

**EFFECT OF PROCUREMENT PLANNING ON ORGANIZATION  
PERFORMANCE: A CASE STUDY OF KENYA PORTS AUTHORITY.**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT  
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**DECLARATION**

This research project is my own work, and it has not been submitted to any other university or institution for an award of diploma. No portion of this study should be duplicated without the author's or the Management University of Africa's permission.

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Supervisor Declaration:

This research project has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

I devote this project to my lovely family for their love, support and encouragement throughout my study. May God guide, protect and bless them abundantly.

## **ACKNOWLEDGEMENT**

I would like to take this opportunity to express my appreciation to the Almighty God and all the people whose contribution have made this work successful.

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## **OPERATIONAL DEFINITION OF TERMS**

<b>Needs Assessment</b>	can be described as the identification of what needs to be procured the procurement techniques or procedures to be used, establishing the time limits, and the responsibility for the entire procurement process (Ezeh, 2019).
<b>Organization performance</b>	involves analyzing a company's performance against its procurement objectives and goals (Shipman, 2018).
<b>Procurement planning</b>	procurement planning is the process used by companies or public organizations to plan purchasing activity for a specific period of time (Shipman, 2019).
<b>Specification planning</b>	quality specification as a measure of how well the service level delivered meet customer expectations (Gronroos, 2018).

## **LIST OF ACRONYMS AND ABBREVIATIONS**

<b>CRM</b>	Customer Relation Management
<b>ICT</b>	Information and Communication Technology
<b>PPOA</b>	Public Procurement Oversight Authority
<b>SRM</b>	Supplier Relation Management

## **ABSTRACT**

The study's main objective was to establish the effects of procurement planning on performance of public organizations. The study was guided by the following key objectives to establish the effects of Cost Estimation on performance of Kenya Ports Authority, to establish the effects of Needs Assessment on performance of Kenya Port Authority and to establish the effects of specifications planning on performance of Kenya Ports Authority. The study highlighted Theoretical literature review on procurement planning practices under the following topics; Institutional Theory, Resource-Based Theory and Linear Policy Theory. This study used an explanatory research design. Employees who were chosen using the purposive sampling technique were given questionnaires. The study's target population consisted of roughly 200 Kenya Ports Authority departmental workers. This study's data was obtained from both primary and secondary sources. The secondary data was collected from the organization's Human Resource Management review reports. Employee surveys were used to collect primary data. The research aimed for a sample size of 60 participants out of a total of 200. Data was gathered in both quantitative and qualitative methods. Secondary source qualitative data was analysed using content analysis and logical analysis methods. Quantitative data were utilized to analyze raw data using a descriptive approach, in which the fundamental characteristics of the data were presented.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

This section encompasses of the very crucial areas that the whole study was premised on since the statement of the problem and the objectives that are the variables of the study are identified and explored in other chapters.

### **1.1 Background of the study**

Procurement planning is seen as critical, especially in big and complicated, multi-year and/or multi-million dollar needs, where personnel will shift over time or requirements will develop, and where risk and scrutiny will rise (Kovacs, 2018). Procurement Planning is supported and encouraged by proposal management experts and government departments because the procurement/resulting contract can lead to dissatisfaction and time-consuming detours when it is not done; and its absence is usually the causal factor identified when auditing the entrails as to what went wrong in the procurement process experts and government departments (Agaba& Shipman, 2015).

According to Auditor General Report, (2016) Purpose of procurement planning is to avoid emergency procurement wherever possible, to aggregate its requirement wherever possible, so that public organizations, to obtain value for money and reduce procurement costs, to make use of framework contracts wherever appropriate to provide an efficient, cost effective and flexible means to procure works. According to PPDA Manual (2015), procurement plans serve as a road map and the goal should be to enable efficient use of available resources. The ultimate goal of any public procurement is to satisfy the public interest as entrusted in the public procurement Act (Ouma&Kilonzo, 2015).

Inadequate procurement planning may have a negative impact on organizational operations, particularly in public organizations that deal with a wide range of activities. Inadequate procurement strategy may cause delays in the requisition of products and services, thus impeding service delivery. Procurement planning must be prepared by the “right” personnel and accorded the importance it deserves (Government of Kenya, 2016).

Globally, public procurement can be traced back to 1792, when the Federal Government carried out procurement planning to allow departments of defense and treasury to engage into contracts on behalf of the country (Callender & Matthews, 2015). Many people considered public buying to be simply a clerical job for many years. In the 1990s, with the development of internet commerce and electronic business, the buying function developed into procurement, a legitimate activity. The world's dynamics required that public procurement experts concentrate more on strategic elements of procurement planning and less on routine transactions.. It is further noted that while unit cost focus is both historic and tactical, procurement planning is both strategic and leading (Matthews, 2015).

A study prepared by Wensink and Vet (2019) on behalf of the Price water house Coopers (PwC) and Ecorys for the European Commission (EC) focused on how to identify and reduce corruption in public procurement in the European Union (EU). The research found that preparing for and implementing electronic procurement systems increased openness, information sharing, and communication in almost all EC member states. Additionally, the study noted that public procurement systems and databases for data collection are developed not only to facilitate the process of public procurement, but also to address the need for information collection for transparency and information on an equal basis for all potential bidders. Additionally, it is noted that openness has become a significant element in determining the level of corruption. Additionally, the study discovered that measures that improve public procurement transparency include the adoption of electronic procurement, increased use of forensic audits, strengthening investigation and enforcement capacity, voluntary disclosure programs, external monitoring (audit), reporting and information access, and information sharing.

Poor procurement planning has been one of the major stumbling blocks to the economic development of Africa and it has been clear that a number of African countries have not paid adequate attention to the proper management of public resources (Basheka, 2018). An efficient public procurement system is vital to the advancement of African countries and is a concrete expression of the national commitment to making the best possible use of public resources (Kabaj, 2019). Government departments in a number of African countries have embraced the impact of new public management (NPM) ideas on the operation of the public sector on a procedural level.

A significant number of African countries have over the years adopted measures aimed at decentralization of government, together with development planning and administration and this fashion became popular in the 1980s(Livingstone & Charlton, 2015). By the late 1990s the failure of the existing procurement systems to cope with the expansion in government procurement requirements and to delivery of value for money had become generally accepted among government and donor partners (Agaba and Shipman, 2015).

In Kenya, the researcher found that there has never been a greater interest in procurement planning than there is now. And this is evident through Section 53(2) of the Public Procurement Asset and disposal Act (2015) provides that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process. Further section 53(4) provides that all asset disposals shall be planned by the accounting officer concerned through annual asset disposal plan in a format set out in the Regulations. Moreover, Section 53(8) provides that an accounting officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates. Additionally, section 53(9) provides that an accounting officer who knowingly commences any procurement process without ascertaining whether the good, work or service is budgeted for, commits an offence under this Act.

This is now the primary legislation regulating public sector procurement and disposal. It supersedes all laws and standards governing procurement at all levels of the Kenyan public sector. It has developed a new procurement structure with the goal of accomplishing a number of goals. To begin, it is necessary to improve economy and efficiency in the public sector's purchase and disposal operations. The second objective is to guarantee that public procurement and disposal are handled fairly, transparently, and without discrimination within the public sector. Thirdly, to enhance the processes' integrity and fairness; fourthly, to raise the procedures' openness and accountability; and lastly, to boost public trust in those procedures.

### **1.1.1 Overview of the organization**

Kenya Ports Authority (KPA) is a statutory body under the Ministry of Transport. It was established by an Act of Parliament on 20th January 1978 with the mandate to maintain, operate, improve and regulate all scheduled seaports situated along Kenya's coastline

The Authority is responsible for the operation and management of the Port of Nairobi, other small scheduled seaports, Inland Container Depots and a liaison office in Kampala that caters for all transit countries. The Customer Service Charter is part of our resolve to continuously improve our services and meet customers' expectations. It spells out KPA's commitment to serve customers with clear standards so as to ensure quality, efficient and effective delivery of service. (KPA business Plan, 2015)

KPA has plans to automate its procurement practises thus making financial plans vital to the purchase of goods and services from multiple suppliers. This is because the data relating to buying, auctions, market inquiries, quotations, purchase orders, shipping and dispatch details and invoicing are done using mailed hard copies, e-mails and fax. This data is sent in various formats including Word, Excel, and so on. In its 2015/2016 financial year, KPA decided to implement e-procurement so as to gain from online connectivity with key suppliers, provision of paperless buying, and electronic generation of requests from quotations and subsequent receipt and analysis of quotations.

According to Nude (2015), ports have become more important than ever before because of the peculiarity role they play in economic development and their role as centres of focus in terms of management at the national or regional governments. The rapidly changing port environment, economically, socially, technological and institutionally, has put a lot of pressure on port authorities to redefine their role and goal in facing new challenges and develop new strategic procurement.

### **1.2 Statement of the Problem**

Procurement planning is one of the primary functions of procurement with a potential to contribute to the success of public institution's operations and improved service delivery (Basheka, 2019). It is a function that sets in motion the entire procurement process of public organizations.

Basheka (2018) conducted a study on procurement planning in public organizations in Africa, his findings established that procurement planning is a critical aspect of procurement with the ability to enhance local government operations and service performance. Additionally, he said that it is a function that initiates the whole acquisition/procurement process for local government services. Enhancing the efficacy, efficiency, and openness of public procurement processes continues to be a priority for governments in developing countries and the international development community. Several scholars have shown great attention in procurement planning in developing countries, but none has sought to specifically establish the Effect of procurement planning on organization performance in Kenya.

Mullins (2019) asserts that the contribution of procurement planning in facilitating an efficient and effective service delivery in public sector organizations is generally undisputed in both developed and developing countries. Its contribution may be at both central and local government levels of public sector management. His results showed a strong favourable connection between procurement Cost Estimation and service delivery in local government procurement systems in Kenya. These results are compared to worldwide study findings, and recommendations are given for management, policy making, and future research - however the study did not clearly provide evidence on positive relationship between procurement planning and organization performance hence the findings suggest a more in depth analysis is required.

Minatare (2015), conducted a study on Effect of procurement planning on service delivery. He established that procurement planning results in distinct expected outcomes from business as usual, including a reduction in overall contract awards, a better understanding and management of total cost of ownership, increased purchasing options (lease vs. buy), data-driven decision making, enhanced risk mitigation prior to award, and increased identification of opportunities for suppliers to partake. However, in this particular study, performance of public organizations was not reflected as the dependent variable to determine the likely relationships over which it is affected by procurement planning.

Mawhood (2019) conducted a study on factors affecting procurement planning of private firms in Kenya; he established that effective procurement planning is an important route towards securing the right service to be delivered to the public, and also maximizing the level of service provision which can be achieved within the local Supporting People. A procurement plan enables Procuring

Entities to maximize the value of their expenditures on services to be delivered and to identify and address all pertinent issues pertaining to a particular procurement before notifying potential suppliers of goods, works, and services of their procurement notices. The researcher concentrated more on private sector procurement planning hence his findings cannot be generalized to public organizations which are characterised by a lot of bureaucracy on the implementation of procurement plans.

However, the feasibility study on implementation of procurement planning in Kenya carried out in April, 2019 under the order of Public Procurement Oversight Authority showed that the practice of Procurement was still a dream to Kenya Ports Authority despite huge efforts undertaken by the government. The reasons given being; poor planning on cost estimation, Needs Assessment and quality specification. The report further highlighted that most of the procuring entities still find it difficult to fit in their Procurement plans within the national budget (Abdul, 2019)

Though a significant number of research have been done on procurement planning, there is limited empirical evidence on Cost Estimation, Needs Assessment and quality specification which leaves a knowledge gap; in addition, none of the studies has focused on the Effect of factors in public organizations. Therefore, this study sought to breach this important gap in knowledge by investigating the Effect of procurement planning on organization performance with Kenya Ports Authority as a case study.

### **1.3 Research objectives**

#### **1.3.1 General Objective**

The general objective of the study was to establish the effect of procurement planning on organizational performance of Kenya Ports Authority.

#### **1.3.2 Specific Objectives of the Study**

- i. To establish the Effect of Cost Estimation on organizational performance of Kenya Ports Authority.
- ii. To establish the Effect of Needs Assessment on organizational performance of Kenya Ports Authority.

- iii. To establish the Effect quality specification on organizational performance of Kenya Ports Authority.

#### **1.4 Research Questions**

- i. Does Cost Estimation cost estimation have an effect on the organizational performance of Kenya Ports Authority?
- ii. Does Needs Assessment have an effect on the performance of organizational Kenya Ports Authority?
- iii. Does quality specification have an effect on the organizational performance of Kenya Ports Authority?

#### **1.5 Justification of the study**

The study may provide useful information to stakeholders spending public funds on how to take working measures to eradicate those factors affecting procurement plan and service delivery. Also, the findings of this study may contribute to the knowledge base that will be helpful for further researches by scholars and professionals of the field in future

This research will also enable the researcher attain the requirements for the award of degree in bachelor of commerce Procurement option. The study also enabled researcher to gain more and new knowledge and skills on the Effect of procurement planning on organization performance.

#### **1.6 Scope of the study**

The research was carried out at Kenya Ports Authority. The targeted population was 200 employees from the selected departments. A representative sample was selected for the purpose of data collection using appropriate sampling procedures that included stratified sampling and simple random sampling thus enabled the researcher to obtain a sample of the respondents. Research was carried for a period of 4 months from June to September 2021.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This part provided an outline of existing documents on the impact of procurement planning and operations of public bodies. Key components include; conceptual framework, analysis of existing literature relevant to the study, summary and variability in the study.

#### **2.1 Theoretical Review**

This chapter highlights the theoretical literature review on procurement planning practices under the following topics; Institutional Theory, Resource-Based Theory and Linear Policy Theory.

##### **2.1.1 Institutional Theory**

The study was guided by institutional and social and economic perspectives. An institutional view is a traditional approach used to evaluate public procurement tools (Obanda, 2010). There is no single, universally accepted definition of "institution" or "institutional view". According to Scott (2004), organizations are composed of cultural elements and scholars, as well as related activities and resources that provide purpose to life. The author describes the three pillars of organizations as understanding, common sense and culture. Control column has focused on the use of laws, rules and punishment as means of force, so that the appropriate basis for compliance. The standard pillar refers to the rules (how to do things) and values (preferences or preferences), the basic social obligation of obedience. The pillar of cultural understanding depends on shared understanding (general beliefs, symbols, shared understanding). In Kenya, public procurement is governed by the PPAD Act (2015), rules and regulations issued from time to time by the PPOA Administration only and must ultimately comply with all PPOA suppliers and suppliers.

##### **2.1.2 Resource-Based Theory**

The second concept of resource-based research (RBV) emphasizes corporate resources as the basis for determining competitive profitability by planning for procurement and performance. It takes two approaches to analyze the sources of competition Peteraf and Barney (2003). First, this model assumes that companies within the industry (or strategic group) may differ depending on the package of regulatory resources. Second, it assumes that diversification of resources may continue over time because resources that use a collaborative strategy may not work well for all

companies. Resource diversity (or independence) is seen as a necessary condition for resource packages to contribute to achieving competition. The discussion goes on to say that if all the companies in the market have the same resources, there is no one-size-fits-all strategy available to all other companies in the market, Cool et al (2002). Barney (2003) explains that Procurement Performance is due to resources having different levels of performance which means that companies are able to deliver more of their customers at a given price (or they can pay the same levels of performance below cost).

### **2.2.3 Linear Policy Theory**

This idea was developed by Grindle and Thomas (2000) also known as the rational model and is the broadest theory on how to develop policy. It sets policy making as a rational, balanced, purposeful and analytical solution. In the process, decisions are made in a series of steps, first by identifying the problem or problem and finally by solving the task to be solved or addressed. Types of policy frameworks include; identify and explain the nature of matter looga address; to identify alternatives; to weigh the pros and cons of each of these methods; choosing the option that provides the best solution; apply policy and the possibility of evaluating the outcome (Grindle & Thomas, 2000).

This approach ensures that policymakers look at issues logically, go through every reasonable stage of the process, and carefully consider all relevant information. When policies do not achieve their intended goals, they are often blamed not on the goal itself, but on political or administrative failure to implement it (Findlay, 2009). Failure can be attributed to the recent lack of political will, mismanagement or lack of resources that hinders the effective development and implementation of procurement (Findlay, 2009). The Linear Policy Model determines how policies are formulated and applied to the organization. The model argues that the failure to implement the policy can be attributed to mismanagement and lack of resources and this means that administrative support and budget allocation play a major role in supporting policy implementation. Implementation of procurement policies is often determined by procurement planning, administrative support, budget allocation, and preparation of procurement progress reports, procurement records management and procurement methods used.

## **2.2 Empirical Literature review**

Njeru (2015) read stories about the establishment of effective community training centers in Kenya. The integrated design of the study was accepted as the purpose included the institutions of 40 universities in Kenya. The randomized controlled trial was used to select a sample size of 35 community training centers. Questionnaires are used as large data collection tools and are tested using test studies to verify accuracy and reliability. The results of statistical and statistical data analysis show that the procurement policies used, supplier management strategies, asset management systems, professional training and implementation of ICT-based systems have disrupted procurement implementation by more than 80% of Kenyan institutions of higher learning. It was concluded that supplier management is followed by training and that procurement policies are key factors that often affect the effective implementation of procurement methods at public training institutions at Kenyan universities.

A Handfield (2014) study found that the combination of procurement and ICT services has enabled many community training institutions to improve the quality of procurement services. A study by Sanjeeve (2014) found that the adoption of ICT procurement by many government agencies in Africa was hampered by a lack of electronic procurement, and a lack of systems. Purchasing staff skills.

Kipkemoi, (2014) conducted a study on the impact of materials on public procurement programs on proposal implementation: a case in Kiambu County. The researcher took a descriptive research method and therefore the questions, were used to collect data. The kit was treated as a sample of 48 respondents from various departments in 11 groups working in the Kericho County government department. The above information from this study was derived from the literature review of the doctrinal review and the depth and structure of thought. Data analysis was performed using the SPSS to obtain the required statistics especially for specific bias such as measurements and deviations from presentation rates using tables and graphs. He found that active stakeholder participation and on-site and organizational meetings encouraged effective implementation and sustainability proposals. Fraud and deceptive practices in proposal management create unnecessary losses and delays in proposal completion. Most proposals have used low cost, high quality and available bidding costs and bids. The study also revealed that the

lack of pricing guidelines for similar services in different parts of the country leads to increased costs.

### **2.3 Summary and research gaps**

Procurement planning is one of the primary functions of procurement with a potential to contribute to the success of public institution's operations and improved service delivery (Basheka, 2019). It is a function that sets in motion the entire procurement process of public organizations. Roodhooft and Abbeele (2018) alluded that public bodies had always been big purchasers that dealt with huge budgets. There's need for accountability and transparency in government procurement due to the large amount of money that's involved and also due to the fact that the money comes from the public (Hui, 2011). Due to inefficiency and losses in State owned enterprises' operations, the Government is required to carry major procurement burdens (SCAC, 2019). In a study on parastatal governance problems in Kenya, the following issues emerged: huge financial losses, inefficiency in operations and provision of poor products and services (Atieno, 2019).

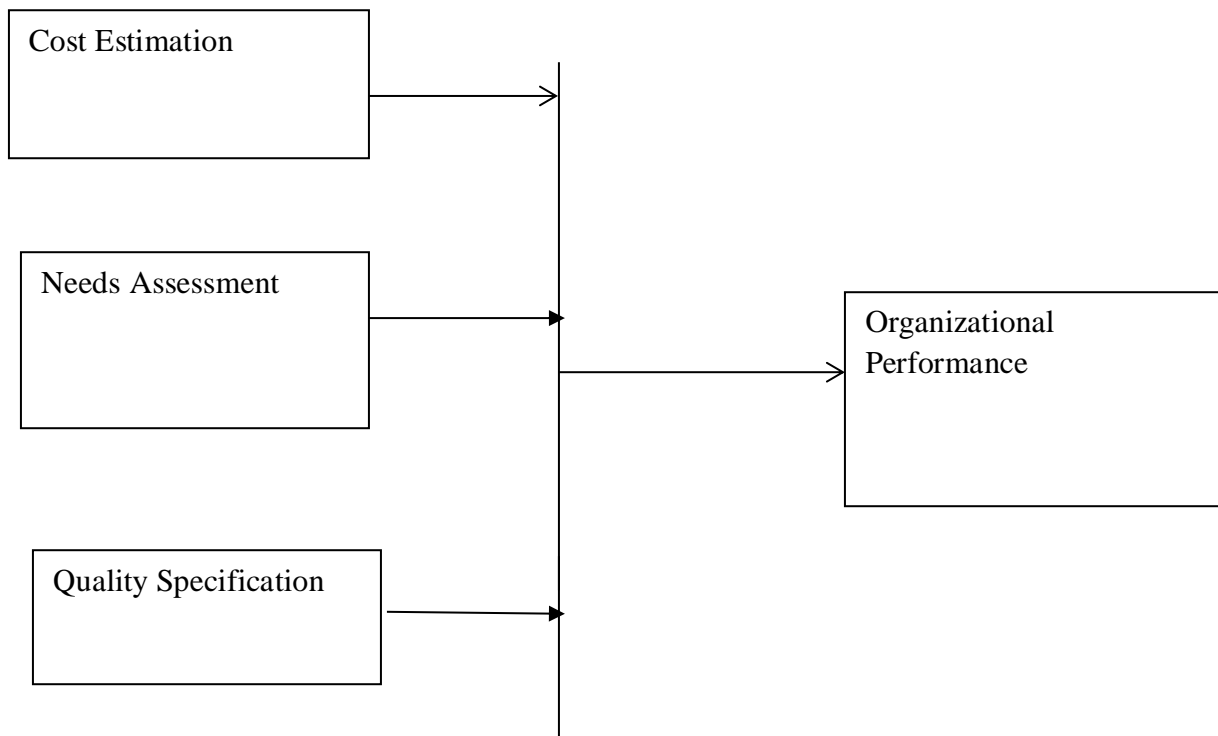
Although peer-reviewed research has traditionally looked at procurement strategy and its impact on organizational performance, not all variables have been addressed inside Kenyan justice organizations. The goal of the 2015 Public Procurement Regulations was to enhance justice, accountability, and processes in public procurement in order to ensure the effective use of public money. However, studies show that even after the Regulations are enacted, there remain public-funding losses that may be ascribed to public procurement. Furthermore, studies show discontent among stakeholders as a result of gaps left by the Regulations, which may be used by dishonest individuals to make the process ineffective.

## 2.4 Conceptual framework

According to Orodho (2019) the conceptual framework is an example of a presentation in which the researcher thinks or represents the relationship between changes and shows the relationship in pictures or series.

### Independent variables

### Dependent variable



**Figure 2. 1 : Conceptual Framework**

**Table 2. 1 : Operationalization of Variables**

<b>OBJECTIVE</b>	<b>VARIABLE</b>	<b>INDICATOR</b>	<b>MEASUREMENT STYLE</b>
Cost Estimation	CE	Market Price Spend Analysis	Measured by Question of section B, part (a) in the appended questionnaire
Needs Assessment	NA	Financial Capacity Training	Measured by Question of section B, part (b) in the appended questionnaire
Quality Specification	QS	Quality assurance Quality control	Measured by Question of section B, part (c) in the appended questionnaire

## **2.5 Operationalization of variables**

### **2.5.1 Cost Estimation**

Purchases must be economical and practical. This means that it must be based on market prices and that it must create certainty. It also means that bad practices such as unnecessary purchases lead to the destruction, deterioration and tearing of shares, overpaid votes, unplanned payments, shortages if necessary, high quality products and other similar items. The budget and procurement plan is based on the estimated price taken from the market research database, which according to the regulations has to be collected and updated regularly by the procurement component. Cost is one of the factors that influence the perception of consumers, but price is not just seen as a price.

The procurement plan (PP) must be integrated into the budget plans on the basis of budgetary guidelines or approvals, as set out in PPDA (2015). a research database that must be compiled and updated from time to time by an procurement component in accordance with regulations, PPDA (2015). Cost is one of the factors that influence the perception of consumers, but price is not just seen as a price.

According to the Strategic Plan for the Judiciary (2016-2016), it aims to streamline the preparation of budgets, and establish management systems and accountability to meet the requirements of policy and customer requirements. In particular, reviewers plan to improve and apply value-for-value criteria, methods and indicators for auditing audits, training committees in structured units; and the design of a unit procurement unit. In a 2007 base analysis of the prices of ordinary consumer goods, it was found that PE buys on average 60% above the current market price (English, 2015).

### **2.5.2 Needs Assessment**

Requirement assessment includes identification of what needs to be purchased (which is an assessment of needs), how organizations can meet adequately, quantity of requirements, services or services, what procurement methods or methods need to be used, time frames, and the function of a comprehensive search plan (Ezeh, 2018), Needs Assessment 'is a systematic way of identifying and adjusting those needs, or gaps between current conditions and your desired conditions or interests. This is important in purchasing; because it is an effective tool for determining appropriate interventions or solutions and clarifying a problem to ensure that sufficient resources (pre-budgeted) are guided in the development and implementation of a viable and appropriate choice of targeted provisions. In accordance with (PPOA, 2015), the beginning of the procurement process needs to know and know what is needed. It is informed by the reading area, plan, production plans, work plans, financial or utility budgets and procurement plan. Demand formation is the basis for conducting market research to identify items such as prices, new products or alternatives, new supply, type of competition and the environment that can affect the retail market. In a 2016 report, (Karin) chose not to respect procurement practices as a major obstacle to the development of consumer spending in Kenya.

### **2.5.3 Specification Planning**

Specification planning is a way of defining a description of the required items and / or services and forms part of the Invitation to Give or Invite a Letter of Interest (Ezeh, 2018). The design should reflect the needs of the customer and the user group. Procedures for requesting invitations should begin only after all requirements have been clear and clearly defined. This is to ensure that all potential sellers have a clear strategy to follow, firstly when they are looking for an item or

service, and secondly, when they are making a contract agreement or if they are the successful seller (Blanks, 2016).

According to Garvin (2019), the type is defined using five different methods namely; the way passes; product-based approach; the user-based approach; the manufacturing-based approach; and the value-based approach. Transit patterns are similar in type to

Innate capability: A product-based approach that defines quality as quantity or weight of the desired quality in a product: The user-based method identifies a high quality item as one that fully satisfies customers' needs or needs.

It was contested that interpretation is an important part of the purchasing function. Without a high standard definition the process can be fraught with problems and obstacles for the procurement department. The nature of the definition is as good as the following; It considers the best needs of the end user, allows for a more efficient and transparent purchase process, provides testing / evaluation so that the received goods / services meet the standard set in the standard and offers a fair reward at the lowest possible price.

The statement should be clear and clearly explain the expectations expected of the seller. Misunderstandings in the decision may result in inappropriate or incomplete answers from potential donors. A poor description of the requirements may mean that the product or service was not delivered as required (Arrowsmith, 2016).

For public spending, it is important that all events are held accountable and transparent. Part of this process involves fulfilling the requirements of the assessment process to ensure that all offers are evaluated in the same context. Generally, this means seeing what your workplace needs from prospective providers, and how important each of these requirements is. The clarity method that is used to evaluate the compliance of an offer to which the description needs to be improved when writing the layout. They demonstrate changes in behaviour and their value to each other, and the process will affect the stage in the selection of feedback provided by vendors (Procurement Governance Policy, 2016).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter lists the different levels and levels of completion of the study. It included a data collection system. This section was a strategy, strategy or general framework designed to assist the researcher in answering research questions. Therefore this research unit has identified the methods and techniques used in data collection, use and analysis. In particular the following points were added; research design, target audience size, system design, data collection tools and data collection methods and data analysis.

#### **3.1 Research Design**

A descriptive research design was used for the research. The design is deemed suitable since it allowed the researcher to reach a large number of participants in a short period of time (Kothari, 2017). Its goal is to provide an intensive and comprehensive description of current phenomena with the intention of using data to justify and create more effective strategies. The population was selected to confine the study and collect enough data within the time and budget constraints.

#### **3.2 Target Population**

The people considered in the study were 140 employees of the Kenya Ports Authority. This company was selected because of its proximity to the researcher and because it introduced the PPD program in 2015 and faced implementation challenges. Therefore, the research presented in this study provided important information and useful guidelines to help to accelerate the adoption of the Kenya Ports Authority's procurement plan and improve the organisation's financial performance.

**Table 3. 1 : Target population size analysis table**

<b>Category of employees</b>	<b>Target population</b>	<b>Percentage of population</b>
<b>Procurement</b>	50	25%
<b>Supplies</b>	42	21%
<b>Finance</b>	38	19%
<b>Human Resource</b>	28	14%
<b>Operations</b>	42	21%
<b>Total</b>	<b>200</b>	<b>100%</b>

(Source, HR records of Kenya Ports Authority 2021)

### **3.3 Sampling and Sampling Technique**

Bayman and Bell (2016) define a sample as the A subset of the population is chosen for study. Sampling is the procedure used in selecting the population units that constitute the sample.

According to Mugenda & Mugenda (2015) a sample size of 30% was considered a sufficient sample size hence the researcher used 30% as the sample size. Stratified random sampling was used since each unit of population has equal probability of inclusion in the sample and there was no opportunity of human bias. Also the method is not dependent on employee availability since there were 10 members of staff in stores and all of them were chosen. Random numbers were used to select respondents hence giving each member an equal opportunity for selection and reducing biasness.

**Table 3. 2 : Sample size analysis table**

<b>Category of employees</b>	<b>Target population</b>	<b>Sample 30%</b>	<b>Total percentage</b>
<b>Procurement</b>	50	15	25%
<b>Supplies</b>	42	13	21%
<b>Finance</b>	38	11	19%
<b>Human Resource</b>	28	8	14%
<b>Operations</b>	42	13	21%
<b>Total</b>	<b>140</b>	<b>60</b>	<b>100%</b>

### **3.4 Instruments**

The questionnaires contained closed ended questions that solicited respondents' views on procurement planning, as weighted on liker scale. Questionnaires were self-administered and picked one week later to allow respondents humble time to fill them. In addition to primary data, secondary data was obtained from relevance journals, books, researches and other academic publication.

### **3.5 Pilot Test**

A draft questionnaire was tested informally concentrating on the research questions by my colleagues and family who read through and provided constructive comments on wording and meaning of each question. To ensure that the research instrument is valid, reliable, clear and free from errors, the study conducted a pilot study on selected 12 selected respondents which were later omitted from the main study. The questionnaires that were tested for piloting were not included in the final study findings.

#### **3.5.1 Validity**

According to Zikmund (2017) validity tests involve ascertaining the accuracy of the instrument by establishing whether the instrument focuses on the information they are intended to collect.

For this study, to ascertain face validity, the instruments were constructed and passed over to supervisor for constructive criticism and later were revised according to his comments. Using the content validity index, the outcomes of their answers were evaluated to determine the percentage representation.

### **3.5.2 Reliability**

The reliability check is very important because it shows the length at which the measurement gives the final result if the measurements are taken twice. This validity of the study was confirmed by establishing interactions between components derived from different age groups. Cronbach's alpha was used to determine the internal integrity of the test used in this study. According to Sekran (2014), as stated by Wanyoike (2017), the reliability should be up to 0.70. A Cronbach alpha greater than 0.7 means the instrument being used is reliable and acceptable for lead as the alpha exceeds the maximum value.

### **3.6 Data Collection Procedures**

The study distributed and recorded the questionnaires to the identified sample and gave the respondents a time frame within which the questionnaires were collected and observations data was naturally recorded

### **3.7 Data Analysis and Presentation**

All statistical and appropriate methods were used in this study. Most non-numbered thinkers respond ideas; Articles and ideas. This study used a lot, especially descriptive ones. Periodic analysis was used to determine whether one variance was predicting a different type, so it was used to identify the relationship between dependent and non-dependent. Search is displayed as tables, bar graphs, pie charts and sections.

### **3.8 Ethical Consideration**

Ethical considerations refer issues to do with the study of morality – practices and activities that are perceived to be significantly right or wrong, as well as the rules that oversee the same and the values on which they are based (Akaranga & Makau, 2016). Fouka and Mantzorou (2011)

identify the key ethical considerations in research to include informed consent, beneficence, and respect for anonymity and confidentiality, respect for privacy, and competency of the researcher. The various ethical considerations relevant to research are addressed in the following segments.

Informed consent refers to the situation where a person gives their agreement knowingly, voluntarily and intelligently. When conducting research, informed consent is sought so as to incorporate the rights of an autonomous individual through the use of self-determination. It also considers the integrity of the individual by protecting their personal liberty and authenticity (Akaranga & Makau, 2016).

Voluntary participation refers to the explicit measures undertaken by the researcher to inform the respondents that their participation in the research is entirely on their own volition, free from any form of coercion. These measures will include written agreements to this effect as well as ensuring that any language barriers are considered in passing on this information to respondents who may not understand English or the official language of communication (Kılınç & Fırat, 2017).

When conducting research, confidentiality is assured through the provision of the freedom of individuals to give or withhold as much information as they desire to a person of their choice. This includes the non-disclosure of any identifying characteristics where identities are not compromised during the collection, analysis and reporting of data (Kaiser, 2009).

Respect for privacy during the conduct of research is achieved by ensuring that private information such as beliefs, attitudes and opinions are not divulged to third parties without the authority of the subject (Akaranga & Makau, 2016).

The anonymity of respondents is protected when there is no association between the individual's responses and their identity. The easiest way to do this is by not identifying respondents by name during the collection of data (Fouka & Mantzorou, 2011).

### **3.9 Chapter Summary**

This chapter describes the steps and steps taken to complete the study. This includes a data collection plan. This section is a complete, structured or structured design that enables the researcher to answer research questions that have arisen. As a result, the research in this section

highlights the methods and skills used to collect, organize and analyse data. In particular, the following sections were included; Research, population, selection methods, data collection tools, data collection methods and monitoring. The collection of start-ups was criticized because there were respondents who did not want to fill out the questionnaire. The researchers reassured them that the research was informative and that their findings were highly confidential.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSION

#### 4.0 Introduction

The segment provides the results from methodologies and field observations, which were then summarized in tables and graphs in relation to the research variables under investigation.

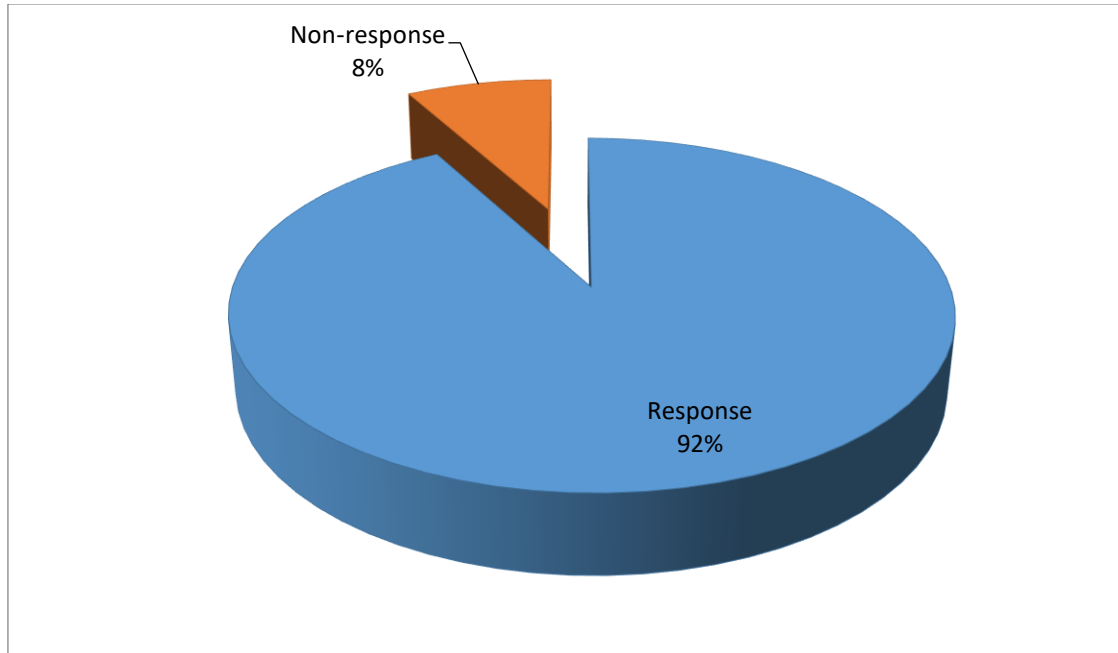
#### 4.1 Presentation of research findings

##### 4.1.1 Response rate

This was done to determine the actual number of respondents that completed the questionnaires. The results are presented in the table below.

**Table 4. 1 : Response rate**

<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Response	55	92
Non-response	5	8
<b>Total</b>	<b>60</b>	<b>100</b>



**Figure 4. 1 : Response rate**

According to the results, 92 % participated in the study, while 8% did not. This was a trustworthy figure that would provide reliable conclusions from the research.

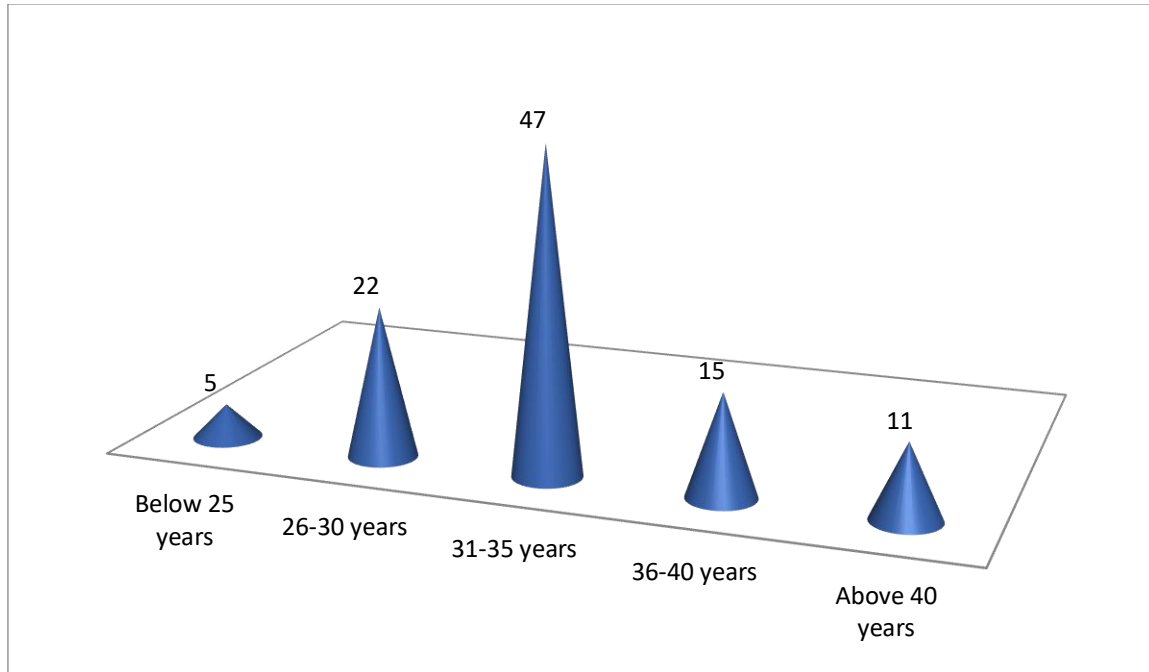
#### **4.1.2 Background information**

##### **4.1.2.1 Age of respondents**

The study's goal was to determine the respondents' ages, and the results were presented on table as shown.

**Table 4. 2 : Age of respondents**

<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Below 25 years	3	5
26-30 years	12	22
31-35 years	26	47
36-40 years	8	15
Above 40 years	6	11
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 2 : Age of respondents**

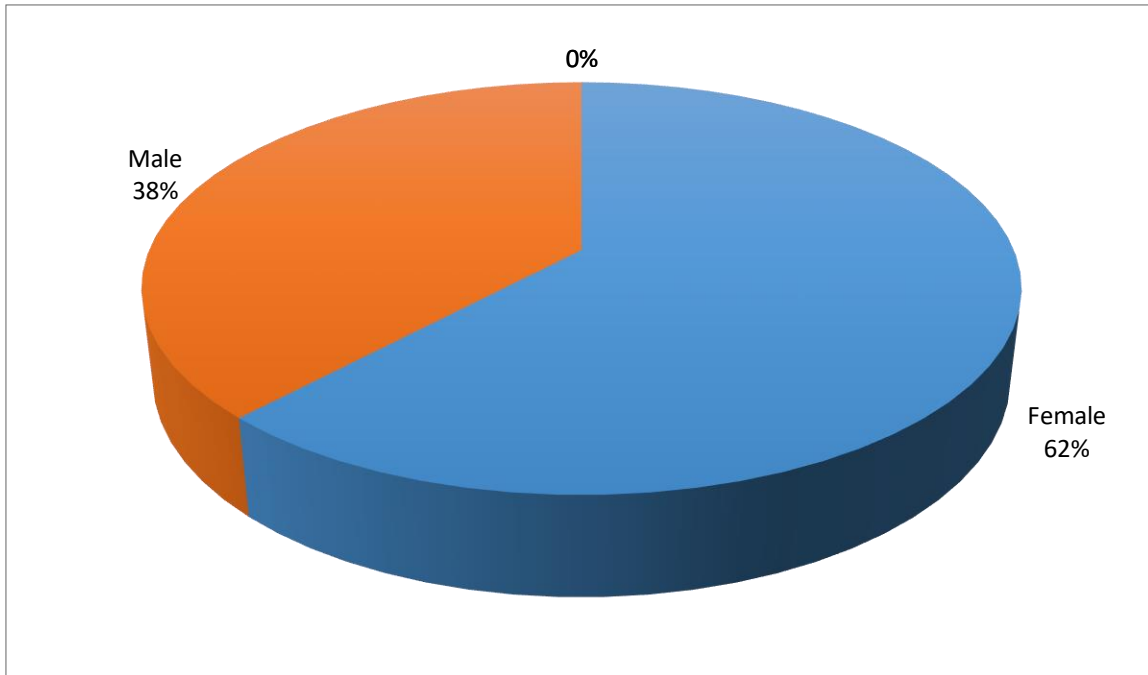
The study found that those below 25 years of age were at 6%, between 26-30 years were at 22%, between 31-35 years were at 44%, between 36-40 years were at 17% and then those above 40 years were at 11%. Most of the respondents were of age 31-35 hence have not reached the retirement period.

#### 4.1.2.2 Gender of respondents

This aimed to find out the gender of participants participating in the research and the results were provided on table as indicated.

**Table 4. 3 : Gender of respondents**

Category	Frequency	Percentage
Female	34	62
Male	21	38
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 3 : Gender of respondents**

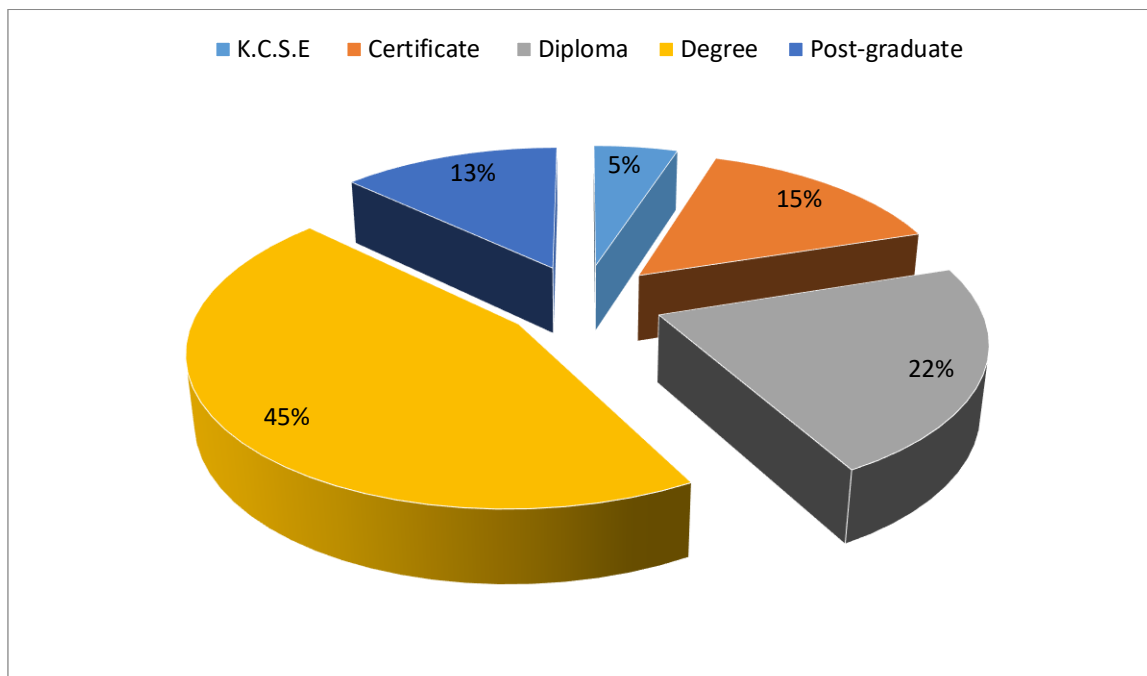
The findings indicated that 62% of the respondents were female while the remaining 38% were male. The rule of 1/3 of the Kenyan constitution was strictly adhered to since no gender is more than 50% of the total respondents.

#### **4.1.2.3 Academic Qualifications**

This was done to determine the participants' academic qualifications and the researcher obtained the following results as indicated.

**Table 4. 4 : Academic qualifications**

Category	Frequency	Percentage
K.C.S.E	3	5
Certificate	8	15
Diploma	12	22
Degree	25	45
Post-graduate	7	13
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 4 : Academic qualifications**

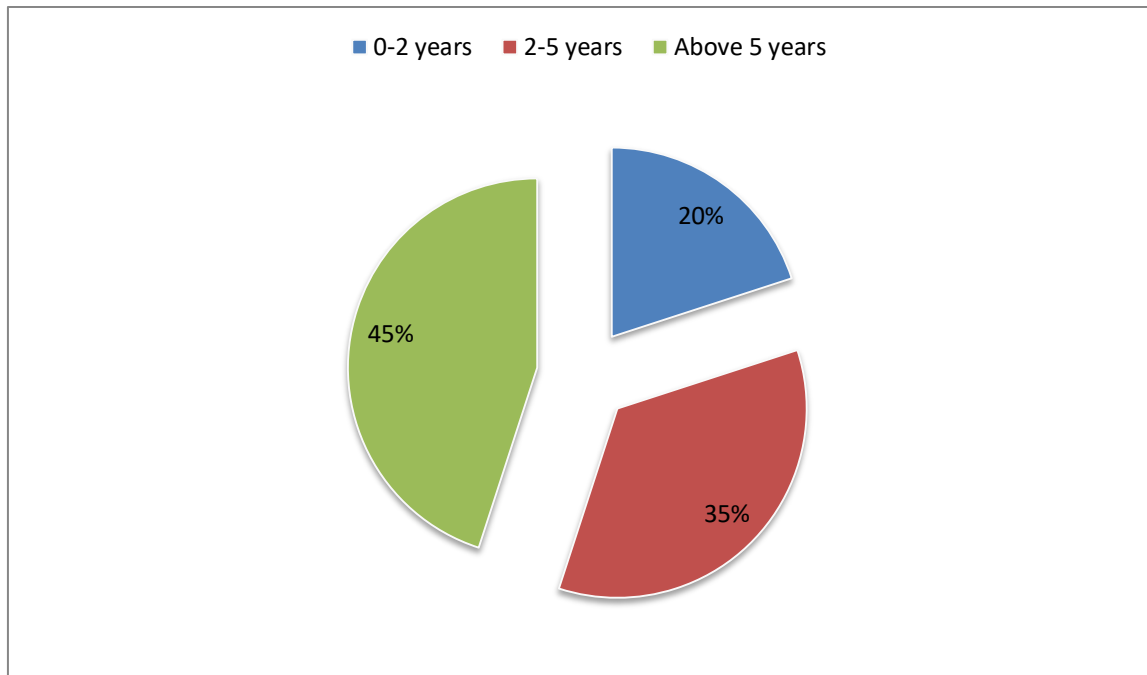
The study's findings postulated that those with K.C.S.E qualifications were at 5%, certificate at 15%, diploma at 22%, degree at 45% and then 13% at post-graduate. Most of the respondents were degree holders thus knowledgeable to provide the relevant required information to aid in coming up with valid conclusions.

#### **4.1.2.4 Duration of service**

This was to find out the duration the research respondents had worked in the organization and the findings were tabulated as shown.

**Table 4. 5 : Duration of service**

Category	Frequency	Percentage
0-2 years	11	20
2-5 years	19	35
Above 5 years	25	45
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 5 : Duration of service**

According to the researcher's results, those who had worked for 0-2 years were represented by 19%, those who had worked for 2-5 years by 35%, and those who had worked for more than five years by 46%. Most respondents had worked for more than five years in the organization hence they have the relevant experience and skills required for credible results.

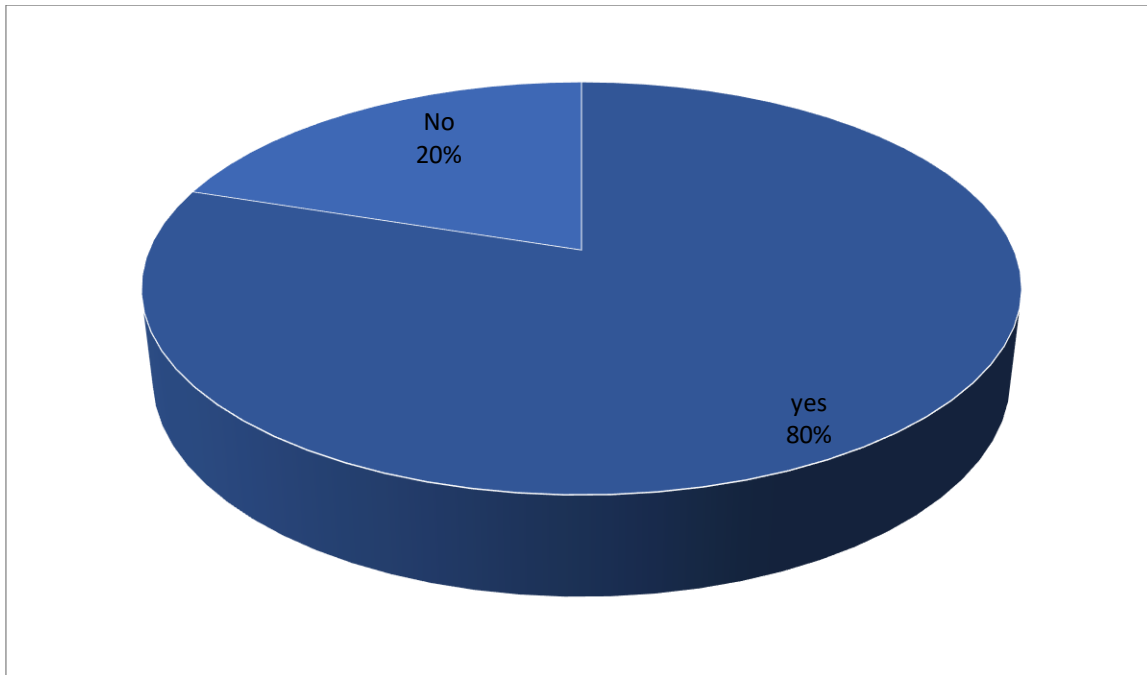
#### **4.1.3 Cost estimation**

##### **4.1.3.1 Market price on meeting customer demands and needs**

The researcher wanted to establish if market pricing is positively related to meeting of customer demands and needs and the results presented on table as shown.

**Table 4. 6 : Market price on meeting customer demands and needs**

Category	Frequency	Percentage
Yes	44	80
No	11	20
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 6 : Market price on meeting customer demands and needs**

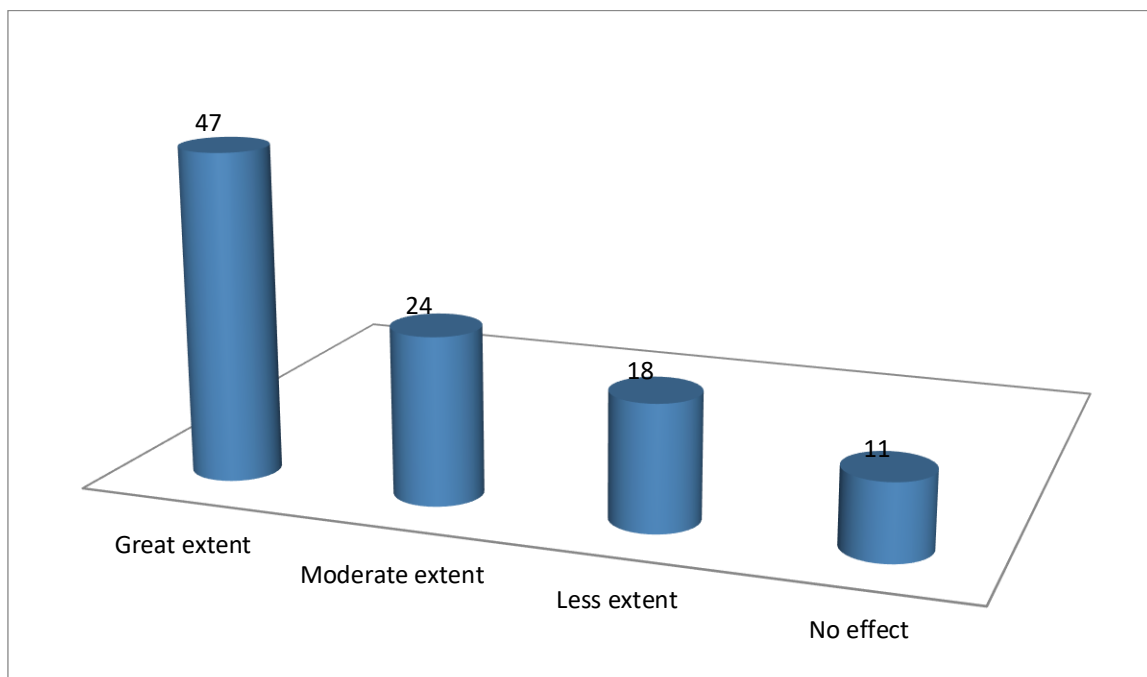
According to 80% of respondents, market pricing is positively linked to fulfilling consumer demands and needs, whereas 20% disagreed. This means that organization should well strategically on the price setting to attract more customers and meeting their demands.

#### **4.1.3.2 Spend analysis on increased product management**

The researcher wanted to establish whether spend analysis helps in increased product management or not. The findings were recorded on table as shown.

**Table 4. 7 : Spend analysis on increased product management**

Category	Frequency	Percentage
Great extent	26	47
Moderate extent	13	24
Less extent	10	18
No effect	6	11
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 7 : Spend analysis on increased product management**

The researcher identified that spend analysis helps in increased product management to a great extent according to 47% of the respondents, moderate extent at 24%, less extent at 18% and no effect at 11%.

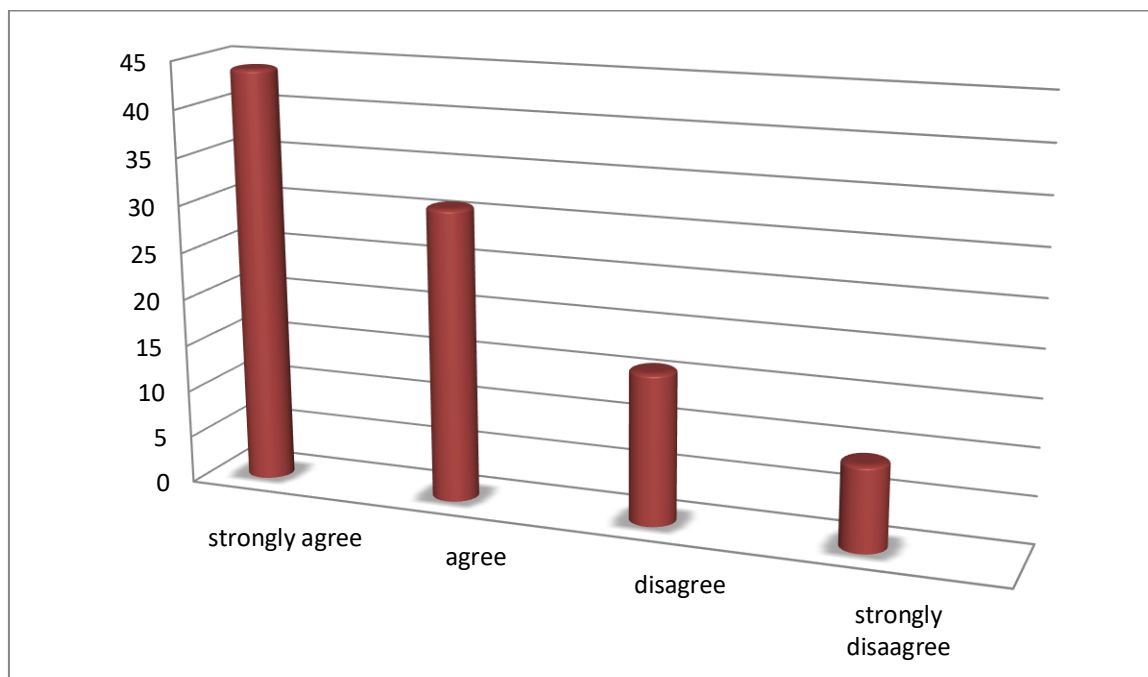
#### **4.1.4 Needs assessment**

##### **4.1.4.1 Needs assessment on increased financial capacity.**

This was to determine if needs assessment leads to an increase in financial capacity of the organization. The results were presented on the table as shown.

**Table 4. 8 : Needs assessment on increased financial capacity**

Category	Frequency	Percentage
Strongly agree	24	44
Agree	17	31
Disagree	9	16
Strongly disagree	5	9
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 8 : Needs assessment on increased financial capacity**

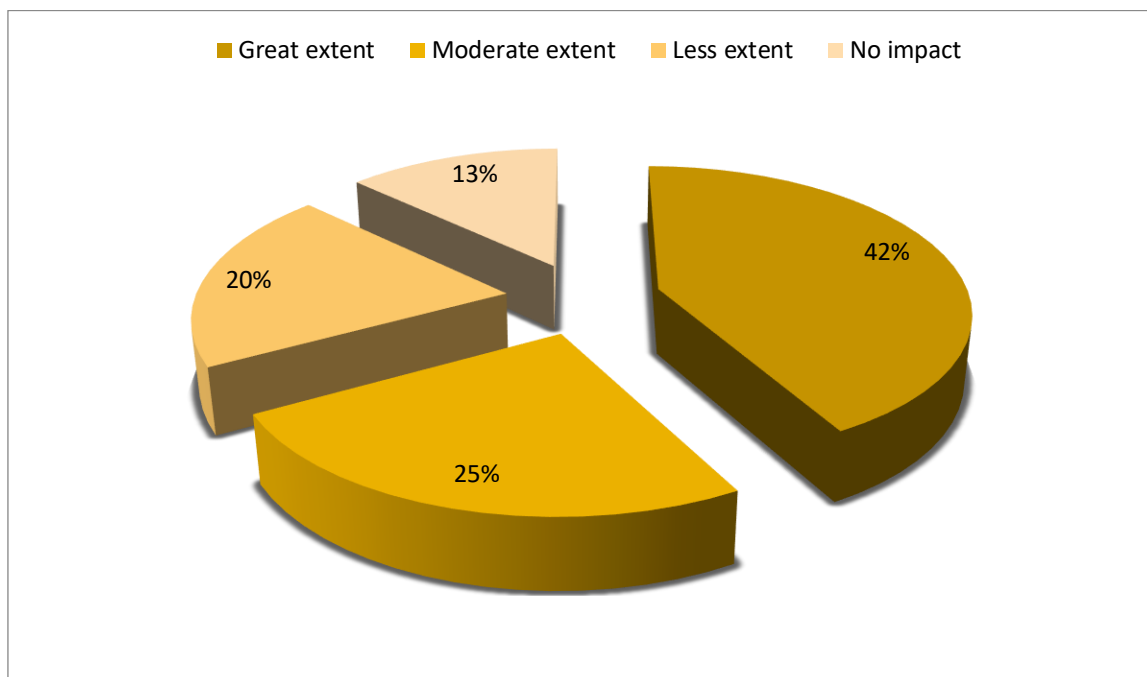
The researcher noted that those who agreed to needs assessment leading to an increase in financial capacity were 75%, while those who disagreed were 25%. This revealed that the needs assessment is crucial for improved organizational performance.

#### **4.1.4.2 Training on reduction products misappropriations**

The aim was to find out the extent at which training helps on reduction of products misappropriations. The results were presented in table as shown.

**Table 4. 9 : Training on reduction products misappropriations**

Category	Frequency	Percentage
Great extent	23	42
Moderate extent	14	25
Less extent	11	20
No impact	7	13
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 9 : Training on reduction products misappropriations**

The findings indicated that training helps on reduction of products misappropriations to a great extent according to 42%, moderate extent at 25%, less extent at 20% and then no impact at 13%.

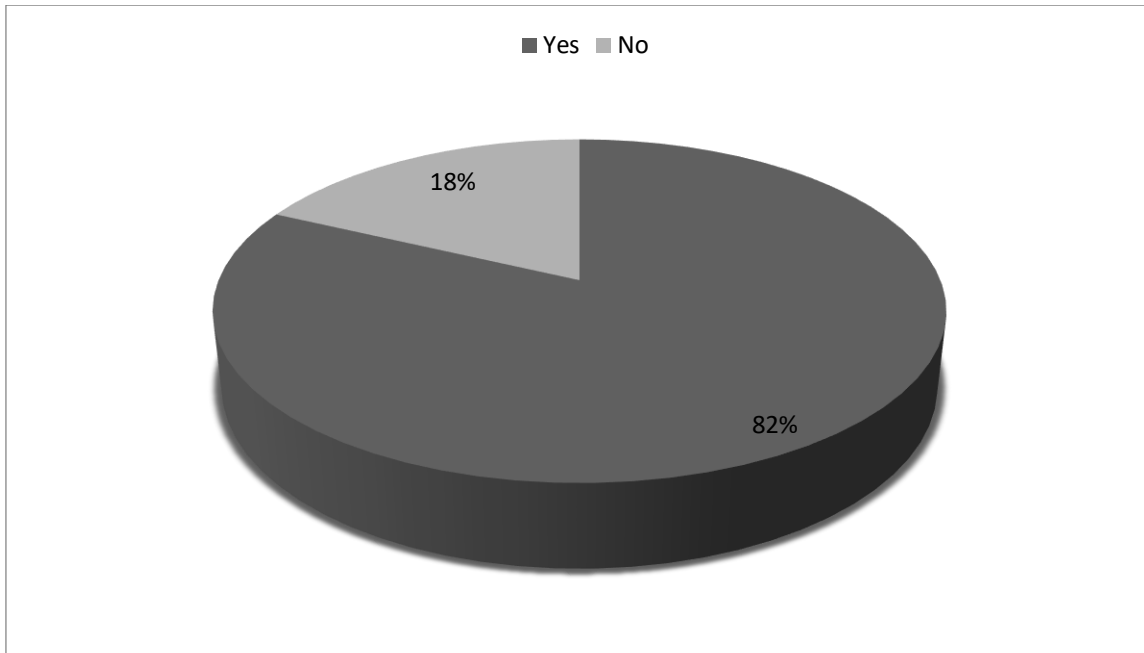
#### **4.1.5 Qualification specifications**

##### **4.1.5.1 Quality assurance on improved customer satisfaction.**

The researcher wanted to find if quality assurance leads to improved customer satisfaction in the organization or not. The results were presented on table as shown.

**Table 4. 10 : Quality assurance on improved customer satisfaction**

Category	Frequency	Percentage
Yes	45	82
No	10	18
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 10 : Quality assurance on improved customer satisfaction**

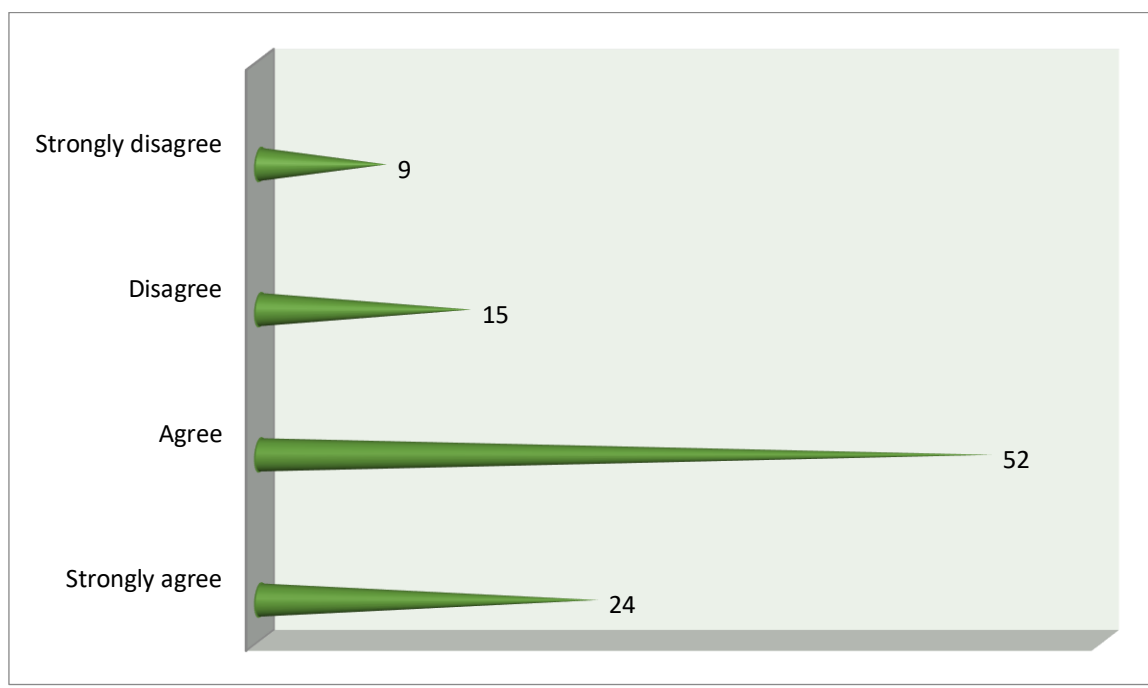
It was discovered that quality assurance leads to increased customer satisfaction in the organization according to 82 %, the remaining 18 % did not agree to it.

#### **4.1.5.2 Quality control on increased product quality and sales output**

The researcher wanted to find out if quality control leads to increased product quality and sales output and the results were presented on table as shown.

**Table 4. 11 : Quality control on increased product quality and sales output**

Category	Frequency	Percentage
Strongly agree	13	24
Agree	28	51
Disagree	9	16
Strongly disagree	5	9
<b>Total</b>	<b>55</b>	<b>100</b>



**Figure 4. 11 : Quality control on increased product quality and sales output**

The research showed that quality control leads to higher product quality and sales output according to 75% of the respondents who agreed while 25 % did not agree to it.

## **4.2 Limitations of the study**

The respondents frequently demanded payment in order to provide the required data or would not be comfortable, which meant that not all of the target population would answer the questions, making conducting the research difficult to get the necessary information. The researcher thoroughly explained the purpose of the study and the significance of participating in the study without any sort of payment or intimidation, and that their participation was completely voluntary. This helped the majority of them in participating, which achieved the required threshold for the research to accomplish its objectives.

## **4.3 Chapter summary**

The study focused on field results by organizing the data from each variable into distinct sub-headings to facilitate further analysis. The data were presented in clearly labeled tables and graphs, from which an interpretation and a few comments were formed to help in conveying the results for the next chapter's simple analysis.

## **CHAPTER FIVE**

### **SUMMARY, RECOMMENDATIONS AND CONCLUSIONS**

#### **5.0 Introduction**

This segment of the research describes the findings, conclusions, and recommendations. The findings are presented based on the variables examined.

#### **5.1 Summary of findings**

##### **5.1.1 Background Information**

It was noted from the findings that 92% of the respondents partook the study while 8% did not take part. This was a reliable number to deliver reliable results from the study findings. The study established that those below 25 years of age were at 6%, between 26-30 years were at 22%, between 31-35 years were at 44%, between 36-40 years were at 17% and then those above 40 years were at 11%. The findings indicated that 62% of the respondents were female while the remaining 38% were male. The study's findings postulated that those with K.C.S.E qualifications were at 5%, certificate at 15%, diploma at 22%, degree at 45% and then 13% at post-graduate. The researcher established from the findings that those who had worked between 0-2 years were at 19%, between 2-5 years were at 35% and then those who had worked there above 5 years were at 46%.

##### **5.1.2 Cost estimation**

According to 80% of respondents, market pricing is positively linked to fulfilling consumer demands and needs, whereas 20% disagreed. This means that organization should well strategically on the price setting to attract more customers and meeting their demands. The researcher identified that spend analysis helps in increased product management to a great extent according to 47% of the respondents, moderate extent at 24%, less extent at 18% and no effect at 11%.

### **5.1.3 Needs assessment**

The researcher noted that those who agreed to needs assessment leading to an increase in financial capacity were 75%, while those who disagreed were 25%. This revealed that the needs assessment is crucial for improved organizational performance. The findings indicated that training helps on reduction of products misappropriations to a great extent according to 42%, moderate extent at 25%, less extent at 20% and then no impact at 13%.

### **5.1.4 Quality specification**

It was discovered that quality assurance leads to increased customer satisfaction in the organization according to 82 %, the remaining 18 % did not agree to it. The research showed that quality control leads to higher product quality and sales output according to 75% of the respondents who agreed while 25 % did not agree to it.

## **5.2 Conclusion**

On cost estimation, the study concluded that market pricing is positively linked to fulfilling consumer demands and needs. The conclusion determined that spend analysis helps in increased product management to a great extent.

On needs assessment, the conclusion was that needs assessment leads to an increase in financial capacity. It was also concluded that training helps on reduction of products misappropriations to a great extent.

On quality specification, the study noted quality assurance leads to increased customer satisfaction in the organization. Also the conclusion was that quality control leads to higher product quality and sales output.

## **5.3 Recommendations**

Procurement planning is critical for improving supplier performance in service delivery. It is thus critical for businesses to adopt procurement planning since it improves quality and reduces supplier payment delays. Additionally, the Public Financial Management (PFM) department should have a check list to verify that purchase of goods and services adheres to budgetary approvals for funding sources in order to prevent payment delays. Procurement planning processes should also be examined to ensure that the precise votes are used to power the

necessary products, works, and services. Additionally, if purchase planning processes are implemented, there will be appropriate resource utilization, creativity, and problem-solving approaches. Additionally, the PPOA should improve its monitoring and evaluation (M&E) system to guarantee that purchasing organizations effectively use public resources and adhere to procurement legislation while doing procurement activity.

#### **5.4 Suggestions for Further Studies**

The present study was conducted at Kenya Ports Authority; a similar analysis may be undertaken in other firms using the same variables. It is essential to evaluate how procurement transparency through open tendering, as opposed to single sourcing, affects the procurement process's performance. It is also crucial to evaluate the involvement of each major stakeholder throughout the procurement process and the effect on the organization's performance. Additionally, the report suggests additional research on the impact of financial allocation in procurement planning. Finally, the paper suggests further research on the critical nature of pre-contractual analysis of the potential suppliers and service providers.

## APPENDIX I: LETTER OF INTRODUCTION

TO WHOM IT MAY CONCERN

**RE: RESEARCH DATA COLLECTION PERMISSION.**

My name is Amina Hussein Ahmed, Admission Number DSM/6/00042/3/19.

I am a diploma in supply chain management student at The Management University of Africa, and I am now undertaking an academic investigation on **EFFECT OF PROCUREMENT PLANNING ON ORGANIZATION PERFORMANCE: A CASE STUDY OF KENYA PORTS AUTHORITY** as part of the requirements for the award of a diploma at The Management University of Africa. I'd like to ask for your permission to provide me with information that will aid me in achieving this goal. This schedule's data will be used just for academic purposes and will not be shared with anybody other than the examiners. Your identity will not be shown to anyone, and the information you provide will be kept private.

Yours Sincerely.

Amina Hussein Ahmed

**APPENDIX II: QUESTIONNAIRE**

Please tick (√) the box that matches your answer to the questions and give the answers in the spaces provided as appropriate.

**SECTION A: BACKGROUND INFORMATION**

1. Gender of respondent

Male [ ] Female [ ]

2. Age of respondents

18 - 25 [ ] 26 - 35 years [ ] 36 - 45 years [ ] 46 - 55 years [ ] Above55 years [ ]

3. What is your highest level of education?

Certificate [ ] Diploma Level [ ] Undergraduate [ ] Postgraduate [ ]

Any other, please specify .....

4. What is your designation in the procurement department?

---

5. How long have you worked in the procurement department

Less than 1 year [ ] 1 – 2years [ ] 3 – 4years [ ] 5 – 6years [ ] Above 6 years [ ]

**SECTION B: Independent Variables**

Please tick the appropriate box for each of the statements below.

Note that: **SA:** Stand for Strongly Agree **A:** Stand for Agree **U:** Stand for Undecided **D:** Stand for Disagree **SD:** Stand for Strongly Disagree.

**a) Cost estimation**

<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
The department has put in place systems and processes that identify inventory requirements.					
Corrective actions are taken once discrepancy is identified in the procurement processes.					
Close supervision of purchases is done as a way of controlling costs.					

**b) Needs assessment**

<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
Needs assessment is undertaken by respective heads of department for goods and services required.					
The procurement needs are clearly defined by the heads of department.					
Delivery schedules that fit in the organization requirements are drawn with the suppliers.					

**c) Quality specification**

<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
Procurement bids are opened by an independent committee.					
The technical abilities of the suppliers are evaluated before contract awarding.					
Supplier evaluation is periodically undertaken to ensure quality of the goods and services.					

*Thank a lot for your cooperation*

### APPENDIX III: RESEARCH STUDY BUDGET

<b>Budget Items</b>	<b>Cost in Ksh.</b>
Typing and printing	1,000
Photocopying	2,000
Writing materials	1,000
Pens and diskettes	1,000
Traveling	1,000
To administer questionnaires	1,000
Binding cost	2,000
Miscellaneous	2,000
<b>TOTAL</b>	<b>11,000</b>