DECLARATION

This report is my original work and has not been presented for a degree in any other University

Signature…………………………… Date ……………………..

Teddy Shiala Opara

BML/7/00168/1/2014

This report has been submitted for examination with my approval as University Supervisor.

Signature…………………………… Date ……………………..

Dr. Emmanuel Awuor

The Management University of Africa
DEDICATION

I dedicate this work to my Husband Mr. Aura & my four daughters, Marvel, Felicia, Amanda & Tamara. I also dedicate it to my mentor in Leadership & Management Mr. Alex Nyaga my college mates Joseph Nyakwaka & Beth Nyambura for their support & encouragement.
I take this opportunity to acknowledge the Management university of Africa staff and management for enabling me to study and conduct my studies as well as my research throughout this period and Dr. Emmanuel Awuor for his guidance while carrying out this study. To all, I say thank you.
ABSTRACT

This study purposed to establish the effects of procurement governance on the performance of public institutions in Kenya, with the National Hospital Insurance Fund being studied upon. The specific objectives included: employee competence, quality management, employee ethics and organizational structure. The study intends to be of use to the NHIF management, the government of Kenya, the public as well as other researchers. Descriptive research was used in this study and questionnaires were used in the collection of data. The target population was 5000 respondents from all the selected levels of management. A sample of 630 respondents was used, where respondents were selected using purposive sampling techniques. Charts, tables and graphs were used in analyzing the data and by the use of qualitative and quantitative techniques. From the above research, it is quite evident that there is a certain relation between employee competence and organization performance. NHIF employs staff based on the skills that they possess. The organization seems to motivate its staff as per the above research. The organization also trains its staff to enhance their performance in the procurement department and this enables them to understand the procurement procedures in the organization. There is also a certain relation between quality management and organization performance according to this study. The procurement department does not do its best in ensuring that there are minimal wastages, neither is the inventory management in the organization competent. However, the inspection team in the procurement department is competent and the quality of service offered by the procurement department in the organization is consistent. There is also a concrete relation between employee ethics and overall performance in the organization. The ethical standards in the organization does not help in resource utilization neither does it increase effective competition. The organization does not seem to adopt good practices and ethical standards that help in achieving value for money. Also, the ethical standards at NHIF does to enhance equal treatment in the organization. The organization structure also has a positive relation with overall performance of an organization. The structure of NHIF is flexible enough and the decision-making process in the organization is rather conflicting. There is no transparency in the appraisal system at NHIF. The procurement department reports to the director however. The management of NHIF should see to it that ethics is well in the organization is adhered to so as to enable the organization to utilize the available resources and minimize on wastages. As a long-term goal, the organization should try and restructure the organization’s structure so as to enhance effective communication and the decision-making process as well. The appraisal system should also be enhanced to promote good governance and performance in the organization.
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<td>NHIF:  National Hospital Insurance Fund</td>
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<tr>
<td>PPOA:  Public Procurement Oversight Authority</td>
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<tr>
<td>TQM:   Total Quality Management</td>
</tr>
<tr>
<td>OECD:  Organization for Economic Cooperation and Development</td>
</tr>
<tr>
<td>ICT:   Information and Communication Technology</td>
</tr>
<tr>
<td>WTO:   World Trade Organization</td>
</tr>
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<td>PP:    Public Procurement</td>
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<td>QMPs:  Quality Management Practices</td>
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OPERATIONAL DEFINITION TERMS

Employee competence: Those attributes that an employee possesses so as to make work more efficient.

Quality management: A type of management that ensures oversight of activities and tasks that have been provided are done in a way that they achieve a great level of excellence.

Employee ethics: Employee ethics are rules, regulations and standards that have been designed for employees to ensure that there are no wrongdoings in an organization.

Organizational structure: A system that entails detailed and unquestioning rules and regulations of an organization so as to sketch the roles and responsibilities that are to be delegated, controlled and coordinated.

Procurement governance: The overall systems and arrangement of procedures that makes sure that the process of procurement follows the right level of control and probe.

Performance: The achievement of a given execution measured against standards that have been initially set, that happen to be accurate, accomplished, costly and timely.
CHAPTER ONE

INTRODUCTION

1.0 Introduction
This section gives a detailed background on procurement governance, the problem statement on the same, where the profile of the organization will be put down as well, the main and specific objectives.

1.1 Background of the study
According to the business dictionary, governance is perceived as; to establish policies as well as a regular review of correct implementation by individuals belonging to a body that governs a particular subject in the organization. This entails the ability needed in balancing the power and responsibilities of individuals so as to enhance great performance in an organization. Wikipedia describes procurement as a process of getting terms and conditions that are agreed and also outsourcing of services and goods through the process of tendering, where bidders come in to compete and the most favorable bidder wins and starts suppling these goods or services. Therefore, according to Victoria Government Purchasing Board, procurement governance is basically the overall systems and arrangement of procedures that makes sure that the process of procurement follows the right level of control and probe.

Procurement in the public sector has been discovered as a department vulnerable to corruption. This is because of its ability to provide opportunities both in the public as well as the private sector. A report done by OECD indicated that corruption taking place at OECD countries are more rampant in the procurement department compared to any other
department in the government. The procurement department heavily consumes the taxpayers’ money. In Europe alone, it is expected to consume EUR 1.5 trillion by 2023. Surveys done in OECD countries among procurement staff at their central governments showed that transparency together with accountability are the most crucial elements needed in making sure that there is ethics and integrity. One major pitfall seen across various countries is defining what adequate transparency is in this sector. For transparency is very much consequential both for the bidders as well as the government (OECD, 2007).

Countries such as Bangladesh which recently attained democracy recently have not put matters such as code of conduct, ethics and conflict of interest at the forefront in their reforms both in the administration as well as in the legislative sector. Bangladesh procurement sector experiences political pressure, corruption and many other vices from trade unions. This in turn demarcates the trust that the public has on the government. An assessment done by the world bank indicated that the public procurement has been unsatisfactory due to a short bidding period, specifications that are poor, and poor advertisement (Mahmood, 2010)

Ayhan & Üstüner (2015), conducted a review on Turkey’s public procurement reforms which was carried out in 2002. These reforms had transparency and corruption eradication as their governing principles. However, several years after these reforms were created, researches still show that economic and political forces have adverse negative effects on the procurement departments in government institutions (Ayhan & Üstüner, 2015). Reforms carried out by the Chinese government on procurement wanted to enhance considerate management of the government’s expenditure with the introduction
of accountability, transparency and competition and its obligation to the world trade organization (WTO). However, these reforms have been faced with a number of limitations such as misconception arising from officials in the procurement department, and their unethical conduct as well as minimal capabilities of the local government in the enforcement of these reforms. Also, with the political array both in the local and central government failing to get involved in procurement reforms as well as its enforcement, not much fruit was yielded from the same (Chou, 2006).

In Kenya, the existing legislations have not yet cultivated the use of ICT in the procurement sector. There has been so much of a challenge in the trying to embrace good ethical standards hence being ranked poorly by the Transparency International Corruption Perception Index from time to time (Amemba, Nyaboke, Osoro, & Mburu, 2013). However, a report done by the public procurement oversight authority (2007), indicated that there was much improvement in the procurement system in Kenya from the time the country acquired its independence in 1963. With the introduction of the disposal act by the parliament in 2005 (PPOA), there has been the formation of new procurement standards in the country (Public Procurement Oversight Authority, 2007).

1.2 Statement of the problem

Public Procurement governance has been a yardstick in the operations of many public institutions across the world. This is because of its ability to satisfy the needs of its customers. When there is a demand increase in the public sector, the procurement department is obliged to improve on its quality and performance. Therefore, procurement governance tends to come up with a framework that brings together both the customers from with organization and those that are outside the organization (Kingoo, 2013). A lot of re-
search has been done on procurement governance in the government both on national as well as international level. This is because the procurement department gets the highest allocation in the budget in most governments across the globe. The public sector tends to be more complicated thanks to the many mini-departments that they have in the procurement department. For this reason, a lot of effort is normally needed in the formulation of policies and procedures so as to enable the smooth running of finances, goods and services in this department (Kingoo, 2013).

1.2.1 Profile of NHIF

The National Hospital Insurance Fund (NHIF) is the oldest health insurance in Kenya. It is a state corporation established in 1966 under an act of parliament, whose core mandate is to provide healthcare services that are cheap and affordable to Kenyans that are over the age of 18 years. The membership of NHIF is compulsory for all Kenyans that have been employed and voluntary to those in the juakali sector together with those that have not yet been employed. The contributions are calculated against the salary of individuals where by the higher the salary one gets, the higher the contribution they give on a monthly basis. The service covers 11% of Kenyans in the informal sector and 98% in the formal sector (USAID, 2014). The governance in the procurement sector has been under siege at NHIF. With scandals such as the Euro bank scandals where the organization lost close to 479 million shillings, and the civil servants scheme scandal in 2012 where they got into a situation that revealed that there was fund embezzlement on the civil servants’ health care schemes, NHIF has been in the limelight for all the wrong reasons. The procurement managers were at some point taken to court for problems relating to poor governance which even made the PPOA to scrutinize them. This study intends to show how govern-
ance in the procurement department in this organization may affect its overall performance and even enhance public trust.

1.3 Objectives of the study

1.3.1 Overall objective

This study’s overall objective was to establish the effect of procurement governance on performance of public institutions in Kenya.

1.3.2 Specific objectives

They include:

i. To assess the effect of employee competence on performance of public institutions in Kenya.

ii. To find out whether quality management affect performance of public institutions in Kenya.

iii. To determine whether employee ethics affects the performance of public institutions in Kenya.

iv. To find out whether organizational structure has any effect on performance of public institutions in Kenya.

1.4 Research question

The following research question guided the study;

i. How does employee competence affect the performance of public institutions in Kenya?

ii. To what extent does quality management affect the performance of public institutions in Kenya?
iii. What is the effect of employee ethics on the performance of public institutions in Kenya?

iv. How does organizational structure affect the performance of public institutions in Kenya?

1.5 Justification of the study

From this study, the management of NHIF which will enable them in proper governance of the procurement department. In so doing, the organization will be able to minimize of unethical conducts in the procurement sector which may lead to maximum utilization of money allocated for the procurement process.

This study may also be very helpful to the government of Kenya, which has been trying to implement procurement policies and good procurement governance so as to minimize the level of corruption and fraud that has been happening in public institutions in Kenya over a long period of time, and may also help in the utilization of taxpayer money so as to enhance public trust.

Other researchers may also benefit from this study by using this information in their empirical research while carrying out their research on the same topic.

The public will also get to benefit so much from the findings of this research whereby they will be able to understand the procurement procedures at NHIF and to also follow up on the usage of the money they contribute on a monthly basis.

1.6 Scope of the study

The research was bound to National Hospital Insurance fund of Kenya whose headquarter is in Nairobi, with its variables being employee competence, quality management, em-
ployee ethics and organization structure. The organization has 97 branches across the country. The study took five months commencing from the month of May to the month of September 2017.

1.7 Chapter summary

This section gave a detailed background on procurement governance, giving a statement of the problem in question where the profile of the organization was also provided. The main and distinctive objectives of the study were provided, then the justification which indicated whom the study would benefit then finally the scope of the study which summed up this chapter.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter puts down the literature that was previously done regarding the main objective where theoretical and empirical literature relating to this topic will be given. A conceptual framework will then be given followed by the operationalization of variables.

2.1 Theoretical literature review

2.1.1 Public Value Theory

Moore (1995), came up with this theory which seeks to create an understanding for managers in the public sector in exercising their powers while conducting their jobs and the problems they face in creating an outcome that is publicly desirable. This theory states that the work of a manager is not only limited to implementing policies and following the norms provided by their institution but looking for opportunities to make remarkable improvements so as to improve the lives of the citizens. This theory explains a more innovative role for the public managers in defining and seeking to improve the public sector. Instead of going for the lowest bid, a client in the public sector may go for a greater bid to achieve an outcome that is desirable, which may entail selecting a more capable bidder. Public organizations are accountable to the public unlike private enterprises. This theory is important in explaining the relevance of the public sector to the citizens in terms of accountability hence its relevance to this study (Marendi, 2015).
2.1.2 Stakeholders theory

Freeman (1984), came up with the theory of stewardship which states that managers are obliged to create good relations not only with the owners but also other holders such as the clients and employees. They all have a say in the decision-making process of an organization and business executives should respect this. This theory indicates the importance of attending to all stakeholders and that they take part in each and every activity taking place in an organization which is very crucial in corporate governance. The relevance of this is portrayed especially with the engagement of the public, the government, suppliers and other procurement professionals in enhancing good governance and performance in the organization (Marendi, 2015).

2.2 Empirical literature review

2.2.1 Employee competence and performance

Zaim, Yasar, & Unal, (2013), conducted a research to ascertain whether competency of individuals affects the performance of industries in the country of Turkey, which addressed the service industries. These industries included banking industry, the cargo industry, communication and technology industry, hotel industry, publishing and tourism industry, where questionnaires were given out to respondents in 30 of these organizations. An optimistic relation between the two variables was revealed where core competencies showed greater effect on performance of each and every individual. Competency by managers was also a very vital catalyst in the overall performance of the employees. However, the researcher clarified that it was not to be generalized to other industries though (Zaim, Yasar, & Unal, 2013).
Subari & Riady (2015) wanted to know what really affects the performance of employees at PDAMs where employee training, individual competence and need for achievement as their specific variables. This study had various hypotheses that were to be tested against the performance of employees. They included training, competence, internal communication. The same variables were tested against individual competency of employees, and also against motivation through hypothetical-deductive method, structural equation model being supported by LISREL analysis. There was a significantly positive relationship between all these variables except for one on motivation and performance which showed that there was no direct relation between the two (Subari & Riady, 2015).

A study was done by Osei & Ackah (2015), to determine whether there was a co-existing relation between competence of employees in pharmaceutical companies in Ghana and their performance. The analysis of the data showed a positive relation between the two variables. Recommendations were done in the study, where it was suggested that firms need to take advantage of each and every opportunity available so as to enhance the learning process in the organization which will in turn improve the performance potential of these employees (Osei & Ackah, 2015).

Hawi, Alkhodary, & Hashem (2015), wanted to identify whether competency of managers was linked with the overall performance of employees, where 62 managers were interviewed. Competencies such as leadership, problem-solving techniques, ability to apply innovative strategies, and focus on customers showed an affirmative relation with the overall performance of an organization. The study showed that when an organization
applies good strategy, innovation occurs, while good client relations achieves competitive advantage (Hawi, Alkhodary, & Hashem, 2015).

2.2.2 Quality management and performance

Hassan, Mukhtar, Qureshi, & Sharif (2012) conducted a research to ascertain whether performance was affected by Total quality management among manufacturing firms in Pakistan. The outcome of the research indicated that there was a certain relation between quality and performance. The tools and techniques in TQM such as monitoring and control; and factors pertaining behaviour such as fact-based management contributed to the success in the implementation of TQM which in turn improved the overall performance of an organization. This in turn helps organizations achieve great customer satisfaction and better relations between employees as well that a business that is of great quality (Hassan, Mukhtar, Qureshi, & Sharif, 2012).

Jaafreh & Al-abedallat (2012), wanted to determine the repercussions of using practices of Quality management (QMPs) on the overall performance of organizations. A framework that was entirely based on the review of literature was formulated and results of the study after collection of information from bankers in Jordan showed that the model was actually supported. (Jaafreh & Al-abedallat, 2012)

Research carried out by Sadikoglu & Olcay (2014), on TQM practices and organizational performance among companies in Turkey showed that there was a positive relation between the two variables where application of variety of practices in TQM had a great significance on the overall performance of organizations. Based on the study, involving employees in TQM in the organization would improve the structure and performance of organizations (Sadikoglu & Olcay, 2014).
Abdullah & Tari (2012), studied the coexistence between soft and hard quality management practices on performance of companies in Malaysia. Both soft and hard quality management practices indicated a certain relation on performance of firms but hard TQM practices had a more direct relation compared with soft TQM practices which indicated both direct as well as indirect effect on the overall performance of organization (Abdullah & Tari, 2012)

2.2.3 Employee ethics and performance

Obicci (2015), conducted a research in Uganda to establish whether ethical leadership had an effect on the performance of employees. By the use of self-administered questionnaires, data was collected and the research outcome conveyed that there is a significant relation between performance of employee and ethical leadership. The researcher however pointed out that the study focused on only one sector and the conclusion should not be applied in other sector nor countries. The study however concluded that the top-level leaders in Uganda were the ones to promote ethical leadership (Obicci, 2015).

Saeed, Shakeel, & Lodhi (2013), seek to investigate the effect of ethical behaviour on education sector employees’ performance in Pakistan thanks to its nature whereby it develops on a daily basis. Ethical values and ethical standards were seen to indicate a positive relation on the overal performance (Saeed, Shakeel, & Lodhi, 2013).

Bello (2012), conducte a study to point out the concept of ethical leadership where trust and commitment were also introduced and its repercussions on job performance of employees and how employees can come up as managers that have good ethical
standards, at the same time competent. The study showed a positive relation between the two variables (Bello, 2012).

Kelidbari, Fadaei, & Ebrahimi (2016), seek to find out whether ethical leadership had an effect on the performance where employees at Rasht University of Medical Science were being placed under scrutiny by the use of self-administered questionnaires. An indirect significant on the two variables was recorded (Kelidbari, Fadaei, & Ebrahimi, 2016)

2.2.4 Organizational structure and performance

Kanten, Kanten, & Gurlek (2014), carried out a review wanting to assess the effect of organizational structure on the performance of individuals. Job embeddedness as well as learning organizations were also included in the study as variables. After collecting data, the results that were analyzed showed that organization structures that were organic had a negative relation on job embeddedness and adaptive performance of employees but the mechanistic organization structure did on organization embeddedness but not on performance. Learning organization was seen to have a positive relation on ebededness as well as the performance of individuals at the organization. Organic organization structure actually had a mediator relation with performance, which was the also the same with the relation between mechanistic organization structure and adaptive performance of individuals (Kanten, Kanten, & Gurlek, 2014).

Awino (2015), conducted a research on manufacturing industries in Kenya assessing how organization structures may affect their performance, by omitting strategy. The researcher formulated a null conceptual framework on the variables. Interviews were done on CEOs of several firms in the manufacturing industries. The results after the analysis showed that
there was a negative relation between the two variable when return on assets was used, but it did have a positive relation with non-financial measures (Awino, 2015).

Tran & Tian (2013), did a study on the performance of organization structures among firms in Vietnam. The variables were segregated into internal and external factors. Through the administration of questionnaires information was gathered and there was a positive relation between the two variables (Tran & Tian, 2013).

Kihara, Karanja, & Kennedy (2016), wanted to know the effect of strategic contingent factors of an organization performance with the structure of the organization as the the main area of study. This was inspired by the low output in the manufacturing industries in Kenya despite claims of it having a strong economy in the region. Data was collected from managers of various manufacturing industries. The research findings showed that a positive relation between organization performance and structures of organizations in manufacturing industried in Kenya. Span of control was seen to be rampant in most organizations. The relation between organizational structure which entailed departmentalization, centralization and specialization against return on equity was positive according to these results. An enhanced organization structure may assure organizations of better performance as per the recommendations of the study. Implementation of organizational structures that are specialized, together with span of control plus a centralized structure was also recommended in the study as well (Kihara, Karanja, & Kennedy, 2016).

2.3 Summary and research gaps

From the empirical study, employee competence actually affects the overall performance of an organization. However, from the above empirical, addition of other variables such
as motivation did not seem to have a positive relation on performance of employees. For employees to be more competent, an organization should also be able to enhance the learning process. A good strategist in an organization will be able to enhance innovation in an organization while when great customer care management is applied, an organization will be able to achieve a competitive advantage.

Quality management practices does have a significant effect on the overall performance of organizations according the above study. Applying TQM tools and techniques as well as behavioral techniques at the workplace showed much significance on the overall performance of employees.

Application of employee ethics in an organization has both a direct relation to great performance according to most researchers in the study. With ethical values and standards, an organization is able to achieve a lot. However, there are those that do not agree with this.

A good organization structure has a great Impact on the overall performance of organizations according to this study. With departmentalization, centralization and specialization, as well as many other financial measures show a positive effect performance in an organization. However, with addition of other mini-variables to it, a negative relation is observed by other researchers such as, financial measures showed a negative relation between organization structure and performance.

A lot has been done on organizational performance in research. However, each and every department has its own issues. Not so much has been done on departments regarding performance though. getting to know why a particular department underperforms or contrib-
uting factors to its great success may also be done so as to help in contributing to the overall success of organizations.
2.4 Conceptual framework

The conceptual framework that guided this study is illustrated in Figure 2.1

Figure 2.1: Conceptual framework

2.5 Operational framework

2.5.1 Employee competence

Richards (2011), describes employee competence as those attributes that an employee possesses so as to make work more efficient. It is further pointed out that employee competence varies from one job to the other. However, there are a number of skills that a competent employee is characterized with. They include; intellectual capabilities where an employee is able to use their brains in solving problems that may occur at the work place. A competent employee also possesses great interpersonal skills whereby they are able to interact well with their colleagues and also other stakeholders. Another trait of a competent employee is their leadership capabilities where an employee is capable of leading their colleagues and also influence them positively. One that is also capable to
work well under minimal supervision, and also manage themselves well can also be termed as competent (Richards, 2010). An organization that has competent employees, is guaranteed of great performance in the long as well as in the short-run. Wastages are minimized, time is utilized and the entire organization or department achieves greater results.

2.5.2 Quality management
The business dictionary describes quality management as a type of management that ensures oversight of activities and tasks that have been provided are done in a way that they achieve a great level of excellence. Also known as TQM, is a very vital aspect in an organization especially those in the manufacturing sector. Proper quality management requires teamwork so as to improve on quality of products and services to customers. Quality management addresses the issues of problems that may arise when work is being carried out, processes that are redundant, tasks that may not be necessary, and efforts that are repeated. A good quality management system eliminates wastages, costs that may relate to wear and tear, warrant costa by customers and promotes efficiency that may be able to improve the profits of an organization (Nayab, 2011).

2.5.3 Employee ethics
Employee ethics are rules, regulations and standards that have been designed to ensure that there are no wrongdoings in an organization. According to Amico (2011), ethics at work is very vital in an organization in that it may be able to enhance profitability within an organization. Each and every industry as well as discipline has its own ethics pointed so that employees can abide in to ensure that there is the running of an organization is at its best. However, there are a couple of common traits that describe good ethical behavior
at a workplace such as; good behavior that is expected of an employee while in the organization, integrity where employees are expected to be honest in their dealings, being able to take responsibility for actions i.e. putting effort that is honest while at work. Good ethical behavior entails teamwork among the employees then finally commitment in doing the right thing while at work. (Amico, 2011)

2.5.4 Organizational structure

Investopedia defines an organization structure is a system that entails detailed and unquestioning rules and regulations of an organization so as to sketch the roles and responsibilities that are to be delegated, controlled and coordinated. They show how the communication flow should be in an organization. An organization structure that is good ensures that the operations carried out by a business are streamlined. This means that the operations in each and every department are carried out in a way that enhances efficiency. The decision-making process in an organization is also improved. This is because the communication flow is good. When an organization structure is okay, a company may be able to expand to other territories, and most importantly, it also improves the performance of the employees (Vitez, 2013).

2.6 Chapter summary

Under this section, the researcher provided literature review for the study where theoretical as well as empirical literature was pointed out with relevance to the study. Summary on the same was also given and then a conceptual framework was again provided. Finally, operationalization of the variables was then put down.
CHAPTER THREE

RESEARCH DESIGN

3.0 Introduction

This part gives a breakdown of how the research process would be carried out for this study.

3.1 Research design

Kerlinger (1986), as cited by (Kumar, 2011) define research design as a detailed plan that is strategized for the purposes of answering a research question or a problem to a particular area of study. This involves writing the research hypothesis, operational implications and then the final stage which entails data analysis. The research applied Descriptive research design. According to Kothari (2004), descriptive research as those studies concerned with explaining the particular features of a population.

3.2 Target population

A target population is described as probable respondents of interest (Bacon-Shone, 2015). The target population of this study are the employees of National Hospital Insurance fund, distributed across all the levels of management and from 97 branches across the country. They consist of 5000 employees. Table 3.1 illustrates their distribution.

Table 3.1: Table showing target population

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>250</td>
<td>5</td>
</tr>
<tr>
<td>Middle-level manag.</td>
<td>1800</td>
<td>36</td>
</tr>
<tr>
<td>Support</td>
<td>2950</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>5000</td>
<td>100</td>
</tr>
</tbody>
</table>
3.3 Sample and sampling design

A sample is the selection of respondents from an entire population for the purposes of studying them critically. This study applied purposive sampling techniques. Under this type of sampling technique, a researcher gets to select respondents who may provide accurate information that is needed. The sample in this context were the employees from NHIF working in the procurement department. These employees were selected from all the three levels of management across the 97 branches in the country. The study used a sample of 630 (12.6%) from the target population. This is in accordance with Kerlinger (1986), who stated that a sample of 10% and above would be appropriate so as to minimize errors as well as bias. Table 3.2 illustrates this.

Table 3.2: Table showing the sample size

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>90</td>
<td>14.3</td>
</tr>
<tr>
<td>Middle-level management</td>
<td>180</td>
<td>28.6</td>
</tr>
<tr>
<td>Support</td>
<td>360</td>
<td>57.1</td>
</tr>
<tr>
<td>Total</td>
<td>630</td>
<td>100</td>
</tr>
</tbody>
</table>

3.4 Instruments

A data collection instrument is a tool used to acquire information in a planned way in a research. This study used questionnaires that were structured to collect primary data. The questionnaire was chosen by the researcher because it is cheap, ensures privacy of the respondents and it is easy to analyze (Kothari, 2004). The questionnaire consisted of both open-ended and close-ended questions and those questions that take the form of Likert for the purposes of producing interval data that is equal.
3.5 Pilot study

A Pilot study was conducted to get clarifications on instructions, ascertain the right levels of independent variables, determine the reliability and validity of the observational methods (Bodens, 2008). The study handed out Questionnaires to 5 employees of NHIF. This was for the purposes of validation of the questionnaires so as to achieve accuracy on the main intention of this questionnaire. (Mugenda and Mugenda 2003).

3.5.1 Validity test

A test of validity is done ascertain whether the research instrument is measuring the notion. Face and content validity was used in this study where it ascertained whether it covers the range of meaning contained in the concept. The questionnaire was given to the research supervisor for purposes of correction and approval of it.

3.5.2 Reliability test

Reliability is basically consistency. A reliability test is used to measure whether an instrument used for research is able to produce the same result repeatedly (Bacon-Shone, 2015). This research used the inter-rater method to test its reliability. This is where a researcher compares the outcome of the research with those of other respondents.

3.6 Data collection procedures

For purposes of data collection, an introductory letter approved by the school was presented to the management of NHIF headquarters who instructed branch managers across all the 97 branches countrywide to approve the conduction of research in the organization. The data collection was done by the use of self-administered questionnaires. These questionnaires were sent through email that were provided by the HR department to the
employees in the procurement department who were given three days to fill and then submit them through mail as well.

3.7 Data analysis and presentation

After data is collected, it has to undergo through procession and analysis so that it may be in line with the objectives put down at the time when the research plan was being formulated (Kothari, 2004). Questionnaires were first sorted out to determine which ones were fit for data analysis. Those that were found to be okay were edited and coded where necessary. The results were then tabulated. Data was then presented through quantitative (explanatory notes) where no standard scale was used as well as quantitative (numerically) form where a standard scale was used. The results of the findings were then presented in the form of tables, graphs and charts.

3.8 Ethical consideration

When dealing with human beings, the issue of ethics has to arise. This is no exception in research (Walliman, 2011). With this in mind, the researcher had the following in mind to ensure that proper research ethics were observed while carrying out the actual research;

3.8.1 Informed consent and voluntary participation

Consent was received from the management of NHIF before carrying out the actual research. They were then given badges so as to indicate their intentions at the organization’s premises. The researcher then required the potential participants to agree verbally in taking part in the research.
3.8.2 Confidentiality, privacy and anonymity

The use of questionnaires alone ensured confidentiality. This is because the questionnaires were self-administered and respondents were not to indicate their names on it so as to ensure anonymity. Privacy was also observed when each individual was to sit far apart from each other so that they do not get to know what the other participant is filling.

3.9 Chapter Summary

This chapter pointed out the research methodology that would be used when conducting the research. It pointed out the research design to be used, then gave the target and sample population of the study. The research instrument to be used was also provided together with the mode of error detection to be used. The procedure on data collection was provided together with analysis then finally ethical consideration finalized this chapter.
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

This section gives an analysis of the findings of the research that was carried out as well as its discussion and also, the limitations that were encountered during the study.

4.1 Presentation of Research findings

4.1.1 Response rate

Questionnaires were issued to respondents across all the branches of NHIF branches in Kenya through email. They were to return them through email as well. Out of 630 questionnaires, 550 were properly filled and returned in time for analysis. This was 87.3% of the total number of questionnaires. However, 80 questionnaires were either not properly filled or not returned. This amounted to 12.7% of the total number of questionnaires. 87% was very much okay for the continuation of analysis since it superseded 50% of the sample that was recommended by Mugenda & Mugenda (2003). Table 4.1 and Figure 4.1 conveys this information qualitatively.

Table 4.1 Table showing the response rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>550</td>
<td>87.3</td>
</tr>
<tr>
<td>No response</td>
<td>80</td>
<td>12.7</td>
</tr>
<tr>
<td>Total</td>
<td>630</td>
<td>100</td>
</tr>
</tbody>
</table>
4.1.2 Descriptive characteristics

This being the first section in the questionnaire, respondents were to compulsorily fill in their demographic characteristics such as gender, tenure of the employees, education level and finally their level of management. This section gives a detailed analysis of the breakdown.

4.1.2.1 Respondents’ gender

Respondents were to betoken their gender. Out of 55 respondents, 300 (54.4%) indicated that they were male whereas 250 (45.6%) indicated that they were female. Table 4.2 and Figure 4.2 illustrate this.
Table 4.2: Table showing the respondents’ gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>300</td>
<td>54.4</td>
</tr>
<tr>
<td>Female</td>
<td>250</td>
<td>45.6</td>
</tr>
<tr>
<td>Total</td>
<td>550</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.2: Figure showing respondents’ gender

4.1.2.2 Tenure

Respondents were to indicate their tenure in the organization. From the analysis, it was indicated that 40 (7.2%) had been in the organization between 0-5 years, 90 (16.4%) had been in the organization between 6-10 years, 200 (36.4%) had been in the organization between 11-15 years, 115 (20.9%) had been in the organization between 16-20 years while 105 (19.1%) indicated that they has been in the organization for over 20 years. Table 4.3 and Figure 4.3 shows this information
Table 4.3: Table showing the tenure of employees

<table>
<thead>
<tr>
<th>Tenure of years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 years</td>
<td>40</td>
<td>7.2</td>
</tr>
<tr>
<td>6-10 years</td>
<td>90</td>
<td>16.4</td>
</tr>
<tr>
<td>11-15 years</td>
<td>200</td>
<td>36.4</td>
</tr>
<tr>
<td>16-20 years</td>
<td>115</td>
<td>20.9</td>
</tr>
<tr>
<td>Over 20 years</td>
<td>105</td>
<td>19.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>550</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.3: Figure showing the tenure of employees

4.1.2.3 *Education level*

The education level of the respondents was to be indicated where employees were to declare their highest level of education. 40 (7.2%) indicated that their highest level of education was O-level, 60 (10.9%) showed that they had studied up-to their A-level, 150 (27.3%) showed that they had studied up-to professional diploma level, 150 (27.3%) indicated that they had studied up-to undergraduate level, 100 (18.2%) showed that they
had studied up-to masters’ degree level while 50 (9.1%) showed that they had studied up-to doctorates degree level. Table 4.4 and 4.4 illustrates this information.

**Table 4.4: Table showing the education level of employees**

<table>
<thead>
<tr>
<th>Education level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>O level</td>
<td>40</td>
<td>7.2</td>
</tr>
<tr>
<td>A level</td>
<td>60</td>
<td>10.9</td>
</tr>
<tr>
<td>Professional diploma</td>
<td>150</td>
<td>27.3</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>150</td>
<td>27.3</td>
</tr>
<tr>
<td>Doctorates</td>
<td>50</td>
<td>9.1</td>
</tr>
<tr>
<td>Total</td>
<td>550</td>
<td>100</td>
</tr>
</tbody>
</table>

**Figure 4.4: Figure showing the education level of employees**

4.1.2.4 Management Level

Out of 550 respondents, 55 (10%) were in top level management, 160 (29.1%) were in middle level management, while 335 (60.9%) were in the support staff. This information is illustrated in Table 4.5 and Figure 4.5 below
Table 4.5: Table showing the management level of employees

<table>
<thead>
<tr>
<th>Management level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-level</td>
<td>55</td>
<td>10</td>
</tr>
<tr>
<td>Middle-level</td>
<td>160</td>
<td>29.1</td>
</tr>
<tr>
<td>Support</td>
<td>335</td>
<td>60.9</td>
</tr>
<tr>
<td>Total</td>
<td>550</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.5: Figure showing the management level of employees

4.1.3 Employee competence

Under this section, responds will be asked questions on employee competence in relation to performance.

4.1.3.1 Effect of employee competence on performance in public institutions

The employees were to show whether employee competence affected the overall accomplishment of the organization. Out of 550 respondents, 500 (90.9%) indicated yes, mean-
ing that they agreed that it did while 50 (9.1%) indicated no meaning that they did not agree to this. Table 4.6 and figure 4.6 illustrates this information.

Table 4.6: Table showing the effect of employee competence on organization performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>500</td>
<td>90.9</td>
</tr>
<tr>
<td>No</td>
<td>50</td>
<td>9.1</td>
</tr>
<tr>
<td>Total</td>
<td>550</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.6: Figure showing the effect of employee competence on organization performance

4.1.3.2 Effect of employee competence factor on performance

A number of statements on staff competence were provided and respondents were required to indicate their extent of agreement on each, where there was Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5) as the Likert point of measurement. Respondents were asked to betoken whether the organization employs staff
based on the skills they possess. 30 (5.5%) strongly disagreed, 55 (10%) disagreed no one indicate to be neutral in this statement, 400 (72.7%) agreed and, 65(11.8%) strongly agreed. They were to show how much they agree on whether the organization motivates its staff. 45 (8.2%) strongly disagreed, 50 (9.1%) disagreed, 5(0.9%) were neutral about this statement 300 (54.5%) agreed while 150 (27.3%) indicated that they strongly agreed to this statement.They were to betoken as well how much they agree on whether the organization trains its staff to enhance their performance at the procurement department. None seemed to strongly disagree or disagree with this statement, 47(8.5%) were neutral with this statement, 498 (90.5%) agreed while 5(0.9%) strongly agreed to this statement. They were finally asked to indicate their extent of agreement on whether they understood the procurement procedures in the organization. None of them indicated to strongly disagree with this statement or even disagree, no one was neutral but 505 (91.8%) agreed while 45(8.2%) agreed strongly with this statement.

Table 4.7 provides the quantitate summary of the information.
Table 4.7: Table showing the extent of agreement by respondents on statements about staff competence

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>My organization employs staff based on the skills they possess</td>
<td>30(5.5%)</td>
<td>55(10%)</td>
<td>0</td>
<td>400(72.7%)</td>
<td>65(11.8%)</td>
</tr>
<tr>
<td>My organization motivates its staff</td>
<td>45(8.2%)</td>
<td>50(9.1%)</td>
<td>5(0.9%)</td>
<td>300(54.5%)</td>
<td>150(27.3%)</td>
</tr>
<tr>
<td>My organization trains staff to enhance their performance in the procure-ment department</td>
<td>0</td>
<td>0</td>
<td>47(8.5%)</td>
<td>498(90.5%)</td>
<td>5(0.9%)</td>
</tr>
<tr>
<td>I understand the procurement procedures in my organization</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>505(91.8%)</td>
<td>45(8.2%)</td>
</tr>
</tbody>
</table>

4.1.4 Quality Management

Respondents were asked questions on quality management effect of performance.

4.1.4.1 Effect of Quality Management on Performance

Respondents were to indicate their perception on the effect of quality management on the overall performance of their organization. Out of the total number, 520 (94.5%) indicated a yes meaning that they agreed that quality management affected the entire performance of an organization while 30 (5.5%) indicated no meaning that they did not agree. Table 4.8 and Figure 4.7 illustrates this information.

Table 4.8: Table showing the effect of Quality management on Organization performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>520</td>
<td>94.5</td>
</tr>
<tr>
<td>No</td>
<td>30</td>
<td>5.5</td>
</tr>
<tr>
<td>Total</td>
<td>550</td>
<td>100</td>
</tr>
</tbody>
</table>
4.1.4.2 Effects of quality management factors on performance

A number of statements on quality management were provided and respondents were required to indicate their extent of agreement on each, where there was Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5) as the Likert point of measurement. They were to betoken how much they agree on their department ensures that there was minimal wastages and damages. 85 (15.4%) strongly disagreed, 340 (61.8%) disagreed, 20 (3.6%) were neutral, 75 (13.6%) agreed while 35 (6.3%) strongly agreed. Also, they were to betoken how much they agree on whether the inspection team in the procurement department in the organization was competent. None of them strongly disagreed, 100 (18.2%) disagreed, none was neutral, 435 (79.1%) agreed while 15 (2.7%) strongly agreed to this statement. They were to also indicate their extent of agreement on whether the quality of service offered by the procurement department in the organization
was consistent. None of them strongly disagreed nor disagreed nor was neutral with regards to this statement but 515 (97.3%) agreed while 15 (2.7%) strongly agreed to this statement. Finally, they were to show whether the inventory management in the organization was competent. 100 (18.2%) strongly disagreed, 155 (28.2%) disagreed, 25 (4.5%) indicated that they were neutral while 200 (36.4%) agreed to the statement and 70 (12.7%) strongly agreed. Table 4.9 gives a numerical presentation of this information.

Table 4.9: Table showing the extent of agreement by respondents on statements about quality management

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>My department ensures that there is minimal wastage and damages</td>
<td>85 (15.4%)</td>
<td>340 (61.8%)</td>
<td>20 (3.6%)</td>
<td>75 (13.6%)</td>
<td>35 (6.3%)</td>
</tr>
<tr>
<td>The inspection team in the procurement department is competent</td>
<td>0 (2%)</td>
<td>100 (18.2%)</td>
<td>0</td>
<td>435 (79.1%)</td>
<td>15 (2.7%)</td>
</tr>
<tr>
<td>The quality of service offered by the procurement department in my organization is consistent</td>
<td>0 (2%)</td>
<td>0</td>
<td>0</td>
<td>515 (97.3%)</td>
<td>15 (2.7%)</td>
</tr>
<tr>
<td>The inventory management in my organization is competent</td>
<td>100 (18.2%)</td>
<td>155 (28.2%)</td>
<td>25 (4.5%)</td>
<td>200 (36.4%)</td>
<td>70 (12.7%)</td>
</tr>
</tbody>
</table>

4.1.5 Employee ethics

Questions on ethics and performance were asked in this section.

4.1.5.1 Effect of employee ethics on performance

A question was asked whether they felt that employee ethics affects the overall performance in the organization. Out of 550 respondents all the 550(100%) indicated yes meaning that they agreed that it indeed affects organization performance. Table 4.10 and Figure 4.8 qualitatively illustrates this information.
Table 4.10: Table showing the effect of employee ethics on organization performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>550</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>550</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.8: Figure showing the effect of employee ethics on organization performance

4.1.5.2 Effect of employee ethics factors on performance

A number of statements on employee ethics were provided and respondents were required to indicate how much they agreed, where there was Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5) as the Likert point of measurement. Respondents were to betoken how much they agree on, whether the organization adopts good practices and ethical standards that help in achieving value for money.
200 (36.4%) strongly disagreed to this statement, 245 (44.5%) disagreed, 5 (0.9%) appeared to be neutral with this statement, 90 (16.4%) agreed while 10 (1.8%) strongly agreed. They were to also show how much they agree with the statement that asks whether the ethical standards in the utilization of resources. 300 (54.4%) strongly disagreed, 105 (19.1%) disagreed, 55 (10%) were neutral, 60 (10.9%) agreed while 30 (5.5%) strongly agreed to this statement. Respondents were to indicate their extent of agreement on whether good practices open and increase effective competition and ethical stand increase. 80 (14.5%) disagreed strongly, 470 (85.5%) disagreed while none of them was either neutral, agreeing or strongly agreeing with this statement. Finally, they were asked whether ethical standards in the organization enhance equal treatment of all their partners. 300 (54.5%) strongly disagreed to this statement, 160 (29.1%) disagreed, 90 (16.4%) were neutral and none indicated that they agreed or strongly agreed to this statement. Table 4.11 illustrates this information.
Table 4.11: Table showing the extent of agreement by respondents on statements about employee ethics

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>My organization adopts good practices and ethical standards that help in achieving value for money</td>
<td>200(36.4%)</td>
<td>245(44.5%)</td>
<td>5(0.9%)</td>
<td>90(16.4%)</td>
<td>10(1.8%)</td>
</tr>
<tr>
<td>The ethical standards in my organization helps in utilization of resources</td>
<td>300(54.4%)</td>
<td>105(19.1%)</td>
<td>55(10%)</td>
<td>60(10.9%)</td>
<td>30(5.5%)</td>
</tr>
<tr>
<td>The good practices open increase and effective competition and ethical standards</td>
<td>80(14.5%)</td>
<td>470(85.5%)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ethical standards in my organization enhance equal treatment of all our partners</td>
<td>300(54.5%)</td>
<td>160(29.1%)</td>
<td>90(16.4%)</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4.1.6 Organization structure

Questions on organization structure and performance were asked in the section.

4.1.6.1 Effect of organization structure on performance

A question was asked on whether organization structure affects the performance of the organization. Out of 550 respondents, 450 (81.8%) indicated yes meaning they did agreed that it affects organization performance while 100 (18.2%) indicated no meaning they felt that it did not really affect organization performance. Table 4.12 and Figure 4.9 illustrates this
Table 4.12: Table showing the effect of organization structure on organization performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>450</td>
<td>81.8</td>
</tr>
<tr>
<td>No</td>
<td>100</td>
<td>18.2</td>
</tr>
<tr>
<td>Total</td>
<td>550</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.9: Figure showing the effect of organization structure on organization performance

4.6.1.2 Extent of organization structure factors on performance

A number of statements on organization structure were provided and respondents were to show how much they agreed on various statements, where there was Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5) as the Likert point of measurement. The respondents were to show how much they agree with the statements that asked whether the structure of the organization is flexible. None of them strongly
disagreed, 200 (36.4%) agreed, 10 (1.8%) were neutral, 160 (29.1%) agreed while 180 (32.7%) strongly agreed. They were to show how much they agree with a statement that asks whether the decision-making process in the organization is not conflicting. 100 (18.2%) strongly disagreed, 145 (6.4%) disagreed, 100 (18.2%) were neutral, 75 (13.6%) agreed while 130 (23.6%) strongly agreed to this statement. They were also asked to indicate their extent of agreement on whether there was transparency in the employee appraisal system in the organization. 300 (54.4%) strongly disagreed, 180 (32.7%) disagreed, 20 (3.6%) were neutral, 40 (7.3%) agreed while 10 (1.8%) strongly agreed. Finally, they were asked to indicate how much they agreed with the statement that asked whether the procurement department in the organization directly reports to the Managing Director. Neither of them strongly disagreed nor disagreed nor was neutral but 400 (72.7%) agreed while 150 (27.3%) strongly agreed. Table 4.13 illustrates this information.
Table 4.13: Table showing the extent of agreement by respondents on statements about organization structure

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The structure of my organization is flexible</td>
<td>0</td>
<td>200(36.4%)</td>
<td>10(1.8%)</td>
<td>160(29.1%)</td>
<td>180(32.7%)</td>
</tr>
<tr>
<td>30The decision-making process in my organization is not conflicting</td>
<td>100(18.2%)</td>
<td>145(6.4%)</td>
<td>100(18.2%)</td>
<td>75(13.6%)</td>
<td>130(23.6%)</td>
</tr>
<tr>
<td>There is transparency in the employee appraisal system in my organization</td>
<td>300(54.4%)</td>
<td>180(3.6%)</td>
<td>40(7.3%)</td>
<td>10(1.8%)</td>
<td></td>
</tr>
<tr>
<td>The procurement department in my organization directly reports to the</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>400(72.7%)</td>
<td>150(27.3%)</td>
</tr>
<tr>
<td>Managing Director</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.2 Limitations of the study

4.2.1 Accessing respondents

The researcher had a hard time trying to get to respondents initially in the study. This was because of the sample size targeted where finance and procurement officers were the ones to answer these questions. However, this was sorted out when the HR manager gave email addresses of these respondents who were asked to answer the questions and were also given which address to return back the questionnaires and it ended up being very effective.
4.3 Chapter summary

This section gave a presentation of the findings from the questionnaire that was provided to the respondents to fill. From the response rate to the descriptive statistics to the four variables that were to test the hypothesis which included; staff competence, quality management, employee ethics and organization structure. the study limitations were also put down on this section.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction
A summary of the above study is to be provided under this section. The conclusion as well as recommendations will also be provided then suggestion for further research.

5.1 Summary of the findings
This research was testing hypothesis on the effect of procurement governance on the performance of public institutions in Kenya with NHIF being the subject of the study. Staff competence, quality management, employee ethics and organization structure were the variables that were used to taste performance in the organization. A total of 550 (87.3%) of questionnaires out of 630 that were issued during the study were used in the analysis of data. 80 (12.7%) however were declared void and were rejected. The data was analyzed by the use of tables graphs and charts.

5.1.1 How does employee competence affect the performance of public institutions in Kenya?
From the research, 90.1% of the respondents that indeed employee competence does have an effect on the performance in their organization. This is actually very much agreed with previously done researchers who admit that there is a concrete relationship between employee competence and organization performance. Competency by managers was also a very vital catalyst in the overall performance of the employees suggesting that firms need to take advantage of each and every opportunity available so as to enhance the
learning process in the organization which will in turn improve the performance potential of these employees.

5.1.2 To what extent does quality management affect the performance of public institutions in Kenya?

94.5% of respondents indicated that quality management does affect the overall performance of an organization. This is actually in line with the previously done researches in the study which showed an optimistic relation between quality management and performance. The tools and techniques in TQM such as monitoring and control; and factors pertaining behaviour such as fact-based management contributed to the success in the implementation of TQM which in turn improved the overall performance of an organization. This in turn helps organizations achieve great customer satisfaction and better relations between employees as well that a business that is of great quality (Hassan, Mukhtar, Qureshi, & Sharif, 2012)

5.1.3 What is the effect of employee ethics on performance of public institutions in Kenya?

From the analysis, 100% indicated that employee ethics had a great effect on the overall performance of an organization. This was very much in agreement with the previously done researchers who showed a dogmatic coexistence between employee ethics and organization performance, showing that ethical leadership played a very significant role in the overall performance of an organization.
5.1.4 How does organization structure affect the performance of public institutions in Kenya?

Respondents were to indicate whether their organization structure had any effect on the overall performance of the organization. 81.8% of them agreed that it indeed affected the performance of the organization. This was in line with some previously done researches who indicated that there was a positive relation between the two variables. A good organization structure has a great impact on the overall performance of organizations according to this study. With departmentalization, centralization and specialization, as well as many other financial measures show a positive effect performance in an organization. However, with addition of other mini-variables to it, a negative relation is observed by other researchers such as, financial measures showed a negative relation between organization structure and performance.

5.2 Conclusion

From the above research, it is quite evident that there is a positive relation between employee competence and organization performance. Majority of employees agree with the fact that NHIF employs staff based on the skills that they possess. The organization seems to motivate its staff as per the above research. The organization also trains its staff to enhance their performance in the procurement department and this enables them to understand the procurement procedures in the organization.

There is a positive relation between quality management and organization performance according to this study. The procurement department does not do its best in ensuring that there is minimal wastages, neither is the inventory management in the organization competent. However, the inspection team in the procurement department is competent and the
quality of service offered by the procurement department in the organization is consistent.

There is a positive relation between employee ethics and overall performance in the organization. The ethical standards in the organization does not help in resource utilization neither does it increase effective competition. The organization does not seem to adopt good practices and ethical standards that help in achieving value for money. Also, the ethical standards at NHIF does to enhance equal treatment in the organization.

Finally, organization structure also has a positive relation with overall performance of an organization. The structure of NHIF is flexible enough and the decision-making process in the organization is rather conflicting. There is no transparency in the appraisal system at NHIF. The procurement department reports to the director however.

5.3 Recommendations

Below are recommendations deduced from the study.

The management of NHIF should see to it that ethics is well in the organization is adhered to so as to enable the organization to utilize the available resources and minimize on wastages.

As a long-term goal, the organization should try and restructure the organization’s structure so as to enhance effective communication and the decision-making process as well.

The appraisal system should also be enhanced to promote good governance and performance in the organization.
5.4 Suggestion for further research

The purpose of this research was to identify the effect of procurement governance on the performance of public institutions in Kenya with staff competence, quality management, employee ethics and organization structure as the variables. Other variables can be used to test hypothesis on the same such as; procurement procedures.


Dear respondent,

REF: COLLECTION OF DATA FOR ACADEMIC RESEARCH

I am Teddy Opara from the Management University of Africa pursuing an undergraduate degree in Management and Leadership conducting a research on EFFECTS OF PROCUREMENT GOVERNANCE ON PERFORMANCE IN PUBLIC INSTITUTIONS IN KENYA. I would like to distribute some questionnaires to you for the purposes of collection of data that will be used for academic purposes only. A copy of the final report may be provided upon request.

Your participation will be highly appreciated.

Yours sincerely,

Teddy Opara.
APPENDIX II

QUESTIONNAIRE

Please answer the following information accordingly

SECTION A: BACKGROUND INFORMATION

GENDER

MALE []  FEMALE []

TENURE OF SERVICE

0-5 years []  6-10 years []  11-15 years []

16-20 years []  over 20 years []

LEVEL OF EDUCATION

O-Level []  A-Level []  Professional diploma []

Undergraduate []  Masters []  Doctorates []

MANAGEMENT LEVEL

Top management []

Middle-level management []

Support []
SECTION B: EMPLOYEE COMPETENCE

Do you think employee competence affects procurement performance in the organization?

Yes [] No []

Why do you say so?

...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................
...........................................................................................................................................

On a scale of 1-5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree, how much do you agree with the following statements?

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>My organization employs staff based on the skills they possess</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>My organization motivates its staff</td>
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<tr>
<td>My organization trains staff to enhance their performance in the procure-</td>
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<td></td>
<td></td>
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<tr>
<td>ment department</td>
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<tr>
<td>I understand the procurement procedures in my organization</td>
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</tr>
</tbody>
</table>
SECTION C: QUALITY MANAGEMENT

Do you think quality management affects procurement performance in your organization?

Yes [ ] No [ ]

Why do you say so?

………………………………………………………………………………………………
………………………………………………………………………………………………
………………………………………………………………………………………………

On a scale of 1-5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree, how much do you agree with the following statements?

<table>
<thead>
<tr>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>My department ensures that there is minimal wastage and damages</td>
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<td></td>
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</tr>
<tr>
<td>The inspection team in the procurement department is competent</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>The quality of service offered by the procurement department is consistent</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The inventory management in my organization is competent</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION D: EMPLOYEE ETHICS

Do you think employee ethics affects procurement performance in your organization?

Yes [ ] No [ ]

Why do you say so?

………………………………………………………………………………………………
………………………………………………………………………………………………
………………………………………………………………………………………………

On a scale of 1-5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree, how much do you agree with the following statements?

<table>
<thead>
<tr>
<th>Statements</th>
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<th>3</th>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>My organization adopts good practices and ethical standards that help in achieving value for money</td>
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<tr>
<td>The ethical standards in my organization helps in utilization of resources</td>
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<tr>
<td>The good practices open and effective competition and ethical standards increase</td>
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</tr>
<tr>
<td>Ethical standards in my organization enhance equal treatment of all our partners</td>
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<td></td>
</tr>
</tbody>
</table>
SECTION E: ORGANIZATIONAL STRUCTURE

Do you think that organization structure affects procurement performance in your organization?

Yes [ ]  No [ ]

Why do you say so?

………………………………………………………………………………………………
………………………………………………………………………………………………
………………………………………………………………………………………………
………………………………………………………………………………………………

On a scale of 1-5 where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree, how much do you agree with the following statements?

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<tr>
<th>Statement</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The structure of my organization is flexible</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>The decision-making process in my organization is not conflicting</td>
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<td>The procurement department in my organization directly reports to the Managing Director</td>
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</table>

Thank you