. Research Methodology

3.1. Introduction

This chapter outlines the overall methodology that was used to carry out this research study. It embodies the research design, population under consideration, sampling technique, sample size, data collection methods, research procedures as well as pilot study, data analysis, and presentation.

3.2. Research Design

A research design is a plan indicating how the problem of the investigation will be solved (Orodho and Kombo, 2013). According to Cooper and Schindler (2012), a research design is a plan that guides the time scope and gives a practical guideline for the activities that should be implemented in the research process to answer the research question. Further, it gives a clear direction on how to select the various sources and types of information required and defines the relationship between the variables of the study.

The study used descriptive research design. A descriptive research design aims to answer who, what, where, which, when or how of the research problem. Descriptive research usually aims at collecting data that describes characteristics of persons, situations or events (Zikmund et al., 2013). Descriptive research design was the most appropriate design for the stud since it was used to describe the factors that influence procurement performance at Pwani Oil Products.

3.3. Target Population

According to Mugenda and Mugenda (2013), a population is the entire group of people, events or things of interest that the researcher wishes to investigate while Kothari (2014) defines target population is the total collection of elements about which the researcher wishes to make some inferences. For this study, the target population for the study comprised of the management, head of departments and staff (procurement and finance departments) of Pwani Oil Products Limited, Kikambala and Jomvu Plants. The choice of this population was based on ease of accessibility and the respondents' knowledge on the subject under research.

3.4. Sampling Frame

According to Uma and Rodgers (2013), a sampling frame is a complete and correct list of population members only. In line with this, the sampling frame of the study included the top management (20), heads of departments (24) and employees in procurement and finance departments (46). Table 1 shows the sampling frame of the study.

Position	Target Population	Percentages
Top level management	20	22.2
Middle Level Management	24	26.7
Non-Management Staff	46	51.1
TOTAL	90	100

Table 1: Population Size Distribution

3.5. Sample Size and Sampling Technique

The study adopted proportionate stratified random sampling technique. Zikmund et al., (2013) posit that stratified random sampling ensures that ensures that all the groups (categories) are adequately sampled, and this facilitates comparison among the groups. Then in each stratum simple random samples were drawn using simple random sampling technique.

A sample size is subset of the population drawn to represent the entire population or any combination of sampling units that does not include the entire set of sampling units that has been defined as the population (Cooper and Schindler, 2012). This study used Slovin's formula to calculate the sample.

$$n = \frac{N}{(1 + Ne^2)}$$

Where:

n = Optimum Sample size

N = Number of staffs at Pwani Oil

e = probability of error (i.e., the desired precision, e.g., 0.05 for 95% confidence level).

The target population of staff at Pwani Oil will be 90 spread in three branches; implying n will be 73 as derived below;

$$n = 90 / (1 + 90(0.05)^2)$$

$$n = 90 / 1.225$$

$$n = 73$$

The respective strata sample size was obtained using proportional allocation method, i.e.

$$n_i = \frac{n}{N}$$

Where: n = sample size

n_i = sample size for each strata ($i=1, 2, \dots$)

N = total population

N_i = total population per strata.

Position	Total Population	Sample size	Percentage
Top level management	20	16	21.9
Middle Level Management	24	19	26.0
Non-Management Staff	46	38	52.1
TOTAL	90	73	100

Table 2: Sample Size Distribution

3.5. Data Collection Instrument

Primary data was collected for this study using self-administered questionnaires. A questionnaire is a research tool used to collect data from a large sample (Orodho and Kombo, 2013). The questionnaires contained both open-ended and closed-ended questions. In open-ended questions, respondents formulated their answers, whereas in closed-ended question the respondent picked an answer from a given number of options. The response options for a closed-ended question were exhaustive and mutually exclusive.

The questionnaire was structured into two sections. The first section captured the respondents' bio data while the second section captured respondents' responses about the study phenomena. Secondary data is the data collected from a source that has already been published in any form (Zikmund et al., 2013). The review of literature in this research was based on secondary data mostly from books, journals and periodicals.

3.7. Pilot Study

A pilot test is a small-scale study carried out to test the suitability of the data collection instrument before the actual study is done aimed at testing the reliability and validity of the data collection instrument before the actual data collection is done (Zikmund, 2013). In line with this, the research instrument was pretested to ascertain its validity and reliability. Connelly (2014) stated that a good study sample for a pilot study should be at least 10% of the projected sample. Thus, the sample size for the pilot study comprised of 7 respondents (10% of the total population).

3.7.1 Reliability

Cooper and Schindler (2012) defined reliability as a measure of how consistent the results of a test are. The research instruments used in a study are only said to be reliable if they can measure a variable accurately and consistently and obtain the same results under the same conditions over a period. Reliability of the data collection instrument was measured using Cronbach Alpha test. For all the variables under study, Cronbach alpha was computed to test the level of internal consistency. Fraenkel and Wallen (2014) stated that items are considered reliable if they yield a reliability coefficient of 0.70 and above. Based on the above, variables that yielded reliability coefficients of 0.70 and above were considered reliable. Those that had lower reliability coefficients were deleted or reformulated.

3.7.2. Validity

The research instruments in this study are aimed at ensuring the validly measure what they are intended to measure which will be in accordance with Sekaran (2013) who defines validity as, "evidence that the instrument, technique, or process used to measure a concept does indeed measure the intended concept." This study employed content validity to assess the accuracy, meaningfulness, appeal, and appearance of the instruments for data collection. Content validity refers to the subjective agreement among professionals that a scale logically appears to reflect accuracy in what it purports to measure (Kothari, 2014). To determine content validity of the instrument items were assessed by three subject experts before final administration. This was done to verify the contents, structure, and nature of the questions asked and improve validity.

3.8. Data Collection Procedure

Administration of the questionnaire was based a drop and pick basis; the study solicited data from chief procurement officers or their equivalent in target departments. The questionnaires were sent to the respondents attached with a forwarding letter from the University. Follow-ups were made, and the fully completed questionnaires were later be picked from the respondents by the research assistant.

3.9. Data Processing and Analysis

This study used descriptive and inferential statistics in the analysis of data. According to Cooper and Schindler (2012), descriptive analysis involves a process of transforming a mass of raw data into tables, charts that are a vital part of making sense of the data. Once data was collected, it was crosschecked and verified for errors, completeness, and consistency. Data was coded, entered and analyzed descriptively using IBM Statistical Package for Social Sciences (SPSS 23). Pearson correlation analysis was used to test the relationship between variables in the study hypotheses. Multiple linear regression analysis model was computed to determine the statistical relationship between the independent variable and the dependent variables. Thus, multiple linear regression model that was used in the study was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where: Y = dependent variable (Performance of procurement)

β_0 = intercept or constant value

β_i = partial regression coefficient ($i = 1, 2, 3, 4$)

X_i = independent variable (X_1 = procurement material specification, X_2 = procurement supplier selection, X_3 = procurement trained personnel, X_4 = procurement Information Technology)

ε = Error

Hypothesis Statement	Hypothesis Test	Decision Rule & Anticipated Model
H₀₁ : Material specification does not significantly affect procurement performance at Pwani Oil Products Limited	Karl Pearson (beta test) product moment. H ₀ : $\beta_1 = 0$. H _A : $\beta_1 \neq 0$. -To conduct an F-test (anova test) to assess overall significance of the regression model	Reject H ₀₁ if P-value ≤ 0.05 . Otherwise fail to reject H ₀₁ if P- value is > 0.05 . Procurement performance = $\beta_0 + \beta_1 X_{1t}$. Where: Procurement performance = Aggregate mean scores Material Specification. $\beta_0 = y - \text{Intercept}$. $\beta_1 = \text{Regression coefficient}$. Material Specification = Aggregate mean score of Procurement performance
H₀₂ : Supplier Selection does not significantly affect procurement performance at Pwani Oil Products Limited.	Karl Pearson (beta test) product moment. H ₀ : $\beta_2 = 0$. H _A : $\beta_2 \neq 0$. -To conduct an F – test (anova test) to assess overall significance of the regression model	Reject H ₀₂ if P- value ≤ 0.05 otherwise fail to reject H ₀₂ if P- value is > 0.05 . Procurement performance = $\beta_0 + \beta_2 X_{2t}$. Where: Procurement performance = Aggregate mean score of Supplier Selection. $b_0 = y - \text{Intercept}$. $\beta_2 = \text{Regression coefficient}$. Supplier Selection = Aggregate mean score of Procurement performance
H₀₃ : Trained Personnel does not significantly affect procurement performance at Pwani Oil Products Limited.	Karl Pearson (beta test) product moment. H ₀ : $\beta_3 = 0$. H _A : $\beta_3 \neq 0$ -To conduct an F - test (anova test) to assess overall significance of the regression model	Reject H ₀₃ if P- value ≤ 0.05 otherwise fail to reject H ₀₃ if P- value is > 0.05 . Procurement performance = $\beta_0 + \beta_3 X_{3t}$. Where: Procurement performance = Aggregate mean score of Trained Personnel. $\beta_0 = y - \text{Intercept}$. $\beta_3 = \text{Regression coefficient (beta)}$. Trained Personnel = Aggregate mean score of Procurement performance.
H₀₄ : Information Technology does not significantly affect procurement performance at Pwani Oil Products Limited. Mombasa County.	Karl Pearson (beta test) product moment. H ₀ : $\beta_4 = 0$. H _A : $\beta_4 \neq 0$ -To conduct an F - test (anova test) to assess overall significance of the regression model	Reject H ₀₄ if P- value ≤ 0.05 otherwise fail to reject H ₀₄ if P- value is > 0.05 . Procurement performance = $\beta_0 + \beta_4 X_{4t}$. Where Procurement performance = Aggregate mean scores of Information Technology at Pwani Oil Products. $\beta_0 = y - \text{Intercept}$. $\beta_4 = \text{Regression coefficient (beta)}$. Procurement Information Technology = Aggregate mean score of Procurement performance

Table 3: Hypotheses Testing Table

4. Presentation of Findings

4.1. Introduction

This chapter contains presentation and interpretation of the data collected in the study. The first section presents the response rate, pilot results and demographic characteristics of the respondents. The second section presents the findings of the study based on the objectives that the study sought to achieve.

4.2. Response Rate

Out of the total 73 questionnaires that were sent to the respondents, 56 of them were dully filled and returned by the respondents; yielding a response rate of 76.7%. This was considered a very reliable response rate for generalizations of study findings since according to Zikmund et al., (2013) a response rate of 70 percent and above is said to be a reliable response rate. Table 4 illustrates the findings of the study.

Response	Frequency	Percentage
Responded questionnaire	56	76.7
Not Responded	17	23.3
Total	73	100

Table 4: Response Rate

4.3. Pilot Results

To determine the reliability of the findings, Cronbach's alpha correlation coefficient of was computed at 95% confidence interval for all the variables under study. Total Cronbach's alpha correlation coefficient was found to be 0.793,

which indicated that the level of internal consistency for the items was 79.3 percent. Fraenkel and Wallen (2014) stated that items are considered reliable if they yield a reliability coefficient of 0.70 and above. Therefore, the study showed the existence of acceptable level of inter-item consistence. Table 5 illustrates the findings of the study.

Variable	No. of Items	Cronbach Alpha Results
Specification	6	.772
Supplier selection	9	.770
Trained personnel	8	.785
Information Technology	5	.766
Procurement Performance	5	.775

Table 5: Pilot Results

4.4. Background Information

4.4.1. Education Level

The study sought to understand the highest education level attained by the respondents. The findings of the study revealed that majority of the respondents 75% had bachelor's degree while only 25% of them had attained college diploma. None of the respondents had attained certificate or postgraduate degree respectively. The findings of the study indicated that all the respondents were knowledgeable in their respective areas of specialization since all of them have attained tertiary education.

4.4.2. Work Duration

The respondents were also asked to state the number of years that they had worked at Pwani Oil Limited. Majority of them 75% stated less than five years while only 25% of them stated 5-10 years. None of the respondents stated more than 10 years. The findings of the study indicate that all the respondents had worked for Pwani Oil Limited for a significant amount of time to be able to understand its operations and performance well. Table 6 summarizes the findings of the study.

Variable	Category	Frequency	Percentage
Education Level	Diploma	14	25.0
	Degree	42	75.0
	Postgraduate	0	0.0
Work Duration	Less than 5 years	42	75.0
	5-10 years	14	25.0
	More than 10 years	0	0.0

Table 6: Background Information

4.5. Presentation of Findings

4.5.1. Procurement Material Specification

The study sought to establish the effects of material specification on procurement performance at Pwani Oil Products Limited. The findings of the study revealed that majority of the respondents agreed that their organization had proper material specifications (with a mean of 4.50 and standard deviation of 0.71) and material specifications was always guided by quality service delivery (with a mean of 4.75 and standard deviation of 0.44), budget/cost (with a mean of 4.50 and standard deviation of 0.50), quality of work needed (with a mean of 3.89 and standard deviation of 1.18) and availability of time (with a mean of 3.86 and standard deviation of 0.79). In addition, material specifications included regular follow ups (with a mean of 4.38 and standard deviation of 0.70).

Statement	Mean	Standard Deviation
The organisation has proper material specifications	4.50	0.71
Material specifications is always guided by budget/cost	4.50	0.50
Material specifications is always guided by availability of time	3.86	0.79
Material specifications is always guided by the quality of work needed	3.89	1.18
Material specifications is always guided by quality service delivery	4.75	0.44
Material specifications include regular follow ups	4.38	0.70
Total	25.88	

Table 7: Procurement Material Specification

The findings of the study is in line with the findings of Rusek (2016) that stated that for the specification to ensure efficient performance of procurement contact, the specification should be in the correct quantity, at the right price, in the right quality, at the right delivery time and finally to the right customer. Yasuhiko (2013) stated that material specification is an integral part of the procurement function. Without a quality specification, the process can be filled with pitfalls and obstacles for the purchasing department. He lists the characteristics of a good spec as follows; Identifies the minimum requirements of the end user, allows for a fair and open procurement process, provides for testing/inspection to ensure the goods/services received meet the standard set forth in the specification and provided equitable award at the lowest possible cost.

4.5.2. Procurement Supplier Selection

The study sought to assess the effects of supplier selection on procurement performance at Pwani Oil Products Limited. The results of the study revealed that majority of the respondents agreed that Pwani Oil products Limited had effective selection supplier policies (with a mean of 4.13 and standard deviation of 0.33) and supplier selection at Pwani Oil product was influenced by supplier prequalification (with a mean of 4.25 and standard deviation of 0.67), supplier capacity (with a mean of 4.38 and standard deviation of 0.70), supplier appraisal (with a mean of 3.75 and standard deviation of 1.21), supplier financial ability (with a mean of 4.25 and standard deviation of 0.67) and supplier budget (with a mean of 3.63 and standard deviation of 1.33) as well as supplier flexibility (with a mean of 4.13 and standard deviation of 1.19).

However, fewer respondents agreed that supplier selection at Pwani Oil product was influenced by supplier relationship with the organization (with a mean of 2.88 and standard deviation of 1.63) and supplier proximity to the organization (with a mean of 2.75 and standard deviation of 1.58).

Statement	Mean	Standard Deviation
The organisation has effective selection supplier policies	4.13	0.33
Supplier prequalification influences supplier selection	4.25	0.67
Supplier capacity influences supplier selection	4.38	0.70
Supplier relationship with the organisation influences supplier selection	2.88	1.63
Supplier appraisal influences supplier selection	3.75	1.21
Supplier financial ability influences supplier selection	4.25	0.67
Supplier proximity to the organisation influences supplier selection	2.75	1.58
Supplier budget influences supplier selection	3.63	1.33
Supplier flexibility influences supplier selection	4.13	1.19
Total	34.15	

Table 8: Procurement Supplier Selection

The findings of the study are in line with the findings of Simeka and Were (2016) that stated that financial stability of the supplier affects procurement performance and therefore supplier financial evaluation should be keenly carried out. Supplier evaluation criteria should include financial ability and cost of factors, production capacity and employee capabilities among others. Financially stable suppliers pose lower business risks as they are likely to remain independent than their financially weak counterparts. In addition, the study findings have been supported by the findings of Mbae (2014) that stated that reliability of supplier affects county government procurement performance a great deal. According to Monczka *et al.*, (2015) suppliers' need to be competent in technical ability to efficiently provide high quality product or service, ensure future adjustments to perform and improve development efforts.

4.5.3. Procurement Trained Personnel

The study sought to ascertain the effects of trained personnel on the performance of procurement at Pwani Oil Products Limited. The results of the study revealed that majority of the respondents agreed that Pwani Oil Products Limited had sufficient employee training programs (with a mean of 3.88 and standard deviation of 0.79), employees of the organisation had relevant procurement knowledge and skills (with a mean of 4.25 and standard deviation of 0.98) as well as procurement experiences (with a mean of 4.38 and standard deviation of 1.00).

Majority of the respondents also agreed that their organisation focused on innovation and talent development and management of its employees (with a mean of 4.13 and standard deviation of 0.94), it encouraged on job trainings (with a mean of 4.25 and standard deviation of 0.84) and supported long term career development of its employees (with a mean of 4.25 and standard deviation of 0.67). Furthermore, the respondents agreed that employees of the organisation were members of relevant professional bodies (with a mean of 3.75 and standard deviation of 0.84) and employee training reduced employee turnover and improved employee performance (with a mean of 3.38 and standard deviation of 1.12).

Statement	Mean	Standard Deviation
The organisation has enough employee training programs	3.88	0.79
The employees of the organisation have relevant procurement knowledge and skills	4.25	0.98
The employee of the organisation has relevant procurement experiences	4.38	1.00
The organisation focuses on innovation and talent management	4.13	0.94
The organisation encourages on job trainings	4.25	0.84
The organisation supports long term career development of employees	4.25	0.67
The employees of the organisation are members of relevant professional bodies	3.75	0.84
Training reduces employee turnover and improves their performance	3.38	1.12
Total	32.27	

Table 9: Procurement Trained Personnel

The findings of the study agree with the findings of Chiwami *et al.*, (2014) that found that majority of the study participants are qualified and have attained education levels enough to influence favorably their comprehension of antecedents to effective management of the procurement function. Further findings on years of experience indicate that officers participating in the procurement function had very long work experience. Seleim (2017) that explained that training is a crucial element for improved organizational performance through the increasing level of individual competencies. This means that exercise will help employees to master knowledge, skills, behaviors, sense of self-worth and confidence upon which they can perform efficiently to improve the performance of the organization. Boyan (2013) reveals that there are clear benefits in ensuring that staffs who handle suppliers are professionals and approaches are managed well. Competence can ensure that the benefits of new products and services are brought to the attention of the right person in the organization. It can protect the organization, keep work to a minimum, avoid souring relationships and add to the organization's reputation for efficiency and proper management.

4.5.4. Procurement Information Technology

The study sought to establish the effects of information technology on procurement performance at Pwani Oil Products Limited. The results of the study revealed that majority of the respondents agreed that Pwani Oil Products Limited had embraced information technology in its processes (with a mean of 4.38 and standard deviation of 0.86) and it had an ERP system (with a mean of 4.75 and standard deviation of 0.67). In addition, the organisation practised e-procurement (with a mean of 3.50 and standard deviation of 1.43) and e-tendering (with a mean of 3.25 and standard deviation of 1.48). Furthermore, majority of the respondents agreed that information technology improved service delivery in the procurement department (with a mean of 4.00 and standard deviation of 1.33).

Statement	Mean	Standard Deviation
The organisation has embraced information technology in its processes	4.38	0.86
The organisation practises e-procurement	3.50	1.43
The organisation practises e-tendering	3.25	1.48
The organisation has an ERP system	4.75	0.67
Information technology improves service delivery	4.00	1.33
Total	19.88	

Table 10: Procurement Information Technology

The findings of the study are in line with the findings of Simatupang and Sridharan (2014) that stated that ICT process integration can enhance procurement performance and ICT provides new ways to store, process, distribute and exchange key information with customers and suppliers in the entire procurement system. In addition, According to Ken (2014) stated that IT has reached almost every aspect of procurement and may enhance and deepen the effort of procurement reform.

4.5.5. Procurement Performance

The study sought to establish the factors that influence procurement performance at Pwani Oil Products Limited. The results of the study revealed that majority of the respondents agreed that procurement had always produced cost savings (with a mean of 3.88 and standard deviation of 0.79), procurement had always delivered quality materials (with a mean of 4.13 and standard deviation of 0.79), procurement had always contributed to profitability of organisation (with a mean of 4.13 and standard deviation of 0.94), procurement had always improved customer satisfaction (with a mean of

4.00 and standard deviation of 0.71) and procurement had always contributed to timely delivery of services (with a mean of 4.13 and standard deviation of 0.79).

Statement	Mean	Standard Deviation
Procurement has always produced cost savings	3.88	0.79
Procurement has always delivered quality materials	4.13	0.79
Procurement has always contributed to profitability of organisation	4.13	0.94
Procurement has always improved customer satisfaction	4.00	0.71
Procurement has always contributed to timely delivery of services	4.13	0.79
Total	20.27	

Table 11: Procurement Performance

4.6. Hypothesis Testing

4.6.1. Hypothesis One

- H_{01} : Specification does not affect procurement performance at Pwani Oil Products Limited

As shown on Table 15 above, specifications had a regression coefficient of 0.048 and a t-value of 0.351. The p-value for specifications was found to be 0.727 which was greater than the significant level of 0.05, ($p < 0.05$). Thus, the null hypothesis was accepted while the alternative hypothesis was rejected. The study concluded that specifications do not affect procurement performance at Pwani Oil Products Limited.

This is because the company provides entities with guidelines that should be considered when preparing specifications for solicitations and contract documents. Since the specifications will be read and interpreted by multiple persons of various skill levels and backgrounds, specifications are written in a manner that minimizes multiple interpretations and gives all parties a clear understanding of what is to be produced or delivered.

Secondly, these specification guidelines are normally written and defined by the development, manufacturing, or quality departments, so that the purchasing department and other product/services end users maintains the quality of the finished goods, therefore specification directly affects the quality of the final products and is always geared towards achieving lasting success by meeting the expectations of all stakeholders, hence the performance of the organization at large.

4.6.2. Hypothesis Two

- H_{02} : Supplier selection does not affect procurement performance at Pwani Oil Products Limited.

As shown on Table 15 above, supplier selection had a regression coefficient of 0.183 and a t-value of 2.342. The p-value for supplier selection was found to be 0.023 which was less than the significant level of 0.05, ($p < 0.05$). Thus, the null hypothesis was rejected while the alternative hypothesis was accepted. The study concluded that supplier selection affect procurement performance at Pwani Oil Products Limited.

4.6.3. Hypothesis Three

- H_{03} : Trained personnel do not affect procurement performance at Pwani Oil Products Limited.

As shown on Table 15 above, trained personnel had a regression coefficient of 0.308 and a t-value of 4.042. The p-value for supplier selection was found to be 0.000 which was less than the significant level of 0.05, ($p < 0.05$). Thus, the null hypothesis was rejected while the alternative hypothesis was accepted. The study concluded that trained personnel affect procurement performance at Pwani Oil Products Limited.

4.6.4. Hypothesis Four

- H_{04} : Information Technology does not affect procurement performance functions at Pwani Oil Products Limited.

As shown on Table 15 above, IT had a regression coefficient of 0.052 and a t-value of 2.915. The p-value for supplier selection was found to be 0.005 which was less than the significant level of 0.05, ($p < 0.05$). Thus, the null hypothesis was rejected while the alternative hypothesis was accepted. The study concluded that information technology affects procurement performance at Pwani Oil Products Limited.

4.7. Correlation Analysis

Pearson Correlation Coefficient was computed at 95 percent confidence interval (error margin 0.05) to establish the strength and direction of the relationship between the study variable. Table 12 illustrates the findings of the study.

		Specifications	Supplier selection	Personnel Training	IT	Procurement Performance
Specifications	Pearson Correlation	1	.525**	.358**	.037	.346**
	Sig. (2-tailed)		.000	.007	.788	.009
	N		56	56	56	56
Supplier selection	Pearson Correlation		1	.410**	.213	.529**
	Sig. (2-tailed)			.002	.114	.000
	N			56	56	56
Personnel Training	Pearson Correlation			1	.253	.627**
	Sig. (2-tailed)				.060	.000
	N				56	56
IT	Pearson Correlation				1	.454**
	Sig. (2-tailed)					.000
	N					56
Procurement Performance	Pearson Correlation					1
	Sig. (2-tailed)					
	N					56

Table 12: Correlations

** Correlation Is Significant at the 0.01 Level (2-Tailed)

As shown on Table 12 above, the result indicated that material specification had a Pearson Correlation coefficient (r-value) of 0.346, which represented a weak positive relationship between material specification and procurement performance at Pwani Oil Products Limited. The p-value for material specification was found to be 0.009 which is less than the significant level of 0.05, ($p < 0.05$). Thus, material specification had a significant effect on procurement performance at Pwani Oil Products Limited.

The findings of the study are in line with the findings of Yasuhiko (2013) that stated that material specification is an integral part of the procurement function. Without a quality specification, the process can be filled with pitfalls and obstacles for the purchasing department. He lists the characteristics of a good spec as follows; Identifies the minimum requirements of the end user, allows for a fair and open procurement process, provides for testing/inspection to ensure the goods/services received meet the standard set forth in the specification and provided equitable award at the lowest possible cost.

As shown on Table 12 above, the result indicated that supplier selection had a Pearson Correlation coefficient (r-value) of 0.529, which represented an average positive relationship between supplier selection and procurement performance at Pwani Oil Products Limited. The p-value for supplier selection was found to be 0.000 which is less than the significant level of 0.05, ($p < 0.05$). Thus, supplier selection had a significant effect on procurement performance at Pwani Oil Products Limited.

The findings of the study are supported by the findings of CIPS, (2013) that stated that supplier appraisal is also essential in strategic sourcing, supplier management and the achievement of competitive advantage. Firms that appraise their suppliers discover that they have improved visibility into supplier performance, unmask and deal with hidden cost drivers, lower risk, increase competitive advantage through reducing order cycle times and stock, have insight on how to best leverage their supply base, and align practices between themselves and their suppliers (Gordon, 2015).

Furthermore, Handfield et al., (2015) stated that evaluating and improving supplier performance using the quality and production capacity criteria can lead to the resultant reduction in supplier quality problems eliminates wasteful steps in a firm's own processes and at the same time helps improve understanding of supplier performance and supplier's business policies and procedures and thus assisting the buyer help suppliers drive waste and inefficiency out of procurement, resulting in higher-quality suppliers and lower costs which in turn improves the profitability of the buyer.

As shown on Table 12 above, the result indicated that Personnel Training had a Pearson Correlation coefficient (r-value) of 0.627, which represented an average positive relationship between Personnel Training and procurement performance at Pwani Oil Products Limited. The p-value for Personnel Training was found to be 0.000 which is less than the significant level of 0.05, ($p < 0.05$). Thus, Personnel Training had a significant effect on procurement performance at Pwani Oil Products Limited.

The findings of the study are in line with the findings of Berger and Humphrey, (2013) that stated that a procurement function that is carried out professionally is the core of delivery of any service on value for money principle. Furthermore, Sultana (2013) stated that in order to sustain economic growth and effective performance, it is important to optimize the contribution of employees' skills and knowledge to the aims and goals of the organizations.

As shown on Table 12 above, the result indicated that IT had a Pearson Correlation coefficient (r-value) of 0.454, which represented an average positive relationship between IT and procurement performance at Pwani Oil Products Limited.

The p-value for IT was found to be 0.000 which is less than the significant level of 0.05, ($p < 0.05$). Thus, IT had a significant effect on procurement performance at Pwani Oil Products Limited.

The results of the study are in agreement with the findings of Barsemoi et al., (2014) that established application of IT in Henkel Chemicals (E.A) Procurement process was the most related factor affecting procurement performance measured in terms of service delivery compared to staff competence, organization management, whereas quality management was the least related factor affecting procurement performance. Kenth and Vahid, (2013) found that ICT drives e-markets to increase the availability of information about suppliers who are made available for each product and increase market interest for parties, reduce procurement costs and support paperless transactions. It enables users to buy at lower prices worldwide. Further, Golder (2015) asserts that organizations that fail to integrate procurement functions with information communication technology systems like electronic data interchange, employs manual procurement procedures that are inefficient and ineffective and leads this to wastage of procurement funds since the procurement processes are characterized by a low degree of transparency.

4.8. Regression Analysis

Multiple linear regression was computed at 95 percent confidence interval (0.05 margin error) to show the relationship between the independent and dependent variables of the study. According to Mugenda and Mugenda (2013), regression analysis is normally done to determine the effect on independent variable on the dependent variable of the study. The researcher assumed that the data was normally distributed.

4.8.1. Model Summary

Table 13 shows that the coefficient of correlation (R) is positive 0.746. This means that there is a strong positive correlation between procurement performance at Pwani Oil Products Limited and factors under study. The coefficient of determination (R Square) indicated that 55.6% of procurement performance of Pwani Oil Products Limited was influenced by factors under study. The adjusted R² however, indicates that 52.2% of procurement performance of Pwani Oil Products Limited was influenced by factors under study leaving 47.8% to be influenced by other factors that were not captured in this study.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.746 ^a	.556	.522	2.41138

Table 13: Model Summary

a. Predictors: (Constant), IT, specification, Personnel training, Supplier selection

4.7.2. Analysis of Variance

Table 14 shows the Analysis of Variance (ANOVA). The f-value of the ANOVA was found to be 15.992 while p-value was 0.000 which is < 0.05 . These results indicated that the model is statistically significant in predicting how procurement performance of Pwani Oil Products Limited was influenced by factors under study. The results also indicated that the independent variables are predictors of the dependent variable.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	371.947	4	92.987	15.992	.000 ^b
	Residual	296.553	51	5.815		
	Total	668.500	55			

Table 14: ANOVA^a

a. Dependent Variable: Procurement Performance

b. Predictors: (Constant), IT, specification, Personnel training, Supplier selection

4.7.3 Regression Coefficients

Model		Unstandardized Coefficients		Standardize Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.457	3.203		.455	.651
	Specifications	.048	.136	.039	.351	.727
	Supplier selection	.183	.078	.271	2.342	.023
	Personnel Training	.308	.076	.430	4.042	.000
	IT	.052	.018	.286	2.915	.005

Table 15: Coefficients^a

a. Dependent Variable: Procurement Performance

From the Coefficients table (Table 15) the regression model can be derived from the unstandardized coefficients as follows:

$$Y = 1.457 + 0.048X_1 + 0.183X_2 + 0.308X_3 + 0.052X_4$$

The results in Table 15 indicated that three of the independent variables (Personnel training, Supplier selection and IT) had a significant positive effect on procurement performance of Pwani Oil Products Limited because their significant values were less than 0.05 (p-value=0.023, 0.000 and 0.005) while material specification had an insignificant positive effect since its p-value was 0.727 which was greater than the significant value 0.05.

The most influential variable was personnel training with a regression coefficient of 0.308. This meant that a unit increase in personnel training would result to 0.308 increase in procurement performance. The second most influential variable was supplier selection with a regression coefficient of 0.183. This meant that a unit increase in supplier selection would result to 0.183 increase in procurement performance.

Information technology had a regression coefficient of 0.052. This meant that a unit increase in Information technology would result to 0.052 increase in procurement performance. The least influential variable was specifications with a regression coefficient of 0.048. This meant that a unit increase in specifications would result to 0.048 increase in procurement performance. According to this model when all the independent variables values are zero, procurement performance of Pwani Oil products Limited would have a score of 1.457.

5. Discussion, Conclusion and Recommendations

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 suggestions for further studies and research.

5.2. Summary of Findings

5.2.1. Procurement Material specification

The study sought to establish the effects of material specification on procurement performance at Pwani Oil Products Limited. The findings of the study revealed that majority of the respondents agreed that their organisation had proper material specifications and material specifications was always guided by quality service delivery, budget/cost, quality of work needed and availability of time. In addition, material specifications included regular follow ups. The findings of the study is in line with the findings of Rusek (2016) that stated that for the specification to ensure efficient performance of procurement contact, the specification should be in the correct quantity, at the right price, in the right quality, at the right delivery time and finally to the right customer.

The result indicated that material specification had a Pearson Correlation coefficient (r-value) of 0.346, which represented a weak positive relationship between material specification and procurement performance at Pwani Oil Products Limited. The p-value for material specification was found to be 0.009 which is less than the significant level of 0.05, (p<0.05). Thus, material specification had a significant effect on procurement performance at Pwani Oil Products Limited. However, hypothesis testing showed that materials specifications do not affect procurement performance at Pwani Oil Products Limited (t-value=0.351, p-value=0.727> 0.05).

The findings of the study are in line with the findings of Yasuhiko (2013) that stated that material specification is an integral part of the procurement function. Without a quality specification, the process can be filled with pitfalls and obstacles for the purchasing department. He lists the characteristics of a good spec as follows; Identifies the minimum requirements of the end user, allows for a fair and open procurement process, provides for testing/inspection to ensure the goods/services received meet the standard set forth in the specification and provided equitable award at the lowest possible cost.

5.2.2. Procurement Supplier Selection

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However, fewer respondents agreed that supplier selection at Pwani Oil product was influenced by supplier relationship with the organisation and supplier proximity to the organisation.

The findings of the study are in line with the findings of Simeka and Were (2016) that stated that financial stability of the supplier affects procurement performance and therefore supplier financial evaluation should be keenly carried out. Supplier evaluation criteria should include financial ability and cost of factors, production capacity and employee capabilities among others. Financially stable suppliers pose lower business risks as they are likely to remain independent than their financially weak counterparts. In addition, the study findings have been supported by the findings of Mbae (2014) that stated that reliability of supplier affects county government procurement performance a great deal. According to Monczka *et al.*, (2015) suppliers' need to be competent in technical ability to efficiently provide high quality product or service, ensure future adjustments to perform and improve development efforts.

The result indicated that supplier selection had a Pearson Correlation coefficient (r-value) of 0.529, which represented an average positive relationship between supplier selection and procurement performance at Pwani Oil Products Limited. The p-value for supplier selection was found to be 0.000 which is less than the significant level of 0.05, ($p < 0.05$). Thus, supplier selection had a significant effect on procurement performance at Pwani Oil Products Limited. Furthermore, hypothesis testing revealed that supplier selection affect procurement performance at Pwani Oil Products Limited ($t\text{-value}=2.342$, $p\text{-value}=0.023 < 0.05$).

The findings of the study are supported by the findings of CIPS, (2013) that stated that supplier appraisal is also essential in strategic sourcing, supplier management and the achievement of competitive advantage. Firms that appraise their suppliers discover that they have improved visibility into supplier performance, unmask and deal with hidden cost drivers, lower risk, increase competitive advantage through reducing order cycle times and stock, have insight on how to best leverage their supply base, and align practices between themselves and their suppliers (Gordon, 2015). Furthermore, Handfield et al., (2015) stated that evaluating and improving supplier performance using the quality and production capacity criteria can lead to the resultant reduction in supplier quality problems eliminates wasteful steps in a firm's own processes and at the same time helps improve understanding of supplier performance and supplier's business policies and procedures and thus assisting the buyer help suppliers drive waste and inefficiency out of procurement, resulting in higher-quality suppliers and lower costs which in turn improves the profitability of the buyer.

5.2.3. Procurement Trained Personnel

The study sought to ascertain the effects of trained personnel on the performance of procurement at Pwani Oil Products Limited. The results of the study revealed that majority of the respondents agreed that Pwani Oil Products Limited had sufficient employee training programs, employees of the organisation had relevant procurement knowledge and skills as well as procurement experiences. The findings of the study are in agreement with the findings of Chiwami *et al.*, (2014) that found that majority of the study participants are qualified and have attained education levels sufficient to influence favorably their comprehension of antecedents to effective management of the procurement function. Further findings on years of experience indicate that officers participating in the procurement function had very long work experience.

Majority of the respondents also agreed that their organisation focused on innovation and talent development and management of its employees, it encouraged on job trainings and supported long term career development of its employees. Furthermore, the respondents agreed that employees of their employees were members of relevant professional bodies and employee training reduced employee turnover and improved employee performance. The findings of the study are in line with the findings of Seleim (2017) that explained that training is a crucial element for improved organizational performance through the increasing level of individual competencies. This means that exercise will help employees to master knowledge, skills, behaviors, sense of self-worth and confidence upon which they can perform efficiently to improve the performance of the organization. Boyan (2013) reveals that there are clear benefits in ensuring that staffs who handle suppliers are professionals and approaches are managed well. Competence can ensure that the benefits of new products and services are brought to the attention of the right person in the organization. It can protect the organization, keep work to a minimum, avoid souring relationships and add to the organization's reputation for efficiency and proper management.

The result indicated that Personnel Training had a Pearson Correlation coefficient (r-value) of 0.627, which represented an average positive relationship between Personnel Training and procurement performance at Pwani Oil Products Limited. The p-value for Personnel Training was found to be 0.000 which is less than the significant level of 0.05, ($p < 0.05$). Thus, Personnel Training had a significant effect on procurement performance at Pwani Oil Products Limited. Furthermore, Hypothesis testing showed that trained personnel affect procurement performance at Pwani Oil Products Limited ($t\text{-value}=4.042$, $p\text{-value}=0.000 < 0.05$).

The findings of the study are in line with the findings of Berger and Humphrey, (2013) that stated that a procurement function that is carried out professionally is the core of delivery of any service on value for money principle. Furthermore, Sultana (2013) stated that in order to sustain economic growth and effective performance, it is important to optimize the contribution of employees' skills and knowledge to the aims and goals of the organizations.

4.5.4. Procurement Information Technology

The study sought to establish the effects of information technology on procurement performance at Pwani Oil Products Limited. The results of the study revealed that majority of the respondents agreed that Pwani Oil Products Limited had embraced information technology in its processes and it had an ERP system. In addition, the organisation practised e-procurement and e-tendering. Furthermore, majority of the respondents agreed that information technology improved service delivery in the procurement department.

The findings of the study are in line with the findings of Simatupang and Sridharan (2014) that stated that ICT process integration can enhance procurement performance and ICT provides new ways to store, process, distribute and exchange key information with customers and suppliers in the entire procurement system. In addition, According to Ken (2014) stated that IT has reached almost every aspect of procurement and may enhance and deepen the effort of procurement reform.

The result indicated that IT had a Pearson Correlation coefficient (r-value) of 0.454, which represented an average positive relationship between IT and procurement performance at Pwani Oil Products Limited. The p-value for IT was found to be 0.000 which is less than the significant level of 0.05, ($p < 0.05$). Thus, IT had a significant effect on procurement performance at Pwani Oil Products Limited. Hypothesis testing showed that information technology affects procurement performance at Pwani Oil Products Limited ($t\text{-value}=2.915$, $p\text{-value}=0.005 < 0.05$).

The results of the study are in agreement with the findings of Barsemoi et al., (2014) that established that application of IT in Henkel Chemicals (E.A) Procurement process was the most related factor affecting procurement performance measured in terms of service delivery compared to staff competence, organization management, whereas quality management was the least related factor affecting procurement performance. Kenth and Vahid, (2013) found that ICT drives e-markets to increase the availability of information about suppliers who are made available for each product and increase market interest for parties, reduce procurement costs and support paperless transactions. It enables users to buy at lower prices worldwide. Further, Golder (2015) asserts that organizations that fail to integrate procurement functions with information communication technology systems like electronic data interchange, employs manual procurement procedures that are inefficient and ineffective and leads this to wastage of procurement funds since the procurement processes are characterized by a low degree of transparency.

5.3. Conclusion

The study concluded that material specification had a significant effect on procurement performance at Pwani Oil Products Limited. The organisation had proper material specifications and material specifications was always guided by quality service delivery, budget/cost, quality of work needed and availability of time. In addition, material specifications included regular follow ups.

The study concluded that supplier selection had a significant effect on procurement performance at Pwani Oil Products Limited. The organisation had effective selection supplier policies and supplier selection was influenced by supplier prequalification, supplier capacity, supplier appraisal, supplier financial ability and supplier budget as well as supplier flexibility. However, supplier selection was not influenced by supplier relationship with the organization supplier proximity to the organisation.

The study concluded that personnel training had a significant effect on procurement performance at Pwani Oil Products Limited. The organisation had enough employee training programs, employees of the organisation had relevant procurement knowledge and skills as well as procurement experiences. The organisation focused on innovation and talent development and management of its employees, it encouraged on job trainings and supported long term career development of its employees. Furthermore, employee training reduced employee turnover and improved employee performance.

The study concluded that IT had a significant effect on procurement performance at Pwani Oil Products Limited. The organisation had embraced information technology in its processes and it had an ERP system. In addition, the organisation practised e-procurement and e-tendering. Furthermore, information technology improved service delivery in the procurement department.

The study concluded that procurement performance based on material specification, supplier selection, personnel training and information technology enhances competitiveness of suppliers using best procurement practice. Procurement performance starts from purchasing efficiency and effectiveness in the procurement function to attain stable performance. For any organization to change its focus and become more competitive, procurement performance is a crucial factor in improving quality of service delivery.

5.4. Recommendations

The study recommends that; there should continuously plan for procurement processes to adopt the best and new practices that reduce operational costs and enhance efficiency. Secondly, organizations should embrace technology and implement the end to end use of technology that will improve efficiency in procurement performance. Thirdly, organisations should continuously train their procurement staff with new skills to be able to apply same at work reduce costs and increase efficiency. Last; but not least, organisations should maintain a good relationship with supplier and help build their capacity to supply on time and good quality.

5.5. Suggestion for Further Studies

This study focused on the factors that influence procurement performance at Pwani Oil Products Limited. Since only 52.2% of results were explained by the independent variables in this study, it is recommended that a study be carried out on other factors that affect procurement performance. The research should also be done in other private companies or national and county government departments and the results compared so as to ascertain whether there is consistency on procurement performance.

6. Acronyms

CEO:	Company Executive Officer
EA:	East Africa
HRM:	Human Resource Management
ICT:	Information and Communication Technology
IT:	Information Technology
KEBS:	Kenya Bureau of Standards
RBV:	Resource-based view
SPSS:	Statistical Package for Social Science
TAM:	Technology Acceptance Model
UN:	United Nations

7. Definition of Terms

- Material specification: It refers to a description of the characteristics of a commodity or service required or desired (Sonmez, 2016).
- E-procurement: It is the business-to-business requisitioning, ordering and purchasing of goods and services over the internet (Murigi, 2014).
- Performance: A measure of how well a supplier/contractor delivers in accordance to the material specifications (Gordon, 2013).
- Procurement: These are the roles played by the procurement department. They include: issuing invitations to bid, requesting for projects and quotation, issue contracts and purchase orders, developing term contracts, and acquires supplies and services (Kipkorir, 2013).
- Procurement contract: It is a legally binding on each of the contracting parties, so an entity entering into a contract should carefully review all of the business terms and conditions in the contract prior to signing (Hald and Ellegaard, 2012).
- Regulation Compliance: It refers to the act of abiding to the procurement rules and regulations set by the organisation (Kirungu, 2012).
- Supplier Selection: This is the process by which firms identify, evaluate, and contract with suppliers (Kavale and Mwikali, 2012).
- Training: It is the act of teaching an employee certain skill that will enhance their performance at work (Armstrong, 2015).

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Appendix

Appendix 1: Introduction Letter

To Whom It May Concern

Dear Sir/Madam,

RE: COLLECTION OF DATA

I am a master's student at Jomo Kenyatta University of Agriculture and Technology (Mombasa Campus). As part of the requirement for the award of the degree, I am expected to undertake a research study on the factors that influence procurement performance at Pwani Oil Products Limited.

I am therefore, seeking your assistance to fill the questionnaires attached. The attached questionnaire will take about twenty minutes to complete. Kindly answer all the questions. The research results will be used for academic purposes only and will be treated with utmost confidentiality. Only summary results will be made public. No one, except the institution will have access to these records. Should you require the summary, kindly indicate so at the end of the questionnaire. A self-addressed envelope is provided for your reply. Your cooperation will be appreciated.

Yours sincerely,

Dolkine A. Onyango

Questionnaire

Please tick the most appropriate box that corresponds to your answer

Section A: Background Information

1. Highest level of education

Certificate () Diploma () Bachelors () Masters () PhD ()

2. For how long have been working in this Institution?

Less than 5 years () 5 – 10 years () 11 – 15 years ()

16 – 20 years () Over 20 years ()

3. Job designation and department.....

Section B: Specifications

4. Kindly state your level of agreement to the following statements where 5=strongly agree and 1=strongly disagree.

Statement	5	4	3	2	1
The organisation has proper material specifications					
Material specifications is always guided by budget/cost					
Contract specifications is always guided by availability of time					
Material specifications is always guided by the quality of work needed					
Contract specifications is always guided by quality service delivery					
Contract specifications include regular follow ups with the customer					

Table 16

Section C: Supplier Selection

Kindly state your level of agreement to the following statements where 5=strongly agree and 1=strongly disagree.

Statement	5	4	3	2	1
The organisation has effective selection supplier policies					
Supplier prequalification influences supplier selection					
Supplier capacity influences supplier selection					
Supplier relationship with the organisation influences supplier selection					
Supplier appraisal influences supplier selection					
Supplier financial ability influences supplier selection					
Supplier proximity to the organisation influences supplier selection					
Supplier budget influences supplier selection					
Supplier flexibility influences supplier selection					

Table 17

Section D: Trained Personnel

6. Kindly state your level of agreement to the following statements where 5=strongly agree and 1=strongly disagree.

Statement	5	4	3	2	1
The organisation has enough employee training programs					
The employees of the organisation have relevant procurement skills					
The employee of the organisation has relevant procurement experiences					
The organisation focuses on innovation management					
The organisation encourages on job trainings					
The organisation supports long term career development of employees					
The employees of the organisation are members of relevant professional bodies					
Training reduces employee turnover and improves their performance					

Table 18

Section E: Information Technology

7. Kindly state your level of agreement to the following statements where 5=strongly agree and 1=strongly disagree.

Statement	5	4	3	2	1
The organisation has embraced information technology in its processes					
The organisation practises e-procurement					
The organisation practises e-tendering					
The organisation has an ERP system					
Electronic communication channels improve service delivery					

Table 19

Section F: Performance of Procurement

8. Kindly state your level of agreement to the following statements where 5=strongly agree and 1=strongly disagree.

Statement	5	4	3	2	1
Procurement has always produced cost savings					

Procurement had always delivered quality materials					
Procurement has always contributed to profitability of organisation					
Procurement has always improved customer satisfaction					
Procurement has always contributed to timely delivery of services					

Table 20