

Research Article

FACTORS INFLUENCING PROCUREMENT PERFORMANCE IN AN ORGANIZATION, CASE STUDY OF BAMBURI CEMENT LTD

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ABSTRACT

Procurement performance is a backbone of organizational performance since it contributes to the competitive purchase and acquisition of quality goods that put the organization's products or services on the competitive edge in the market. However, on several occasions, poor procurement activities have not been analyzed well for their contributions to the success or failure of the overall organizational performance. Procurement practices are a set of activities undertaken by an organization to promote effective management of its supply chain. This was undertaken with the main objective of finding out factors influencing procurement performance in an organization, a case study of Bamburi cement. The study was further guided by objectives such as staff competency on procurement, Information technology capabilities, and Procurement monitoring and regulation on procurement performance at Bamburi Cement. The study adopted the theory of Resource-Based, Technology, Organization and Environment Theory, and Institution Theory. The study was further guided by a descriptive research design as a methodology. The target population of the study includes Operations Staff, Procurement Staff, Logistics Staff, and Stores Staff totalling 48 while the sample size was 39. The study found out that the selected specific objectives which included competency on procurement, Information technology capabilities, and procurement monitoring & regulation were geared to provide insights on procurement performance had a positive relationship. The study recommended that based on the findings, it is inevitable to highlight recommendations that can be used to enhance procurement performance not only at Bamburi Cement but on other firms as a whole. The study recommends that there is a need to enormously implement procurement monitoring and regulations through training of the procurement stakeholders. Further recommendations on areas of a further research study with similar variables but on a different organizational set-up. Moreover, further research is suggested on factors such as leadership, ethics, integrity, and governance.

Keywords: Procurement Performance; Staff competency; Information Technology & Procurement monitoring and regulation.

INTRODUCTION

Background Information

Procurement performance is a backbone of an organizational performance 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 activities have not been analyzed well for their contributions in the success or failure on the overall organizational performance (Juma, 2014). Procurement practices are a set of activities undertaken by an organization to promote effective management of its supply chain (Sollish&Semanik, 2016). A proper procurement practices lead to competitive purchase and getting quality materials. The main goals of procurement are related with quality, financial and technical risks reduction, creating integrity in the organization and safeguarding from competition (Walter, 2015). Procurement is vital to organizations and its strategies have become part of a business success. It boosts efficiency and competitiveness and to realize these, it is vital to give emphasis about the strategic factors that affect the performance of the procurement function. Globally, procurement and supply chain has been found to enhance efficiency and competitiveness among other benefits but to realize these benefits, it is important to look at the strategic factors that affect the performance of the procurement and supply chain function in the organizations (Cox, 2016). Cox, (2016) has further stated that however, many factors affect a firm's ability to choose the right supplier; which is a major factor to performance, there is a need to identify the strategic supplier related factors and include them in the

supplier selection criteria. Some of the factor's firms consider include trust and commitment, adequate finance, quality, reliable delivery times, adequate logistic and technological capabilities (Daugherty, Myers & Autry, 2014). In Africa, challenges that engulf public procurement are skill development; effective recruitment and retention of procurement professionals (Bolton, 2016). 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, 2016). Juma (2014) asserts that, even in private sector as in the government tenders, bribery and corruption is rife in procurement field. The integrity in procurement has never been a guaranteed in most of public procurements in the African countries (Juma, 2014). For the development of African countries, it is vital to have efficient public procurement system and tangible commitments should be exerted to make the best possible use of public resources (Kabaj, 2016). For instance, South Africa being one of the economical giants in Africa has a high level of recognition of public procurement policies, and aware of Sustainable Public Procurement, preferential procurement legislation which deals with criteria of procurement and that it had developed and implemented through legislations (Hanks et al., (2018). On the hand, Rwanda, which within their wisdom also saw the importance of regulating procurement processes by coming up with Rwanda Public Procurement Authority (RPPA). This was to replace the National Tender Board during a reform process in Public Financial Management launched by the government of Rwanda, in which public procurement reform was one of the most important components (Hanks et al., 2018). In Kenya, public procurement suffers from different challenges drawn from internal and external factors in organization. According to Migai and Dale, (2014), 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

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sector. The public procurement system in Kenya was governed by amorphous legal framework such as Treasury Circulars from 1969; then Government Supplies Manual of 1978. In 1997, Government initiated the Public Procurement Reform and Enhanced Capacity Project following recommendations of two procurement audits carried out by consultancy firm, Society Generale de Surveillance (SGS). The audit disclosed serious shortcomings. Thus, Government decided to reform existing practices in order to achieve and enhance economy, accountability and transparency. It harmonized all rules resulting in the Public Procurement Regulations, 2001 (Kimunya, 2016). An Independent Procurement Review (IPR), covering selected ministries, state corporations, and educational institutions, carried out in 2005 identified further key weaknesses. Thus, Government enacted the Public Procurement and Disposal Act 2005 and in December, 2006, the Public Procurement and Disposal Regulations 2006 were gazetted to operationalize the Act, effective from 1st January, 2007. The Act and Regulations set out rules and procedures that a procuring entity (PE) shall follow to implement procurement mandate. An effective public procurement system can contribute immensely to Kenya's socioeconomic development and particularly be the cornerstone of attaining the Vision 2030 Strategy. Public Procurement Oversight Authority (PPOA) Legislative and Regulatory Framework Pillar in 2010 assessed the existence, availability, quality and use of the legal framework from the highest level (Act and Regulations) down to the more detailed operational procedures, guidelines, model tender documents, and standard conditions of contract. Key weaknesses noted were excessive use of RFQ, and low use of open tendering method.

Problem Statement

Prudent procurement practices refer to the ability to avoid wasting materials, energy, efforts, money and time in executing the procurement function or in producing a desired result (Leed& Ormrod, 2015). This is expected of the procurement professionals performing the procurement function in either public or private entities. According to Wisner and Ohashi (2015), Procuring Entities (PE) all over the world are faced with the challenge of reducing procurement costs as well as addressing issues of procurement malpractices with a view to getting value for money as well as quality goods. This explains why, according to World Bank Report (2016), PEs in both the developed and developing countries are pitting a lot of emphasis on reforms in the procurement function, revising procurement rules as well as coming up with legislation on the legal measures to be taken against those who make governments lose huge amounts of money through inflated bid prices. A study by Kabaj (2016), concluded that an efficient public procurement system is vital to the advancement of all countries and is a concrete expression of their national commitments to making the best possible use of public resources. Non-adherence to standardized procurement processes culminates in poor coordination within various departments and enhances presence of leakages of financial resources, which turns out to be costly component to the whole management process of the procurement function (Hunja, 2015). Corsten, (2014) did a study on supply chain management factors facing the food industry sector in Tanzania and found out that the factors that affect supply chain management in the food industry comprised of greater differentiation of food products, competition for consumers, understanding of supply chain management concept, inventory management, pricing strategy, customer service and customer perceived value, marketing and distribution strategies. However, the findings by Corsten, (2014) could not be generalized in the Kenya situation. Nyeko, (2014) did a study focusing on procurement and supply chain practices and performance of small-scale tea sector in Kenya and found that the challenges affecting the sector were procurement and supply chain visibility,

increasing customer demands, risk management, globalization and cost containment. Gitau (2015) focused on procurement and supply chain malpractices in the Kenya public sector and found out that supply chain is affected by one or more of its components. These components are either internal or external to the supply chain, and can be classified as belonging to the following realms or contributors to the functioning of the supply chain: Transportation, Utilities/Equipment, Communication, Suppliers, Customers, Labour and Finance. Davis (2014) established that procurement practices influencing service delivery were procurement policies, procurement planning. Mokogi, (2015) established that procurement practices were influenced by buyer supplier relationships, supplier selection procedures, organizational capacity and procurement process management. Despite the numerous studies on influential factors of procurement performance in an organization, there is limited study linking procurement performance with the selected variables at Bamaburi Cement Ltd. Therefore, the research question for this study will be "what are the factors affecting procurement performance in Bamaburi Cement?"

Objectives of the Study

- To find out the influence of staff competency on procurement performance at Bamaburi Cement Ltd.
- To assess the influence of Information technology capabilities on procurement performance at Bamaburi Cement Ltd.
- To determine the influence of Procurement monitoring and regulation on procurement performance at Bamaburi Cement Ltd.

LITERATURE REVIEW

Introduction

The chapter provides information based on the influential factors on procurement performance from scholarly perspective. To empirically analyze these proposed factors, the chapter begins by analyzing relevant theories based on the study problem. Further, the chapter has given a conceptual framework showing the relationship between the study variables and lastly an empirical review.

Theoretical Framework

Resource Based Theory

The resource-based view (RBV) proposes that the basis for firm level competitive advantage lies in the application of bundles of valuable resources at the firm's disposal (Wernerfelt, 1984). The RBV stipulates four different criteria to evaluate whether these resources constitute sustained competitive advantage: Valuable, Rare, Inimitable and Non-substitutable or 'VRIN' (Peteraf, 2013). The basic assumptions of the RBV focus on firm resource heterogeneity and immobility. According to Peteraf, (2013), RBV has been used in several research studies and indeed it is becoming increasingly popular as a theoretical lens in studying the competitiveness of purchasing and supply management phenomena. However, given the RBV's inherent limitations, especially when applied to competitiveness, the RBV is often accompanied with other theoretical perspectives and it is rarely the classic RBV that is applied. In this context, the RBV's greatest limitation is the restriction of resource scope as defined by the boundary of the firm. As a response to these criticisms developments in thinking of the RBV have emerged, including the extended resource-based view (ERBV) (Lavie, 2016) and the natural resource-based view (NRBV) (Hart, 1995) and it is the

latter that is adopted in an increasing number of studies. As the original proponent of NRBV, Hart (1995) argues that focusing on an internal competitive approach may prove inadequate for firms adopting competitive practices because of the reliance on external relationships. Hart's (1995) idea of competitive advantage is based on the firm's relationship with the natural environment via three interconnected strategies: pollution prevention, product stewardship and sustainable development. The NRBV model combines these strategies with the internal-external boundary spanning aspects between concerns over firm competitive advantage and wider societal legitimacy. Hart's view on the challenges facing firms consists of rebuilding competitive advantage through the development of causally ambiguous knowledge (e.g., Total Quality Environmental Management), socially complex processes and rare attributes such as shared vision on topical issues. The implications here is that each relationship is potentially a resource that is firm-specific, creates value in the marketplace and is difficult to imitate (Barney, 2015) and the ability of managers to recognize and form relationships to improve competition through expertise may be an even more valuable asset that results in a more competitive advantage in making responsible and profitable supply chain decisions (Araujo, Dubois & Gadde, 2016). Studying the influential activities in a firm from an RBV perspective, Vachon and Klassen (2016) concluded that the development of knowledge sharing routines and capability to integrate external resources constitute resources that are difficult to replicate and thus may generate a competitive advantage. This is echoed by Gimenez and Sierra (2013) who conclude that "by providing their suppliers with training, a buying firm not only contributes to the development of its supplier's environmental capabilities, but also obtains a more sustainable product or service, which in turn results in an enhancement of its environmental reputation and performance. Further, Dyer and Singh, (2016) have showed that the ability of a firm to train their staff creates a high level of staff competency and a competent staff becomes a valuable asset that result in a competitive advantage for the organization.

Technology, Organization and environment Theory

The Technology, Organization, and Environment theory was developed in 1990 by Tornatzky and Fleischer. It identifies three aspects of an organization that influences the process by which it adopts and implements technological innovation. These three aspects are:- technological context, organizational context, and environmental context. Technological context describes both the internal and external technologies relevant to the firm. This includes current practices and equipment internal to the firm, as well as the available technologies external to the firm. Organizational context refers to descriptive measures about the organization such as scope, size, and managerial structure. Environmental context is the arena in which a firm conducts its business, its industry, competitors, and dealings with the government (Tiago & Maria 2010). According to Rowan (2016), the use of information communication technology (ICT) based procurement systems in building construction is affected by technological innovation in the technological context, organizational context and environmental context. All these contexts determine the level of automation, type of procurement systems to be used in the firm, nature of the ICT infrastructure and how e-procurement is employed in the firm. This theory will be useful in this study for identifying how ICT affects procurement and supply chain performance activities influence the performance of Bmaburi Cement.

Institutional Theory

Simon, (2015) has described institutions as "the rules of the game in a society or organization". According Johnson and Björn (2016),

institutions are "sets of habits, routines, rules, norms and laws, which regulate the relations between people and shape human interaction". Institutions can also be regarded as "systems of established and prevalent social rules that structure social interactions" (Hodgson & Geoffrey, 2016) or as "the prescriptions that humans use to organize all forms of repetitive and structured interactions including those within families, neighborhoods, markets, firms, sports leagues, churches, private associations, and governments at all scales" (Ostrom & Elinor, 2015). A fundamental premise of institutional theory is that it explains why companies, often adopt similar responses and practices in their operations (Carbone & Moatti 2014). An analysis of the Institutional Theory in relation to supply chain by Shi and Koh, (2015); Adebajo and Tickle, (2014) have indicated that Institutional theory assumes that supply chain level actions are the result of external pressure of a coercive, normative or mimetic (cognitive) nature. Hsu and Tan (2015), have indicated that it is important to have an understanding of what drives firms to act especially on the supply chain activities which are key to profit maximization. The virtue of institutions is that they typically function as assets or resources of the organization (Möller, Rajala & Svahn, 2015). Without institutions a social system would not be able to accumulate knowledge, or enable communication and therefore unable to sustain innovation. Following that line of thought a firm exists as long as transaction costs for economic exchange, are lower for the firm than for other ways of conducting the exchange. Apart from "static" transaction costs "there still remain some interactions that ought to be internalized meaning transaction costs associated with changing ways of economic exchange (Johnson & Björn, 2016). This means that although alternatives offering lower transaction costs exist, an institution might still not change if the cost of the change itself is too high. Based on the Institutional Theory perspective which advocates relatively for shared values, norms, and understanding among the institutional members (in the Organization), procurement should pursue two main goals namely monitoring the environment for collaborative opportunities and identifying the best practices in the industry and comparing the organizational operation with best practices, for continuous development (Scott, 2014). In the precepts of Institutional Theory, external pressure plays a major role in shaping organizational strategies associated with procurement. Thus, Institutional Theory will be use to explain how monitoring and regulations in procurement influence procurement performance.

Conceptual Framework

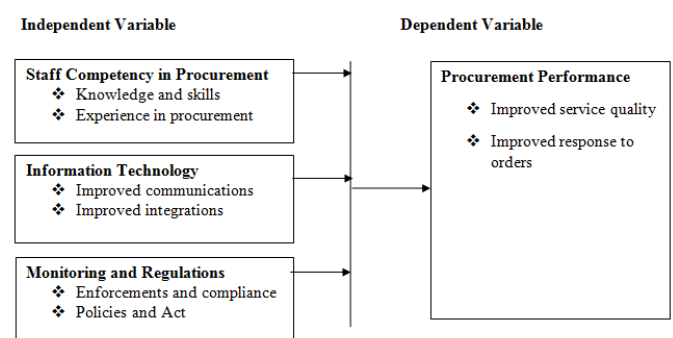


Figure 2.1 Conceptual Framework

Staff Competency in Procurement

Armstrong and Baron (2015) explained that competency is the application of knowledge and skills, performance delivery, and the behavior required to get things done very well. Similarly, a study by Aketch and Karanja, (2016) have indicated that competency denotes adequacy of knowledge and skills that enable someone to act in a

desired and approved situation in deliberating duties. According to Basheka and Mugabira, (2015), absence of adequate knowledge in procurement matters, may end up with serious consequences including breaches of codes of conduct. Banda (2017) found out that many organizations do not have staff with the right competence critical to good procurement process management. As a result, considerable and continuous investment is incurred in training and development (Sultana, 2012) and there is a need for extensive external training for human resources to be able to improve and contribute to the efficiency of organizations (Appiah, 2014). Seleim (2016) found out 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. Moreover, Saunders (2013) advises that multiskilling offers employees with a variety of skills and should be developed extensively. Hence, all employees need broad and continuous education and training for better performance. Leenders and Fearon (2015) noted that qualifications are crucial for value-based management which requires employees to assess and improve processes while contributing to team performance. Martin and Smith (2014) have suggested that 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 which require good qualifications. According to Jenkins and Veronique (2014), competences deal with organization's resources such as skills, know-how, organizational knowledge, routines, competences and capabilities. It deals with their role in the organization and in generating competitive advantage. It also addresses issues such as the transferability and the immutability of resources. From the foregoing, it is important that the staffs are enabled to acquire the necessary skills and competencies in order to effectively deliver to the customers in line with the broader organizational goals. Sultana, (2016) stated that many organizations lack competent staffs with the proper knowledge for good procurement process management. He further noted that authorities should give greater emphasis for developing competence to adopt best practice more widely. According to Berger and Humphrey (2017), a procurement function that is carried out professionally is the core of delivery of any service on value for money principle. Furthermore, Triantafyllou, (2017) found out that 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. Therefore, competence in procurement process can influence the organizational performance.

Information Technology

The application of ICT in procurement helps to receive, analyze, make decisions and distribute information in order to manage the flow of goods and services in the supply chain (Campbell, 2015). ICT is an enabler for information sharing which organizations in the procurement system can use for eliminating bloated inventory levels caused by cumulative effect of poor information cascading up through the supply chain. Daugherty *et al.*, (2014) have averred that information integration is also a key component in many automatic replenishment programs (ARP). Initiatives such as vendor managed inventory (VMI) and collaborative planning, forecasting and replenishment (CPFR) are based on an increased level of automation in both the flow of physical materials, goods and associated information between companies to improve the efficiency in the entire system. It shortens information processing time and tremendously improves procurement performance (Daugherty *et al.*, 2014). According to Simatupang and Sridharan (2015), process integration

can enhance procurement performance when applied appropriately. The application of ICT has found to provide new ways to store, process, distribute and exchange key information with customers and suppliers in the entire procurement system (Simatupang & Sridharan, 2015). Seleim, (2017) has emphasized that information is the glue that holds organizations together and can be used to integrate procurement process activities both within a process and across multiple processes. De-Anis and Haggins (2016) found out that Information on demand management, forecasting and replenishment is recognized as a central component in integration of planning and control. Internal integration focuses on cross-functional processes. Externally, focus is on relationships with outside customers and suppliers. A relationship can have various intensity levels ranging from lowest open-market negotiations, cooperation and coordination to the highest collaboration level. Collaboration in procurement is based on a high degree of trust, commitment and information-sharing. It requires linking performance systems with decision making, information sharing and incentive alignment in the supply chain (De-Anis & Haggins, 2016). Sriram and Stump (2014) have reckoned that enterprise resource planning (ERP) systems are essential for supporting internal information sharing. Externally, inter-organizational information systems (IOIS) constituting automated information systems shared by various firms can be used to support information-sharing with customers and suppliers. ICT contributes to improved communications patterns, increased demand for coordination of joint activities and new organizational structures through its ability to store, transmit and process information and speed up inter-organizational activities. Thomas and Rainer (2015) opined that procurement systems have long been supported by ICT. With the implementation of ERP systems in the 1990s, EDI connections with suppliers were established through automation of delivery schedules by linking user materials management system with supplier systems. ICT enables organizations to decentralize operational procurement processes and centralize strategic ones due to higher transparency. Prior to e-procurement, strategic procurement often dealt with routine tasks such as individual transactions. Strategic aspects were frequently neglected, with the buyer having little influence over the choice of suppliers and purchased products. Internet technologies facilitate faster and more efficient operational procurement processes enabling managers to concentrate on strategic tasks (Thomas & Rainer, 2015). Christopher (2015) contended that there is a dimension to information that enables supply and demand to be matched in multiple markets, often with tailored products, in ever-shorter time frames. This enables suppliers to react in real-time to market changes. ICT serves as the connection between various stages of the system, allowing them to co-ordinate and maximize total supply profitability. Rapid growth of importance of ICT application is a testimony to its impact on improving procurement performance. Kenth and Vahid (2016) 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.

Monitoring and Regulations

According to Zubcic and Sims (2013), monitoring can be broadly viewed as any actions taken by the regulators to ensure compliance. There are mixed opinions regarding the effect of monitoring on procurement performance. Some scholars such as Sparrow (2015) doubted the direct effect of monitoring and regulations on performance. They argue that enforcement may make violators more sophisticated in how to prevent and conceal detection by the authorities. However, other scholars agree that enforcement improves performance (Cunningham & Kagan, 2015; Imperato, 2014).

In Kenya, the PPRA (2015), being the main procurement oversight body conducts investigations on any complaint of non-compliance with the procurement rules and regulations and makes recommendation to the Ethics and Anti-Corruption Commission (EACC), a body established under the Constitution for its assistance in enforcing compliance with the procurement rules by prosecuting suppliers and or procurement or public officers found to have acted corruptly in the public procurement process. Working also in the area of ensuring transparency and compliance to procurement rules in Kenya are the Kenya National Audit Office and the Internal Auditor General (IAG). IAG is responsible for the internal audit function across government especially in the area of procurement. This internal audit is governed by the Public Financial Management Act, and is carried out on an ongoing basis throughout the Fiscal year and in accordance with the required annual work plan thus providing the basis for a sound internal audit mechanism. In counties with complaint and review mechanisms, bidders are allowed to verify whether the procurement processes conform to the prescribed procedures. The possibility of review is also a strong incentive for procurement officials to abide by the rules (Hui *et al.*, 2015). Hui *et al.*, (2015) have further stated that firms might choose to implement ineffective compliance systems if legal-violations may be profitable in cases where the legal system under-enforces, either because penalties are set too low or because detection is imperfect or ineffective. On the other hand, Gunningham (2016) argued that the threat of legal sanctions is essential to regulatory compliance and that enforcement action has a cumulative effect on the consciousness of regulated companies and it reminds companies and individuals that violators will be punished and to check their own compliance programs. This is also supported by Kagan (2016) who opined that the outcome of sustained enforcement action instilled a culture of compliance and had a direct impact on corporate compliant behavior. Sutinen and Kuperan, (2015) further argue that coercive enforcement measures remain an essential ingredient in any compliance regime for a better performance.

Procurement Performance

Smith and Conway (2013) identified seven key success factors which influence procurement, namely: a clear procurement strategy, effective management information and control systems, development of expertise, a role in corporate management, an entrepreneurial and proactive approach, co-ordination and focused efforts. Furthermore, Ombaka (2016) outlined that effective procurement process is one which utilizes good practices by avoiding corruption. Evaluation of suppliers before selecting them can significantly improve the performance of the procurement function in carrying out its mandate (Martin, 2014). Private enterprises evaluate suppliers before awarding contracts to supply different goods, services or carry out works. Choy and Lee (2015) stated that supplier selection consists of a five-phase process: the realization of the need for a new supplier, determination and formulation of decision criteria; prequalification; final supplier selection and monitoring of the supplier selection. Similarly, Gimenez and Sierra (2015) stated that there is a link between procurement process, efficiency, effectiveness and performance. Performance is a key driver for competitiveness and for improvement of quality of services. Assessment of procurement performance helps organizations to reduce cost, enhance profitability, assured supplies, quality improvements and competitive advantage. However, Batenburg and Versendaal (2016) noted that use of inappropriate means can be a barrier to change and may lead to a deterioration of procurement operations. Migai and Dale, (2014) have also describes that a number of private sector organizations are losing out because

of their failure to develop quality preventive and quality assurance models within the supply chain.

Empirical Review

In the private sector procurement performance caused financial loss due to delivery of poor-quality work materials, loss of value for money and inflated prices. Decrease in Profitability of private sector adds up due to poor procurement performance (Juma, 2017). According to Migai and Dale, (2014), in the private sector organizations, poor procurement performance is the problem for its growth and it becomes the causes for delay in delivery, increase defects, and delivery of low-quality goods or no delivery at all. According to Zeithaml, (2014) activities of procurement usually suffer from neglect, poor co-ordination, lack of open competition and transparency. Corruption may also occur in the various processes of procurement. It is common to observe lack of trained and qualified procurement specialists who are competent to conduct and manage procurements in various private companies. Inflexible and bureaucratic systems of procurement contribute to contract delays, increased costs and lack of fair competition, all of which affect the procurement process and performance negatively. There is need to have coherent methods of performance in the procurement function in the organizations. Lardenoije, van-Raaij and van-Weele (2015) asserted that basing on financial performance and neglecting non-financial performance cannot improve the procurement operations because only partial performance is considered. Realization of procurement goals is influenced by internal and external forces. Interactions between various elements; professionalism, staffing levels and budget resources, procurement organizational structure, regulations, rules, and guidance, and internal control policies, all need attention and influence procurement performance (Lardenoije *et al.*, 2015). Christopher (2014) distinguished features of a responsive organization. Major transformations are; from functions to process, profit to performance, products to customers, inventory to information, and transactions to relationships. Critical measures of procurement performance need to be continuously monitored. The idea of 'Key Performance Indicators' (KPI) 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 (Christopher, 2014). According to Smith and Conway, (2014), a balance scorecard can provide guidance on critical areas where action may be needed to ensure achievement of goals. Three key outcomes of success are: better, faster, and cheaper. The goals combine customer-based measures of performance in terms of total quality with internal measures of resource and asset utilization. Alternatively, Noble, (2014) have indicated that benchmarking helps identify current best practice and then focuses on how processes could be re-engineered and managed to achieve excellence in critical procurement areas. Emphasis should be on search for strategies that provide superior value in the eyes of customers seeking greater responsiveness and reliability. 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 in order to change from being reactive to being proactive to attain set performance levels in an entity. Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements. Procurement performance is not an end in itself but a means to control and monitor the procurement function in organization.

RESEARCH METHODOLOGY

The Research Study Design

Research design facilitates study efficiency, yielding maximal information. This study adopted descriptive research design. As stated by Kothari (2015), a descriptive research design is a scientific method of investigation whereby data is collected and analyzed in order to describe the current conditions, terms or relationships concerning a problem. This design was appropriate because it gives an opportunity for one aspect of a problem to be studied in-depth with minimal expenditure of effort, time and money (Kothari, 2015).

Target Population

Target population is that set of elements that the researcher focuses upon and to which results obtained by testing the sample should be generalized (Orodho, 2013). According to Mugenda and Mugenda (2013), the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. This definition assumes that the population is not homogeneous. Since this study was carried out at Bamburi Cement (Head office), the specific respondents engaged included the operations staff, procurement staff, logistics staff and the stores staff.

Sampling Technique and Sampling Size

The study employed a stratified random sampling method in determining who to administer questionnaire to so as to obtain a representative sample. This was because the population under study (entire employees of Bamburi Cement) are heterogeneous; does not constitute a homogeneous group. According to Kothari (2015), a stratified random sampling technique is used when population of interest is not homogeneous and can be subdivided into groups or strata to obtain a representative sample. On the other hand, sample size describes the list of all population units from which the sample can be selected from (Cooper & Schindler, 2013). Further, according to Mugenda and Mugenda (2013), a sample size of more than 50% of the target population is enough to make conclusions. Ogachi (2015) has reiterated that the use of a reasonable sample is appropriate because it is quick, inexpensive, efficient and accurate means of assessing information about the population.

Data Collection Instruments

The main instrument for data collection used in this study was questionnaire. A questionnaire is a research instrument that gathers data over a large sample and is one way to elicit self-values (Kombo, 2016). The questionnaires had both close ended questions for easier administration. A Likert scale format of measurement was used in framing the questions ranging from 1 – 5. The study considered the use of questionnaires since they have the advantages over other

types of research instruments such as they are relatively cheaper, do not require as much effort from the questioner as verbal or telephone surveys, and often have standardized answers that make it simple to compile data. The questionnaires were in two parts. The first part included the demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the respondent. The second part was devoted to the identification of the factors influencing procurement performance at Bamburi Cement.

Data Collection Procedures

This study utilized both primary and secondary data. Questionnaires were used to collect primary data. Before the actual data collection, a permission was granted from the department of management science so as to officially authorize data collection. During field study, the respondents were assured of confidentiality of their names and responses and that the results (their responses) should not be handled by any other person but rather purely for academic purposes. Each questionnaire was then summarized and coded for analysis.

Data Processing and Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency so as to ensure accuracy and uniformity. The study used both quantitative and qualitative data analysis techniques. Kombo (2016) has reckoned that quantitative data analysis consists of measuring numerical values from which descriptions such as mean and standard deviations are made. The first step towards this process was to edit the data. A thorough data cleaning was undertaken. After editing data, coding and classification was also done. Finally, data was presented in table and graphs to give meaning for easy analysis on factors influencing the procurement performance at Bamburi Cement.

RESEARCH DATA ANALYSIS AND FINDINGS

Response on Factors Influencing Procurement Performance

Since the main aim of this study was to find out Factors Influencing Procurement Performance in an Organization, in the case of Bamburi Cement, the study was supported with some selected specific objectives. Respondent were further requested to choose the answer that best describes the situation in their departments in a scale ranging from 1 to 5 with structured questions. The findings on the specific objectives were analyzed as follows.

Response on Staff Competency in Procurement

Respondents were asked to indicate the extent to which they consider staff competency affect procurement performance at Bamburi Cement. The findings were illustrated on Table 4.4

Table 4.1 Response on Staff Competency in Procurement

Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The organization usually pays for members to attend procurement seminars	12%	4%	8 %	34%	32 %
The organization gives financial support to those who are furthering their education	34 %	28 %	7 %	11 %	10 %
The supply chain members have a good experience in handling their duties	2 %	6 %	4 %	42%	36%
The organization usually asses on the training needs of the supply chain members	7%	12%	10%	38%	23%
Mean Percentage	12.75%	14.5%	10.25%	31.25%	25.25%

The findings indicated that a larger percentage of the respondents at 31.25% agree, 25.25% strongly agree that staff competency affects procurement performance at Bamburi Cement. On the other hand, 12.75% and 12.5% of the respondents indicated a different opinion while 7.25% were uncertain on the effect of staff training on procurement performance at Bamburi Cement. These findings were further illustrated in the pie chart below.

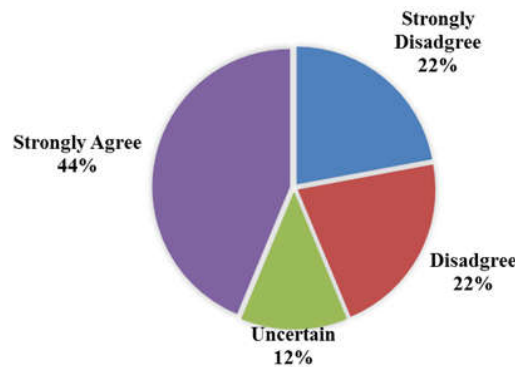


Figure 4.1 Response on Procurement Planning

Response on Information Technology

Respondents were further asked to indicate the extent to which they consider the information Technology influence procurement performance at Bamburi Cement. Optional questions in the scale were given and the findings were illustrated on Table 4.5.

Table 4.2 Response on Information Technology

Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The organization has fully integrated the use of information technology	24 %	35 %	6 %	12%	12 %
All the procurement transactions are done by use of advance technology	2 %	12 %	10 %	40 %	26 %
There is an integrated system between the purchasing and suppliers	12 %	18 %	12 %	38 %	10 %
The organization uses technology applications to get bidders instead of manual advertisement	14 %	16 %	18 %	22 %	20%
Mean Percentage	13%	20.25%	11.5%	28%	17%

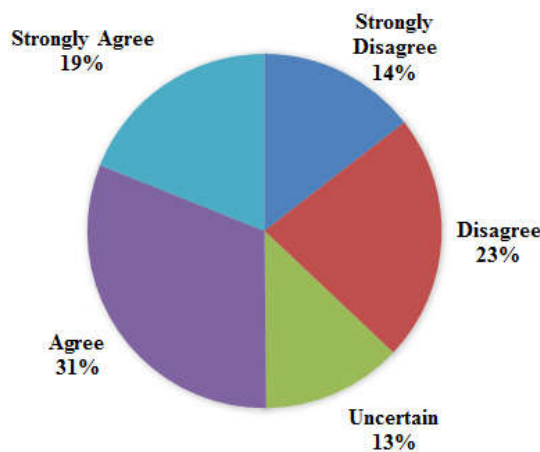


Figure 4.2 Response on Information Technology

Response on Monitoring and Regulations

The third objective of the study was based on the influence monitoring and regulations on procurement performance at Bamburi Cement. Similarly, structured and leading were given and the findings are illustrated on Table 4.6

Table 4.3 Response on Monitoring and Regulations

Question	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
The contracts are usually negotiated before award	8 %	14%	4%	46%	20 %
There is a well-established procedure for monitoring supplier performance	25 %	32 %	12 %	8 %	13 %
All the procurement regulations guiding contacts are followed	4 %	6 %	2 %	36 %	42 %
There is a contract management committee to ensure that all procurement contracts are complied with.	5 %	12 %	4 %	22%	47 %
Mean Percentage	9.75%	16%	5.5%	28%	30.5%

The results in table 4.6 showed that a larger percentage of the respondents at 30.5% strongly agree while 28% agree that monitoring and regulations influence procurement performance at Bamburi Cement. Further, 16% disagree while 9.7% strongly disagree while 5.5% of the respondents were uncertain in monitoring and regulations on procurement performance. The information was illustrated in the pie chart below.

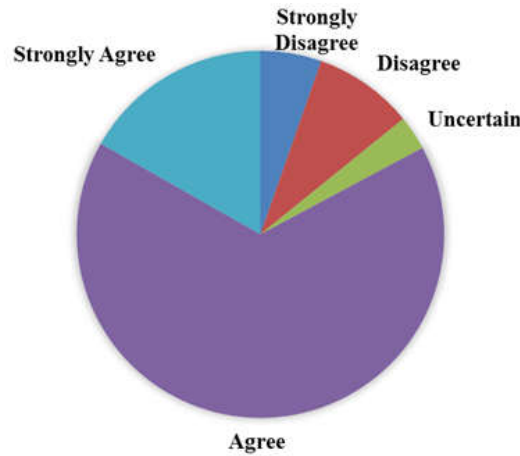


Figure 4.3 Response on Monitoring and Regulations

Response on Procurement Performance

The determining objective was to determine how the selected variables influence procurement performance at Bamburi Cement. A cumulative finding was done and the result is illustrated in Table 4.8.

Table 4.4 Procurement Performance

Questions	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Staff competency, especially procurement member’s makes the procurement function to deliver its mandate.	12 %	33 %	12 %	20 %	13 %
This organization has a well-trained procurement staff member	14 %	45%	18 %	7 %	6 %
Through the use of IT especially for procurement transactions, the procurement operations are efficient	7 %	8 %	4 %	24 %	47 %
Through a properly managed procurement contract, there is efficiency in procurement department	8%	4 %	2 %	35%	41%
Mean Percentage	10.25%	22.5%	9%	11%	26%

Finally, the researcher tested the relationship between the selected independent variable and the independent variable (procurement performance). The findings indicated that 26% of the respondents strongly agree while 11% agree that the selected variables influence procurement performance at Bmaburi Cement. On the contrary, 22.5% disagree while 10.25% strongly disagree while 9% were uncertain at the influence of selected variables on procurement performance at Bamburi Cement. The analysis was illustrated in the pie chart below.

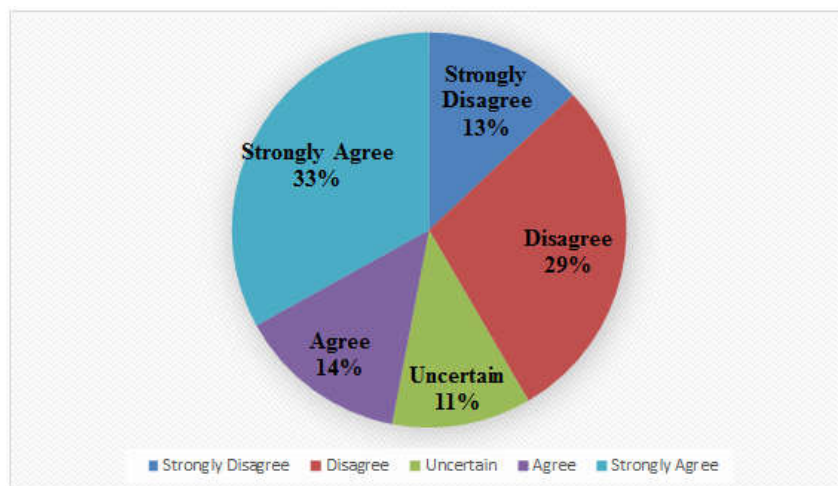


Figure 4.4 Response on Service Delivery

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

Summary of the Findings

The first objective of the study was to find out the influence of staff competency on procurement performance at Bamaburi Cement. The findings indicated that a larger percentage of the respondents at 31.25% agree, 25.25% strongly agree that staff competency influence procurement performance at Bamaburi Cement. On the other hand, 12.75% and 12.5% of the respondents indicated a different opinion while 7.25% were uncertain on the influence of staff competency. These findings are in line with literature by Basheka and Mugabira, (2015) who indicated that absence of adequate knowledge in procurement matters, may end up with serious consequences including breaches of codes of conduct. Moreover, Seleim (2016) found out that training is a key element for improved organizational performance through the increasing level of individual competences.

The second objective was to assess the influence of Information technology capabilities on procurement performance at Bamaburi Cement. The findings indicated that most of the respondents at 28% agree, 17% strongly agree that Information technology capabilities influence procurement performance. On the contrary, 20.25% disagree and 13% of the respondents strongly disagree while 11.5% were uncertain on the influence of Information technology capabilities on procurement performance. All the selected measures were found to be valid since there was at least a response from each. According to Campbell, (2015), the application of ICT in procurement helps to receive, analyze, make decisions and distribute information in order to manage the flow of goods and services in the supply chain. The application of ICT has found to provide new ways to store, process, distribute and exchange key information with customers and suppliers in the entire procurement system (Simatupang & Sridharan, 2015). It was therefore deduced that Information capability in procurement has a positive influence on procurement performance. The third objective of the study was to determine the influence of Procurement monitoring and regulation on procurement performance at Bamaburi Cement. Findings indicated that 26% of the respondents strongly agree while 11% agree that the Procurement monitoring and regulation influence procurement performance. On the contrary, 22.5% disagree while 10.25% strongly disagree while 9% were uncertain for the influence of Procurement monitoring and regulation on procurement performance. According to Zubcic and Sims (2013), monitoring can be broadly viewed as any actions taken by the regulators to ensure compliance. This is also supported by Kagan (2016) who opined that the outcome of sustained enforcement action instilled a culture of compliance and had a direct impact on corporate compliant behavior. Sutinen & Kuperan, (2015) further argue that coercive enforcement measures remain an essential ingredient in any compliance regime for a better performance. Therefore, the findings of this research have concurred with previous findings. Finally, on cumulative analysis, 47% of the respondents indicated a positive effect while 41% of the respondents indicated a negative effect between the selected independent variables and procurement performance. According to Smith and Conway (2013) there are seven key success factors which influence procurement, namely: a clear procurement strategy, effective management information and control systems, development of expertise, a role in corporate management, an entrepreneurial and proactive approach, co-ordination and focused efforts. Since all the selected independent variables were found to be valid, it was therefore concluded that procurement performance at Bamaburi Cement is affected by competency on procurement, Information technology capabilities and procurement monitoring and regulation.

CONCLUSION

The main aim of this study was to find out Factors Influencing Procurement Performance in an Organization, Case Study of Bamaburi Cement. The selected specific objectives which included competency on procurement, Information technology capabilities and procurement monitoring & regulation were geared to provide insights on procurement performance. The study used Bamaburi Cement as the case study. The study established that all the selected independent variables were positively affecting procurement performance. Procurement performance starts from purchasing efficiency and effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity. Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements. Procurement performance is not an end in itself but a means to control and monitor the procurement function in Organization.

RECOMMENDATIONS

Based on the findings, it is inevitable to highlight recommendations which can be used to enhance procurement performance not only at Bamaburi Cement, but on other firms as a whole. The study recommends that there is need to enormously implement procurement monitoring and regulations through training of the procurement stakeholders. It is evident that procurement performance requires input from all key stakeholders for holistic win-win situations. Government has provided the legal framework for practice which can equally be applied in private organization so as to achieve the desired procurement objective. Concurrently, literature has showed that a sound procurement function in the organization is a vital aspect of ensuring transparency, accountability and responsibility in the procurement process. Procurement procedures should be designed to ensure transparency, economy and effectiveness. Staff qualifications can enhance staff ability to perform. There is a link between procurement process, efficiency, effectiveness and performance of the procurement function in the organization.

Suggestions for Further Studies

The scope of this research was broad and attempted to assess the performance of procurement through influential factors at Bamaburi Cement. Thus, the study was limited to Bamaburi Cement and the findings cannot be equally generalized to apply to the public sector entities and other private organizations. In connection to this limitation, it is possible to carry out further research with similar variables but on a different organizational set-up. Alternatively, further research is suggested on factors such as leadership, ethics, integrity and governance.

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