

# **EFFECTS OF SUPPLIER SELECTION ON PERFORMANCE OF PROCUREMENT FUNCTION IN PUBLIC SECTOR: A CASE OF WEST POKOT COUNTY GOVERNMENT**

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## **ABSTRACT**

The purpose of this study was to investigate effects of supplier selection on performance of procurement function in Public Sector: A case of West Pokot County Government. The study was guided by the following objectives: - to determine the effect of Value for Money of supplier on procurement function performance in West Pokot County Government, to establish the effect of Quality of products and Services by supplier on procurement function performance in West Pokot County Government, to determine the effect of Process Cost Management of supplier on procurement function performance in West Pokot County Government, and to establish the effect of price offered by supplier on procurement function performance in West Pokot County Government. The theories that guided the study include partner selection theory, network theory, quality management theory in procurement and procurement capability reviews assessment model. The study adopted a descriptive research design. The target population of this study was 25 procurement staffs within West Pokot County Government that formed the sample size because it was census. Purposive sampling was enable the researcher to determine the composition of a sample by relying on various characteristics of the respondents, thereby assisting the researcher

## **INTRODUCTION**

According to Aggrey (2011), supplier selection can be a tool that provides useful information for potential efficiency gains and enhanced competitiveness, at existing levels of resources and technology. The recent trends indicate inadequate or poor procurement function performances. The procurement function has not delivered its key objectives. This implies that achieving the

to consider those respondents who were working under the procurement department in West Pokot County Government. Research data for the study was collected using both secondary and primary sources. Secondary data was collected through documentary review of published records, journals, textbooks and Government documents, industry and annual reports, while primary data was collected using a self-administered structured and unstructured questionnaire. A pilot study was conducted to determine the reliability of the questionnaire. The collected data was analyzed using descriptive statistics and the relationship between the variables was established using a regression model. The study found out that there are effects of supplier selection on procurement function performance and that all the four dimensions of supplier selections have significantly positive relationships with procurement performance. It was concluded that the supplier selections and the four dimensions have effects on procurement performance. The recommendations made were that there is need to take supplier selection strictly to ensure its effects are felt in the procurement activities.

**Key Words:** *Value for Money, Quality of Goods and Services, Process Cost Management, Timely Delivery, supplier Selection, Procurement Function*

value of procurement function is yet to be realized. According to Amaratunga and Baldry (2002) although the benefits of suppliers are well documented, there are inadequate practices by procurement managers to strategically include supplier selection as main approach to performance improvement.

The drive towards quality products and services delivery and procuring goods and services in a lawful and ethical manner which encourages participation and sustainable economic growth has been a challenge so far to most procurement officers (Artley, & Stroh, 2001). These outcomes are lacking savings capabilities that can benefit any organisation. Apart from that, efforts of many public entities to enhance working effectively across public procurement sectors and organisations; ensuring effective contract and supplier management; communicating effectively and ensuring productive stakeholder and customer relations; ensure compliance with good procurement practice and continuously improving performance and innovation often bears no tangible gains.

Although procurement function is an area critical in public financial management system in Kenya, it has not provided end results aligned to this function. The desire to realize efficiency and effective use of public resources; ensuring fiscal stability that create an enabling environment for private sector led growth; and strengthens governance and transparency in the management of public finances is not often the outcome (Atkinson, 2006). Again, procurement function intends to help to contribute towards delivering value-for-money service financial savings through more efficient, effective and co-ordinated service delivery. According to Batenburg and Versendaal (2006) most public institutions have faced challenges in providing results that ensure effective governance and accountability of procurement, ensuring the procurement process is resourced by skilled staff appropriate to spend and commodity and adopting and end-to-end e-procurement service.

In Kenya for example, public procurement offer poor results in terms of quality, the BVR kits expected to create integrity in voter registration, balloting, speedy and clean tabulation and transmission of results from polling stations to the IEBC headquarters were similarly susceptible to manipulation causing lack of trust in these processes ability to deliver credible and clean elections (Dersso, 2013). Most of the BVR kits failed to operate as servers crashed, resulting in delays in processing voting process. Global procurement strategies, while have the potential of visibility, accountability, traceability and profitability capabilities, may not allow the same degree of agility and flexibility, are inadequate to show improved performance.

To operationalize the Kenya Vision 2030, the Government has developed the first Medium Term Plan outlining the strategies for the next five years (2008-2012). The Government recognizes the need for involvement and participation of citizens and all other stakeholders in achieving the objectives of the Kenya Vision 2030. It also recognizes the need for prudent management of the Country's scarce resources (Karlsson, Croom, Forza, Voss, Ahlstrom, Coughlan, & Bertrand,

2009). The Vision 2030 has identified key flagship projects to spearhead the socioeconomic transformation in the country. A key enabler in the delivery of these projects is utilization of an efficient and effective public procurement system. Thus, PPOA is expected to play a key role in the development, implementation and regulation of the public procurement system so as to ensure that: the government gets value for money; loss of public funds on procurement is minimized; there is optimized resource allocation for the various prioritized government projects and procured goods, works and services are delivered on time (Karlsson, et. al., 2009).

## **STATEMENT OF THE PROBLEM**

Bello (2003) asserts that experts agree that no best way exists to evaluate and select suppliers, and thus organizations use a variety of approaches. The overall objective of the supplier evaluation process is to reduce risk and maximize overall value to the purchaser. There is poor performance in relations to the successful value for money creation. The procurement has failed to enhance financial savings, reduction in costs while maximizing value of resource usage. An organization must select suppliers it can do business with over an extended period of time. The industrial purchasing function remains amongst the most critical activities for ensuring the long-term viability of a firm. Pre-dating the rush to Internet commerce, companies have been pursuing improvements in purchasing function in order to improve their overall performance (Kinney, 2000). Moreover there is no research linking the procurement function performance with value for money, timely delivery, cost management and quality dimensions of supplier selection, in particular in County government. A research study is therefore needed to investigate and establish the effects of supplier selection criterion and factors that needs to be considered in selection of suppliers because of the role they play in public entities in Kenya especially in county governments. Furthermore, in spite of having various studies undertaken on supplier selection by various researchers, none of the studies have particularly addressed the effect of supplier selection on procurement function performance in West Pokot County Government. This study filled this gap by exploring the effects of these four dimensions of suppliers on procurement function performance in West Pokot County.

## **OBJECTIVES OF STUDY**

The main objective of the study was to investigate the effect of supplier selection on performance of procurement function in Public Sector where the focus was on West Pokot County Government.

## **SPECIFIC OBJECTIVES**

1. To determine the effect of value for money of supplier selection on procurement function performance in West Pokot County Government.

2. To establish the effect of quality of goods and services by supplier selection on procurement function performance in West Pokot County Government.
3. To establish the effect of process cost management of supplier selection on procurement function performance in West Pokot County Government.
4. To determine the effect of timely delivery of supplier selection on procurement function performance in West Pokot County Government.

## **THEORETICAL REVIEW**

The study was guided by partner selection theory, network theory, quality management theory in procurement and procurement capability reviews assessment model.

### **Partner Selection Theory**

The theory of partner selection basically routes for a step to step from the start point to the finish point selection process. It provides for clear guidelines on selecting suppliers in this scenario. Saffu and Mamman (2000) postulated that partner selection theory is restricted and concentrates on the criteria for selecting partners rather than on the procedure of partner selection. Furthermore, the authors assume a rational decision-making process based on very specific selection criteria. Depending on the objective of the agreement as a whole, specific partner characteristics are more or less valuable. A coherent selection criterion is developed to guide the selection process, often prioritizing the partner characteristics of significance. This criterion determines the partners or the suppliers who are selected.

Angeles and Nath (2000) collected information on organizations selection criteria of their trading partners. They found out that strategic commitment and trading partner flexibility were among the factors that determine selection of trading partners. Rising economies industries from Mexico, Poland and Romania considered economic assets, technical capabilities, intangible assets and readiness to share knowledge were the main elements in selection of partners. Developed economies organizations from Canada, France and the United States of America picked their partners based on exceptional competencies, local market knowledge and accessibility of the partners (Saffu&Mamman, 2000). According to this theory, suppliers should be selected following clearly established procedure. Also suppliers should have certain characteristics that match the needs of the procuring entity such as Value for Money, Quality of products and Services, economic price and Process Cost Management.

### **Network Theory**

McNichols and Brennan, (2006) noted that network theory focuses on dyadic and multi-organization relationships. The theory is concerned with the value creation through inter-organizational relations. This theory was first introduced during the 1970s and the 1980s and

developed from the focus on relationships between just two entities, or strategic alliances, towards an approach which entails multiple relationships between different counterparts throughout the supply chain (Wellenbrock, 2013). According to Chang, Chiang & Pai (2012) further affirm that the network theory is an intricate network model and its exact perspective depends on the relationships among the network partners. The networks theory has been in use for both global supply chain studies as well as supply chain in specific trade or countries (Peck, 2005). Networks theory provides framework for understanding and analyzing the several-party inter-organizational relations for increasing resources, capabilities, and competencies of the individual firms.

### **Quality Management Theory in Procurement**

According to Heizer & Render, quality is the ability of a product or service to meet customer/user needs. Quality can mean excellence, meeting customer requirement, quality as value, customer perception and adoption to expectation. Hansen (2001:209) lamented that it is unfortunate that until today the concept of quality appear fragmented and ambiguous in literature as in practice. The term quality management has different meaning within many business sectors. It is considered to have four main components: quality planning, quality control, quality assurance and quality improvement.

Quality management is focused on product and service quality and the means to achieve it. Quality management theory focus on continuous improvement therefore uses quality assurance and control of processes as well as products to achieve more consistent quality. Shewhart (2014) made a major step in the evolution towards quality management by creating a method for quality control for production, using statistical methods, first proposed in 1924. This became the foundation for his ongoing work on statistical quality control. W. Edwards Deming later applied statistical process control methods in the United States during World War II, thereby successfully improving quality in the manufacture of munitions and other strategically important products.

Quality management has become such an influential element of doing business that companies have adopted the cost of quality (COQ) model to predict the possible financial burdens of selling a product that is flawed. The COQ recognizes prevention costs, appraisal costs, internal failure, and external costs as foreseeable quality management issues that could not fulfill the needs of the customer. Furthermore, an international body has come forward to create a unifying single quality standard known as the ISO 9000, which published a series of quality assurance standards. For a company to become a member of ISO 9000, they must be observed for 9 to 18 months and must meet rigorous quality standards on their goods and services.

However, quality control cannot just focus on individual function in order for a procurement manager to be successful they need to implement total quality management (TQM). TQM



embodies the entire organization, from supplier to consumer, to follow a stringent quality management emphasis. TQM incorporates a wide range of methods from the plan, do, check, act circular flow model which provides a company a template to have continuous improvement to the six sigma process. Six sigma is a statistical tool that aims to help reduce defects to a 99.9997% capability rate. Quality in its most basic sense is making the consumer/user content with their good/service and it is the obligation of the procurement manager to ensure that quality awareness is involved with each decision areas.

The European Foundation for Quality Management (EFQM) proposes a model of excellence leading to improved business results. The model is based on the concept that an organization will achieve better results by involving all people in the continuous improvement of their processes. Investors in people have drawn attention to the importance of employees' engagement for building effective relationship between an organization and its people. Cascading the vision and direction of the organization is one of the strongest levers for generating improved performance (Mullins, 2010). When the purchasing department is looking at the procurement of materials from suppliers they will have been given some guidance by the manufacturing department, research and development, or the quality department.

This should include a variety of information about the item to be sourced, such as physical description, dimensional measurements, chemical composition, performance specifications, and standards to conform to, or even the brand name of the product (Stiglitz, 2000). The purchasing department must know the physical attributes of the part they are required to source. For example, if the required material must be made of a certain shade of a blue, then the purchasing department must be able to communicate that requirement to the potential suppliers to ensure that the specification can be met. Sometimes the quality department or development team will inform the purchasing department to only source a particular brand name. This may be due to the specific nature of the part made by one company or the level of quality it has over competitors.

### **Procurement Capability Reviews Assessment Model**

The model stipulates that the Centre of expertise work with public bodies within its respective sectors to assess procurement capability. This is done by interviews and by reviewing evidence prepared in advance by the organization. The centers of expertise will, in consultation with their sector develop an action plan, agree a timetable and address any issues that their sector may have about the process. It is proposed that the PCAs take place annually to ensure ongoing and continuous improvement of procurement activities right across the public sector. The Assessment Levels are on: nonconformance, Conformance, Improved Performance and Superior Performance.

The Procurement Competency Framework can be used by individuals to assist their personal development through skills assessment, identification of training and development needs and

career planning. It can also supplement the organization's existing staff development programmes, resource and succession planning initiatives. A study done by the Australian Procurement and Construction Council (APCC), found that procurement skills are not well organised nor at a sufficient capacity or level of capability for the size, complexity, and risk exposures associated with the sector's increasing expenditure. An effective procurement function contribute to the continuity of the organization's primary business activities ,control and reduce all procurement related costs , reduce the organization's risk exposures in relation to its supply markets, and contribute to innovation that improves service delivery (Mueller, 2003).

There is an Act of parliament which controls and regulates public procurement in Kenya. This law was developed after several irregularities were noticed in the procurement processes within the public institutions. With the mandate of the then minister for finance, a body was set up to investigate and come up with recommendations on the best practices in the procurement process. Other governments use the Procurement Capability Reviews Methods (PCRs) that are designed to assess how far procurement in central government meets the demanding standards required to deliver Government policy and achieve value for money now and in the future. The reviews challenge departmental procurement activities at a strategic and structural level, covering the widest definition of procurement from commodities through to complex projects. They assess how far government procurement in each Department meets the demanding standards required to achieve value for money now and in the future. The outcomes from the reviews will drive improvements in procurement capability where the greatest impact can be achieved.

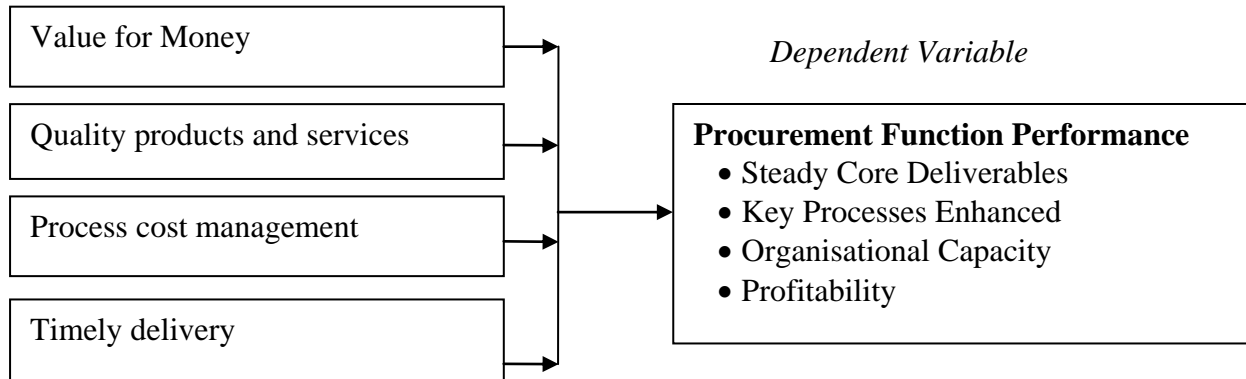
PCRs are intended to provide an overall assessment of departmental performance in procurement, based on the underpinning PCR Assessment Model, which aims to assess against world class procurement standards and practice. The procurement policy and standards framework feeds into and is aligned with the PCR assessment model. The model guides the reviewers when they assess the capability of each department and supports the key requirements contained in the policy and standards framework. The PCR model is based on three key areas of capability, and nine more specific indicators; it is structured as follows: visibility and impact of leadership, vision, aspirations, business and policy alignment, stakeholder and supply base confidence levels, effective resourcing of procurement activity, "Intelligent client" capability, Governance and organization, strategic and collaborative approach to market engagement and sourcing, effective use of procurement and PCR tools and techniques, knowledge and performance management.

## **CONCEPTUAL FRAMEWORK**

The independent variables of this study were derived from the components of supplier Selection which included value for money, quality of goods and services, process cost management, timely delivery, while the dependent variables was performance of the procurement function.



*Independent Variables*



**Figure 1: Conceptual Framework**

**EMPIRICAL REVIEW**

Public Procurement in county governments is perceived as prone to corruption; occasioning waste of public funds and influencing quality of service and development opportunities to citizens. There is desire to turn around this distressing tendency and win public confidence. Even with Government efforts to improve the procurement system functioning, it is still flawed by inferior works, poor quality goods and services from county government suppliers. Improper implementation of recommended performance standards results in unnecessarily high operation costs, uncoordinated business activities, inability to achieve domestic policy goals, and failure to attract and retain professionals. Suppliers complain about the capability of public procurement function in county governments to select and support suppliers. Suppliers contribute enormously on performance of organization in all perspectives. This is why it is important to select suppliers who are ready to support organization objectives. This is why this study wants to fill this gap by looking at factors relating to supplier selection on procurement function performance. Awino (2002) acknowledges that the process of identifying the best suppliers and maintaining them is perhaps the single most important role of the procurement function in any forward looking organization. To carry out their task effectively, procurement managers must come up with scoring criteria to help them evaluate and identify the suppliers to do business with and maintain them in the approved vendors list. Parameters to be included in the scoring criteria or appraisal forms as the case may be should be carefully selected to ensure that they are value adding and will impact positively on the performance of the procurement function and the entire organization as a whole.

It is important that the procurement function identifies and analyses the supplier related factors that affect the performance of the procurement function. Procurement professionals acknowledge that combinations of value, service, and price are not often exactly equivalent. According to Burt, Petcavage and Pinkerton (2010) ascertained that if quality and price are identical, then

supplier should be preferred solely on the basis of service. Service is rarely the same and in many cases it is a supplier's capabilities that are being purchased, not commodities. Government as a supreme power is differentiated from business process. In most scenarios, the state acts in the best concern of the citizens of a country, to endeavor to assure simplicity, accountability and openness.

Van Weele (2006) acknowledged that there is a bond connecting 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 organisation 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. The procurement function is obliged to carry out its duties and responsibilities which include supplier selection and acquisition of goods and services on behalf of entities. The goods or services procured should meet the minimum requirements and specifications as requested by the user department.

Procurement performance is a measure of identifying the extent to which the procurement function is able to reach the objectives and goals with minimum costs (Van Weele, 2002). Van Weele (2002) noted that there are two main aspects of the procurement performance: effectiveness and efficiency. Procurement effectiveness as defined by Van Weele (2002) is the extent to which the previously stated goals and objectives are being met. It refers to the relationship between actual and planned performance of any human activity. Additionally, he explains that procurement efficiency is the relationship between planned and actual resources required to realize the established goals and objectives and their related activities, referring to the planned and actual costs. As a result, supplier performance is the most important procurement performance driver.

Measuring procurement performance is important as the purchasing department plays an ever increasingly important role in the supply chain in an economic downturn (Vonderembse & Tracey, 1999). Vonderembse and Tracey (1999) explain that a reduction in the cost of raw material and services can allow companies to competitively market the price of their finished goods in order to win business. An obvious performance measure of the success of any purchasing department is the amount of money saved by the company (Nyeko, 2004). Procurement department, like all other departments in a company, is an element of the overall organisation, which must contribute to the achievement of the corporate goals (Nyeko, 2004). Thus a clear link between the corporate strategy and procurement strategy is crucial to understand, follow and implement in each function and action (Vonderembse & Tracey, 1999). Buvik and John (2000) explained that procurement has always been integral to the performance of an organization. However, both Buvik and John (2000) further explained that with increasing

unpredictability in the market, cut throat competition and looming recession fears that procurement has become a highly topical area for the senior level management.

Of all the tasks that related to procurement function, none was more important than the selection of a proper source of suppliers. As long as supplier relationship management concept is concerned, Companies are trying to build long-term and profitable relationships with suppliers. There has been an evolution in the role and makeup of the purchasing function. The purchasing function has gained great importance in organizations management due to factors such as globalization, increased value added in supply, and accelerated technological change. Currently there is high significance of the contribution of procurement function to the whole organization performance. Pal, Gupta & Garg (2013) observed that the basic criteria typically utilized for selecting the suppliers are pricing structure, delivery, product quality, and service etc. While most buyers still consider cost to be their prime concern, few more interactive and interdependent selection criteria are increasingly being used by the manufacturers. The various important criteria for the supplier selection as observed by Pal et al. 2013 are: Price, Quality, Delivery, Performance History, Warranties & Claims Policies, Production Facilities and Capacity, Technical Capability, Financial Position, Procedural Compliance, standing and Position in commerce, Desire for Business, Repair Service, Attitude, Packaging Ability, Labor Relations Record, Geographical Location, Amount of Past Business and Reciprocal Arrangement.

The capability to provide information links across the supply chain allows supply chain associates to share knowledge about plans, necessities, and status resulting in improved supply chain performance (Zhang et al. 2006). The sharing of information supports collaboration among the supply chain partners, and collaboration is also key to the supply chain's ability to respond (Thomas, 2008). In the long run both partners will understand the needs of the other hence improving the performance of the supplier and the procurement function. Suppliers and procuring entities should continuously seek to get clarifications on the requirements and specifications of goods and services to be offered. This will ultimately influence performance of both entities. The criterion that is commonly used for supplier's selection is cost, quality, delivery and services. According to the collected data, it can be clearly seen that also price, Process Cost Management of supplier and Value for Money of suppliers also affects supplier selection. The process or procedure of supplier selection normally determines the kind of supplier who are selected hence it greatly contributes to performance of any procurement entity in any organization. Thus, it is important to look at the effects of supplier selection on performance of procurement entities.

## **RESEARCH METHODOLOGY**

### **Research Design**

The study adopted a descriptive research design. According to (Cooper and Schindler 2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. The design was suitable to establish the effects of supplier selection on procurement function performance in public sector. It emphasizes on quality in the collection and analysis of data.

### **Population of the Study**

The target population of this study comprised of 25 procurement staffs within West Pokot County Government. The study targeted this group because they were involved in executing or managing day to day functions of procurement in West Pokot County Government. The whole population formed the sample size hence the sample size was 25 respondents. A census study was undertaken. Purposive sampling enabled the researcher to determine the composition of a sample by relying on various characteristics of the respondents, thereby assisting the researcher to consider those respondents who are working under the procurement department in West Pokot County Government.

### **Data Collection**

Data collection was done using primary sources of data that is, self-administered questionnaires were used to collect data in which respondents were required to answer based on their own understanding. Drop and pick method was applied of which the questionnaires were available for the respondent to fill in a period of one week. The reasons why the researcher adopted questionnaire is because questionnaire is relatively cheap compared to any other method of data collection and that validity of information was required. Secondary data was collected through documentary review of published records, journals, textbooks and Government documents, industry and annual reports, while primary data was collected using a self-administered structured and unstructured questionnaire.

### **Data Analysis**

The data obtained was analyzed using descriptive statistics and the relationship between the variables was established using the linear regression model. In order to meet the objectives, data was analyzed and tested so as to draw on the conclusion on the variables in the study. Regression analysis was used to show the relationship between the supplier selection criteria and procurement function performance. The following regression formula was used:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Where: Y = Procurement Function Performance, a = the intercept when x is zero, b<sub>1</sub> b<sub>2</sub> b<sub>3</sub> and b<sub>4</sub> are regression weight attached to the variables, X<sub>1</sub>= Value for Money, X<sub>2</sub>= Quality of products

and Services, X<sub>3</sub>= Process Cost Management and X<sub>4</sub>= Timely Delivery. The findings were presented using percentages, frequencies, mean scores and tables.

## **RESEARCH RESULTS**

The findings and discussions of the study are based on 25 responses obtained from the sampled population which accounted for 100% response rate.

### **Supplier Selection**

On the level of participation on the supplier selection process within the Government of West Pokot County, 76% of the respondents indicated that they participated in the supplier selection process within the Government of West Pokot County. This implies that participation in supplier selection process is a male dominated affair. However, this is still within the  $\frac{2}{3}$  gender rule of the constitution that stipulates a mandatory requirement for participation in public activities. With regard to the practices of supplier identification used by the County Government of West Pokot, 68% of the respondents indicated that there are practices of supplier identification used by the County Government of West Pokot and 32% that there are no supplier identification practices at the County Government.

### **Value for Money**

This sought to deduce respondents' opinion on the importance of supplier selection as important to the County Government of West Pokot or not. 80% of them stated yes that value for money matters in the supplier selection however, 20% were of different opinion. This infers that heads of department; heads of section and officers view the importance of Value for money more than the clerks so it could be the reason why some of the clerks failed to give a yes opinion.

Those who strongly agree with the statement that value for money of suppliers enables to improve cash savings accounted for 60%, agree 20%, disagree 8% while agree scored 12%. This is an indication that majority of the respondents were of the opinion that value for money of the suppliers can help improve cash savings for an entity.

The respondents who strongly agree accounted for 40%; agree 28%; neither agree nor disagree scored 8%; disagree 20% while disagree strongly accounted for 4% with the statement that value for money can help to minimize purely relying on buyer demand to drive sustainability. Again, respondents who strongly agree accounted for 48%; agree 16%; neither agree nor disagree scored 0%; disagree 16% while disagree strongly accounted for 4% with the statement that value for money can enhance reduction in reworks, queries and mistakes thereby saving on such costs.

Moreover, the results indicate that respondents who strongly agree accounted for 56%; agree 6 24%; neither agree nor disagree scored 0%; disagree 8% while disagree strongly accounted for 12% with the statement that value for money of supplier can enhance reduced stockholding by

procuring firms. The results still indicate that respondents who strongly agree accounted for 40%; agree 32%; neither agree nor disagree scored 4%; disagree 16% while disagree strongly accounted for 8% with the statement that value for money can provide responsible choices in the face of competition for limited natural resources.

Finally the respondents who strongly agree accounted for 68%; agree 8%; neither agree nor disagree scored 0%; disagree 8% while disagree strongly accounted for 16% with the statement that value for money can enhance improved transparency and traceability.

### **Quality of Products and Services**

The study sought to ascertain whether the respondents thought quality is one of the factors that should be considered in supplier selection in West Pokot County Government. The results indicate that yes accounted for 76% if which head of department accounted for 16%; head of section 8%; officer 12% and clerk 40%. Those who stated no score 24% in total that include 4% for officer and 20% for clerk.

The respondents were required to indicate the extent to which they agreed with various statements on quality of products and services of supplier selection in the County Government. The results showed that indicate that respondents who strongly agree accounted for 56%; agree 20%; neither agree nor disagree scored 4%; disagree 12% while strongly disagree accounted for 8% with the statement that quality of services/goods offered by a supplier is determined by assessing the number of complaints.

The results also indicate that respondents who strongly agree accounted for 40%; agree 32%; neither agree nor disagree scored 0%; disagree 16% while strongly disagree accounted for 12% with the statement that quality enhances management of trade-offs, aligning incentives, sharing information, and coordinating relationships across functions to achieve a lower total cost of ownership. Furthermore the results indicated that respondents who strongly agree accounted for 32%; agree 36%; neither agree nor disagree scored 8%; disagree 12% while strongly disagree accounted for 0% with the statement that quality management from logistics roots, material handling, and purchasing towards the modern demand driven value network needed is supported.

The respondents who strongly agree accounted for 48%; agree 32%; neither agree nor disagree scored 4%; disagree 8% while strongly disagree accounted for 8% with the statement that quality helps in identifying initiatives that will encourage and enable consumer demand for more sustainable solutions. Moreover, these results also show that respondents who strongly agree accounted for 60%; agree 20%; neither agree nor disagree scored 0%; disagree 4% while strongly disagree accounted for 16% with the statement that quality also supports visibility, agility, adaptability and alignment to procurement processes.



The results further indicate that respondents who strongly agree accounted for 24%); agree 56%; neither agree nor disagree scored 0%; disagree 16% while strongly disagree accounted for 4% with the statement that quality also simplifies integrating processes for demand driven value networks creation. In addition to that, the results show that respondents who strongly agree accounted for 24%; agree 40%; neither agree nor disagree scored 8%; disagree 20% while strongly disagree accounted for 8% with the statement that quality orchestrates the supply chain with a combination of information, visibility, cross-cutting metrics and market discipline.

### **Process Cost Management**

The study sought to establish whether Process Cost Management of a supplier is a factor in supplier selection in West Pokot County Government. 76% of the respondents stated Process Cost Management of a supplier is a factor in supplier selection in West Pokot County Government. On the statement that process cost management can help realize reduction in direct expenses leading to improved overall profitability, the respondents who strongly agree accounted for 40%; agree 44%; neither agree nor disagree scored 4%; disagree 4% while strongly disagree accounted for 8%.

The results also indicate that respondents who strongly agree accounted for 12 (48%); agree 7 (28%); neither agree nor disagree scored 0 (0%); disagree 4 (16%) while strongly disagree accounted for 2 (8%) with the statement that there can be process re-engineering and waste elimination. This infers that majority of the respondents were of the opinion that there can be process re-engineering and waste elimination. From the results, the respondents who strongly agree accounted for 10 (40%); agree 8 (32%); neither agree nor disagree scored 1 (4%); disagree 2 (8%) while strongly disagree accounted for 4 (16%) with the statement that there capacity to track products and their ingredients or components back to their original source.

The respondents who strongly agree accounted for 9 (36%); agree 12 (48%); neither agree nor disagree scored 0 (0%); disagree 1 (4%) while strongly disagree accounted for 3 (12%) with the statement that there is an enabled unprecedented level of transparency and heightened accountability. Again, these results also show that respondents who strongly agree accounted for 10 (40%); agree 11 (44%); neither agree nor disagree scored 0 (0%); disagree 3 (12%) while strongly disagree accounted for 1 (4%) with the statement that process cost management can enhance a network-centric emphasis on collaboration with suppliers to maximise value and minimise cost. This is an indication that majority of the respondents were of the opinion that process cost management can enhance a network-centric emphasis on collaboration with suppliers to maximise value and minimise cost.

### **Timely Delivery**

The respondents who strongly agree accounted for 11 (44%); agree 8 (32%); neither agree nor disagree scored 0 (0%); disagree 4 (16%) while strongly disagree accounted for 2 (8%) with the

statement that timely delivery is useful in faster and quick response to shorter lead times. This is an indication that majority of the respondents were of the opinion that timely delivery is useful in faster and quick response to shorter lead times. The results also indicate that respondents who strongly agree accounted for 10 (40%); agree 6 (24%); neither agree nor disagree scored 1 (4%); disagree 2 (8%) while strongly disagree accounted for 6 (24%) with the statement that it enables the supplier supply whatever is needed in time.

The results that respondents who strongly agree accounted for 8 (32%); agree 9 (36%); neither agree nor disagree scored 0 (0%); disagree 5 (20%) while strongly disagree accounted for 3 (12%) with the statement that timely delivery also makes suppliers comply with the goods and service requirements. This implies that majority of the respondents were of the opinion that timely delivery also makes suppliers comply with the goods and service requirements. The respondents who strongly agree accounted for 9 (36%); agree 7 (28%); neither agree nor disagree scored 0 (0%); disagree 4 (16%) while strongly disagree accounted for 5 (20%) with the statement that the suppliers take full responsibility on any complication that occurs during procurement process.

The respondents who strongly agree accounted for 8 (32%); agree 9 (36%); neither agree nor disagree scored 1 (4%); disagree 4 (16%) while strongly disagree accounted for 3 (12%) with the statement that Corporate brand and consumer confidence are protected and enhanced. This is an indication that majority of the respondents were of the opinion that timely delivery of suppliers enable enhanced and protection of corporate brand and consumer confidence. The respondents who strongly agree accounted for 10 (40%); agree 11 (44%); neither agree nor disagree scored 1 (4%); disagree 1 (4%) while strongly disagree accounted for 2 (8%) with the statement that there is an enhanced timely delivery of procured goods.

The results further showed that the respondents who strongly agree accounted for 12 (48%); agree 7 (28%); neither agree nor disagree scored 0 (0%); disagree 4 (16%) while strongly disagree accounted for 2 (8%) with the statement that timely delivery ensures reliable supply in terms of quality, quantity, reliability and cost. These are factors of efficiency in suppliers and once identified and traced, need to be managed to sustain the ability of the buyer to ensure often efficient supplies whenever there is a need, whether urgent or normal deliverables.

## **INFERENCEAL ANALYSIS**

This study used inferential analysis to find out the relationships between predictive variable and criterion variable. The correlations of the independent variables of Value for Money, Quality of Products and Services, Process Cost Management and timely delivery and the dependent variables Procurement function performance were tested and their significant relationship recorded.

**Table 1: Correlations of Overall Variables**

		PFP	VfM	QPS	PCM	TD
<b>PFP</b>	Pearson	1	0.67**	0.715**	0.79**	0.65**
	Correlation Sig. (2 tailed)		0.007	0.000	0.002	0.005
<b>VfM</b>	Pearson	0.67**	1	-0.57*	0.52**	0.492**
	Correlation Sig. (2 tailed)	0.007	0.016		0.006	0.000
<b>QPS</b>	Pearson	0.715**	-0.57**	1	0.267	0.33
	Correlation Sig. (2 tailed)	0.000	0.016		0.66	0.79
<b>PCM</b>	Pearson	0.79**	0.79**	0.267	1	0.69*
	Correlation Sig. (2 tailed)	0.002	0.006	0.66	0.018	
<b>TD</b>	Pearson	0.65**	0.492**	0.456**	0.451**	1
	Correlation Sig. (2 tailed)	0.005	0.000	0.66	0.018	

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

\*Correlation is significant at the 0.05 level (2 tailed)

**Table 2: Summary of the Regression Model**

Model	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	Std. Error R <sup>2</sup>	F	Change statistics			
						df1	df2	Change	
1	0.879 <sup>a</sup>	0.773	0.045	13.325457	0.773	2.393	4	95	0.079

<sup>a</sup>. Predictors: (Constant), VfM, QPS, PCM, TD

**Table 3: The Coefficients of Multiple Regression Analysis**

Model	Unstandardized Coefficient		Standardized Coefficients		t	Sig.
	β	Std. Error	Beta			
(Constant)	12.145	8.712			1.4110	.187
VfM	1.478	2.035	-0.078		-0.7360	.487
QPS	1.186	4.512	0.029		0.2750	.777
PCM	0.678	0.739	0.081		0.8780	.375
TD	-14.113	5.847	-0.314		-2.4210	.017

<sup>a</sup>. Dependant Variable PFP

$$CE = \alpha_0 + \beta_1 VfM + \beta_2 QPS + \beta_3 PCM + \beta_4 TD + \varepsilon$$

$$12.145 + 1.478VfM + 1.186QPS + 0.678PCM - 14.113TD + \varepsilon$$

## **CONCLUSIONS**

The study concludes that there is enough proof to conclude that value for money is related to procurement function performance. There is also a proof that quality of products and services has an important role in improving procurement function performance. Specifically, for supplier selection with ability to disseminate these quality values to the new systems of devolution in Kenya, procurement function performance likely to improve since there will always be a match in the goals of the buyer and what the supplier has to supply.

There were also findings that process cost management has a significant effect on procurement function performance. This implied that process cost management support traceability, visibility of areas with risks, cost maximization and hence capacity to detect and reduce such vulnerability areas thereby maximizing on value creation and financial and non-financial achievements. The last conclusion made was that timely delivery has a significant effect on procurement function performance. It is therefore prudent for the public entities to ensure that there is timely delivery of supplies in the system so that resources wastages are not encountered.

Finally the general conclusion is that supplier selection has significant effects on procurement function performance. The findings above provide evidence of proof that the components of supplier selection are related to procurement function performance either positively or negatively.

## **RECOMMENDATIONS**

From the findings and conclusions above, this research project makes the following comments: that it is not an offense for suppliers to be selected and maintained over a longer period of time. At the same time, suppliers who cannot continue to create value, innovation and creativity has no reason to merely remain in the supply chain. What is important is productivity and improvement in the supply chain. No entity engages on selection and appointment of suppliers yet after the process which is expensive but end up gaining nothing but wastages. That will be a poor management strategy. The findings have proved that there are indeed effects of supplier selection on procurement function performance.

The findings of this thesis deduced that value for money has a profound effect on procurement function performance. This suggested that organisations with suppliers who can continue to provide steady value for money supplies contribute to performance. Therefore, the organisations should strive to ensure that their suppliers are strict on value creation to maintain or improve on their performance. The study finds strong support for the argument that quality of products and services has effects on performance, thus there should be an environment that encourages suppliers to always insist on quality supplies to enable the entity minimise the cost of creating such qualities that otherwise could be developed by the supplier. This way, emerging trends in the customer demanding environments can be managed.

The findings also indicated that process cost management has a significant effect on performance. Thus the supplier selection must maintain the environment that is stable to enable cost management. The ability will enable accumulation and savings on financial and non-financial expenses thereby improving on the performance. Finally, timely delivery was also found to have a significant effect on procurement function performance, therefore the procuring entity need to ensure that they have suppliers who are reliable, accountable and responsible, flexible and responsive to deliver the supplies any time as have been agreed.

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