

**INFLUENCE OF STRATEGIC PROCUMENT ON THE ORGANIZATION  
PERFORMANCE OF PUBLIC PARASTAL IN KENYA. A CASE STUDY OF KENGEN**

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## **DECLARATION**

### **Declaration by the student**

This project is my original work and has not been presented for a diploma in any other University.

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### **Declaration by the supervisor**

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

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## **DEDICATION**

I would like to dedicate my research to my family, especially my parents, who have always been there for me with kind words and support.

## **ACKNOWLEDGEMENT**

I would like to thank my supervisor, Mr. Hilary Kipkorir, for the professional advice he gave me when I was writing my project. I want to thank The Management University of Africa for letting me do this research work. I would like to thank all the institutions that helped me with my research and say thank you. Lastly, I want to thank my parents and siblings. You gave me a lot of support and sacrificed a lot for me as I climbed this slippery ladder of education. I owe a lot of gratitude to you. To all the people and organizations that helped make this research possible by giving information, especially the staff at KenGen who helped by answering the questionnaire and giving me information that helped me finish the project. Your contribution to the proposal made it possible for me to finish my work. Please accept my acknowledgment.

## **ABSTRACT**

Strategic procurement is the process of making sure that actions are aligned and consistent. This sets the long-term goals and overall strategy that help the procurement function do its job. The objective of this research will be to find out how strategic procurement affects the performance of parastatal organizations in Kenya. A case study of KenGen. The aim of the study was to find out how organizational performance is affected by strategic sourcing, supplier relationship management and procurement information systems. A descriptive research design was used for the study. A stratified random sampling was used to choose 50 staff members from a group of 100 at KenGen. Questionnaires were used to get the information. The Statistical Package for Social Studies (SPSS) version 24 was used to analyze the data for the study. Tables and figures were used to illustrate the findings and results.

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## ACRONYMS AND ABBREVIATIONS

<b>KENGEN</b>	Kenya Electricity Generating Company
<b>MW</b>	megawatt
<b>SPSS</b>	Statistical Package for Social Science
<b>SRM</b>	Supplier Relationship Management
<b>UK</b>	United Kingdom

## **CHAPTER ONE**

### **INTRODUCTION TO THE STUDY**

#### **1.0 Introduction**

The chapter presented the background of the study where it also explored the organization where the study was done. Statement problem, objectives, research questions, the significance, scope and the limitation of the study. The entire study was anchored on this chapter.

#### **1.1 Background of Study**

Strategic procurement is the process of establishing long-term objectives and an overall strategy or course of action through which the procurement function fulfills its mission. As a result, it entails converting an organization's mission, goals, and objectives into measurable activities that can be used to plan budgets and manage the procurement function (Mahir, 2019). Strategic procurement can be approached in three ways: the development and management of key suppliers, the internal operation of the procurement function and the coordination of purchasing with other functions within the firm, and the use of technology in procurement systems. It is regarded as one of an organization's critical functions, with the potential to save money, improve operational efficiency, gain access to trusted suppliers, and improve product or service quality, among other things (Magnus, 2016).

Globally, firms are always under pressure to achieve outcomes in an unpredictable world. The modern business environment requires companies to continuously improve processes and methods of doing so in order to meet organizational objectives in a timely and cost-effective manner while maintaining profitability and market relevance. In this volatile global marketplace, procurement must take the lead in capturing the value at stake (Spiller, Reinecke, Ungerman, & Teixeira, 2014). Organizations are increasingly confronted with increased global competition, changing markets and business models, cost-cutting pressures, price volatility, and raw material scarcity. They respond to these challenges by lowering their cost base, exploring new markets or partnerships, launching new products and services, and redesigning their organizational structure (Pande, 2018). Procurement has evolved over time, with the Egyptians being the first to leave

traces of it as early as 3000 BC. When the empire was trading with private suppliers, scribes were also used to create contracts. Procurement has a long history in the United Kingdom, dating back to William the Conqueror, who wanted a simple way to record tax collections. With the rise of the British Empire and its colonial pursuits, the practice evolved to include goods and services (Whitmore, 2017).

According to Daft (2016), firm performance is an organization's ability to achieve its goals through the efficient and effective use of resources. It is determined by how well a company manages its internal resources and adapts to its external environment, and it also reflects the achievement of its strategic objectives and growth objectives (Hitt, 2018). Performance measurements are typically defined as two dimensional. One component is objective performance, which includes financial and market-based metrics such as capacity utilization, profitability, and market share. The other type is subjective (judgmental) performance, which includes customer and staff-based metrics like as service quality and employee and customer happiness (Amit & Schoemaker, 2014).

Performance management entails efforts that guarantee goals are continuously accomplished in an effective and efficient manner (Knudsen, 2016). Indeed, procurement excellence is becoming an increasingly crucial aspect in creating efficient operations inside successful businesses. Effectively monitoring procurement performance may look straightforward on the surface. Looking further, adequate measurement of procurement performance is a major concern.

Every business has its own rules, methods, and structures that have a significant impact on the procurement process. These rules and processes are based on the organization's paradigm, which occasionally contradicts procurement aims and objectives. Decision making may take a lengthy time throughout the procurement process for tall and bureaucratic organization structures. This will undoubtedly impact the number of fundamental phases to be followed in the procurement process. These issues are exacerbated in procurement departments that lack sufficient information regarding the procurement method, its inputs, outputs, resource consumption, and results, and are thus unable to establish its efficiency and efficacy (Lester & Digman, 2015).

Strategic procurement procedures aid in the creation of alignment and consistency of action, ensuring that the procurement function accomplishes its plan and contributes to the bottom line profit. Supplier relationship management, technology use, and strategic sourcing will be

employed. According to Bob (2011), the strategic connection with suppliers begins long before the first order is placed and continues long after the items are received. This is not the same as a transactional tactical supplier relationship. Strategic relationship management extends beyond the purchase of goods and services. It tries to maximize the value to both the supplier and the customer by identifying and implementing joint achievements that benefit both sides (Clemens & Douglas, 2016).

Benn (2015) investigated strategic purchasing, supply management techniques, and buyer performance improvement in UK manufacturing firms, discovering that strategic purchasing had an indirect, substantial influence on enhancing buyer performance via supplier integration. Strategic purchasing had a considerable influence on the adoption of socializing mechanisms, but not on supplier responsiveness.

According to Nutakor (2016), challenges with the implementation of sustainable procurement practices in the mining industry in Ghana's western region include ICT difficulties, innovation, remuneration and increased costs, regulation and governance, insufficient funding, and consumer perception, among others. The survey discovered that competitive bidding was more commonly used than sole sourcing and that there was a lack of awareness and understanding in the field of Sustainable Procurement.

Mueni (2018) investigated the impact of strategic procurement practices on the performance of parastatals in Kenya Airport Authority and discovered that strategic outsourcing, inventory management, reverse logistics, and knowledge management could explain 66.9% of the total variability in Kenya Airport Authority performance. However, inventory management had no substantial impact on the performance of Kenyan parastatals.

Okong'o (2016) investigated the impact of strategic procurement on the performance of Kenya Power Company Limited and discovered that strategic procurement had a beneficial impact on the performance of public companies, such as lower costs and higher quality products and services.

### **1.1.1 KenGen**

Kenya Electricity Generating Company PLC, which is also known as KenGen, is a government company in the Republic of Kenya that produces electricity for the country. KenGen is the biggest company in Kenya that produces electricity. It produces more than 60% of the electricity used in the country.

KenGen has existed since February 1, 1954, when it was founded as the Kenya Power Company (KPC) under the Companies Act (Chapter 486 of the Laws of Kenya) to build the transmission line between Nairobi and Tororo in Uganda and to build geothermal and other power plants in the country. A management contract has been in place between KPC and Kenya Power since the beginning of the company. After changes were made to the energy sector in 1996, KPC was separated from Kenya Power and given the name KenGen in January 1997.

In 2006, KenGen was listed on the Nairobi Securities Exchange. This happened after the government of Kenya sold 30% of its stake in the company in one of Kenya's most successful Initial Public Offerings (IPO). KenGen owns thirty (30) power plants that are spread out across the beautiful country of Kenya. These plants have a total installed capacity of 1,818MW and are powered by geothermal, hydroelectric, and wind energy.

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

Globalization is defined as the free and integrated movement of commodities, services, and people throughout the world. It refers to the globalization and deepening of social interactions and consciousness. It is about increasing global connectedness (Steger, 2017). As more players fight for the same limited resources, competition intensifies. Organizations must now, more than ever, consistently enhance their operational efficiency and effectiveness in order to fulfill organizational goals while also boosting returns to shareholders (Johnson, Whittington, Scholes, Angwin, & Regner, 2017). While acknowledging the PPADA 2015 framework for procurement operations, the Act offers a consistent framework for the acquisition of goods and services across all public sector bodies. It defines processes for effective public procurement as well as the disposal of unserviceable, outdated, or excess stocks, assets, and equipment by government bodies, as well as other relevant topics. The legislation applies to all public entities, including, among others, state organs, departments, state corporations, county governments, firms

controlled by public entities, and bodies in which the national or county government has a controlling stake (GOK, 2015).

Many Government Owned Entities have faced difficulties as a result of this one-size-fits-all strategy. Furthermore, it is still up to the leadership of public organizations to select strategic initiatives within their procurement function that might boost the organization's operational efficiency. Increased rivalry for limited resources affects both public and private enterprises, and public entities must implement steps to gain a competitive edge. Strategic procurement is thus critical for the competitiveness of any organization's procurement department, whether commercial or governmental. The entire procurement output is determined by how the company is strategically positioned to service it. There is evidence that sourcing expertise improves a firm's operational efficiency and execution. More study is needed to confirm the proof (Normanyo, Ansah, & Boakye, 2016).

There have been studies on strategic procurement practices, but few have focused on Kenyan government agencies. Benn (2015) investigated strategic purchasing, supply management techniques, and buyer performance improvement in UK manufacturing firms, discovering that strategic purchasing had an indirect and substantial influence on enhancing buyer performance via supplier integration. Strategic purchasing influenced the adoption of socializing mechanisms but not supplier responsiveness. According to Nutakor (2016), challenges with the implementation of sustainable procurement practices in the mining industry in Ghana's western region include ICT difficulties, innovation, remuneration and increased cost, regulation and governance, insufficient funding, consumer perception, and others.

A variety of procurement studies have been conducted locally, with topics ranging from e-procurement to case studies of governmental organizations. Munyao and Moronge (2018) stress the need of procurement process automation in order to reduce costs and the risk of manually meddling with the process in order to favor certain companies. According to the conclusions of this study, adoption of e-procurement has a favorable and significant impact on procurement performance at Kenyan public institutions. Audi (2014) stated that multinational corporations in Kenya may profit greatly from strategic procurement and that there is a need for further study and broader coverage of strategic procurement techniques. Mokogi, Mairura, and Ombui (2015) found that procurement methods had a substantial impact on the performance of commercial

state-owned firms in Nairobi County in their study. Odero and Shitseswa (2017) found in their study that procurement methods impact procurement performance of public sugar production enterprises in western Kenya and recommended that future research focus on other areas such as the significance of supplier selection. None of the preceding research focused on public entities in Kenya; consequently, this study tries to fill the gap by concentrating on the Influence of strategic procurement on the organizational performance of public institutions in Kenya, a case study of KenGen.

### **1.3 Objectives of Study**

The general objective of this study was to Influence of strategic procurement on the organization performance of public parastal in Kenya. A case study of KenGen.

#### **1.3.1 Specific Objectives**

- i. To establish influence of strategic sourcing and organization performance at KenGen.
- ii. To find out the influence of supplier relationship management and organization performance at KenGen.
- iii. To evaluate the influence procurement information systems and organization performance at KenGen.
- iv. To find out the influence of outsourcing on the organizational performance at KenGen.

### **1.4 Research Questions**

- i. How does strategic sourcing influence organizational performance at KenGen?
- ii. To what extent does supplier relationship management influence organizational performance at KenGen?
- iii. How do procurement information systems influence organizational performance at KenGen?
- iv. To what extend does outsourcing influence organizational performance at KenGen?

### **1.5 Significance of the study**

The study will be very useful to KenGen management and staff, particularly those in the operational department, because it will reveal the impact of strategic procurement processes on the performance of Kenya's public parastatals. The research will assist KenGen management in developing and implementing strategic procurement processes in order to improve company

performance by improving product and service quality and sharing best practices, among other things.

The study findings will inform policymakers in the banking sector about the expected influence of strategic procurement on parastatal performance, which will aid them in developing appropriate policy for strategic procurement by parastatals in Kenya. The study's findings enable the Kenyan government to understand which areas of strategic procurement can improve the performance of parastatals.

This study will provide the literature for future researchers in the relevant field to analyze in order to understand the present situation and gaps on which they might pitch their researches by utilizing constructs from the study.

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

The research study explored the influence of strategic procurement on the organization performance of public parastal in Kenya, A case study of KenGen .The study targeted staff in leadership positions and those not in leadership positions working at KenGen. Therefore the total population to be targeted was 100 employees of the company.

### **1.7 Chapter Summary**

The chapter highlighted the background of the study on the global and local perception on influence of strategic procurement on the organization performance of public parastal in Kenya. The statement problem that establishes the reason for the study, the research objectives offers the premises on which the whole research project is done. The scope identifies the coverage areas of the study and significance of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This section covered the theoretical review, empirical review, conceptual framework, critique of existing literature relevant to the study, summary of reviewed literature and research gap.

#### **2.1 Theoretic Literature Review**

A theoretical literature review connects existing theories relating to the subject of the inquiry. The following theories informed the research: Institutional Theory and Socioeconomic Theory.

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

According to Scott (2004), institutions are made up of cultural-cognitive and regulative aspects that, when combined with linked activities and resources, give life meaning. He goes on to describe the three pillars of institutions as regulatory, normative, and cultural cognitive.

The regulatory pillar stresses the use of rules, laws, and punishments as an enforcement mechanism, with expediency as the foundation for compliance. The normative pillar relates to norms (how things should be done) and values (preferred or desirable), with social duty serving as the foundation for compliance. The cultural-cognitive pillar is based on mutual understanding (common beliefs, symbols, and shared understanding).

This theory is critical when it comes to implementing strategic procurement policies and procedures in enterprises that serve the public. This is a topic of organizational culture and the degree to which the prevailing atmosphere in a company is supportive of strategy and change in general. In other words, this dimension comprises the degree to which strategic procurement is supported at the highest levels of an organization, as well as the amount to which organizational procedures and structures promote or impede strategic procurement development (Brammer & Walker, 2007).

### **2.2.2 Socio-economic Theory**

Sutinen and Kuperan (1999) developed the socio-economic theory of compliance by combining economic theory with theories from psychology and sociology to account for moral duty and social influence as factors of individuals' compliance decisions.

According to Lisa (2010), psychological views offer a foundation for organizational compliance success or failure. Wilmshurst and Frost (2000) further state that socioeconomic theory holds organizations accountable for disclosing their methods to stakeholders, particularly the general public, and justifying their existence within the confines of society.

This theory, which focuses on the link and interaction between an organization and society, provides an adequate and superior lens for comprehending the government procurement system (Huietal. 2011). This theory can help us comprehend policy, planning, and strategic procurement processes in public institutions, as well as their impact on societal service delivery.

## **2.2 Empirical Literature Review**

An empirical review shows what studies have been done in the past, what they were about, how they were done, what they found, what they concluded, what they suggested, and what gaps need to be filled in future or current studies.

### **2.2.1 Strategic sourcing and organizational performance**

To support or even advance their competitive points of interest, purchasing firms should incorporate sourcing options into their working procedures. They recommend it to be clarified that an organization's advantage is determined and described broadly by its sourcing strategy. In this approach, sourcing has been consciously regarded as one of the primary drivers for an organization's survival and development (Vijay & Kannan, 2016).

When it is believed that various provide assistance capacities may be done faster, less expensively, or better by an outside association, organizations should investigate sourcing (Min & Galle, 2015). Capabilities that are not critical to the organization should be examined for contracting out. In any instance, any ability or information that is critical to the organization's ability to serve its clients better, and is directly relevant to the product or service it is striving to deliver, must be kept in-house. However, the primary justification for the evolution of sourcing is cost efficiency. Firms assess sourcing to determine whether existing operating expenses may

be reduced and saved resources can be reinvested in more powerful forms. A couple of studies contend that the sourcing company's access to economies of scale and the unusual capacity that a huge sourcing shipper may pass on is a fundamental wellspring of fetched decreases, all of which will aid to raise organizational performance (Chan, Chin & Ping, 2017).

The first question to ask is if critical sourcing improves quality and, more importantly, whether the organization that manages sourcing seems more proficient in this respect. In general, this question boils down to the exchanges taken a toll address routinely posed: should an organization make its claim specific commitments through some kind of vertical merger or would it be a smart thought for it to endeavor to induce possibly more powerfully regarded commitments on the open market? According to the best of a few specialists' information, there are an astonishingly set number of more careful quantitative or econometric investigations looking trouble. However, the confirmation in such works implies that the respect overhauling connection between source and productivity isn't indisputably resolved (Schiele, 2017).

Kaufmann and Carter (2014) studied the effect of strategic sourcing in the performance of numerous significant corporations in the United States and Europe. The study used a descriptive survey approach, and the T test was used to determine the association between the parameters. It was shown that several organizations use key sourcing, and supply directors anticipate continuing growth in the future. In key sourcing, suppliers fight fiercely for a buyer's business in real time and frequently cut down the cost of an item to be gotten. Using the internet, suppliers generate a large number of electronic offers in a short period of time, usually 30 minutes or less. Strategic sourcing may reduce purchase prices, save time, expedite the bidding process, and enable suppliers from anywhere in the globe to compete for a buyer's business.

Mueni (2018) investigated the impact of strategic sourcing techniques on the performance of Kenyan parastatals, focusing on the Kenya Airport Authority. A descriptive research approach was utilized for the study, and a questionnaire containing both open-ended and closed items was used. According to the findings, strategic outsourcing has a favorable and statistically significant effect on the performance of Kenyan parastatals. The study also revealed that inventory management had no substantial impact on the functioning of Kenyan parastatals. Inventory management was shown to have no substantial benefit to the performance of Kenyan parastatals

when integrated with other strategic procurement methods (Strategic Outsourcing, Reverse Logistics, and Knowledge Management).

Munanu (2017) investigated the effects of key sourcing on organizational execution in Kenya, using Embakasi Police Department as a case study. The study used a case consider inquire about plan that included quantitative methods. The purposeful gazing at approach was used, and quantitative data was examined using graphic insights (frequencies and rates). The findings revealed that critical sourcing at Organization Police Service significantly contributed to cost productivity. According to the analysis, outsourcing at APS has significantly contributed to increased efficiency. It was determined that key sourcing significantly increased productivity. It was determined that outsourcing has a significant impact on Execution APS. It was recommended that important sources at make strides in order to go forward on took toll proficiency. Vital sources should be prioritized in order to improve efficiency. Strategic sourcing at APS should be advanced in order to make gains toward profitability.

### **2.2.2 Supplier relationship management and organizational performance**

Supplier Relationship Management (SRM) is the process of proactively planning and managing all interactions with third-party organizations that supply products and/or services to an organization in order to optimize the value of such relationships. SRM necessitates establishing stronger, more collaborative relationships with key suppliers in order to disclose and realize contemporary value and reduce risk of dissatisfaction. The immediate purpose of SRM is to streamline and strengthen the sourcing forms between a business and its suppliers. It could be a crucial, enterprise-wide, long-term, multi-functional, dynamic approach to selecting suppliers of goods and services and managing them and the entire value chain, from raw materials to final customer use and transfer, in order to continually reduce total cost of ownership, manage risks, and enhance performance - quality, responsiveness, consistency, and adaptability (Lysons & Farrington, 2015).

Additionally, the management of the supplier relationship is dependent on the execution of the competitive advantage it might generate O'Brien (2014). Continuous efforts to gain a competitive edge have provided SRM with the funds necessary to serve as a tool for moving a business ahead of its rivals. As a degree of execution, competitive advantage produces dominating performance based on a specified assumption. When SRM is effectively

implemented using a variety of ways, it enables a company to attain superior execution. A company's management of its suppliers must be superior to that of its rivals if it is to achieve exceptional success (Emmett & Crocker, 2015).

Kiarie (2017) analyzed the effect of supplier relationship management methods on the operational performance of big manufacturing enterprises in Kenya. The population consisted of 594 documented manufacturing enterprises in Kenya in accordance with the Kenya Association of Manufacturers. The T test and descriptive research design were utilized. The conclusion of the study was that SRM practices did have an effect on the operational performance of large manufacturing firms. The manner in which firms supervise their suppliers had an impact on the overall performance of Kenya's manufacturing sector. The supplier relationship practices of the manufacturing companies in Kenya had partially adopted documented procedures/rules/guidelines in the manner in which they interacted with suppliers. This has affected the way in which they oversee provider selection, evaluation, division, and advancement, as the findings indicate that they did not have a clear system in place for managing these practices within their organization. In addition, a strong connection with the provider can reduce transactional expenses, such as those incurred as a consequence of late delivery, subpar materials or replacement parts, or a lack of adaptability.

Abdallah (2015) focused on the impact of supplier relationship management on humanitarian supply chain performance at the World Food Programme (WFP) in Somalia. A descriptive statistic was utilized to summarize the data. On the basis of the performance of the WFP's humanitarian supply chain, the results suggest that WFP Somalia provides beneficiaries with food supplies that are free of defects and that there are no incidences of sickness among beneficiaries as a result of food supplies of inferior quality. In addition, the results demonstrated that WFP Somalia recipients do not receive food as promised. The procurement section of the WFP is regularly trained, although the organization does little to promote individual education. The organization has put in place systems to guarantee that suppliers adhere to quality standards and that it prioritizes suppliers of essential goods such as food. IT is used for the execution and administration of purchase orders.

Kosgei and Gitau (2015) examined the influence of supplier relationship management on organizational performance: a case study of Kenya Airways Limited using a cross-sectional

research approach. Understanding and implementing supply chain management with a primary emphasis on supplier relationships is a precondition for remaining competitive in the global competition and increasing market profitability, according to the findings of this study. The study also found that there was a significant opportunity for organizations to improve their performance through the effective application of SRM strategies. As a result, it was suggested that organizations demonstrate a greater commitment to SRM by implementing systems to monitor, appraise, and evaluate strategic performance. This would unquestionably increase the odds of survival in a market with intense competition.

### **2.2.3 Procurement information system and organizational performance**

Procurement information system is a collection of business software solutions that utilize the most recent data and communication advances, particularly mobile systems, to automate the internal and external forms associated with key sourcing and obtaining, such as catalogue search, item order request, approval, buy arrange, delivery, accepting, payment, recognizable proof of sourcing openings, and provider evaluation. Examples of commerce software arrangements include acquirement software, business-to-business (B2B) bartering, B2B advertising bartering, acquiring consortiums, offering, bartering, acquirement stage, and sourcing (Shrewd, 2012).

By removing the old paper chain of payment reconciliation, approvals, requisitions, and receiving, a modern procurement information system is meant to drastically cut the time and effort needed to accomplish purchasing transactions (Emmett & Crocker, 2015). The essential characteristics of procurement information system techniques allow users to locate an item in an electronic catalog, submit a requisition, route the order request for approval, construct and transmit the order to suppliers, and automate the invoicing and payment processes (Buchholz & Appelfeller, 2013). Additionally, procurement information systems aid in dematerialization. Using an organization's procurement information system as an operational standard can provide a large reduction in paper use, given a favorable regulatory context. This could occur for a variety of reasons, including excellent document retention in procurement information system platforms, the equivalent value of digital signatures to handwritten signatures, the use of email instead of fax, and the reduced or eliminated need to print hard copies, thereby facilitating dematerialization (Field, & Meile, 2018).

On the influence of procurement information systems on organization performance in Turkey, Kennedy and Deeter-Schmelz (2014) analyzed primary data acquired through unstructured interviews using a deductive qualitative data analysis technique. It was determined that procurement information systems assist organizations better understand a potential supplier's culture by increasing transparency and offering a clearer foundation for how a company would sell its products or services. Min and Galle (2015) examined the influence of the deployment of procurement information systems on the performance of selected Rwandan telecommunications firms. Using a standardized questionnaire and SPSS, data were collected from New Artel, Rwanda, workers and evaluated statistically. In a competitive atmosphere, it was discovered that adopting newer technologies and deploying the systems had become a must. Effectiveness, efficiency, and innovation were tied to the required speed of customer service in service industries such as the telecommunications business. Supply chain management (SCM) adds to both buyers' and suppliers' performance. Adoption of procurement information systems helped to enhanced customer service and satisfaction by enhancing staff contribution to procurement performance.

Mohammed (2013) emphasized on the deployment of procurement information systems and value addition in Tanzanian government organizations. Included in the study's research approach are strategies for data collecting that center on questionnaires as primary data collection and books, journals, and internet search engines such as Google scholar for secondary data collection. In this investigation, nonprobability sampling was utilized. In conclusion, the analysis revealed that the adoption of procurement information systems would enable organizations to reduce paper work, improve compliance with procurement procedures and reduce errors, reduce ordering costs, obtain more competitive bids, reduce cycle time in the procurement process, standardize procurement procedures, and enhance the efficiency and transparency of procurement activities.

Kituzi (2016) examined the impact of procurement information systems on organizational performance: a case study of Kenya association of manufactures enterprises in Nairobi province, Kenya. Using statistical package for social science (SPSS) and t-test analysis, the material was evaluated using descriptive insights and inferential analysis. The findings demonstrate a significant positive correlation between the components of procurement data frameworks,

namely information transmission, buyer/supplier collaboration, systems administration, and charging administration, and the organizational performance of manufacturing firms in Nairobi County, Kenya. The research mandates that manufacturing enterprises in Nairobi must integrate all procurement data framework components into the framework in order to improve their overall performance.

#### **2.2.4 Outsourcing and Performance**

According to McIvor (2019), governments throughout the world have adopted the outsourcing phenomena and this idea to facilitate their development into new markets. Strategic outsource management is possibly the most powerful project management tool, but its limit is outsourcing (Oshri, Kotlarsky, & Wouldcocks, 2018). According to Elmuti and Kathawala (2015), it is increasingly usual and accepted for governments and private firms to work together to deliver a wide range of products and services. According to Elmuti and Kathawala (2016), as public organizations and entities seek methods to develop and maintain their competitive advantage, outsourcing has been a common practice. According to Wisner et al. (2016), the implementation of traditional core competency exams in highly interconnected and evolving technologies may result in the outsourcing of too many or the inappropriate activities. Because government organizations are frequently perceived as wasteful and inefficient, managers may encourage the outsourcing of ideas to demonstrate their desire to make beneficial changes. Better accountability might be another argument for government outsourcing. Stewart (2015) observes that managers in public firms typically increase their accountability in the specific outsourcing role. Throughout their research in the Kenyan banking market, Barako and Gatere (2018) discovered that 67% of banks outsourced auto-card processing (ATM), 58% internal audit was client account processing, and 16% outsourced customer service. Furthermore, the survey discovered that 67 percent of participants cited cost savings and a focus on core competencies as the benefits of outsourcing. In a 2016 assessment of all industrial industries in Nairobi, Chanzu (2016) discovered that firms outsourced a variety of functions, most notably human resources, finance, and information technology. Offshoring was more commonly used as a cost-cutting strategy, to carry out key corporate activities, and to outsource non-essential or strategic work. The study discovered key elements in the decision to adopt outsourcing as a tactic for competitive advantage. In his examination of the externalization of noncore logistics activities in BAT

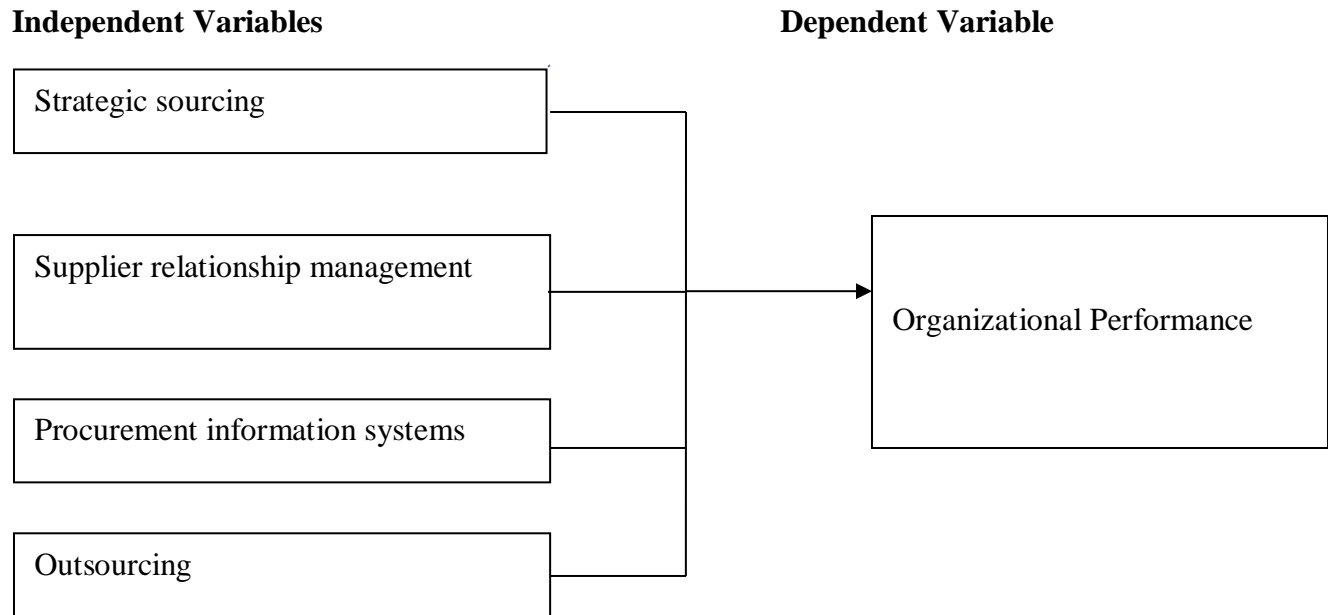
Kenya, Kirui (2015) discovers that the outsourcing technique was driven by the desire to decrease work duplication, commitment, and disagreement that happens within the organization. Outsourcing also encouraged Kirui (2015) to emphasize the need of having a well-defined process and logistic characteristic in accordance with BAT's main business. This has helped to cut transportation operating expenses and enhance working capital allocation. In addition to allowing BAT Kenya to focus on its main business, this study revealed that outsourcing was viewed as the best way to grow the company and improve customer service.

### **2.3 Summary and Research Gap**

Practically all prior research on strategic procurement approaches has concentrated on developed nations. However, there is a ground to suspect that the bulk of public procurement in the majority of poor countries does not comply with international norms (World Bank, 2011). For instance, international agreements control public procurement in prosperous nations (UNCTAD, 2009), but public procurement in developing nations like Kenya is undergoing significant transformation. Oyuke and Shale's (2014) study on the influence of strategic procurement practices on Organizational Performance: A Case Study of Kenya National Audit Office County neglected to examine crucial strategic practices such as negotiations and e-procurement procedures. In addition, just two variables, dependent and independent variables, were the focus of the investigation. The influence of the moderating variable on the organization's performance was not examined in this study. In addition, the bulk of the evaluated literature's conclusions are qualitative, hence quantitative approaches to validate and establish theoretical notions are absent.

### **2.4 Conceptual framework**

The study applied the following conceptual framework to illustrate how various variables participated in the study. The conceptual consist of independent and dependent variables.



**Figure 1 : Conceptual Framework**

## **2.5 Operationalization of Variables**

### **2.5.1 Strategic sourcing**

Strategic sourcing is an approach to supply chain management that formalizes the way information is acquired and utilized so that an organization may use its consolidated purchasing power to discover the best potential market values and match its purchasing strategy with its business objectives. Strategic sourcing may foster good connections with suppliers and outsourcers by identifying possible improvements and providing reasons for implementing changes to increase supply chain efficiency.

### **2.5.2 Supplier relationship management**

Supplier relationship management (SRM) is a method for managing work with suppliers that supply a manufacturer with goods, materials, and/or services. It requires assessing each of these interactions and determining how to enhance their performance in regard to a manufacturing company.

### **2.5.3 Procurement information systems**

It is an online centralized and integrated data management system for procurement-related tasks. Enterprise resource planning (ERP) is one of the procurement information systems that combines

internal and external management information throughout a full firm, including finance/accounting, manufacturing, sales and service, and CRM. Its objective is to enable the flow of information across all business activities within the organization's borders and to manage links with external stakeholders (Mabert, Soni & Venkataramanan, 2013).

## **2.6 Chapter Summary**

The chapter discussed theories linked to the investigation and evaluated literature on the independent variables. The chapter conceived and operationalized the independent and dependent variables.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.0 Introduction**

This chapter gives a full discussion of the study design used. It outlines the research methodology, including what was done and how it was done. The research design, target population, sample and sampling methodology, instruments, pilot study, data collecting processes, data analysis and presentation, ethical considerations, and finally the chapter summary were all covered.

#### **3.1 Research design**

According to Wyk (2018), research design articulates what data is necessary, what methodologies were utilized to gather and analyze this data, and how it was all used to answer the research question. The descriptive survey design was utilized in the study, which addressed the questions who, what, when, where, and how. Cooper and Schindler are partners (2018). In order to get residents' opinions, the study utilized a descriptive methodology in which inhabitants were questioned and their replies were recorded for analysis. This design allows participants to express what is relevant to them rather than restricting them to predefined categories. It provided great credibility and allowed the researcher to elicit additional details, ensuring that participants interpreted questions correctly. As a result, it was able to obtain findings that were representative of the whole industry.

#### **3.2 Target population**

Kothari (2014) defines the population of the study as the total number of people from whom the researcher draws a sample for the study. The study population is the group of persons to whom we want our research findings to be applied. The respondents for this survey were all 100 KenGen workers. Table 1 summarizes the targeted population.

**Table 1 : Target population**

<b>Categories</b>	<b>Frequency</b>	<b>Percentage %</b>
Senior Management	10	10
Middle Level Management	20	20
Low Level Management	70	70
<b>Total</b>	<b>100</b>	<b>100</b>

### 3.3 Sample and Sampling Techniques

A sample is a smaller group or sub-group drawn from a larger population (Mugenda & Mugenda, 2013). The population sample size was carefully chosen to reflect the whole population. A sampling procedure, process, or technique is the selection of a subset of a population to participate in a research (Ogula, 2015). Sampling is the practice of selecting items, objects, or persons for the purpose of research. To acquire volunteers for surveys, the researcher used a random sample procedure. The study's sample frame included a representative sample of people residing in the informal settlement. A minimum of 50% of the entire population is representative (Borg and Gall, 2003). Table 2 shows how the sample was computed.

**Table 2 : Sample size**

<b>Categories</b>	<b>Frequency</b>	<b>Sample ratio</b>	<b>Sample</b>
Senior Level Management	10	0.5	5
Middle Level Management	20	0.5	10
Low Level Management	70	0.5	35
<b>Total</b>	<b>100</b>	<b>0.5</b>	<b>50</b>

### 3.4 Data Collection Instrument

The instrument that was used to collect data was questionnaires. A questionnaire is a formulated written set of questions where the respondents record the answers within available described

alternatives. This was used for the purpose of collecting primary quantitative data (Mugenda & Mugenda, 2013). Additionally, the questionnaires were used for the following reasons: its potentials in reaching out to a large number of respondents within a short time, able to give the respondents adequate time to respond to the items, offers a sense of security (confidentiality) to the respondent and it is objective method since no bias resulting from the personal characteristics (Borg, 2017)

The questionnaire was divided into the main areas of investigation except the first part which captured the demographic characteristics of the respondents. Other sections were organized in accordance with the major research objectives.

### **3.5 Pilot Study**

Pilot studies are different early investigations before the real, according to Kothari (2011). Before starting the real data collection, the researcher took into account a 10% cluster of the 100 participants who would not be included in the final study. These would provide the researcher the ability to evaluate the questionnaire's item clarity in order to amend any questions that turned out to be insufficient and so raise the research instrument's overall quality.

#### **3.5.1 Validity**

Validity is the extent to which evidence and theory support the interpretation of test scores resulting from the administration of tests. Validity is the extent to which an instrument measures what it is intended to measure. According to Mugenda & Mugenda (2013), validity is the precision and significance of conclusions drawn from study findings. It is the extent to which the outcomes of the data analysis accurately represent the study's variables. The analytical instrument possessed both internal and external validity. The content-connected approach assesses the degree to which question items represent certain subject areas; this was performed by KenGen staffs.

#### **3.5.2 Reliability Test**

Reliability is the capacity of a research instrument to assess features of interest in a consistent manner throughout time. Consistency is the degree to which a research instrument generates repeatable results or data. If a researcher delivers a test to a person twice and receives the same score on both occasions, the instrument's dependability is established (Mugenda & Mugenda,

2013). A test's reliability refers to its consistency, dependability, or stability (Kombo & Tromp, 2016). The researcher determined the questionnaire's consistency in measuring what it is supposed to evaluate by measuring its dependability. To determine the dependability of the instruments, the test-retest method was utilized. It involved delivering a comparable exam twice to the same identified set of responders. Reliability refers to the repetition, consistency, or internal consistency of a questionnaire administered to 0.7% of the target population (Cronbach, 2011).

### **3.6 Data Collection Process**

Before beginning the data gathering procedure, the researcher gathered all the appropriate paperwork, including a letter of introduction from the university. To convey the goal of the study to the sampled native authority in the region, we also sought their audience. After receiving permission, the researcher gave questionnaires to KenGen workers who were included in the sample. This was achievable due to the support of an Organization employee. The use of questionnaires was the most practical option since it was anticipated that all of the selected respondents would be contacted on time, hence facilitating the data gathering procedure. Respondents were informed of the aim of the study during the distribution of the instruments.

### **3.7 Data Analysis Procedure**

The analysis of data included both quantitative and qualitative methods. The questionnaire's quantitative values were encoded and inputted into the computer for calculation of descriptive statistics. On the basis of the primary research questions, descriptive statistics such as frequency and percentage were calculated to show quantitative data in the form of tables, charts, and graphs. The qualitative data derived from open-ended questions were grouped into themes in accordance with the study goals and given in narrative format in addition to quantitative presentation. The qualitative data was then utilized to corroborate the quantitative data.

### **3.8 Ethical Considerations**

Ethical concerns in research are a collection of guiding principles for designing and conducting research. These include voluntary involvement, informed permission, anonymity, secrecy, the potential for damage, and the sharing of outcomes.

### **3.9 Chapter Summary**

This chapter explains the methods utilized by the researcher to collect and evaluate data from respondents. In addition, it shows how a descriptive research strategy was utilized to choose the subject area. The information was collected using surveys. To draw inferences about the studied population, descriptive and inferential statistics were employed. The respondent's anonymity was safeguarded to guarantee that their informed consent resulting from their voluntary participation is adequately secured from any third-party individuals or organizations. The subsequent chapter examines the analysis, interpretation, and presentation of data collected from respondents.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSION

#### 4.0 Introduction

This chapter outlines a summary of the data captured by the researcher and uses statistical techniques to present the findings. The data was analyzed using tables and percentages.

#### 4.1 Presentation of research findings

##### 4.1.1 Response Rate

The researcher explored the actual number of the respondents that participated in the study from the total sample. The results were tabulated in the table as shown;

**Table 3 : Response Rate**

Category	Respondents frequency	Percentage
Returned	44	88
Unreturned	6	12
<b>Total</b>	<b>50</b>	<b>100</b>

According to table 3, the majority of respondents (88%), may be depended on in this study. 12% of them did not complete the questionnaires. The fact that the majority of responders participated indicates that the study was a success. According to Mugenda and Mugenda (2013), a response rate of more than 70% is desirable for conducting a study.

##### 4.1.2 Background information

###### 4.1.2.1 Respondents Gender

The study intended to ascertain the age of persons who participated in the study. The results are listed in the table below:

**Table 4 : Respondents Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	24	55
Female	20	45
<b>Total</b>	<b>44</b>	<b>100</b>

According to table 4, the majority of responders were male. They make up 55% of the respondents, whereas female respondents make up only 45%. These data suggest that the organization satisfied the standards of the 2010 constitution, which says that no gender should constitute more than two-thirds of the organization.

#### **4.1.2.2 Age of the Respondents**

There was need to find out the age of respondents to determine dominant age group in the study

**Table 5 : Age of the Respondents**

<b>Age (Years)</b>	<b>Frequency</b>	<b>Percentage</b>
20-30	3	7
31-40	10	23
41-50	19	43
Above 50	12	27
<b>Total</b>	<b>44</b>	<b>100</b>

Based on Table 5, most of the individuals who responded were between the ages of 41-50 (43%), followed by people over the age of 50 (27%), then people between the ages of 31- 40 (23%) and 20 -30 (7%). Most of the workers have not yet reached the age at which they can retire.

#### **4.1.2.3 Level of Education**

The academic qualifications of the respondents were sought and the results were tabulated on the table as shown;

**Table 6 : Level of education**

Category	Frequency	Percentage
Certificate	8	18
Diploma	17	39
Bachelors of Degree	14	32
Post Graduate	5	11
<b>Total</b>	<b>44</b>	<b>100</b>

Table 6 shows that most of the respondents (39%) have a diploma, 18% have a certificate, 32% have a bachelor's degree, and 11% have a postgraduate degree. This shows that the organization had a lot of people with the right skills, so they knew what was expected of them both inside and outside the organization.

#### **4.1.2.4 Duration of an Employee in the Organization**

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

**Table 7 : Duration of an Employee in the Organization**

Category	Frequency	percentage
0 to 5	11	25
6 to 10	23	52
Over 10	10	23
<b>Total</b>	<b>44</b>	<b>100</b>

Table 7 indicates that majority of the respondents have been employees at Kengen for less than 10 years. That is 25% of them have been employees for less than five years, 52% of them had joined more than 6 years ago while 23% of others had been employees for more than 10 years.

#### **4.1.3 Strategic Sourcing**

##### **4.1.3.1 Strategic sourcing on high quality of goods procured**

The aim of the researcher was to establish if strategic sourcing leads to an increase in the quality of goods procured.

**Table 8 : Strategic sourcing on high quality of goods procured**

<b>Rate</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	34	77
No	10	23
<b>Total</b>	<b>44</b>	<b>100</b>

The above table 8 shows that most of respondents (77%) agreed that strategic sourcing leads to an increase in the quality of goods procured while 23% of the respondents disagreed.

#### **4.1.3.2 Strategic sourcing on competitive advantage of organization**

This was to determine the extent at which strategic sourcing increases the competitive advantage of the firm .The data obtained was tabulated on the table as shown;

**Table 9 : Strategic sourcing on competitive advantage of organization**

<b>Influences</b>	<b>Frequencies</b>	<b>Percentage</b>
Great extent	23	52
Moderate extent	10	23
Less extent	7	16
No impact	4	9
<b>Total</b>	<b>44</b>	<b>100</b>

Strategic sourcing was noted to increase the competitive advantage of the firm to a great extent according to 52%, moderate extent at 23%, less extent at 16% and no impact at 9%.

#### **4.1.4 Supplier Relationship Management**

##### **4.1.4.1 Supplier Relationship Management on development &connection with customers**

The study sought to determine whether supply relationship management helps in development and connecting of customers or not. The findings were presented on the table as shown;

**Table 10 : Supplier Relationship Management on development & connection with customers**

<b>Rating</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	11	25
somehow	22	50
No	8	18
Don't know	3	7
<b>Total</b>	<b>44</b>	<b>100</b>

The study established that when supplier relationship management is well done, it will result in the development and connecting of the customers according to 25%, somehow at 50%, no at 18% and don't know at 7%.

#### **4.1.4.2 Supplier relationship management and addition investments**

The extent at which SRM has enables economic value addition to investments was sought and the data presented on the table as shown;

**Table 11 : Supplier relationship management and addition investments**

<b>Influences</b>	<b>Frequency</b>	<b>Percentage</b>
Great extent	13	30
Moderate extent	19	43
Less extent	8	18
No impact	4	9
<b>Total</b>	<b>44</b>	<b>100</b>

The results indicated that SRM has led to economic value addition to investment to a great extent according to 30%, moderate extent at 43%, less extent at 18% and no impact at 9%.

#### **4.1.5 Procurement Information Systems**

##### **4.1.5.1 High frequency of exposure on increased regular online products purchasers**

This was to determine if procurement information systems helps companies better understand a potential supplier's culture by providing a clearer framework for on how organization is going to market with their goods or services and the findings were presented on the table as shown;

**Table 12 : Procurement Information Systems on provision of clearer market framework**

<b>Rate</b>	<b>Frequency</b>	<b>Percentage</b>
Very reliable	9	20
Reliable	19	43
Moderately reliable	11	25
Less reliable	3	7
Not reliable	2	5
<b>Total</b>	<b>44</b>	<b>100</b>

From table 12, 43% of the respondents indicated that procurement information systems helps companies better understand a potential supplier's culture by providing a clearer framework for on how organization is going to market with their goods or services 25% of them indicated that it was moderately reliable. 20% indicated that it was very reliable, 7% indicated that it was less reliable while only 5% said that it was not reliable.

#### **4.1.5.2 Information systems on increased transparency & accountability**

The researcher sought to establish the extent at which Information systems used in procurement has increased transparency and accountability in procurement and the data was presented on the table as shown;

**Table 13 : Information systems on increased transparency & accountability**

<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Very great extent	26	59
Great extent	6	14
Moderately	9	20
To small extent	3	7
No extent	0	0
<b>Total</b>	<b>44</b>	<b>100</b>

From the above table 13, it's clear that many respondents as 59% of them said that that Information systems used in procurement has increased transparency and accountability in procurement is very great, furthermore 20% of those who were interviewed said that its influence is moderate, 14% of the others said that it was to a great extent while only 7% said that is has a small influence.

Outsourcing of services in the organization has relieved the organization from worrying about the massive capital that would have been invested.

#### **4.1.5 Outsourcing**

##### **4.1.5.1 Outsourcing on reduction of cost and operational expenses**

This was to determine if outsourcing in the organization helps organization in reducing cost and operational expenses and the findings were presented on the table as shown;

**Table 14 : Outsourcing on reduction of cost and operational expenses**

<b>Rate</b>	<b>Frequency</b>	<b>Percentage</b>
Very reliable	9	20
Reliable	20	45
Moderately reliable	11	25
Less reliable	2	5
Not reliable	2	5
<b>Total</b>	<b>44</b>	<b>100</b>

From table 14, 45% of the respondents indicated that through outsourcing in the organization it experienced reduction of cost and operational expenses according 25% of them who indicated that it was moderately reliable. 20% indicated that it was very reliable, 5% indicated that it was less reliable while only 5% said that it was not reliable.

#### 4.1.5.2 Outsourcing on reduced massive capital use

The researcher sought to establish the extent at which outsourcing helps in reduction of massive capital use and the data was presented on the table as shown;

**Table 15 : Outsourcing on reduced massive capital use**

<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Very great extent	28	64
Great extent	5	11
Moderately	8	18
To small extent	3	7
No extent	0	0
<b>Total</b>	<b>44</b>	<b>100</b>

From the above table 15, it's clear that many respondents as 64% of them said that Outsourcing of services in the organization has relieved the organization from worrying about the massive capital that would have been invested is very great, furthermore 18% of those who were interviewed said that its influence is moderate, 11% of the others said that it was to a great extent while only 7% said that is has a small influence.

## **4.2 Limitations of the study**

Respondents sometimes asked for money or didn't feel comfortable giving the needed statistics. Because of this, not all of the people in the target group answered the questions, which made it hard for the study to reach the desired statistics threshold. The researcher told them very clearly what the purpose of the study was and why they should take part in it. They were not paid or forced to do so, and their participation was completely voluntary. This made it easier for most of them to take part, which was what the study needed.

## **4.3 Chapter summary**

The study focused on the findings from the field by presenting data from each variable in different sub-heading to make specific investigations. The data was presented in well labeled tables and graphs from which an interpretation was made and some statements made to clarify the findings for easy analysis in the next chapter.

## CHAPTER FIVE

### SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

#### **5.0 Introduction**

This chapter presents summary of the findings, conclusions and recommendations based on the findings and suggestions for further research.

#### **5.1 Summary of Findings**

##### **5.1.1 Background information**

The study indicated that majority of the respondents at 88% showed that they can be relied on in this study. 12% of them did not manage to return the questionnaires. This shows that the study was successful as majority of respondents took part. According to Mugenda and Mugenda (2013), a response rate of more than 70% is desirable for conducting a study. The majority of responders were male. They make up 55% of the respondents, whereas female respondents make up only 45%. These data suggest that the organization satisfied the standards of the 2010 constitution, which says that no gender should constitute more than two-thirds of the organization. Most of the individuals who responded were between the ages of 41-50 (43%), followed by people over the age of 50 (27%), then people between the ages of 31- 40 (23%) and 20 -30 (7%). Most of the workers have not yet reached the age at which they can retire. The study indicates most of the respondents (39%) have a diploma, 18% have a certificate, 32% have a bachelor's degree, and 11% have a postgraduate degree. This shows that the organization had a lot of people with the right skills, so they knew what was expected of them both inside and outside the organization. Majority of the respondents have been employees at Kengen for less than 10 years. That is 25% of them have been employees for less than five years, 52% of them had joined more than 6 years ago while 23% of others had been employees for more than 10 years.

### **5.1.2 How does strategic sourcing influence organizational performance at KenGen?**

Most of respondents (77%) agreed that strategic sourcing leads to an increase in the quality of goods procured while 23% of the respondents disagreed. Strategic sourcing was noted to increase the competitive advantage of the firm to a great extent according to 52%, moderate extent at 23%, less extent at 16% and no impact at 9%.

### **5.1.3 To what extent does supplier relationship management influence organizational performance at KenGen?**

The study established that when supplier relationship management is well done, it will result in the development and connecting of the customers according to 25%, somehow at 50%, no at 18% and don't know at 7%. The results indicated that SRM has led to economic value addition to investment to a great extent according to 30%, moderate extent at 43%, less extent at 18% and no impact at 9%.

### **5.1.4 How do procurement information systems influence organizational performance at KenGen?**

43% of the respondents indicated that procurement information systems helps companies better understand a potential supplier's culture by providing a clearer framework for on how organization is going to market with their goods or services 25% of them indicated that it was moderately reliable, 20% indicated that it was very reliable, 7% indicated that it was less reliable while only 5% said that it was not reliable. it's clear that many respondents as 59% of them said that that Information systems used in procurement has increased transparency and accountability in procurement is very great, furthermore 20% of those who were interviewed said that its influence is moderate, 14% of the others said that it was to a great extent while only 7% said that is has a small influence.

### **5.1.5 To what extend does outsourcing influence organizational performance at KenGen?**

45% of the respondents indicated that through outsourcing in the organization it experienced reduction of cost and operational expenses according 25% of them who indicated that it was moderately reliable. 20% indicated that it was very reliable, 5% indicated that it was less reliable while only 5% said that it was not reliable. it's clear that many respondents as 64% of them said

that Outsourcing of services in the organization has relieved the organization from worrying about the massive capital that would have been invested is very great, furthermore 18% of those who were interviewed said that its influence is moderate, 11% of the others said that it was to a great extent while only 7% said that it has a small influence.

## **5.2 Conclusion**

On strategic sourcing, the study concluded that strategic sourcing improved the quality of the goods bought and cut down on waste within the organization. The conclusion determined that Strategic sourcing had helped the firms to attain strategic advantage, boosted the firms competitive advantage, and increased internal customer satisfaction.

On supplier relationship management, the conclusion was that that when supplier relationship management is well done, it will result in the development and connecting of the customers. It was also concluded that SRM has led to economic value addition to investment to a great extent.

On procurement information systems, the study noted that procurement information systems helps companies better understand a potential supplier's culture by providing a clearer framework for on how organization is going to market with their goods or services. The conclusion also noted that information systems used in procurement had increased transparency and accountability in procurement.

On sourcing, the study concludes that outsourcing has a positive and significant effect on the performance of parastatals in Kenya. The study found that outsourcing (risk transfer, focus on core competencies and technical capacity) influence the performance of parastatals in Kenya. This implies that improvement in outsourcing (risk transfer, focus on core competencies and technical capacity) would facilitate the performance of parastatals in Kenya.

## **5.3 Recommendations**

The firm must continue to invest in strategic sourcing because it has been demonstrated to be favourably associated to organizational performance as measured by lower procurement costs, streamlining procurement operations, and developing trusting relationships with existing and new vendors.

KenGen must constantly strengthen its supplier relationships. This will aid in the development of strong buyer-supplier relationships and will define which actions to pursue with each supplier.

The organization must have solid procurement information systems in place. The firm's costs will be decreased by leveraging volume by implementing e-procurement technologies. E-procurement will reduce paperwork, rework, and errors, and the centralized recording of transactions provided by procurement information systems will provide for full reporting on requisitions, items procured, orders processed, and payments made.

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

Future research should look into the impact of procurement methods on the success of other private enterprises in Kenya. In order to compare the above findings with other institutions, studies on the challenges in adopting procurement methods in organizations can be conducted.

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## **APPENDIX I: LETTER OF INTRODUCTION**

Dear Sir/ Madam,

### **RE: DATA COLLECTION**

Please find attached a questionnaire requesting your views on the **INFLUENCE OF STRATEGIC PROCUMENT ON THE ORGANIZATION PERFORMANCE OF PUBLIC PARASTAL IN KENYA. A CASE STUDY OF KENGEN.** This is part of my graduate research project for the award of diploma at The Management University of Africa (MUA). Your responses remained anonymous and totally confidential, and will not be utilized for any other purpose other than this research. Your feedback is much appreciated.

Yours faithfully,

Shueb Alimaow

## APPENDIX II: QUESTIONNAIRE

### SECTION A: Background information

1. What is your gender?

Male

Female

2. What is your level of education?

Certificate

Diploma

Degree

Masters

Doctorate

3. How long have you worked in this organization?

0-5 years

6- 10 years

Over 10 years

## SECTION B

For each of the statement below, kindly place a right tick as applicable.

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

### STRATEGIC SOURCING

Statements	SA	A	U	D	SD
Strategic sourcing is viewed as a strategic instrument by the company in order to achieve growth					
Strategic sourcing enhances the quality of goods acquired					
Strategic sourcing has boosted organizational efficiency					

### SUPPLIER RELATIONSHIP MANAGEMENT

Statements	SA	A	U	D	SD
When supplier relationship management is done correctly, it leads to the development and connection of customers					
Before making a decision to source products or services, the abilities of the supplier are properly evaluated					
SRM has led to economic value addition to investment					

## PROCUREMENT INFORMATION SYTEMS

Statements	SA	A	U	D	SD
Procurement information systems improve transparency, allowing firms to better understand the culture of a potential supplier					
Procurement information systems assist firms in better understanding a potential supplier's culture by offering a clearer foundation on how an organization will sell its goods or services.					
Information systems lead to increased efficiency within the organization					

## OUTSOURCING

Statements	SA	A	U	D	SD
Through outsourcing the organization has experienced reduction of cost and operational expenses					
Outsourcing of services in the organization has relieved the organization from worrying about the massive capital that would have been invested.					
The organization has been able to reduce on spending because of outsourcing experts					

*Thanks a lot for your cooperation*