

Factors Influencing Procurement Performance in Private Sector in Kenya

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ABSTRACT: The study examined factors influencing procurement performance in the private sector in Kenya. The study adopted descriptive research design. Target population was 169 employees working in Henkel Chemicals (E.A) from all levels of management. The study used systematic random sampling technique in selecting the 117 participants. A structured questionnaire was used as method of data collection. Data analysis was done using qualitative and quantitative analysis methods. The relationship between the independent variables (staff competence, organizational structure, and quality management and information technology) and procurement performance was tested using the regression analysis. The study 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.

KEYWORDS: Procurement Performance in Private Sector, Staff Competence in Procurement, organizational structure in procurement, Quality Management in Procurement and Information Technology in Procurement

1 INTRODUCTION

In Africa, challenges that engulf private sector procurement are skill development; effective recruitment and retention of procurement professionals. Another challenge is the management of global sourcing strategies. That is also a challenge in terms of processes, a linkage between the global sourcing offices (Jason, 2006). Juma (2010) asserts that, even in private sector as in the government tenders, bribery and corruption is rife in 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 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 organization. Attracting and retaining talent in the procurement space is among the top concerns for companies already dealing with today's complex pricing pressures Berger & Humphrey (2007). According to Dale (2010), for most of 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 sector in Kenya must respond to a number of difficult issues, in no small part compounded by the recent economic turmoil and the changing dynamics of the global supply chain (Jason, 2006). With so much at stake it obviously 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 private sector and other stakeholders if value is to be added in procurement processes and activities (Jason, 2006).

According to Migai (2010), 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 (2010) also found that lack of quality systems in the private sector contributes to increase of defect and wastes. The author went further to link the increase of loss due to lead time and inability of the private sector in Kenya to compete with other players globally as based on poor investment in information communication technology. This significantly reduces procurement performance in the private sector in Kenya.

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. Poor procurement performance also contributed to decrease of profitability of private sector (Juma, 2010). According to (Migai, 2010), poor procurement performance is a major hindrance to private sector organizations growth since it causes the delay of delivery, increase of defects, 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 (2010). According to Canon, (2000), lack of established procurement laws in Kenya contribute to 61 percent of losses made in procurement bids. In addition, procurement is a new field and issues such as training and ethical policies are yet to be fully developed in this field. This has worsened the situation especially in the private sector necessitating a study to examine factors influencing procurement performance in the private sector in Kenya with the view to improve procurement performance.

2 LITERATURE

2.1 STAFF COMPETENCE IN PROCUREMENT

According to Banda (2009), many procuring organizations do not have staff with the right competence critical to good 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' costs and ensure that sensible budgets are adhered to through staff competence development. Monitoring and enforcement of Quality standards is sometimes weak sometimes the failure can be traced back to problems in human resources capacity to monitor procurement process, poor determination of specifications, weak definition of requirements and/or inadequate budgets, and failure to enforce the conditions of the contract is due to inadequate supervision from within the private sector as well as weak enforcement of regulations. Regulatory agencies rarely manage to enforce standards due to lack of capacity (Banda, 2009). According to Berger & Humphrey (2007), a procurement function that is carried out professionally is the heart of delivery of any service on value for money principle. In the study, it was noted that most of personnel carrying out procurement functions in the local authorities in Kenya have not been sensitized on procurement regulations. In emphasis, the law requires that each procuring entity establishes a procurement unit with the professionals. This was not the case in 15 out of 27 surveyed local authorities in Kenya. According to the report, it was observed that there are serious challenges in staffing of procurement professionals in the local government institutions. Some of the personnel carrying out those duties do not have any certification in procurement and most have never been sensitized and have little knowledge if any of procurement function.

In order to sustain economic growth and effective performance, it is important to optimize the contribution of employees to the aims and goals of the organizations. 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, 2012)

Current educational systems, do not necessarily impart specific knowledge for specific job positions in organizations. As a result of this the labour force comprises of few people with the right skills, knowledge 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 also contribute to the productivity of organizations (Appiah, 2010).

Seleim (2007) explains that training is a key element for improved organizational performance through the increasing level of individual competences. This means that training will help employees to master knowledge, skills, behaviors, sense of self worth and confidence upon which they are able to perform efficiently to improve on the performance of the organization.

Boyan (2003) reveals that there are clear benefits in ensuring that staff who handle suppliers are professionals and approaches are handled 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 good 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 costs to bidders. Imposing excessive costs on bidders is likely to result in higher charges in the long run and risk deterring firms from bidding" (Boyan, 2003)

2.2 ORGANIZATIONAL STRUCTURE AND PROCUREMENT PERFORMANCE

According to study by Yasuhiko (2003), a system theoretic law insists that system must have at least the same degree of behavioral variety as its environment does in order to survive. The study asserts that a surviving organization has functions to decrease the variety of environmental input by some market research mechanism to reduce information input according to organizational objective and to increase the variety of organizational behavior by appropriate market means. Chandan (2006) indicated that, rules, operating procedures and performance standards are set for employees to enable understand what is expected of them. Procedure of collecting and evaluating information to help managers make decisions and solve problems are defined through the organizational structure.

An organization structured that is appropriate to the task of an organization encourages creativity and enhances quick decision making concerning new business opportunities, products, customers suppliers, market and technical development enable the organization to survive and compete in dynamic and competitive situations (De Anis & Haggins 2001)

2.3 QUALITY MANAGEMENT AND PROCUREMENT PERFORMANCE

According to Berger and Humphrey (2007), quality management can be considered to have four main components: quality planning, quality control, quality assurance and quality improvement. Quality management is focused not only on product/service quality, but also the means to achieve it and whether motivation plays significant role in its achievement. Quality management therefore uses quality assurance and control of processes as well as products to achieve more consistent quality. In quality work, where consumer responsibilities are very important and non-negotiable, customers recognize that quality is an important attribute in products and services. Procurement employees therefore must be provided with all tools and motivated in order to deliver quality services (Berger & Humphrey, 2007).

In Africa, in the past two decades quality gap has been greatly reduced between competitive products and services. This is partly due to cases where procurement employees have lost their lives after consuming some fake products from the market. As a result, countries amongst many others have raised their own standards of quality in order to meet international standards and customer demands. The ISO 9000 series of standards are probably the best known international standards for quality management that some many countries associate with (Zeithaml, 2000).

According to Armstrong (2001), the study reveals that the most important functions of procurement management in quality work is being able to motivate procurement employees and promote their morale in organization. In fact, the extent of your success depends on it. To inspire extraordinary performance you must foster a positive environment and discover what motivates procurement employees in quality work. Motivating yourself and others isn't easy. You must work on it daily or it won't last in procurement employees or you in organization. Tangible ways in which job satisfaction benefits the organization in quality work include reduction in complaints and grievances, absenteeism, turnover, and termination; as well as improved punctuality and worker morale. Motivation is also linked to a healthier work force and has been found to be a good indicator of longevity. And although only little correlation has been found between job satisfaction and quality work, Armstrong (2001) notes that some employers have found that satisfying or delighting procurement employees is a prerequisite to satisfying or delighting customers, thus protecting the "bottom line".

In Kenya, a number of organization use motivation to help procurement employees achieve organization targets and objectives. DHL limited for instance has cultivated the practice of procurement employees' motivation in order to help them achieve international quality standards. Products that consumer use must meet standard fitness of purpose and quality and thus the need for motivation in quality work, to ensure they achieve the threshold and standards required for inspection of goods that are consumed in the market (Waters, 2004).

2.4 APPLICATION OF IT IN PROCUREMENT PERFORMANCE

According to Campbell (2005), technology is the change or integration of means of processing a product or service from what is perceived not be a good version to a better one. It is also change of system or way of operation from inefficient or manual to automatic operations. 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. The majority of organizational spending consists of purchasing. In order to decrease the total costs spent on purchasing process, internet technologies are used and E-Procurement has become popular 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, 2005).

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 course of 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 significant importance for communication in society, but also for the development of the interplay between one procurement units of an organization to another (Monrove, 2002).

According to Rusek (2006), 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 administrative and procurement functions of public sector companies provides a number of 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 trace. In future, security surrounding digital systems will be allocated important priority in all fields of society (Rusek, 2006). Development also requires an important technical redirection and comprehensive further training for users. For procurement officers, development will mean the need for further training, amended procurement methods and new IT-based in procurement tools. In the latest era, the significant usage of E-Procurement systems by governments and enterprises 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 increased number of bidders in government procurement auctions (Rusek, 2006).

The success of E-Procurement systems mostly depends on the increases in number of bidders (suppliers) that participate to procurement auctions. So, the implementation of E-Procurement has some restrictions namely technology adoption and usage of E-Procurement systems by suppliers. Some public institutions have not embraced e-procurement. Again, e-procurement has high maintenance costs and required level of professionalism that needs to be investigated in terms of sustainability (Rusek, 2006).

Berger and Humphrey (2007) states that, use of technology has not been fully embraced in the practice of undertaking procurement activities in Kenya. Berger and Humphrey observe while there are up to date systems such as reverse auction for undertaking bidding process in procurement, in most private and public sector the process is still being undertaken manually giving room for manipulation and corruption. Manual process also takes longer thus thereby affecting procurement activities. The same view is also recorded by Dale K. , (2010) 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.

2.5 CONCEPTUALIZATION

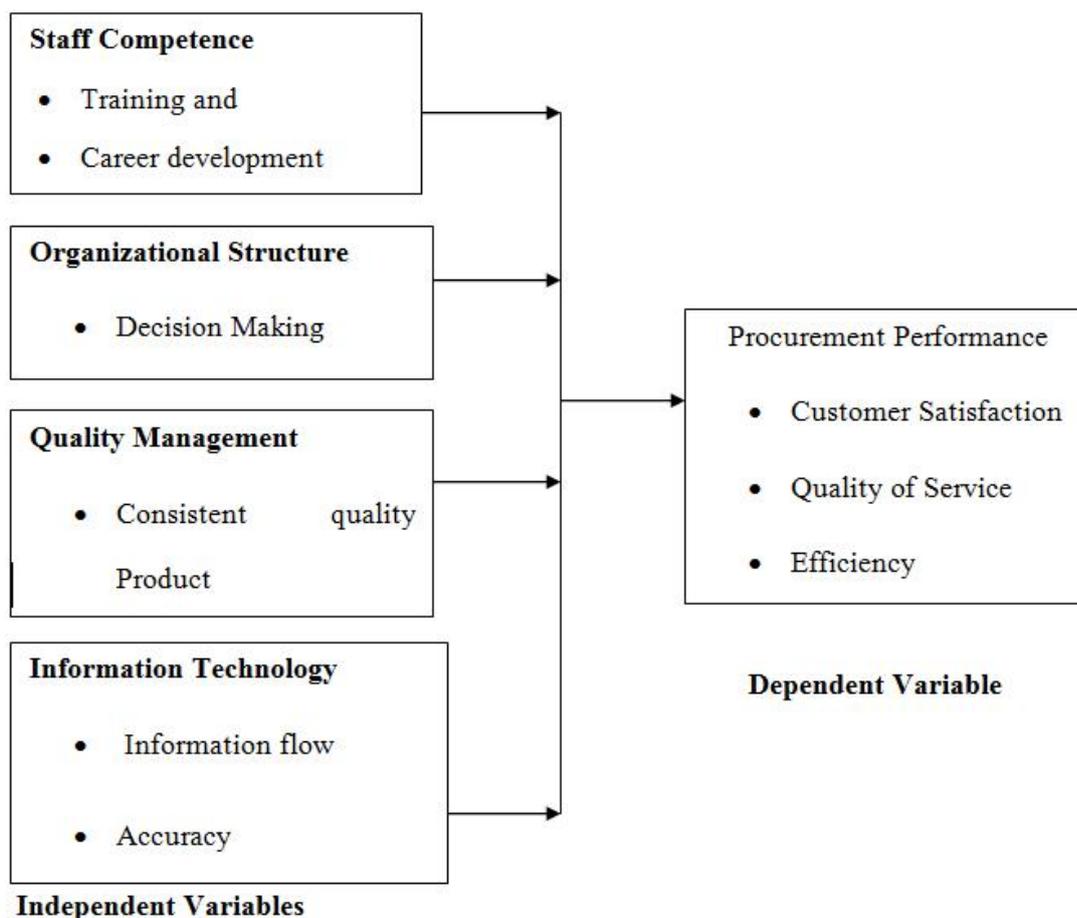


Figure 1: Factors Affecting Procurement Performance

The conceptual framework shown in figure 2.1 describes the relationship between the variables in the study. The independent variables are staff competence, organizational structure, quality management systems and information technology. If these factors are aligned with the procurement operations of private sector it will improve performance of procurement system by enhancing information flow and reducing delays in order processing. Organization that invests in staff competencies will likely to have competitive advantage over the other as this may result to quality product and variety reduction. Procurement performance, the dependent variable is defined as accomplishment of employees task that result to customer satisfaction, efficient information flow and quality procurement management. This study seeks to establish the effect of such mentioned factors on performance of procurement in private sector in Kenya. Performance improvement will be assessed in terms of quality reliability, reduced human error judgment, consistency of policy framework to facilitate effective and efficient undertaking of the procurement process and the ability of the potentials and benefits of information technology to be applied in every buying process. The study assumes that procurement performances are not affected by the Henkel products, human resource management systems in place and organization culture which are control factors.

3 METHODS

The study adopted descriptive survey research design. The target population was the 169 employees of Henkel Chemicals (E.A) as defined by (Peil, 2003) as the entire group that is of interest to the researcher for study and analysis. A systematic random sampling technique was used to select the respondents. Sample size formula as provided in an article by James E. Bartlett and Joe W. Kotrlik titled Organizational Research (2001) was used to determine 117 sample size for this study. The study used structured questionnaires to collect information from employees of Henkel Chemicals (East Africa) at their places of work. The relationship between the independent variables (staff competence, organizational structure, quality

management and information technology) and procurement performance measured in terms of service delivery was tested using both Pearson Correlation and the regression model.

4 RESULTS

Table 1: Elements of Staff Competence at Henkel Chemical Industries

Elements of Staff Competence	N	Min.	Max.	Mean	Std. Dev.
Staff training	103	1	5	3	1.4
Improved inventory management	103	2	5	4	0.8
Staff understand procurement procedure	103	1	5	3	1.1
Organization motivate staff	103	1	5	3	1.2
Organization value skills and experience	103	1	5	3	1.1
Negotiated term for procurement process	103	1	5	3	1.1
Procurement negotiation skills and creativity	103	2	5	4	1.0
Organization deploy staff based on their skills	103	1	5	3	1.1

The study used descriptive statistics to analyze part of the first objective where N represented the sample size, Min was minimum value in the Likert Scale representing Strongly Disagree, N was the sample size of the study, Max was maximum value representing Strongly Agree, Mean was the assumed mean between 1 for Strongly Disagree and 5 Strongly Agree and Std. Dev was the standard deviation of assumed mean from the actual mean. The study established that the employees agreed that training help to improve inventory management and also Henkel Chemicals (E.A) had staff with competence in negotiation that promoted negotiation skills and creativity both of which had mean of 4 representing the respondents level of agreement according to the Likert Scale used. On the other hand, the study established the respondents were neutral meaning that they were undecided on the following competence; training competence in procurement, product procurement competence, motivation competence, competence to value skills and experiences, procurement process competence and deployment competence, this was represented by 3 which meant that employees were undecided on these competences.

The study established that staff working at Henkel Chemicals (E.A) had inventory management competence and procurement negotiation competence yet it was not clear in the understanding of the employees whether the organization had the following competence; training competence in procurement, product procurement competence, motivation competence, competence to value skills and experiences, procurement process competence and deployment competence.

Table 2: Correlation Coefficient of Staff Competence and Procurement Performance

Correlations	competence	Delivery
Competence	1	0.70
Delivery	0.70	1

*** Correlation is significant at the 0.01 level (2-tailed).*

The study establish a strong positive correlation of 70% between staff competence and procurement performance indicating that staff competence positively affect procumbent performance of Henkel Chemicals (E.A), that is to say that when staff competence improves, it automatically improves procurement performance measured through the company's service delivery.

This finding was related with Kiage (2013) that found that procurement staff competencies affect procurement performance both for procurement unit and to the whole ministry in other words the study reveals that experienced staff carries out duties in a professional manner and reduces wastage of resources. Moreover, competent staff are effective, efficient and provide solutions to the procurement problems while incompetent staff would be ineffective and inefficient thus contributing to poor performance for the ministry. Finally the respondents indicated that effective and efficient procurement process can only be achieved by proper planning by competent staff else there would be flaws in the process. Competent staff would ensure that items services are procured as and when the need is expected.

Table 3: Aspects of Organization Structure at Henkel Chemicals (E.A)

Aspects of Organization Structure	N	Min.	Max.	Mean	Std. Dev.
The structure is flexible	103	1	5	2	1.2
Decision making is not conflicting	103	1	5	4	1.1
Procurement department reports directly to CEO	103	1	5	4	1.0
Procurement department is autonomous	103	1	5	2	1.1
There is team spirit	103	1	5	2	1.1
Staff follow chain of command	103	1	5	4	1.2
Performance appraisal system is transparent	103	1	5	2	1.2

The study established that the respondents agreed that decision making was not conflicting, procurement department reports directly to CEO and that staff follow chain of command. The respondents contrarily disagreed that the organization structure was flexible, and that procurement department was autonomous. This finding shows that although decision making at Henkel Chemicals (E.A) was not conflicting, procurement department reports directly to CEO and that staff follow chain of command, organization structure was inflexible which affected autonomy of procurement process at the company.

Table 4: Correlation Coefficient of Organization Structure and Procurement Performance

Correlations	Organization Structure	Delivery
Organization Structure	1	0.68
Delivery	0.68	1

** Correlation is significant at the 0.01 level (2-tailed).

The study establish a strong positive correlation of 68% between organization structure and procurement performance indicating that organization structure positively affect procurement performance of Henkel Chemicals (E.A), that is to say that when organization structure operates effectively and smoothly, it automatically improves procurement performance measured through the company’s service delivery. This findings agrees with research study done by Lagaan (2011), analyzed the relationship between organizational structure and procurement performance and he found that there is a positive relationship between organizational structure and procurement performance as organizational structure determined level of coordination and decision making in procurement activities.

Table 5: Aspects of Quality Management at Henkel Chemicals (E.A)

Aspects of Quality Management	N	Min.	Max.	Mean	Std. Dev.
On time delivery	103	1	5	3	1.1
Impressed timely delivery	103	1	5	3	1.1
Reduced wastage and damages	103	2	5	3	0.8
Reduced quality complaints	103	1	5	4	0.9
Competent inspection team	103	2	5	4	0.8
Effective inventory management	103	2	5	4	0.9
Consistent product quality	103	1	5	4	0.9

The respondents in the study agreed that Henkel Chemicals (E.A) achieved quality management in the following aspects; reduction in quality complaints, putting in place competence inspection team, installing effective inventory management and consistent product quality. This was proved by these aspects of quality management scoring a mean of 4 that represented that the respondents agreed on these aspects. The respondents were undecided on the following aspects of quality; on time delivery, impressed timely delivery and reduction on wastages and damages represented by mean score of 3 representing neutrality in their responses which showed their level of indecision on the aspects.

This finding indicated that although the company was successful reduction in quality complaints, putting in place competence inspection team, installing effective inventory management and consistent product quality, there were still quality management challenges on; on time delivery, impressed timely delivery and reduction on wastages and damages.

Table 6: Correlation Coefficient of Quality Management and Procurement Performance

Correlations	Quality Management	Delivery
Quality Management	1	0.60
Delivery	0.60	1

** Correlation is significant at the 0.01 level (2-tailed).

The study establish a strong positive correlation of 60.3% between quality management and procurement performance indicating that organization structure positively affect procurement performance of Henkel Chemicals (E.A), that is to say that when the organization adopts effectively quality management systems, it automatically improves procurement performance measured through the company’s service delivery. This finding agree with Le Grand (2007) who argues that there are three principal arguments in favour of competition as a model for service delivery: “It fulfills the principle of autonomy and promotes responsiveness to users’ needs and wants; it provides incentives for providers to provide higher quality and greater efficiency; and it is likely to be more equitable than the alternatives”. However, he admits that to achieve this outcome provider competition relies upon user choice.

Table 7: Aspects of Information Technology use in Henkel Chemicals (E.A)

Aspects of IT	N	Min.	Max.	Mean	Std. Dev.
Organization embraces IT	103	1	5	3	1.0
Organization practice e-procurement	103	1	5	4	1.0
Procurement process is easy	103	1	5	3	1.0
e-procurement improved transaction time and accuracy	103	1	5	3	1.0
IT achieved smooth co-ordination of departments	103	1	5	3	0.9
e-procurement has enhanced information flow	103	1	5	4	0.9

The respondents in the study agreed that through the application of IT the company was able to organize e-procurement which made it to enhance its information flow. This was so because of mean score of 4 representing respondents’ agreement. On the other hand the respondents were undecided on the following aspects application in the company; whether the company embraced Information Technology as a catalyst to procurement performance, whether the application of Information Technology made procurement process easy, whether e-procurement improved transaction time and accuracy and whether Information technology achieved smooth co-ordination of departments. This was so because of mean score of 3 representing neutrality interpreted as respondents’ indecision on the aspects of application of Information Technology.

This finding indicated that although the application of IT in the company made it to organize e-procurement which made it to enhance its information flow, the company was not able to totally embraced Information Technology as a catalyst to procurement performance, the application of Information Technology did not made procurement process easy, e-procurement did not improve transaction time and accuracy and that the application of Information technology did not achieve smooth co-ordination of departments.

Table 8: Correlation Coefficient of Application of IT and Procurement Performance

Correlations	Application of IT	Delivery
Application of IT	1	0.70
Delivery	0.70	1

** Correlation is significant at the 0.01 level (2-tailed).

There was strong positive correlation of 70.3% between application of IT and procurement performance indicating that the application of IT positively affect procurement performance of Henkel Chemicals (E.A), that is to say that when the organization applied IT in its business enterprise including procurement, it automatically improves procurement performance measured through the company’s service delivery.

This finding supports Waldan (2009), examined the relationship between information technology and procurement performance and he established that there is a positive relationship between information technology and procurement performance as the adoption and use of information technology improved the effectiveness and efficiency of organization performances.

Table 9: R Square

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.75	0.56	0.55	0.43

The R square was 0.56, the adjusted R square was 0.55 and standard error was 0.43. Since the R square was 0.56 which was significant enough, there was evidence that the data used in analyzing the relationship between the factors and procurement performance was closely related.

Table 10: Analysis of Variance in the Factors

ANOVA(b)	Sum of Squares	df	Mean Square	F	Sig.
Regression	27.2	4.0	6.8	36.0	0.0
Residual	21.1	112.0	0.2		
Total	48.4	116.0			

Analysis of Variance (ANOVA) was used to establish whether there was difference between the factors and procurement performance. Since $P < 0.05$, there was evidence that there was statistically significance between the factors and procurement performance.

Table 11: Regression Analysis of Factors and Procurement Performance

Model	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
Staff competence	0.18	0.12	0.20	1.42	0.16
Organization structure	0.22	0.13	0.23	1.67	0.10
Quality Management	0.02	0.10	0.02	0.17	0.86
Application of IT	0.33	0.11	0.36	2.99	0.00

Staff competence significance level was 0.16 ($P > 0.05$), for organization structure was 0.10 ($P > 0.05$), quality management was 0.86 ($P > 0.05$) and that for application of IT was 0.00 ($P < 0.05$) which was interpreted 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 with $P = 0.86$ was the least related factor affecting procurement performance.

5 CONCLUSIONS AND RECOMMENDATIONS

The aim of this study was to examine factors influencing procurement performance in the private sector in Kenya. The study 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.

First, the study recommends that Henkel Chemicals (E.A) should promote the following competence as a way of improving procurement performance; training competence in procurement, product procurement competence, motivation competence, competence to value skills and experiences, procurement process competence and deployment competence. Second, the study recommends that the company should enhance its employee’s competence as a way of achieving service delivery as a means of improving procurement performance. This can be achieved by creating awareness through training on the following aspects of procurement; state of the order up to date and also those employees had superior knowledge in entire procurement process. The company should also evaluate the entire procurement process in order to identify service delivery point of breakdown with a view to re-engineer the process in order to achieve required level of efficiency and effectiveness. Third, the study recommends that the company should enhance decision making to make it continuously less

conflicting so that it allows the procurement process to be more effective and efficient. The company should deliberately re-organize its organization structure through appropriate change management so that it is flexible enough to support improved performance of procurement process and also to make it more autonomous. Four, the study recommends that the company should continue enhancing reduction in quality complaints, putting in place competence inspection team, installing effective inventory management and consistent product quality. In order to address the above challenges identified as far as quality management was concern, the company should use effective procurement automation that will make it achieve on time delivery and also reduce on wastages and damages by informing procurement staff to avail the goods and services as per when and where they are required in both production cycle and customer service delivery. Six, the study recommends that the company should enhance the application of IT in the entire business process which are inter-linked to procurement. Enterprise Resource Planning System that would integrate e-procurement into the entire business operations of the organization which would create benefits as; making procurement process not only easy but also transparent to all the clients require procurement information output for decision making, this in turn will improve transaction time and accuracy.

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