

**EFFECT OF PROCUREMENT PROCEDURES ON ORGANIZATIONAL
PERFORMANCE: A CASE OF MOI TEACHING AND REFERRAL HOSPITAL,
ELDORET**

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**A PROJECT SUBMITTED TO THE POSTGRADUATE STUDIES IN
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OF THE SCHOOL OF BUSINESS AND ECONOMICS, DEPARTMENT
OF BUSINESS KISII UNIVERSITY**

NOVEMBER, 2016

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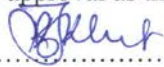
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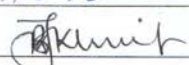
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DEDICATION

I dedicate this thesis to my entire family. I also dedicate this work my colleagues.

ACKNOWLEDGEMENT

I am humbled and grateful to the Almighty God who has seen me through this thesis. He has been my provider and guider throughout. I would like to acknowledge my supervisor Dr. Yusuf Kibet and Dr. Caroline Ayuma for their constant critics and corrections to make this work a success finally to my brothers, sisters and my friends for being a constant encouragement all through my study. I really can't thank you enough. God bless you abundantly

ABSTRACT

Procurement plays a key role in every organization. It provides an opportunity for all stakeholders to meet and discuss procurement requirements and objectives that can help to improve the organizational developments. The study focused on effects of procurement procedures on organizational performance at Moi Teaching and Referral Hospital, Eldoret. The objectives of this study were; to establish tendering procedures influencing organizational performance at Moi Teaching and Referral Hospital, Eldoret, to determine the effects of supplier assessment on organizational performance at, Moi Teaching and Referral Hospital, Eldoret and to evaluate the effects of material control procedure and organizational performance at Moi Teaching and Referral Hospital, Eldoret. The study employed a case study research design in collecting relevant information. The total populations for this study were 3600 respondents with a sample size of 384. Stratified and simple random sampling techniques were employed. Questionnaires were used as the main data collection instruments. Data was analyzed through descriptive statistics and later presented in frequency tables and percentages. The study was carried out in at Moi Teaching and Referral Hospital, Eldoret in the month of May and September 2016. The study adopted institutional and socio-economic theory to provide a relevance to the study. The statement of the problem mainly focused on major issues facing the procurement procedures and analyzes their effects on organizational performance. Data was collected using a questionnaire and the findings were analyzed using both descriptive (frequencies and percentages) and inferential statistics (correlation analysis). The study established that there is no strong correlation between tendering, supplier assessment and organizational performance, while material planning was highly correlated with performance. This meant that through tendering and material control, the organization can achieve its objectives which will lead to organizational performance. Material planning was found to be necessary in any procurement in an organization. Since material control could be used to explain 54% influence in an organizational performance. More importantly organizations should encourage tendering, supplier assessment and material planning in procurement of goods and services. This will enhance the organizational performance and increases the financial stability of the organization and provide quality services within the organization. This can also be achieved through efficiency and effectiveness.

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LIST OF ABBREVIATIONS

ITB	Invitation to Bid
MIS	Management Information System
RFP	Request for proposal
RFQ	Request for Quotation
B2B	Business to Business
ICT	Information Communication Technology
NSE	Nairobi Stock Exchange
OECD	Organization for Economic Cooperation and Development
RBT	Resource Based Theory
SCM	Supply Chain Management
SPSS	Statistical software Package for Social Sciences
SRP	Suppliers Relationship Partnership
MTRH	Moi Teaching and Referral Hospital

ACRYONIM

NACOSIT: National commission for Science Technology and Innovation.

CHAPTER ONE

INTRODUCTION

1.1 Background to Study

According to Goyal (2006) hospitals are organizations which are used for human health management. Hospitals are well managed with enough staff and equipment to provide diagnostic and therapeutic services in most cases field of curative medical care with regard to the patients' needs (Halchin, 2012). Service delivery are that main focal points of hospital serving the general public, education sector and many others Hospitals are mainly the focal points of service delivery to the public, instruction for the health experts and medical studies are required for advancement of the field of medicine (Dolbeer, 2007). The administration of healthcare facility is very complex to manage it therefore requires a thorough knowledge of hospital setup, peculiar conditions prevailing in hospital administration (Goyal, 2006). Medical care is complex and there has been an increase in the accommodation of hospital as a service. Therefore, distinct services to enhance the usual medical and nursing care are being introduced. The complexity of these institutions makes them perform complex functions like employing qualified and skilled personnel and provide the best facilities and this makes their operations costly. The same in Moi teaching and referral Hospital distinct services are required in every hospital; service delivery may be enhanced by well procured goods and services.

Effective management of healthcare institutions emphasize broadly on the mission and vision to measure organizational performance, continuous improvement of the quality and responsiveness to the needs of the patients, employees and community stakeholders. Together with developments happening outside world, the hospital has led in turning the challenges to fresh occurrences for the example the introduction of the organizations' management system and the human capital administration as an occupation, a deliberate prepayment plan for health care institutions and the prominent role of the government at all levels. According to Sivakuraman (2013), different variations for example the size, nature and the surrounding environment influence the healthcare facility administration posing challenges. The discipline of management in health care institutions is that there is need for

knowledge and skills of varying degrees with greater emphasis on particular professional skills. Like any other hospital, Moi teaching and referral Hospital needs high skilled human resources in order to manage challenges which may arise with regard to procurement of goods and services.

On a global perspective an inquiry team consisting of more than forty interview sessions were done in over 1200 healthcare institutions in Canada, France, Italy, United Kingdom and United States and Germany. Nieneber (2006) did a study on determining how talents affect the outcome. The outcome from the Hospital statistics that were accessible widely in United States and United Kingdom showed a significant association between the precise institutions management practice and specific hospital health consequences. This indicates better clinical outcomes and high satisfaction levels of the patient and an enhanced economic performance. It was established that the hospitals with a higher score in administration had better medical results with higher level of contentment along with improved monetary performance. Nieneber (2006) further noted at one point a development in the administration practice which was indicated by a decline of the death rates from chronic ailments by 6% in the United Kingdom.

With reference to the United States, the national government has an extremely complex and fragmented procurement structure. The procurement process first operates within an independent framework which is governed by the constitutional check and balance powers of the governmental branches, also the government procures a variety of goods and services which ranges from paper passages to advanced technology clips (Drabkin, 2003). According to Khi (2003), in the management of voluminous goods, the federal employs a diverse workforce with different expertise of over one hundred thousand. Expertise in program administration, inventory, contract and procurement, purchasing, quality inspection, traffic management, distribution facilities and storage management, property disposal and logistics are ideal for proper management of the procurement processes.

In regional perspective, Ghana mainly deals their service delivery as they directly involve in brand new and sophisticated health care delivery facilities. This involves rural health centres

and community health workers. They also invest in the invention of new incentives like contracts to encourage the introduction of new facilities in the non-governmental sector (Deber, 2004). Instigating policies along these lines can promote hospitals and provide reliable health services including good relationships between employees and top management. This shows the intermediate outcomes in access, quality and efficiency of services within the organization (Preker, 2003).

According to Duffor (2006), it is recognized that Ghana's civic procurement is twenty-four per cent of international imports and accounts for fifty per cent to seventy per cent of its budget, without including the personnel benefits it denotes about fourteen percent of the Gross Domestic Product. The public procurement sector is the biggest domestic market in developing countries. Hunja (2003) asserts that the International Trade Centre's experience in less developed countries accounts upto fifty to seventy percent of its imports. The World Bank and other economic institutions like the African Development Bank are engaging on helping the countries which are still developing to assess and change their procurement laws. Gelderman (2006) notes that developing African countries like Afghanistan, Bangladesh, Ghana, Peru, Rwanda, Sierra Leone, Tanzania and Uganda have all implemented new procurement laws since the year 2001 in reaction to the World bank directions on procurement regulations. The idea that the public procurement sector directly influence the GDP of a country cannot be underscored (Duffor, 2006).

In recent years, there are a number of developments in hospital environment in Kenya that has created many challenges for health care executives, commanding hospitals to change their strategies, structure, systems, as well as the way they provide health care. According to the survey conducted by the Ministry of Health in Kenya, it was discovered that up to 61 per cent of health managers were insufficiently prepared for management and leadership roles a situation that has a negative effect on health service delivery (Ministry of Health, 2006). The Kenyan Health services are provided via a system of over 4,700 health care facilities countrywide, with the public sector system accounting for about fifty-one percent of these facilities. The Kenyan public health care sector consists of diversified health facilities which include national referral hospitals, provincial general hospitals, district hospitals, health

centers, and dispensaries (MoH, 2002). The ROK (2011) notes that the services in these healthcare facilities are assimilated as it is being devolved from national to the provincial and district levels. The national referral hospitals in Kenya are Kenyatta National Hospital in Nairobi and the Moi Teaching and Referral Hospital in Eldoret. The district hospitals and the provincial hospitals act as referral hospitals while the provincial level acts as a midway between the national central level and the districts. They supervise the enactment of health plans at the district level, sustain quality ideals, and organize and control all district health activities (ROK 2001). District hospices focus on the provision of health care services and produce their own disbursement plans and budget necessities grounded on procedures from head office via the provinces.

The commitment of the ministry of health in Kenya (MOH) to addressing the challenges that the sector faces, led to intentional determinations of decentralization which are all intended to support the effective execution of activities at the district level, fostering closer management and relationships amid the line agencies, supporters, non-governmental organizations, health experts and other shareholders.

Local District Health Management Boards (DHMBs) and District Health Management Teams (DHMTs) progressively are responsible for general management of facilities that are found under their authority through a single line grant, annual work policies, and procurement policies. The MOH has committed itself to decentralization through several health sector strategic plans by providing augmented judgment, resource provision, and administration of health care to the district and facility levels (Ministry of Health, 2002).

Moi Teaching and Referral Hospital (MTRH) is the second National Referral Hospital in Kenya located in Eldoret, in the Rift Valley Province of Kenya. It was first opened as a cottage hospital in the year 1917. It was then elevated from district hospital to a teaching and referral institution soon after the establishment of Moi University which was followed by the establishment of the Faculty of Health Science in the year 1984.

The health care facility has an eight hundred bed capacity and receives patients from western Kenya, Eastern Uganda, and the Southern Sudan. Quality in healthcare is characterized by adoption of new technology, new and effective medication, higher staff to patient ratio as well as the affordability of medical services, and effective service delivery (Tam, 2005).

The health sector is comprised of various players who include the public system, ministry of health, the private sector and some parastatals. The private sector also includes private for-profit, Non-Governmental Organizations, and Faith Based Organizations facilities ROK (2010). According to Harrington et al (2001), service quality in the health care sector is of great essence to fulfill the patients' needs. This is because giving out excellent services satisfaction of the patient, devotion and financial performance of organizations. According to Dean (2008), service quality can be divided into two dimensions which relate to quality, this includes the technical and the functional quality. The technical quality involves the precision of medical diagnoses and procedures. It is also directly hinged on the conformity of such procedures to professional specifications. Functional quality on the other hand looks into the manner at which the patients receive health care services. Procurement plays a critical an essential part in efficient supply and management of drugs which is deemed vital at all levels in hospitals.

According to World Health Organization WHO (2007), an effective procurement process ensures that there is procurement of the right medicine, in the recommended quantities at the right time. It should also be ideal for the prescription of patients with regard to their various illnesses with affordable prices at recognizable standards. Public procurement should emphasize the rightful use of public money in order to achieve the public purpose which starts with the need identification to the product completion. Public Procurement and Assets Disposal Act 2015 and Regulation of 2006 were endorsed to come up with effective procurement procedures with the aim of making the best of the economy, promote rivalry, increase fairness and integrity of procurement processes to promote transparency. Kovacs (2004) defines procurement procedures as a way of obtaining the right goods and services in the rightful way in terms of costs, quality, quantity, time and location which is able to meet

the organizations' needs.

The public procurement modifications in Kenya have led to the promulgation of the Public Procurement and Disposal Act 2015 and the Public Procurement and Disposal Regulations 2006 that offer a legal outline for regulating public procurement, with oversight functions carried out by the Public Procurement Oversight Authority (PPOA). Moi Teaching and Referral Hospital (MTRH) is a referral health facility that offers care to persons with all medical and surgical conditions this includes spinal cord injury, and also offers rehabilitation services.

The hospital is under the Ministry of Health and it is funded by the government of Kenya (GOK) hence adhere to Public Procurement & Disposal Act of PPDA (2015) and the Regulation (2006). The public procurement reforms were launched on 25th November 1998 basing the World Bank recommendations after carrying out an assessment of the public procurement in Kenya which had a lot of weaknesses. The promulgation of the Exchequer and Audit (Public Procurement) Regulation of 2001 was given out under the unified circulars that managed the procurement system. This saw the closure of the Central Tender Board (CTB) and formation of Ministerial Evaluation Committee, Procurement Appeal Board which now called Public Procurement Administrative Review Board (PPARB) and Public Procurement Directorate as oversight agencies (Mangare *et al*, 2012).

In conclusion the concrete procurement and purchasing purpose is carried out by the procurement department in the hospital. Their key role is to acquire demands from the numerous users and take the essential remedy depending on the specific demand. The other tasks encompass planning of the quotations, bids and carrying out market review to ensure that goods procured are ideal for the organization.

1.2 Statement of the Problem

Kenya public procurement process is paramount for organizational performance. According to Musamali (2010), Kenyan health care reforms have been in piecemeal, leading to the concentration of the reforms process to focus on funds rather than core service delivery. This has resulted in the neglect of the effectiveness of public tender committee performance,

supply of goods and services and the confidence of the public on service delivery, which plays an important role in supporting medical and non -medical activities in service delivery.

There is still a myriad of challenges in procurement entities despite the enactment of the PPDA of 2015 and the Regulation of 2006 (Onsongo *et al*, 2012). There has been disclosure of information, unaffordable advertisement in the print media, lack of transparency, unequal opportunities for women and the minorities, contract requirement, disputes and breach of contract are under the same Act (Public Procurement and Assets Disposal Act 2015) Public Procurement has important economic and political implications to the country (Raymond, 2008).

The biggest hindrance to quality service delivery have been found to lie in untrained health managers whose lack of knowledge on management has resulted in them mismanaging health facilities unconsciously, leading to huge financial loses as well as loss of the lives of people (Situma, 2013). There is need for proper procurement procedures in order to preserve investments to remain in habitable condition and sustain its lifespan and ensure safety in its usage and further enhance organizational performance. Draft National Maintenance Policy (2011).

The procedures provided for procurement that leads to render awards are too long and therefore are not suitable for an emergency. These bureaucracies make this procedure unsuitable for corrective maintenance. This can only be achieved by the hospital through getting value for money, transparent and accountable procurement process which is provided for in the procurement reforms via the Public Procurement and Assets Disposal Act 2015 and the Regulation of 2006.

Dumber (2011) points out that the problem with Procurement Reforms that are in Public Procurement and Assets Disposal Act 2015 and the Regulation of (2006) is that there is lack of consensus, between the length in which reforms processes should be carried out, and stages of checking success.

1.3 Objectives of the Study

1.3.1 General Objective

The study investigated the effects of procurement procedures on organizational performance with reference to Moi Teaching and Referral Hospital.

1.3.2 Specific Objectives

- i) To establish how Tendering Procedures influences organizational performance at Moi Teaching and Referral Hospital.
- ii) To determine how supplier assessment procedures affects organizational performance at Moi Teaching and Referral Hospital.
- iii) To evaluate the effect of material control procedures and organizational performance at Moi Teaching and Referral Hospital.

1.4 Research Hypothesis

The study tested the following Null Hypothesis

H₀₁: There is no significant relationship between tendering procedures and organizational performance.

H₀₂: There is no significant relationship between supplier assessment and performance of organizations.

H₀₃: There is no significant relationship between material control and organizational performance.

1.5 Assumptions

The study assumed that the organization used procurement procedures during procurement. The study also assumed that the respondents will cooperate and freely provided the information as requested. The study also assumes that organizational performance is influenced by procurement procedures.

1.6 Significance of the Study

The findings arrived at the study may guide the management in formulating methods and means of selecting and deploying their employees. The findings may assist the management to measure the day to day activities of the staff in every procedure and to formulate good relationship strategies in the organization as well as outside customers. Besides developing a research procedure in the organization, the management may also develop written procedure, processes and rules for every procedure.

The findings may help the management and other staff in recognizing the importance of promoting the activities of the organization; determine departmental effectiveness as well as recognition of motivating modes for active employees. Organization morale may be build those increasing productivity and stability in the organization. Good results may be realized in the organization because every employee is confident of what he is doing, which is as a result of written rules, procedures and processed followed in doing any activity hence having responsibility rather than rather routes privileges.

The findings of this study will be of beneficial to the government as it may use the study to fast track improvements and amendments on procurement to enhance effective service delivery. The findings may also assist the organization to change drastically the level of performance of all the staff in the purchasing function by rising and measuring them in a much broader area.

Finally, the findings of the study may provide other upcoming stakeholders and researchers with adequate information and rich literature in relations to procurement procedure and service delivery.

1.7 Scope of the Study

The study focused on the effects of procurement procedure on organizational performance at Moi Teaching and Referral Hospital, Eldoret Uasin-Gishu County being the geographical area of coverage. The study employed a case study research design. The study was carried between the months of May and September 2016. The respondents were the employees of

MTRH. MTRH is the fastest growing referral hospital in Kenya. So many investors are interested in the investment of the hospital for example Chandaria Cancer Centre, named after the great Chandaria Foundation. The findings may also assist the organization to change drastically the level of performance of all the staff in the purchasing function by rising and measuring them in a much broader area.

1.8 Operational Definitions of Terms

Effects	The ultimate end results or outcome of a system
Procurement	Availing goods and services required for production and service delivery
Performance	Achieving set targets and expected standards in service delivery.
Supplier appraisal	Assessment of a potential supplier's capability.
Supplier approval	The placing of an enterprise on an approved list of suppliers
Supplier rating	an index of the actual performance of a supplier.
Quality	Intermediate outcome of a health service delivery organization.
Efficiency	Assessing the performance of health service–delivery organizations.
Procuring	Acquiring goods and services through borrowing, leasing or purchasing

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Framework

According to Defee et al., (2010), a good research should theoretically be grounded. The study was therefore guided by institutional theory and socio-economic theory. The institutional approach is the traditional approach that is used to observe features of public procurement (Obanda, 2010).

2.1.1 Institutional Theory

Scott (2004) asserts that institutions are made of cultural-cognitive and regulative elements that work with related activities and resources to give an importance in life. He further explains institutions as regulatory, normative and cultural cognitive. The regulatory pillar lays emphasis on the application of sanctions, laws and rules as mechanisms of enforcement with compliance to the same based on its expedience. The normative pillar on the other hand refers to standards (how to do things) and morals (favored or required), with social obligation as the foundation of compliance.

The cultural-cognitive pillar focuses on shared consideration (mutual beliefs, symbols, common understanding). This theory is vital in the implementation of justifiable procurement procedure and practice in public organizations. It is an issue of organizational belief and the notch to which the predominant weather in an organization is in support of sustainability of revolution. In other words, this dimension comprises the degree to which there is provision for SP at high ranking levels in an organization and the amount to which organizational procedures and structures support, or retard, the development (Bolton, 2006).

2.1.2 Socio-economic Theory

The socio-economic theory of compliance was propounded by the integration of economic theory with theories from psychology and sociology with an aim of accounting for honest commitment and social effect as factors of persons' decisions on compliance (Sutinen and Kuperan, 1999). Lisa (2010) asserts that psychological perspectives give a background for the accomplishment or fall of organizational compliance. Watson (2010) added that the

legitimacy theory hypothesizes that the institution is accountable to reveal its practices to the shareholders to the public and account for its presence within the boundaries of the organization. This theory, which emphasizes on the association and collaboration between an institution and the society, gives enough lenses for understanding government procurement system (Hui et al, 2011). It is understood from this theory that the policy, planning and sustainable procurement practices in public institutions and their influence on service delivery to the society, this will therefore provide a link between procurement procedures and organizational performance as implied from the study

2.2 Empirical Review

2.2.1 Tendering Procedures on organizational performance

According to regulation II, public procurement entities are under obligation to give all potential candidates an opportunity to participate to all national open tenders (government user's guide 2001). The requirement for full and free competition requires that the procurement action reach as many potential candidates as possible. The regulation lays emphasis on the use of open tendering but allows other procurement methods in special circumstances. Depending on the technique used, orders and contracts are given to the candidates who have the potential to successfully achieve under the terms and conditions of the contract.

It is stressed that although it was important that procurement be based on the basis of tenders that are publicly the most vital, affordable and other factors should be carefully considered; this does not require absolutely that an award be made to the candidate that submits the lowest tender (Byatt,2002). A potential contender should be financially stable with the required resources during the time of performance of the contract. A candidate should be able to adhere to the required delivery considerations with a satisfactory record performance (Hiles, 2005).

The candidate should also have an acceptable record of business ethics and integrity to qualify. The negotiated procedure may be used without prior publication of negotiated in certain circumstances outline as; when an open or restricted competition has failed due to

irregularities and all of the previous participants in the tender exercise are to be invited in response to a tender. Notice under the open or restricted procedures and the requirements are substantially unchanged, when the contract is unforeseen and unforeseeable or urgent by the contracting authority and the time limits prescribed under the open restricted procedure cannot be met (Trepte, 1993).

Croom& Johnston (2003) argue that compliance by internal users is critical to the achievement of cost and efficiency gains from electronic procurement, and therefore internal customer satisfaction should be a key concern in the development, adoption and deployment of such systems. In other words, the level of compliance with e-procurement is strongly influenced by the general disposition of the organization as a whole to either electronic process redesign or the desire to gain perceived benefits from electronic procurement (Soeters, et al., 2014).

To build their core competencies, organizations are adopting e-procurement as a key strategy due to its capacity to reduce quality cost in which case, e-procurement ensures that selected suppliers deliver a product of service that does not exceed extensive quality control. E-Procurement can also reduce quality costs by making sure that the components bought do not lead to complaints on the user department or final product to the customer. E-procurement contributes to product design and innovation where innovation in industry comes from suppliers or is results from intensive interactions between suppliers and user department in any organization (Darin, 2007).

The need to adopt e-procurement cannot be underscored given the fact that public sector procurement is large and complex, accounting for between twenty and thirty percent of gross domestic product (Thai & Grimm, 2000) and traditionally attempts to meet many social and political objectives (Tether, 1977). Governments procure goods and, in order to preserve accountability and transparency services, use a complex contractual system designed to protect the public interest (Rasheed, 2004).

Through the public web, buyers have the opportunity to identify potential suppliers via

standard search engines or specialist trading search engines. On line search and comparison of list prices are typically used for one of, specialist or low value purchases. Depending on the nature of the supplier's web site facility, orders may be placed online, via email or through the more traditional route of telephone, fax or mail. A marketplace is in essence a multi-supplier/multi-products catalogue often hosted and maintained by a third party and access provided to users via Internet or LAN connection (Soeters, et al., 2014).

Many organizations have been seeking new ways to reduce procurement costs which typically represent the largest cost item in business operations (Vaidya et al., 2006).

According to industry sources, the indirect procurement expenditure in Australia is about AU\$150 billion per annum and each procurement process incurs about A\$125 per transaction (Neef, 2001).

Most of the costs incurred are due to non-value added activities such as manual data entry, fixing errors, premium buys due to the inability to find competitive suppliers, inefficient search and evaluation of suppliers and their product offerings and the long process in reaching an agreement and obtaining approval before orders can be placed. E-procurement system, therefore, has attracted organizations' attention particularly in the last few years and it has the potential to improve national productivity growth of any country (Hawking & Stein, 2004).

The world has continued to experience massive information, communication and technology growth, increased knowledge by consumers about foreign goods and services, improved international relations, co-operations and agreements amongst countries, convergence of socio-cultural orientation leading to tremendous growth of international business. The procurement process has traditionally involved slow manual procedures and even slower systematic processes for handling procurement transactions (Hawking et al., 2011).

The advent of the Internet as a business systems platform has been a catalyst for major changes in the operation and status of organizational procurement. Information Technologies have changed the way organizations and governments operate. As noted by Nelson et.al. (2001), the majority of organizational spending consists of purchasing.

In order to decrease the total costs spent on purchasing process, internet technologies are used and e-Procurement has become popular to implement in the latest era by both governments and enterprises. Although the opportunities for improvement seem abound, both private and public sector are still cautious as far as the adoption of electronic technologies is concerned (Zheng et al, 2004). Ward and Peppard (2003) indicate that 60% of Information Technology application in procurement initiatives and projects do not deliver the expected benefits.

E-procurement is a technical implementation that enables the transformation of organizational structures and workplace practices. Flexibility in the development and enablement of the associated systems and processes allows the diverse requirements of stakeholders and participants to be recognized and supported. This may include tailored training for buyers and procurement support staff as well as the ongoing reviews of the associated processes and tools (Berry & Berry, 1999).

By staying aware of participants' needs, support organizations can build, evolve and manage systems and processes that allow buyers to purchase goods and services from preferred suppliers (Afza & Nazir, 2007). E-procurement result into an improvement of the labor productivity of an organization and, as a consequence, contribute to a number of intermediate outcomes (better services, cost savings, time savings, transparency), to economic rationality (organizational efficiency, simplification) and to GDP growth (Corsi, 2006).

Electronic tendering can shorten a typical manual tendering process by half thus reducing procurement cycle time and transaction cost. E-procurement is most advantageous because of its speed and coverage, and when implemented properly, it has increased transparency in the tendering process and will allow most, if not all, tenders above the required threshold to be openly advertised. The encouragement of regional procurement through PICTA makes the implementation of e-procurement unavoidable (Filbeck & Krueger, 2005).

E-procurement has a strategic importance entity since its implementation necessarily crosses

many institutional barriers and paradigms of many public managers. E-procurement brings a set of new rules and dynamics that create ways of doing business with the State in a totally different fashion, with a whole new and bigger set of participants, new incentives and a radically different cost structure; conditions that have the potential to create a competitive marketplace of unparalleled transparency, efficiency and access.

The following are tendering procedures requirements. Accountability and Auditability, the organization will preserve systems, which may be manual or computerized. This will be used in making all the purchases, contracts and other things justifiable for identification purposes (Raymond, 2008).

Economic effectiveness is achieved when an organization spends a realistic amount of its money on goods and services, this may approach or exceed 80% depending on organizations. Goods and services are then procured in an economical and effective way subject to the legal requirements of procurement (Raymond, 2008).

Risk management, Organizations are exposed to variety of risks due to its dependence on supply chains which needs expenditure of resources outside the organization. Purchasing structure of such an organization is dully required to identify, minimize and manage the potential risks posed to the organization. For any important expenditure, a lasting obligation for formal risk assessment is required (Raymond, 2008).

In continuous improvement, the individuals who participate in the purchases processes are required to improve their knowledge and skills in their specific areas to support the organization. An organization seeks hire, maintain and improve a number of qualified purchasers. Purchasing and supplier's management professionals who encounter suboptimal consequences in their purchasing activities are fortified to adhere to this with appropriate training. The role of the organization is to inspire self-assessment and make proper training provision (Raymond, 2008).

In the process of meeting performance targets in organizations, conflicts may occur time to time as these targets, incentives and bonus schemes occur in the purchasing process. At all times the guidelines should be adhered to and where conflicts occur, it should be reported with the appropriate procedures (Raymond, 2008).

The following are tendering procedures on employee's organization performance

2.2.1.1 Request for proposals

According to public procurements and assets disposal Act 2015 entities can ask for a bid if the procurement is of service or an amalgamation of goods and services, if the goods or services to be bought are recommended or of a knowledgeable nature. The process for procurement using a demand for tenders involved: the procuring body shall formulate a notice welcoming attracted individuals to submit for attention, the notice welcoming expression of need should have the following: The designation and report of process entry, a burst explanation of the services which are secured and its applicable, the goods being procured, the qualification needed to be invited to give out a bid and clarification of the time and location expressions of need must be submitted and the procuring entity is required to advertise the notice inviting bidders in not less than two daily newspapers of which circulates nationwide (Hiles, 2005).

2.2.1.2 Request for Quotations

A procuring body can use a procurement process which is of low value when the procurement is done for goods that are voluntarily accessible and with readily available market and if the evaluation of the goods procured does not meet the procurement requirements for quotations (Public procurement and Assets disposal Act, 2015).

The procuring body will formulate bids for quotations which are set out of the following; the name and address of the procuring entity; the specific requirements prepared relating to the goods being procured. A description of the time and location of quotations must be submitted and the regulations to be set out in request for quotation. This method helps to reduce the lead time and the assist the organization to get the items in the required time. This method is widely used also assist the youth, women and people with disability to access

more government contracts.

2.2.1.3 Procedure for low- value procurement

A procuring body can utilize a valueless procurement process if the projected goods or services being does not meet the requirements for the low value procedures that is the amount or quantity of goods and services procured may be less or equal to the anticipated quantity of the low value procurement plan (Public Procurement and Asset Disposal Act, 2015). This the method of procurement that helps the organization to procure small items that was not either projected in annual procurement plan and are of small amount that does not affect the other procurement processes.

2.2.1.4 Direct procurement

Direct procurement is done when there is a pressing need of goods or services in an organization. This is applied as the other available methods may be impractical for urgent goods and services. This method only used also when the is only one sole supplier in the market to procure the goods from him/her (Public procurement and Assets Disposal Act, 2015).

2.2.1.5 General reputation of the vendors.

For well-known and large companies, there is such a thing as a general reputation (good or bad) for less-known and large companies; the reputation is bad and obscure (Nieneber, 2006). The reputation of a company can be accessed by conducting a survey of the users should have good data on actual prior performance when one gets into it. This approach turns out to be not too helpful. The companies are generally unwilling to give out such a data except to data bank which gives the data anonymous. As a device, it has been very effective in the financial function. It is the process of development for use in the quality function (Sheldon, 1995).

2.2.1.6 Vendor Survey.

The actual decision in vendor selection is made by the company's purchasing procedure which must consider all aspects of vendor relations (Watson, 2002). The move accurate the

quality manager prepares vendor quality information in a way which is meaningful to the purchasing procedure, the more likely is this information to be given weight in vendor selection. Public Procurement and Asset Disposal Act (2015) outlines the following procure that should be followed in the procurement process. This procurement process starts from the user and it ends at issuance of the goods to the same user. This emphasizes on the need to ensure the full compliance of the Public Procurement and Assets Disposal Act 2015.

2.2.2 Supplier Assessment Procedures on organizational performance

Supplier evaluation is a management activity whose primary aim is acquiring information to analyze and to manage supplier relationships and supply situations (Dobos et al., 2012). The process entails the simultaneous consideration of a number of critical supplier performance features that include price, delivery lead-times, and quality (Narasimhan et al., 2001.) The importance of supplier selection is evident from its impact on firm performance and more specifically on final product attributes such as cost, design, manufacturability, quality, and so forth.

Supplier's financial condition need to be evaluated at the earliest stages of supplier appraisal. Some purchasers view the processes as a prescreening exercise that a supplier must pass before a detailed evaluation process can begin (Handfield et. al., 2008). According to the Chartered Institute of Purchasing and Supplies (2012) financial status and stability are measured by factors such as profitability, cash flows management, assets owned, debts owed among other factors. The financial criterion is important since selection of a supplier with poor financial conditions presents a number of dangers to the purchaser. To start with, is the danger that the supplier will go out of business. Then suppliers with poor financial health will not have resources to invest in plant, equipment, or research necessary for long-term performance improvements. Thirdly, the supplier may become so financially dependent on purchaser. Lastly, financial weakness seems to be an indication of underlying problems (Handfield et al., 2008).

The financial stability will equally reflect on the ability of suppliers to meet the current contract with the purchaser and to ensure a secure future flow of supplies. The financial

records may also indicate the risk of delivery or quality problems and more disruptions to supply and more complex legal issues if a supplier becomes insolvent. A supplier that is financially unstable poses three nightmares to the buyer. A buyer may need to insist on quality but the supplier is forced to cut on costs; a buyer may have a claim against the supplier but he may not have sufficient working capital; to meet it and a buyer may wish to insist on speed delivery but supplier cannot pay overtime (CIPS,2012; Lysons, 2008; Handfield et al., 2008).

A purchaser therefore needs to look at various sources of financial information to assist come up with decision on financial stability of suppliers. The sources include: published financial statements, the internet, the press among others (CIPS, 2012). The assessment of financial stability will need to look at: asset turnover, profitability, value of capital assets, scale of firm's borrowing, possibility of merger or take-off among other factors (Handfield et al., 2008; CIPS, 2012).

A buyer also needs to assess and ensure that a supplier has robust systems and procedures in place for monitoring and managing its outputs. The systems for the detection and correction of defects are called quality control while those for prevention of defects are known as quality assurance and a buyer needs to check whether the supplier has these in place (Lysons et al., 2008). According to Handfield et al., (2008) an important part of evaluation processes touches on a supplier's quality management systems and philosophy. According to Lysons et al., (2008) firms appraising quality of suppliers will find themselves looking at the following issues: procedures for inspection and testing of purchased materials, accreditation with national and international quality standards bodies such company standards, Association of Trade Standards, International standards organization (ISO) and British Standards Institution (BSI) (CIPS 2012; Lysons 2008). The success of the buying organization is highly dependent on how well the suppliers perform. It is also important that the supplier and the buyer have the same idea of what satisfactory quality is (Gallego, 2011).

According to Lysons et al., (2008) a buyer should also assess a supplier's machinery with attention paid to the following points: the availability of full range of machinery required to produce a required product, mechanisms to overcome shortage of machinery, evidence of good housekeeping, adoption of approaches such as computer aided designs, computer aided

manufacture, satisfaction on safety provisions and modernity and well maintenance of machines.

A buyer should focus on suppliers who have listed the name and location of the production facility, whose facilities have complied with ISO 9001 standards, are socially compliant. The supplier should have production experience documentation and the age of the equipment should be assessed (CIPS 2012).

A buyer should also look at the environmental policies of the supplier and the ISO 14001 guidelines on environmental policies in its appraisal (Lysons et al., 2008). According to Handfield et al., (2008) there is increased awareness of the impact of industry on environment and buyers should look at compliance to environmental regulations by supplier to avoid stiff penalties due non-compliance. The most common environmental performance criteria used when evaluating a supplier's performance include: hazardous and toxic waste management, disclosure of environmental infractions, recycle management, ISO 1400 certification and control of ozone-depleting substances (Handfield et al., 2008). A buyer will equally include looking at other issues like: allocation of environmental management responsibility, sustainable sourcing, and energy saving effort (Lysons et al., 2008).

A buyer also needs to look at sustainability issues including: supplier's ethical policy, procedures and guidelines relating to confidentiality of information, guidelines on gifts and hospitality, principles with regard to conflict of interest (Lysons et al., 2008). Social responsibility, ethical criteria and labor standards might include: the development of robust CSR policies and ethical codes, evidence of responsible and ethical labor policies and practices, compliances with International Labor Organization standardization, evidence of ethical trading policies and practices, compliance with Fair Trade Standards and commitment to transparency and improvements (CIPS, 2012).

A buyer should equally look at a supplier's price and cost factors. Evaluating a supplier's cost structure needs a deep understanding of a supplier's total costs, including: direct labor costs, indirect labor costs, material costs, manufacturing costs and the general overhead costs.

Understanding cost structure of the supplier will help a buyer determine how efficiently a supplier can produce an item and at the same time provide means for identification of areas of cost improvement (Handfield et al., 2008). According to CIPS, (2012) a buyer should be interested in: structure and allocation of costs, competitive pricing, commitment to collaborative cost reduction initiatives, availability of credit terms, the total cost of acquisition and ownership, ability by the supplier to propose an innovative financial approach like gain sharing, warranty, satisfies best value analysis and maintenance costs.

According to the CIPS, (2012) production capacity and technical capability refers to factors in the supplier's operational capacity and facilities, which acts as indicators of its ability to meet the purchaser's current and future requirements. The technical or operational capability factors that a buyer needs to take into account when appraising suppliers include: age and maintenance of plant and machinery, capabilities in operational areas such as engineering, innovation, design, JIT, late customization, reverse logistics and recycling, capability of plant and machinery to produce items within the tolerance set by specifications, volume that supplier may handle and whether the supplier can produce the kind of items required.

Production capacity on the other hand refers to the volume that a supplier will be able to handle and the number of units it can produce at a stated time period. This can be evaluated using the following parameters: maximum productive capacity in a given working period, potential to increase current capacity, percentage of capacity utilized by existing major customers and the extent to which capacity is currently over or under committed (CIPS, 2012, Lysons, 2008).

Employee capabilities should also be considered during supplier assessment. This evaluation criterion requires assessment of non-management personnel since there are benefits associated with highly trained, stable, motivated workforce especially during periods of labor shortage (Handfield et al., 2008). As Lysons et al., (2008) puts it, no organization is better than its workforce. A purchaser should therefore consider the following when appraising employee capability: the degree to which employees are committed to quality, the overall skills and abilities of the workforce, employee-management relations, worker flexibility, employee morale, workforce turnover, willingness of employees to contribute to

improved operations, days lost due to industrial dispute and worker representation and recognized trade unions among others (Handfield et al., 2008; Lysons et al., 2008).

The evaluator equally needs to look at the staffing structure of the supplier, the experience in the industry, state of technology being used and the past performance in order to get the right supplier (Lysons et al., 2008).

Another criterion for supplier selection is that of preference and reservations. According to the Public Procurement Oversight Authority (PPOA) public procurement and disposal regulations (2011) preference and reservations is the establishment of the extent of participation of SMEs' and disadvantage groups in Public Procurement and Development of a framework for their participation with the idea of promoting local, national and regional industry and support socio-economic development.

Buyers in the public sector, therefore, look at different groups such as: the disadvantaged groups, local preference, micro-enterprises, preference, region, reservations, small enterprises, target group, small enterprises, micro enterprises, disadvantaged groups, citizen contractors, local contractors and joint-ventures or sub-contracting arrangements with foreign suppliers (PPOA, 2005). Preferences and reservations can have a positive effect on a country's productive sectors as found by studies in China which found out that government purchases can serve as policy instruments (Baumol, 1974). The studies show that China has implemented a policy that explicitly discriminates against foreign owned companies when purchasing high technology products. This approach in public procurement is a component of catch up strategies aimed at promoting innovative capacities of local firms.

Burkhart and Trionfetti (2000), in a study of EU economies countries argue that in most developed countries found out that public sector purchases from the private sector account for more than 10% of GDP and governments in developed countries will typically favor local suppliers. In their analysis they postulate that determinants of industry location like factor endowments, market access and intermediate inputs will have a strong impact on industry location if the level of government purchase in that industry is low and vice versa.

2.2.2.1 Sources of Information on Management and Organization

Knudsen (1999) suggested that purchasing effectiveness and efficiency in the procurement function results in procurement performance. This leads to a transformation from being reactive to being proactive to achieve set goals in a body. Van Weele (2006) notes that buying performance is deliberated to be the result of purchasing effectiveness and purchasing efficiency.

Performance plays a vital role in an organization in that it assesses the progress towards achieving the set of predetermined objectives. It also helps the organization to identify the areas of strengths and weaknesses as well as settle on future initiatives with an aim of improving performance. It means that the purchasing performance is not an end in itself but a road to effective and efficient regulation and assessment of the purchasing function (Lardenoije et al, 2005). Purchasing competence and purchasing usefulness are the distinct capabilities and different competencies for the purchasing function.

CIPS Australia (2005) presented the difference between efficiency and effectiveness. When the organization is deemed to be right, it is said to be efficient. Effectiveness on the other hand refers to the situation where the organization is said to be doing the right thing. This implies that an organization can be very effective but not efficient. There therefore is a challenge in balancing the two.

Amaratunga et al (2002) postulates that for any organization to change its focus and become more competitive the focus of any institution that aims at being more competitive, performance is the key to enhancing quality of services. Without good performance or with the use of unsuitable means can be an impediment to change and the result will be deterioration of the functions of procurement.

For evaluation purposes, it is important to know how the input into the procurement procedure are organized and managed so as to produce a given service. The management portrait is a complex one since it covers institutions with different fundamental, commercial, non-private, non-profit; and the first step is to identify the activities which belong to each of

the categories. The pattern of management is strongly affected by special nature of procurement.

The obvious, being to facilitate uniformity and help delegation of authority and management control (Mullins, 1993). As indicated in management studies, a function is regularly defined as an element or technique in which persons use particular knowledge skills and recourses is designed to do so for example the function of a pen is to make a distinction can their fore be made between the purchasing function and purchasing procedure.

The problem of universal competition is however; progressively leading many institutions to replace segmented structures with such structures emphasize the importance of cross function decision making Lyson (2006).

2.2.2.2 Central Procurement System

For the procurement procedure to achieve its goals, its activities should be centralized or controlled from a central place because it is difficult for a procedure to discover a problem in their operation.

When these activities are put under the Purchasing Manager, the following advantages would be realized: One can buy consolidated items, which can earn the organization quantity discount; purchasing procedure can negotiate for all the materials that need to be purchase; Uniform administration costs, less requisition process and paperwork as well as duplication of work; It will be easy to introduce IT system (Information Technology) in the Organization; Better and uniform policies can be affected, Uniform procedures in preparing activities, Better research in sources of materials, Staff training and development can economically be affected, Better control of budget in the organization and Better performance in the purchasing procedure Lysons (2006).

2.2.2.3 Organization and Management of Procurement in the Organization

A standard way of summarizing the organization's structure is in terms of a diagram in which posts and units are arranged hierarchically, with those enjoying the greatest authority

at the top and lines are drawn down from the superior to the inferior to show the channel along which authority is exercised.

A sample of the diagram may be used to show the relations of the procurement manager and his or her subordinates Harold (1997). This study is therefore based on various ways of purchasing materials and services as well as inventory control in the organization. The researcher attempts to link the breach in knowledge among the qualified and unqualified officers of procurement as well as the controversies between the top management and the procurement officers on the best way to do something under a given set of realities.

2.2.2.4 Procurement Function

According to Lower (1990) procurement in modern industrial world does not refer to mere purchasing or buying of materials. Procurement functions today include a wide range of activities. Procurement has acquired the status of a dynamic management activity. The work of procurement is performed by the purchasing section and in broader sense.

2.2.2.5 Their functions and responsibilities include;

Obtaining the right quality and quality of materials at the right time so that the production is not hampered. This is the first foremost responsibility, the purchasing section ensures and see that the purchases are made at The most competitive price nearly 50% of the annual expenses of a factory represent procurement, it is therefore the responsibility of the procurement section to see that the funds are utilized on purchases with the utmost discretion, Cost reduction is another responsibility implied in the procurement, Function.

This can be achieved not only by competitive buying and Negotiation but also by techniques such as standardization and value Analysis, see that purchases are made only against purchases requisition and Proper sanctions, see if the materials intended can be manufactured in the plant by Utilizing spare capability. Dealing with the supplier regarding shortages, rejections, reported by the Store Keepers Inform stock control of any changes on the delivery time and of the most economical quantities, Increases of delay in obtaining supplies against any purchase (Harold, 1997).

Requisition keep the procedure concerned informed of the progress, Suggests latest and more economical materials for use by the Manufacturing procedure. This could be done because of its contract with the outside supply; see theft suppliers' invoices are promptly paid by the account procedure (Harold, 1997). Chopra and Maindl (2004) mentions that once suppliers have been selected, contractors are in place and products have been designed, the buyers and the suppliers engage in procurement transactions that begin with the buyers placing the order followed by the buyers receiving and paying for the goods supplied or ordered.

2.2.3 Material control procedures on organizational performance

2.2.3.1 The Procurement Cycle

Jessop (2005) the main stage in procurement process may be summarized as follows; need recognition, Source identification, buy or make decisions, identification of source, selection of source, management of contract, contracting, receipt, verification and inspection, fulfillment and payment of needs. The notion of cycle of procurement is employed often to show the main happenings in which purchasing might be involved.

The acts which are included in the cycle does not entail all the purchasing officers are involved with, activities like negotiation, vendor rating and source development that are not specifically included might not be included. It is noticed that the initial and late stages cannot necessary include professional purchasing staff, the central purchasing role to the cycle being the items included in the central part of the list. A limitation of the cycle concept of procurement is that it does not identify strategic contribution made by modern procurement (Chhabra, 2002).

2.2.3.2 Duties of Purchasing Procedure

Oakland (2000) the usual duties that are assigned to a purchasing procedure: Finding and approving suppliers. In this context, suppliers must be taken to include both those who supply goods and those who supply services.

This should be done not only by discussion with representatives and examination of

catalogues and samples, but also by visits to the supplier's premises. The Technical approval of the vendor's product or service may be the responsibility of the quality or design procedures, but the purchaser should be confident. That the source of supply is stable, reliable and able to fulfill the demands made upon it.

Visits to suppliers will not only help to give this assurance but will also allow the buyer to meet in a direct manner, those people with whom he/she will be dealing and build up a spirit of good will between the two Parties. Used with discretion, this good will can be of great value in times of difficulty. Purchasing managers should try wherever possible to assign quantitative values to the factors which are desirable in a supplier.

2.2.3.3 Material control provisions

There are a number of schemes such as vendor rating, which is discussed later Purchasing at least total cost. While the value and amount of goods and services may be specified elsewhere, the purchaser must purchase these at the most advantageous terms. He must be prepared to assist in or lead all discussions on order quantities, and give advice on the imponderables- like anticipated service from the supplier- which can affect decisions on the choice of vendor.

According Jessop (2005) wherever possible, price should be fixed by competitive tender, if possible by comparison with a target purchase price. It has been pointed out earlier that the lowest purchase price may not necessarily be that which is least costly to the purchasing company, since it may attract other costs (rectification, sorting, progressing etc) which increase the total cost of the purchased item. Any unexpectedly low price should be treated with caution.

A purchaser should obtain a list of satisfactory suppliers and should send out as many enquiries as convenient, requesting information on quality, delivery and price: these enquiries must be marked clearly for quotation only. Quotations should be examined for such items as delivery charges, discounts structure as discounts for prompt payment, supplementary charges and any restrictions.

The use of learning curve as a negotiating tool is advocated by some, while the practice of incorporating a purchaser into a value analysis team is well established and very useful. Oakland (2000) Ensuring services and the goods are timely delivered, this will involve contacting suppliers before the due dates and seeking assurances that these dates will be maintained.

In some organizations the delivery date and, indeed, time of day may require to be specified to avoid congestion. It may not be known goods delivered early to be refused or delayed entry. This is important particularly, of course, in the food preparation service industries. When progressing an order, great care must be taken to avoid chasing, this has, in fact, already been supplied. Maintaining a close liaison with the receiving procedure can only do this. A copy of the appropriate receipt documentation is usefully sent to purchasing to be recorded against the orders (Carter, 1985).

This will avoid arrangements on delivery and price being made which do not accord with the company's purchasing policy. In some organizations, a firm rule is laid down that all correspondence with suppliers must be signed by purchasing even if it originated elsewhere. This may appear restrictive, but it can save much misunderstanding later on, often at a time when the technical procedures have relinquished all interested in the purchase (Oakland, 2000).

2.2.3.4 Objectives of Purchasing Materials

According to Court et al (1997:1) in many organizations, purchasing remains the least understood and most ineffectively managed of all the business processes. Quite apart from the monetary loss and devastating effect on profit forecasts, mistakes can consequently threaten the viability of the enterprise by allowing costs to rise or delaying the introduction of new products or services into the marketplace, leading in turn to a loss of competitiveness. He further explained that, 'in spite of this, management in most organizations still persists with outmoded and out of place theory.

Bloomberg and Lemay (2002), the objective of purchasing reads much like objectives of integrated logistics. The efficient acquisitions at procedures and services require the right management, in the right amount in the right form, also at the right time from the right source with right service at the right price. Lemay (2002) further states that the quality of a firm's product may be limited by the quality of its purchased materials. The phrase "Garbage in, Garbage out" common to discussions of computer data applies here. It is easy to lose sight of quality when attempting to control purchasing costs. Therefore, it is of importance that quality standards not be compromised sold for lower prices (Saunders, 1997).

Materials management is a function specifically to optimize performance in meeting customer service requirements at the same time adding to profitability by reducing costs and making the best use of available resources. The basic objective of materials management as explained by Banjoko (2000) and Jacobs et al., (2009), is to ensure that the right item is bought and made available to the manufacturing operations at the right time, at the right place and at the lowest possible cost.

According to Wild (1995), materials management is a concept which brings together the responsibility for determining the manufacturing requirement that is scheduling the manufacturing processes and procuring, storing and dispensing materials (Wild, 1995; Ondiek, 2009). An integrated approach to material management defines it as the function responsible for the coordination of planning, sourcing, purchasing, moving, storing and controlling materials in an optimum manner so as to provide a predetermined service to the customer at a minimum cost (Ramakrishna, 2005, Gopalakrishna & Sundarsan, 2006). These definitions provide the scope of materials management which includes materials requirements planning (MRP), decision on purchasing, procurement of materials, inventory management, staffing, stores and warehouse management, production and distribution of finished goods at minimum cost at due time (Osotimehin, 2006; Monday 2008; Ogbadu, 2009).

Chase et al., (2009), explained the concept of materials management brings in the total

systems approach to managing the entire flow of information, materials and services from raw materials suppliers through factories and warehouses to the end user/customer. The study further confirmed that a firm's success depends on how they manage their materials effectively. They indicate that it is important to monitor inventory at each stage because it ties up resources.

Materials management is a tool that can be used effectively in promoting profit maximization in a company. The objective of materials management is to maximize the use of the firms' resources by ensuring adequate supply of materials for production process and also minimizing cost of holding excessive inventories. This objective when achieved, leads to cost reduction and improve profitability. Material management is a tool to optimize performance in meeting customer service requirements at the same time adding to profitability by minimizing cost and making the best use of available resources. An integrated approach to materials management defines it as "the functions responsible for the coordination of planning, sourcing, purchasing, moving, storing and controlling materials in an optimum manner so as to provide a predetermined service to the customer at a minimum cost (Gopalakrishnan and Sundaresan, 2006).

International Federation of Purchasing and Materials Management (IFPMM) defined it as a total concept having its definite organization to plan and control all types of materials, its supply, and its flow from raw stage to finished stage so as to deliver the product to customer as per his requirements in time. These definitions provide the scope of materials management which includes Materials Requirements Planning (MRP), decision on purchasing, procurement of materials, inventory management, staffing, stores and warehouse management, production, and distribution of finished goods at minimum cost at due time (Monday, 2008).

Achison (1999), views material management as, a concept requiring an organizational structure which unifies into one functional responsibility the systematic planning and control of all material from identification of the need through delivery to customers. Fadipe (1996), defines material management as a confederacy of traditional material activity found by a

common idea, the idea of an integrated approach to planning, acquisition, conversion, flow and distribution of production materials from the raw materials stage to the finished product stage. He further explained that, this concept looks at the whole flow of materials and parts from supplies to the manufacturing establishment which it stores, and production lines, and also after manufacture, at the flow of parts and products through warehouse and distribution centre and to customers.

Lenders (1992), view materials management organizational concept as having a single manager responsible for planning, motivation and controlling of all those activities that are principally concerned with the flow of a materials into an organization. There are different emphases on the above definitions, but all are concerned with the management of materials and all starts with the supplier.

2.3 Financial returns

According to regulation 11 in Kenyan Procurement Act public procurement entities are under obligation to give all potential candidates equal opportunities participate to tender. The requirement for full and free competition requires that the procurement action reach as many suppliers who wish to participate in tendering. As stated by (Kasyoki, 2014). The regulation laid emphasis on the use of open tendering, but allows other procurement methods in special circumstances. These are: tendering methods which are restricted; direct procurement method; request for bid and a quotation request. This will ensure that the organization procures the standard and most quality goods that can conform to the user's requirements hence increases the productivity of the organization Regulation of (2006).

According to Moon (2005), the awarding of contracts requires that those to be awarded contracts are those people with prospective capacity to positively and effectively deliver the bids. Before the award is made, the procuring entity must be in a position to make a positive judgment that the candidate will perform the contract in complete compliance with its terms, and this determination should be in writing. In this regard, the signing of a contract can be deemed to be a determination that the prospective candidate is responsible with respect to that contract.

It is stressed that although it's of great importance that procurement be made on the basis that art most advantageous to the public, price and other factors considered, this do not require absolutely that an award be made to the candidate that submit the lowest tender. In order for a candidate to receive an award, the tender must be responsive to the requirements of the invitation and affirmatively demonstrate his responsibility and where necessary, the responsibilities of his sub-contractors. Although the procuring entity must determine responsibility in each case, the burden of providing responsibility is placed on the prospective candidate (Williams, 2007).

2.4 Factors Based resources development

Human resource management (HRM) is the supervision of an organization's employees or personnel. It is in charge of the hiring, training, assessment and motivation of employees, it is also responsible for monitoring the leadership culture and controlling its human resource into compliance of organizational rules and regulations. According to Sivakumaran (2013) it is hard for one to rule out the benefits of human resource in hospitals in spite the advancements in technology. In the health care industry like many other organizations the contribution of specialized manpower cannot be substituted by the modern and latest technologies. Man is to error and goes to old age, suggesting that there no great deal when mistakes are committed. Current technologies cannot replace the works contributed by the professional manpower in the health care industry. The challenge is in the old days in which one needs to make a great deal of mistakes. In the health care industry errors are made but may bring fatal consequences to the patient. The health care team therefore should have the relevant skills in which they can follow and implement safe health care.

Sivakumaran observed challenges like inadequate workforce, staff turnover, training and developing multi-tasking staff; nurturing a second line staff; handling young staff and responsibility of workforce. The Human Resource Management is a vital force in an organization. Apart from other resources, workforces need to be independent and development oriented. The team can be able to increase cooperation and ease management challenges. The human resource management is important for the following reasons, it

assists in the evolution of personnel programs and policies, it hires professional workers with the proper selection process, maximum training of the workforce of development of human assets, it helps in reducing costs and helps in enhancing productivity, it promotes peace and harmony and good employer and employee relations and lastly it establishes mechanism for the administration of personnel services that are delegated to the personnel department.

2.5 Organizational competence

Vasilecas et al (2009) assert that public procurement is the process of acquiring of goods and services by government or public organizations. Thai (2001) notes that there is little work currently on the process of procurement of computerized systems, and quite a lot of the work on E- Procurement seems to focus on the use of public procurement as an instrument for advancing specific technology solutions.

However, there is some work focusing on the obstacles to successful procurement. According to Thai (2006), procurement deals with a range of issues like dynamic tension balancing, between socio-economic aims and the national economic needs. These are tied to the national competition as required by the national trade policies, exercising fairness, transparency and maximizing competition. It also does its best in using the invented technologies to enhance procurement. According to Guajardo (2009), ICT calibration and e-government interoperability influences public procurement in developed countries like the US, EU and United Kingdom. Despite the aim of fair competition and transparency, there is a reason to trust that the processes are really transparent and that all vendors in the competition have equal opportunities.

In a study done on IT procurement procedures in private organizations in four European countries, Duda et al (2007) indicated that the choice of dealers can be built on limited information. The findings showed that the pursuit for supplier is usually introduced either through contacting a supplier known by the team or one that has been recommended, on average a small amount of suppliers were contacted in the study. Whether these results are transferable to public sector remains to be researched.

2.6 Procuring entities

Procurement Act Regulation 16(3) (2006) provides for the establishment of a tender committee to assist each procuring entity in the acquisition of major requirements of each organization. The provision emphasizes that primary responsibility for public procurements rests with each procuring entity and the officials concerned are accountable for any loss arising out of their failure to abide by the regulations its emphasized that the tender committee should be left alone to carry out its work without external or internal influences. This was to help for the better fairness and transparent to the public, as it was stated by (Kasyoki, 2014).

2.7 Critical Review

Kasyoki (2014) stated in his study that less developed countries require a good public procurement system. He further elaborated that procurement normally accounts for the highest percentage of the total expenditure. Kenya tries much to improve the public procurement system in terms of its efficiency, accountability and decision making procedures. This therefore can be achieved through a better understanding of the challenges influencing the management of procurement. There is little information in these in the grassroots to enable fulfill the processes. The available information in Kenya does not capture the influence of these factors on effective management of management procedures which are deemed to enhance organizational performance.

Ideally, value of health care service provision, especially in a regionalized health framework, largely depends on the effort of the district-level health institutions' management. There is need to evaluate the present effectiveness of the Kenyan hospitals' management systems to meet their roles in order to enhance the organizational performance of the health sector (Onyango et al, 2001). Research on the organizational performance of hospitals has in the past largely focused on financial, technical and infrastructural matters where the course is debated at a macro level, focusing on how the plan is implemented in the health sector, rather than the procurement procedures at the health care facility. Freel (2012) noted that hospice managers are accountable for ensuring hospitals operate efficiently and provide quality medical care to patients. As a result, they must keep up with advances in

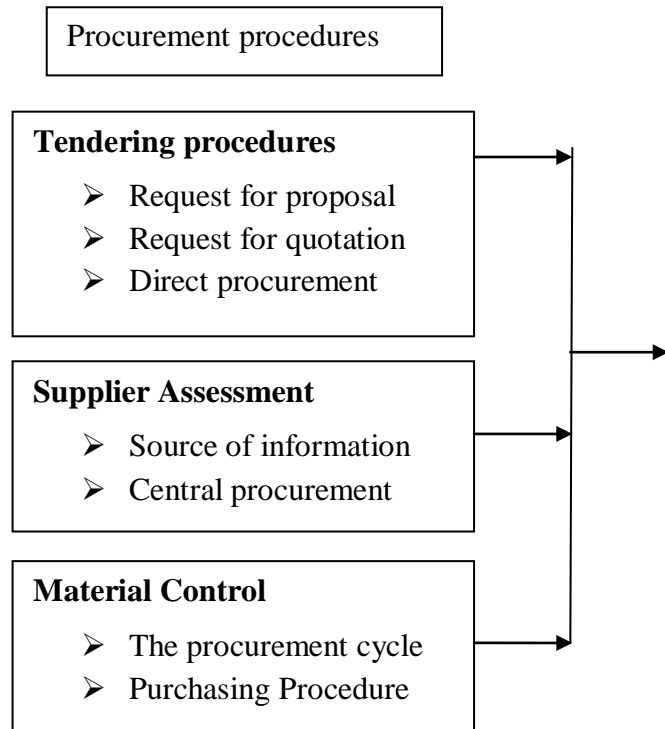
medicine, technology, procurement procedures and government regulations and policy changes. This is particularly important because factors that influence the motivation of health providers and managers are essential in effective healthcare reforms. Literature from these studies has therefore failed to highlight the key factors that face health professionals in management of hospitals in Kenya (Onyango et al, 2001). This study therefore will focus effects of procurement procedures on organizational performance at Moi Teaching & Referral Hospital from achieving hospital goals.

There is need for proper procurement procedures in order to preserve investments to remain in habitable condition and sustain its lifespan and ensure safety in its usage and further enhance organizational performance (Draft National Maintenance Policy (2011)). The provided procurement procedures leading to tender awards are too long and not suitable for an emergency committee. These bureaucracies involved make this procedure unsuitable for corrective maintenance. This can only be achieved by the hospital through getting value for money, transparent and accountable procurement process which is provided for in the procurement reforms via the Public Procurement and Assets Disposal Act 2015 and the Regulation of 2006. Dumber (2011) points out that the problem with Procurement Reforms that are in Public Procurement and Assets Disposal Act 2015 and the Regulation of (2006) is that there is lack of consensus, transparency, between the length in which reforms processes should be carried out, and stages of checking success.

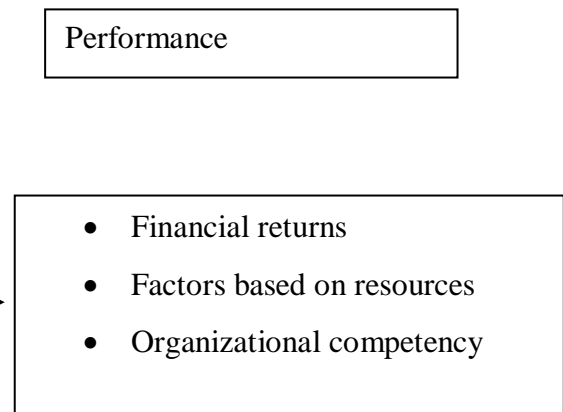
2.8 Conceptual Framework

This study derived its conceptual framework from defining the relationships existing between the procurement procedures and organizational performance.

Independent variable



Dependent variable



Source: Researcher (2016) Figure 1.1 conceptual framework

Procurement procedures according to the above conceptual framework have four main procedures which is mainly Tendering procedures, Supplier Assessment, Material Control, Procurement Procedure and all of this procedures have measures which is request for proposal, request for quotation direct procurement, for tendering procedures, material control involves source of information and central procurement while material control involves procurement cycle and purchasing procedure finally during disposal, the disposal control measures involves Request for quotation, Request for proposal, General reputation of the vendor, Vendor Survey and both the dependent variable and moderating variables which include customer function, operations satisfactions and organizational performance also the moderating factors being source identification, procurement entities and public procurement direct.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

The study used a descriptive case study design method, where according to Cauvey et al (2005), a descriptive survey design is a study selected in a phenomenon in which one is interested. Descriptive survey focuses on individuals, groups and communities in which it involves gathering information through interviews or administering questionnaires to a group of selected target population. The design allows for a wide range and generalized study covering a number of related items which is used to generalize for the same business a case study research design is appropriate.

3.2 Target Population

The target population included 3600 respondents, 10 Supply chain Managers, 50 Supply chain officer, 150 Supervisors, 500 Departmental assistants, 1000 Hospital wide staff, 390 Cashiers/Clerks, 1500 patient attendants, the proportionate sampling procedure used was adopted by Yamane Yari (2000) indicated in the table below.

Table 3.1 Target population

Category	Target Population
Managers	10
Supply chain officers	50
Supervisors	150
Departmental assistants	500
Hospital wide staff	1000
Cashiers/Clerks	390
Patient attendants	1500
Total	3600

Source: Moi Teaching and Referral Hospital (2016)

3.3 Sample Size and Sampling Procedure

The sample size was 384 respondents; the sample size was determined using the Sample Size Formula by Israel (1992). The formula for calculating the sample size for a random sample without replacement is:

$$n = \left[\frac{Z}{m} \right]^2 P(1-p)$$

Where, **z** is the z value of 1.96 for 95% confidence level.

m is the margin of error of 0.05 = + or – 5%.

p is the estimated value for the proportion of a sample that will respond a given way to a survey question 0.50 for 50%.

$$\begin{aligned} n &= n = \left[\frac{1.96}{0.05} \right]^2 \times 0.5(1-0.5) \\ &= (39.2)^2 \times (0.25) \\ &= 1536 \times 0.25 \\ &= 384 \end{aligned}$$

When the population is more than 10,000 then the sample size of 384 was enough. For this study the population is 3600, this is less than 10,000 and therefore the finite correction factor has to be applied. The Finite Population Correction (FPC) factor was used in calculating sample size for random samples. The sample size equation solving for n' (new sample size) when taking the

FPC into account will be:
$$n' = \frac{n}{1 + \frac{n}{N}}$$

where, n is the sample size of 384

N is population size of 3600

The study adopted probability sampling techniques these are; the simple random sampling and stratified sampling. Stratified sampling helps to ensure identification of sub groups from the population and their proportions and select from each sub group to form sample in

ensuring that homogenous sub set that share similar characteristics are grouped together thus proper accounting for the differences in sub group characteristics, this will be based on establishment. Simple random sampling technique will select sample without bias from target population thus goes in line to ensure each member of target population has an equal and independent chance of being included in the sample was adopted.

Table 3.2 Sample Size

Respondent	Frequency	Proportionate sampling procedure	No of Sample
Managers	10	$10 \div 3600 \times 384$	1
Supply chain officer	50	$50 \div 3600 \times 384$	5
Supervisors	150	$150 \div 3600 \times 384$	16
Departmental assistants	500	$500 \div 3600 \times 384$	53
Hospital wide staff	1000	$1000 \div 3600 \times 384$	107
Cashiers/Clerks	390	$390 \div 3600 \times 384$	42
Patient Attendants	1500	$1500 \div 3600 \times 384$	160
Total	3600		384

Source: Moi Teaching and Referral Hospital (2016)

3.4 Description of Research instruments

Questionnaires

This is a study tool which contains a sequence of queries designed for the purpose of collecting information from respondents. Though they are normally designed for statistical analysis of the responses, it is not always the applied. The questionnaires were invented by Sir Francis Galton according to Kombo and Tromp (2006).

The instrument is cheap and does not require much pressure like the verbal or telephone

surveys, it has questions which are easily understood and designed in a way that is easily compiled. The study used both open-ended questions and closed –ended questions. Questionnaires were also limited by the fact that respondents must be literate therefore using a questionnaire for some illiterate groups may be impractical

3.5 Validity and Reliability

3.5.1 Validity

Validity according to Mugenda (2003) is how accurately the data obtained in the study represents the variables of the study. If such data is a true reflection of the variables, then inferences based on such data will be accurate and meaningful.

First the researcher discussed the items in the instrument with the supervisors, lecturers from the department and colleagues. Advice given by these people greatly helped the researcher to determine the validity of the research instruments. The advice includes suggestions, clarifications and other inputs. These suggestions were used in making necessary changes. Secondly, content validity of the instruments was determined through piloting, where the responses of the subjects were checked against the research objectives, using a sample of some questionnaires which were distributed to non-participating respondents in the actual study. This also gave a reason as to why content was used.

3.5.2 Reliability

Reliability as defined by Kothari (2003) is a research tools that involves a test that consistently yield the same results when repeated measurements are taken of the same individual under the same conditions.

The reliability of the research instruments was tested through piloting. After two weeks the researcher re-administered the same questionnaires to the same group. Pearson's product moment correlation (r) was used to determine the co-efficient stability of the data collection instruments. Reliability was measured at 0.7. the study established a Cronbach alpha coefficient of 0.87. Therefore, the instrument was reliable for the study. Sekeran (2008)

established the alpha value threshold and above is regarded as most reliable for social studies research.

3.6 Data Collection Procedure.

The researcher used questionnaire to collect the data. Questionnaire is a research tool that gathers data over a large sample Kombo and Tromp (2006). The questionnaire was the most appropriate research tool as it allowed the researcher to collect information from a large sample with diverse background; the findings remained confidential, saved time and since they were presented in paper format there were no opportunity for bias. This study was done through presentation of the questionnaires to the respondents after getting the relevant clearance from respective authorities. Primary data was collected in order to get the relevant information. The questionnaires were given to respondents then collected within a period of 3 days which was a reasonable time that ensured maximum return. This procedure was suitable since the population is literate, reasonable and the period of data collection was short.

The data collected was quantitative in nature that captured the respondent's meanings, brought personal value into the study; this validated the accuracy of findings, for interpretation of the data, and focused on a single concept. It also allowed the researcher to collect a lot of information over a very short period of time. Storage of data was in an electronic spreadsheet which also facilitated statistical calculation of the variables.

3.7 Data Analysis Methods

The analysis used descriptive statistics that is quantitative analysis in order to achieve the objectives of the study. The data analysis tool that was used was Statistical package for Social Sciences (SPSS). Numerical values were assigned to responses coding in the questionnaires to represent measurement of variables, the data were then analyzed and presented in form of tables, frequencies and percentages.

Pearson moment of correlation was used to find the correlation between the variables. Multiple regression analysis with ANOVA technique was used to determine the effect of independent variables on the dependent variable, it was used to measure the relative influence of each independent variable based on its covariance dependent variable and will be useful in forecasting. Usually, it is most appropriate when both the independent and dependent variables are interval, though some social scientists also use regression on ordinal data. Like correlation, regression analysis assumes that the relationship between variables is linear. In its simplest form multiple regression analysis involves finding the best straight-line relationship to explain how the variation in an outcome (or dependent) variable, Y, depends on the variation in a predictor (or independent or explanatory) variable, X. Once the relationship is estimated, it is possible to use the equation:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where:

X = The independent variables -

X₁ –tendering

X₂ _Supplier assessment

X₃ – Material control

Y = The dependent variable (Organizational Competitiveness)

b = Independent Variable Coefficients e = Error margin

These ensured that data is analyzed in a systematic way in order to draw useful conclusions and recommendations. Presentation of finding was done using questionnaires which were coded, organized, analyzed and presented using frequency tables, and percentages.

3.8 Ethical Consideration

Permission to carry out the study was sought from the School of Business and Economics, Kisii University, The National Council for Science and Technology of which the researcher

was issued with a Research Clearance Permit and also from the respondents who participated in the study. The nature and the rationale for the study was explained to the respondents by the researcher. The researcher respected individuals' rights and safeguarded their personal integrity. The participants were not required to write their names on the questionnaire, but each questionnaire will give a code number for reference, hence the anonymity of the respondents will be maintained. The participants were assured that the information given will be treated confidentially and for the purpose academic use only. They were also assured of their rights and freedom to withdraw from the study at any point or time without consequences.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Response Rate

The research sampled 384 respondents from various departments at Moi Teaching and referral Hospital. A total of 350 positively responded to the study giving a response rate of 91.1%. Mugenda and Mugenda (2003) assert that a response rate of 50% is ideal to make generalizations for a study.

4.2 Demographic information of the respondents

The study sought to examine the demographic characteristics associated with the respondents to ascertain that the methodology employed was not biased based on any of the demographics of the respondents.

4.2.1 Gender of the respondents

The study sought to collect data from both genders in that N=350 respondents; this was essential to enable the researcher collect data from both male and female respondents' while eliminating any gender bias. The results obtained were then presented in Table 4.1

Gender	Frequency	Percentage
Male	184	52.3
Female	166	47.7
Total	350	100

The researcher found it necessary to determine the gender of the respondents. In relation to the gender of the respondents, 52.3% (184) of the respondents were male while 47.7% (166) were female (Table 4.1).

4.2.2 Age of the respondents

The study aimed at collecting data from different age groups of respondents so as to avoid bias in terms of age. Hence it was important to collect data across the different age groups. The findings were then represented in Table 4.2

Table 4.2 Age of the respondents

Age Bracket of Respondents	Frequency	Percentage
18-30yrs	236	63.1
31-40yrs	72	21
41-50yrs	18	7.2
51 And Above	24	8.7
Total	350	100

The study aimed at establishing the age bracket in which respondents fell. A majority, 63.1% (236) of the respondents were aged 18-30 years, 21% (72) were between 31-40 years, 8.7% (24) were above 51 years 7.2% (18) were 41-50 years (Table 4.1).

4.3.3 Level of education of the respondents

The researcher aimed at collecting data from respondents of different categories based on their level of education; this was to obtain responses from all the levels of education. The findings were then presented in Table 4.3

Table 4.3 Level of education of the respondents

Highest Level of Education	Frequency	Percentage
Masters	27	7.7
Fist Degree	161	46.1
Diploma	83	23.1
Certificate	83	23.1
Total	350	100

Among respondents (7.7%) had a Master’s degree, (46.2%) were first degree graduates, while (23.1%) were diploma holders and another (23.1%) were certificate holders. It is evident from the findings that there were high literacy levels in the study area. Thus, the respondents were considered ideal in this study as they would be relied upon to give informed opinion as sought by the study.

4.3.4 Working Experience

The researcher aimed at collecting data from respondents of different categories based on their working experience; this was to obtain responses from all the years of working in the respective positions. The findings were then presented in Table 4.4

Table 4.4 Working Experience

Working Experience	Frequency	Per%
Less than 3 years	83	23
Between 4-6	104	30
Between 7-9	32	10
10years and above	131	37
Total	350	100

N=350

The study findings were that 23% of respondents had worked for the in their position for a period less than 3 years. Another 30% of respondents had working experience between 4

and 6 years and another 10% of respondents having a working experience between 7 to 9 years. Finally, 37% of respondents had working experience above 10 years.

This implies that the researcher to obtain responses from all the levels experience. This meant that the researcher aimed at acquiring important and deep information concerning procurement and organizational performance.

4.3.5 Procurement skills of the respondents

The study sought to investigate the procurement skills the employees had. The results are presented in table 4.5 below

Table 4.5 Procurement skills of the respondents

Procurement skills	Frequency	Percent
Negotiation skills	269	76.9
Purchasing skills	54	15.4
Decision making skills	27	7.7
Total	350	100.0

The employees of Moi teaching and Referral Hospital have procurement skills such as negotiation skills, purchasing skills and decision making skills. These skills overlap and the employees differ for example the study indicated that majority 269 (76.9%) have negotiation procurement skills, 54 (15.4%) have purchasing skills, 27 (7.7%) have decision making skills. This implies that the employees at the organization are well equipped with the skills necessary in procurement and therefore may have a great impact on the performance of the organization.

4.4 Main findings

4.4.1 Effect of procurement tendering on organizational performance

Using a rating scale of 1-5, the study sought to investigate the effect of tendering on organizational performance. The findings are presented in table 4.6 below;

Key SA- Strongly Agree (5), A- Agree, U (4) – Undecided (3), D – Disagree (2), SD – Strongly Disagree (1)

Table 4.6 Procurement Tendering

Statements	Descriptive	SA	A	UD	D	SD	Total
Ensures customer satisfaction	Frequency	262	77	0	11	0	350
	Percent	74.87	22.05	0	3.0	0	100
Improves quality of services procured	Frequency	206	122	0	22	0	350
	Percent	58.97	34.87	0	6.2	0	100
Acquiring of right products at the reasonable prices	Frequency	244	16	0	18	72	350
	Percent	69.74	4.62	0	5	20.5	100
Ensure sufficient and availability of materials	Frequency	105	209	4	32	0	350
	Percent	29.7	60	1	9.2	0	100

Most of the respondents 262 (74.87%) strongly agreed that tendering ensures customer satisfaction, 77 (22.05) agreed on this view while 11 (3.0%) disagreed (Table 4.6). Also a significant majority 206 (58.97%) of the respondents strongly agreed that procurement improves the quality of services procured, 122 (34.87%) agreed on this statement and 22 (6.2%) disagreeing on this.

Further table 4.6 shows majority of the respondents 244 (69.74%) strongly agreed that tendering helps in acquiring the right products at reasonable with 16 (4.62%) agreeing on this statement. Further another 18 (5%) of the respondents disagreed and 72 (20.5%) of the respondents strongly disagreed on this.

On the opinion that tendering ensures sufficient and availability of materials majority 105 (29.7%) of the respondents strongly agreed, another 209 (60%) agreed on this view, 4 (1%) were undecided while 32 (9.2%) disagreed on this (table 4.6).

4.4.2 Relationship between tendering and performance

Correlation analysis

The study further sought to establish the relationship between tendering and the performance of the organization. This was done using Pearson correlation statistical analysis. The correlation was measured at 0.05 significant level (2-tailed). The findings are shown in table 4.7

Table 4.7 Correlation analysis tendering and performance

		Tendering
Performance	Pearson Correlation	0.057**
	Sig. (2-tailed)	.288
	N	350

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

Pearson's correlation was run to determine the relationship between the tendering and performance of the organization. The results established a positive but weak correlation between tendering and performance of organizations (P= 0.288, r=.057). The strength of association was weak.

From the Analysis report $p = 0.288$, which is more than 0.05, as such, there is no significant relationship between tendering and the performance of the organization at the Moi teaching and referral hospital. Therefore, tendering alone could not be associated with high performance of the organization.

4.4.3 Effects of supplier assessment on organizational performance

The study sought to investigate the effect of supplier assessment on organizational performance. The findings are presented in table 4.8 below;

Key SA- Strongly Agree (5), A- Agree, U (4) – Undecided (3), D – Disagree (2), SD – Strongly Disagree (1)

Table 4.8 Descriptive analysis on supplier assessment and organizational performance

Statement	SA	A	U	D	SD
Recognition of a need by the user or store for goods and services.	70.4	15.1	6.5	5.1	9.4
Selection of possible source of supplies, taking into consideration the case of re-buy or first buy	52.4	20.9	5.2	16.5	5.0
Preparation of a purchase order form and their appropriate order documents	51.1	8.6	7.2	28.8	4.3
Clear invoice and payments	43.2	23.7	11.1	6.5	15.1
Settling for the most favorable tendering prices	43.6	8.6	15.2	23	83.6

N=350

The results of the study were that majority 70.4% of the respondents agreed that there is Recognition of a need by the user or store for goods and services. Other findings were that, 52.4% of the respondents were of the opinion that it is easy for selection of possible source of supplies, taking into consideration the case of re-buy or first buy, with another 51.1% of respondents stating that there is better preparation of a purchase order form and their appropriate order documents 43.2% of respondents revealing that there is clear invoice and payments. 43.6% of respondents were also of the agreement that there effective settling for the most favorable tendering prices

4.4.4 Relationship between Supplier assessment and performance

Correlation analysis

The study further sought to establish the relationship between supplier assessment and the performance of the organization. This was done using Pearson correlation statistical analysis. The correlation was measured at 0.05 significant level (2-tailed). The findings are shown in table 4.9

Table 4.9 Correlation analysis on supplier assessment and performance

		Supplier assessment
Performance	Pearson Correlation	-0.032*
	Sig. (2-tailed)	.553
	N	350

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

Pearson's correlation was run to determine the relationship between the supplier assessment and the performance of organizations. The results established a negative correlation between the two variables ($P = .553$, $r = -0.032$).

Following the previous procedure in testing for significance, the analysis in this case reported $p = .553$, which is also more than 0.05, and thus there was weak and negative evidence to believe that supplier assessment and performance are correlated. This also implied that use of assessment of suppliers is not associated with more efficient or quality goods and services which enhance organizational performance.

Davila et al. (2003) thought that supplier assessment could shorten the order fulfilment cycle time, lower inventory levels and the price paid for goods, and reduce administrative costs of procurement. Eakin (2003) argued that the benefits of assessing the supplier can be classified to hard benefits (such as price savings and process cost reductions), soft benefits (such as individual time freed up through more efficient processes), and intangible benefits (such as cultural change, financial approval for all spending, and high visibility of supplier performance) argument that study nullifies. Presutti (2003) on the other hand found that

supplier management can bring benefits to the company such as reducing time to- market cycles, reducing material and transactions costs, and reducing stock levels which is not true according to this study.

Chaffey (2004) argued that the benefits of assessing the supplier include reduced purchasing cycle time and cost, enhanced budgetary control, elimination of administrative errors, increasing buyers’ productivity, lowering prices through product standardization and consolidation of buys, improving the payment process, and improving information management which is not true. Adhering to procurement procedures could make the operational processes of the buyer organization more effective but also could make the order fulfilment process of the supplier organization more efficient and improve partner relationship management. The main objective of the order fulfilment process that buyer expect is that supplier can deliver qualified products to fulfil its orders at the right time and right place (Lin and Shaw 1998).

4.4.5 Effects of material control on organizational performance

The study sought to investigate the effect of material control on organizational performance. The findings are indicated in table 4.10 below

Key SA- Strongly Agree (5), A- Agree, U (4) – Undecided (3), D – Disagree (2), SD – Strongly Disagree (1)

Table 4.10 Descriptive analysis on material control and organizational performance

Statement	SA	A	U	D	SD
Reduces delays	80.4	15.1	6.5	1.1	3.4
Improves quality of services	42.4	45.9	5	5.5	1.2
Ensures steady supply to the users/customers	51.8	8.6	7.2	51.1	4.3
Ensures price control for users’ products/services	43.2	11.5	15.1	23.7	6.5

Helps in controlling stocks	61	12	17	7	3.0
It helps in controlling prices of the products	15.8	40.3	29.5	7.9	6.5

N=350

The results of the study were that majority of the 80.4% of the respondent were of the opinion that they find payments online more convenient, with another 42.4% of the respondent revealing that they do not incur agency costs due to direct payments online, with another 51.8% of the respondents having the opinion that they trust payments systems of the organization. Other results of the study were that 43.2% of the respondents were of the opinion that there is immediate reflection of payments and finally, another 61% of the respondents indicated that they receive notifications on demand.

4.4.6 Relationship between material control and performance

Correlation analysis

The study further sought to establish the relationship between material control and the performance of the organization. This was done using Pearson correlation statistical analysis. The correlation was measured at 0.05 significant level (2-tailed). The findings are shown in table 4.11

Table 4.11 Correlation analysis on material control and performance

		Material control
Performance	Pearson Correlation	.541
	Sig. (2-tailed)	.000
	N	350

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

Pearson's correlation was run to determine the relationship between the material control and performance of the organization. The results established a strong positive correlation between material control and performance ($p = 0.000$, $r=541$). When testing for significance,

the analysis in this case reported $p = 0.000$, which is less than 0.05, and thus the two variables (material control and performance) are very correlated. This also meant that a lot of material control is associated with high performance of the organization.

The study is in agreement with Song et al (2006), in his study he found out that majority of the companies attain significant savings from effective materials management, which amounts between 50%-60% of total costs (Song et al., 2006). Effective management of materials can lead to a reduction in cost, resulting in a significant saving. A potential 6% saving on total cost through effective material management is achievable (Bell &Sturkhart, 1987). The various types of materials to be managed in any organization include purchased materials, work-in-progress (WIP), materials and finished goods (Banjoko, 2009). Ogbadu (2009), identified basic price, purchasing cost, marketing cost, obsolescence and wastages as the various costs involved in these materials. Thus, the management of these materials so as to reduce the costs associated is what it is referred to as material management or material control. Previous researches (Whyback& William, 1986; Evanet al.,1987; Ramakrishna,2005; Ogbadu, 2009; Ondiek, 2009) have shown that materials account for more than 50% percent of the annual turnover in organizations. This shows clearly that priority should be given to management of materials in organizations to avoid unnecessary costs.

According to a survey carried out by Mutwol (2013), on the impact of the collapse of KCC, it was found that the sector has suffered so much over the past years due to lack of adequate commitment to timely funding of materials procurement, poor material planning, poor inventory control, purchasing problems, quality control problems; stores control problems, material movement and even surplus disposal problems. Therefore, material control is vital in any organization to enhance its performance.

4.5 Regression Model

The study sought to determine the relationship between the independent and dependent variables. The findings are represented in Table 4.12

Table 4.12 Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.544 ^a	.296	.290	0.60109

a. Predictors: (Constant); Vr1, Vr2 and Vr3.

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52.659	3	17.553	48.581	.000 ^b
	Residual	125.015	346	0.361		
	Total	177.674	349			

a. Dependent Variable: performance

b. Predictors: (Constant), Vr1, Vr2 and Vr3.

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.043	.452		.096	.924
	Vr1	.085	.063	.061	1.347	.179
	Vr2	.011	.043	.012	.264	.792
	Vr3	.879	.073	.542	11.990	.000

a. Dependent Variable: performance

Level of Significance < 0.05

N= 350

Source: Research data (2016)

The model summary indicated that about 29% of the regression model could be accounted for in the study.

As shown from the Table 4.12, F= 48.581, p<0.000

The F test provides an overall test of significance of the fitted regression model. The F value of 48.581 indicates that all the variables in the equation are important hence the overall regression is significant.

The ANOVA Table 4.12 for the regression indicated that the results computed using the regression model were significant meaning that the regression model had been computed well and not by chance.

Organizational performance = 0.043+ 0.061(tendering) + 0.012 (Supplier assessment) + 0.542 (material control) + 0.452 (Error Margin)

Therefore, the performance of organizations can be summarized as the sum total of constant plus tendering procedures plus supplier assessment plus material control plus Error Margin

4.7 Hypotheses Testing using the Multiple Regression Model

From the regression model computed in Table 4.12, the research hypotheses were tested using the significance level of the coefficients. The research aimed to test the hypothesis with an aim of accepting or rejecting the relationship between procurement procedures and the performance of organizations. The research hypothesis for the study included;

H₀₁: There is no significant relationship between tendering and organizational performance.

The regression results in Table 4.12 indicate that tendering procedures does not have a direct effect on the performance of the organization with a beta coefficient of 0.061 and significance of (p=0.179). The study accepted the hypothesis. These findings imply that adopting tendering procedures do not give organizations some bases of performance. This could be attributed to the fact that tendering procedures not only saves transaction cost, increasing competitive sourcing opportunities and enhancing inter-organizational coordination but we have other factors that affect organizational performance.

H₀₂: There is no significant relationship between supplier assessment and performance of organizations.

The regression results in Table 4.12 indicate that supplier assessment has no direct effect on the performance of the organization with a beta coefficient of 0.012 and significance of (p= (0.792). The study accepted the hypothesis. These results indicate that the adoption of supplier assessment may not have a great effect in boosting the performance of organizations. This could be attributed to the fact supplier assessment should be integrated with other options in order to achieve organizational performance.

H₀₃: There is no significant relationship between material control and organizational performance.

The regression results in Table 4.12 indicate that material control does have a direct effect on the performance of the organization with a beta coefficient of 0.542 and significance of (p=0.000). The study rejected the hypothesis. These results indicate material control really gives an organization a basis to enhance its performance. This could be attributed to the fact that material control benefits to the company such as reducing time to- market cycles, reducing material and transactions costs, and reducing stock levels. Material control also helps the organization to improve its services to the customers. This can be done by ensuring that enough material must be stocked so as to avoid the stock out.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

The findings with regard to the influence of tendering on organizational performance indicated that tendering doesn't have significant impact on the performance of organizations. As shown in the study tendering is not the only factor that enhance the factors which lead to improved organizational performance but we have others not discussed under this study. For example, majority of the respondents noted that tendering ensures customer satisfaction, another significant number of respondents added that it improves the quality of services and goods being procured. They further noted that it allows acquisition of right products at reasonable prices and that it ensures sufficient and availability of materials. The results established a positive correlation between tendering and performance of organizations. The strength of association was very weak and could not be used to explain the organizational performance. This meant that good use of tendering is associated with very little percentage of performance of the organization.

On whether supplier assessment procedures affects the performance of organizations, according to this study, majority of the respondents agreed that there is a great positive effect, this is revealed when majority of the respondents noted that there is recognition of a need by the user or store for goods and services, also selection of possible source of supplies, taking into consideration the case of re-buy or first buy is adhered, there is clear invoice and payments and there efficient settlement for the most favorable tendering prices. However, correlation analysis indicated a weak negative relationship between supplier assessment and organizational performance. This also implied that use of assessment of suppliers is not associated with more efficient or quality goods and services which enhance organizational performance.

Further material control was also noted to have strong impact on organizational performance. This was observed on the findings where majority of the respondents agreed that there's no reduced delays of acquiring goods, improved quality of services, steady supply to the users/customers is ensured, price control for users' products/services and

controlled stocks. The correlation indicated a strong relationship between material control and performance. This meant that a lot of material control is associated with high performance of the organization.

5.2 Limitation

The study was limited by time as the final report must be provided within a specified time frame which may be restrictive in enabling the researcher to gather additional relevant information. This was counteracted by the development of a research plan to effectively and optimally manage time allocated to conduct the study.

There was also the issue regarding information dissemination whereby, the target population may be reluctant to provide the relevant data regarding their opinion of the procurement issues. This was counteracted by the option of anonymity with regard to the structured questionnaires that were administered to respondents

5.3 Conclusion

The objective of the study was geared to provide the effects of procurement procedures on organizational performance. The study established that there is no strong correlation between tendering and supplier assessment, while material planning was highly correlated with performance. This meant that through tendering and material control, the organization can achieve its objectives which will lead to organizational performance. Material planning was found to be necessary in any procurement in an organization. Since material control could be used to explain 54% influence in an organizational performance. More importantly organizations should encourage tendering, supplier assessment and material planning in procurement of goods and services.

5.4 Recommendations

Based on the findings, it is inevitable to highlight recommendations which can be used to enhance performance not only at MTRH but also in other similar organizations.

- i) The study recommends that there is need to enormously implement procurement policies which encourage tendering, supplier assessment and material planning in organizations in order to enhance performance

- ii) Further the study recommends that procurement procedures should be well practiced in any procurement process to ease the procurement processes and associated costs hence achieve organizational objectives.

5.5 Suggestions for Further Studies

Although the implications of the findings in the study indicate that procurement procedures have weak positive influence on organizational performance, more elaborate research is necessary to accurately quantify the effects of procurement on supply chain performance. In addition, including moderator factors and looking forward to direct or indirect relationship towards organizational performance can also be made of the new research by other scholars in future. A similar study also has to be conducted in other County governments so as to come up with a conclusive picture. Given these considerations, there will be conclusive results on the effect of procurement procedures on organizational performance.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

The researcher is a student at Kisii University undertaking a Master's Degree in Procurement, Logistic and supplies management. It is a requirement that a student writes a research project in the field of study. For that purpose, I request you to spare your time to fill this questionnaire that is intended to find out, **“EFFECTS OF PROCUREMENT PROCEDURE ON ORGANIZATIONAL PERFORMANCE AT MOI TEACHING AND REFERRAL HOSPITAL, ELDORET.** Please assist by filling in this questionnaire, thanks in advance for your support. You are kindly requested to fill in the blank spaces at the end of each question or statement or simply put a tick where appropriate

SECTION A: BIO-DATA INFORMATION OF THE RESPONDENTS

1. What is your gender?
 - a) Male
 - b) Female
2. What is your age bracket?
 - a) 18-30 years
 - b) 31-40 years
 - c) 41-50 years
 - d) 51 years and above
3. What is your highest educational level?
 - a) Certificate I
 - b) Diploma
 - c) First Degree
 - d) Master
 - e) Any other, specify.....
4. How long have you worked in the institution?
 - a) Less than 3 years
 - b) 4-6 years
 - c) 7-9 years

d) Over 10 years

5. What procurement skills do you possess? Tick where appropriate.

Procurement Skills	
Negotiation skills	
Purchasing skills	
Decision making skills	

Any other, specify.....

SECTION B: SPECIFIC INFORMATION

Tendering

6. Given a rating scale, what is the effect of tendering on organizational performance at Moi Teaching and Referral Hospital, Eldoret?

Key: 5- Strongly agree (SA), 4- Agree (A), 3-Undecided (UD), 2-Disagree (D), 1- Strongly Disagree (SD)

Effects	SA	A	UD	D	SD
Ensures customer satisfaction					
Improves quality of services procured					
Acquiring of right products at the reasonable prices					
Ensure sufficient and availability of materials					

Any other, specify.....

Supplier assessment

7. On a rating scale, does supplier assessment have an effect on the performance of organizations at Moi Teaching and Referral Hospital, Eldoret?

Key: 5- Strongly agree (SA), 4- Agree (A), 3-Undecided (UD), 2-Disagree (D), 1- Strongly Disagree (SD)

Effects	SA	A	UD	D	SD
Recognition of a need by the user or store for goods and services.					
Selection of possible source of supplies, taking into consideration the case of re-buy or first buy					
Preparation of a purchase order form and their appropriate order documents					
Clear invoice and payments					
Settling for the most favorable tendering prices					

Any other, specify.....

Material Control

8. What are the effects of material control on the performance of other functions at Moi Teaching and Referral Hospital, Eldoret?

Key: 5- Strongly agree (SA), 4- Agree (A), 3-Undecided (UD), 2-Disagree (D), 1-Strongly Disagree (SD)

Effects	SA	A	UD	D	SD
Reduces delays					
Improves quality of services					
Ensures steady supply to the users/customers					
Ensures price control for users' products/services					
Helps in controlling stocks					
It helps in controlling prices of the products					

Any other, specify.....

Performance

9. Please rate the level of performance of business in terms of the following indicators using the rating provided

Very much Increased-5, Moderately Increased-4, Not Changed-3, Moderately decreased-2, Very much decreased-1

VARIABLE	Very much increased	Moderately Increased	Not changed	Moderately decreased	Very much decreased
co-ordination among procedures					
Conformance to customer requirements					
Control stocks					
Prompt delivery					
Delivery of right good orders					

APPENDIX II: RESEARCH DATA COLLECTION PERMIT



KISII UNIVERSITY

(ISO 9001:2008 Certified Institution)

ELDORET CAMPUS

OFFICE OF THE DEPUTY DIRECTOR-ACADEMIC AFFAIRS

Phone: 020-2610479

P. O. Box 408- 40200

Email:eldoretcampus@kisiiversity.ac.ke

ELDORET-KENYA

2nd AUGUST, 2016

TO WHOM IT MAY CONCERN

Dear Sir / Madam.

RE: RESEARCH DATA COLLECTION PERMIT.

KULOBA . Z.ERICK

REG.NO: CBM5/10080/15

The above named is a bonafide student of Kisii university- Eldoret Campus pursuing a **Master's Degree course** in **Procurement, Logistics and Supply Chain Management** in the **School of Business and Economics**.


He is working on his research entitled "*Effects of Procurement procedures on Organizational Performance: A case of Moi Teaching and Referral Hospital* " in partial fulfilment for the requirement of the Award of Masters in **Procurement, Logistics and Supply Chain Management**.

We are kindly requesting your office to provide him with the permit to proceed to the field for data collection and completion of his research.

Please do not hesitate to call the undersigned for any verification.

Any assistance extended to him will be highly appreciated.

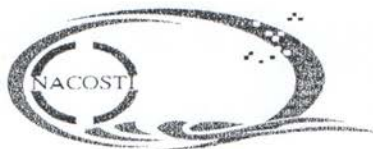
Yours faithfully,


Charles O. Ongiso (0722886205)

DEPUTY DIRECTOR - ACADEMIC AFFAIRS



APPENDIX III: NACOSTI RESEARCH AUTHORIZATION



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
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Website: www.nacosti.go.ke
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9th Floor, Utalii House
Uhuru Highway
P. O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

Date:

NACOSTI/P/16/67912/13069

28th September, 2016

Kuloba Zarai Erick
Kisii University
P.O. Box 402-40800
KISII.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Effects Of procurement procedures on organizational performance: A case of Moi Teaching and Referral Hospital,*" I am pleased to inform you that you have been authorized to undertake research in **Uasin Gishu County** for the period ending **28th September, 2017**.

You are advised to report to **the Chief Executive Officer, Moi Teaching and Referral Hospital, the County Commissioner and the County Director of Education, Uasin Gishu County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Chief Executive Officer
Moi Teaching and Referral Hospital.

The County Commissioner
Uasin Gishu County.

**THIS IS TO CERTIFY THAT:
MR. KULOBA ZARAI ERICK
of KISII UNIVERSITY, 7461-30100
ELDORET, has been permitted to conduct
research in Uasin-Gishu County**

**Permit No : NACOSTI/P/16/67912/13069
Date Of Issue : 28th September, 2016
Fee Recieved :Ksh 1000**

**on the topic: EFFECTS OF
PROCUREMENT PROCEDURES ON
ORGANIZATIONAL PERFORMANCE:A
CASE OF MOI TEACHING AND REFERRAL
HOSPITAL**

**for the period ending:
28th September, 2017**



**Applicant's
Signature**



**Director General
National Commission for Science,
Technology & Innovation**

APPENDIX IV PLAGIARISM REPORT



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EFFECTS **OF PROCUREMENT PROCEDURES** ON **ORGANIZATIONAL PERFORMANCE**: A CASE OF MOI TEACHING AND REFERRAL HOSPITAL, ELDORET KULOBA ERICK A PROJECT SUBMITTED TO THE POSTGRADUATE STUDIES IN **PARTIAL FULFILLMENT OF THE REQUIREMENT** OF THE DEGREE OF MASTERS IN BUSINESS ADMINISTRATION (PROCUREMENT, LOGISTICS AND SUPPLIES MANAGEMENT)OF THE SCHOOL OF BUSINESS AND ECONOMICS, DEPARTMENT OF BUSINESS KISII UNIVERSITY.