

**Role of Strategic Procurement on Successful Project
Implementation at Trademark East Africa**

**By
Bethwel Akuno Akong'o**

UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2018

**THE ROLE OF STRATEGIC PROCUREMENT ON
SUCCESSFUL PROJECT IMPLEMENTATION AT
TRADEMARK EAST AFRICA**

**BY
BETHWEL AKUNO AKONG'O**

**A Research Report Submitted to the Chandaria School of
Business in Partial Fulfillment of the Requirement for the Degree
of Masters in Business Administration (MBA)**

UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2018

STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signature _____

Akongó Bethwel Akuno (ID. 646384)

Date _____

This research project has been submitted as a course requirement with my full consent and approval by the appointed supervisor.

Signature _____

Prof. Lewa, Peter Mutuku

Date _____

Signature _____

Dean, Chandaria School of Business

Date _____

COPYRIGHT

©Copyright by Bethwel Akuno (2018)

All rights reserved. No part of this project report may be produced or transmitted in any form or by any means, electronic, mechanical, including photocopying, recording or any information storage without prior written permission from the author.

ABSTRACT

This report seeks to examine the role of strategic procurement in successful project implementation at TradeMark East Africa (TMEA). The study was conducted with data collected from respondents from across the five country offices where TMEA has operations. It was guided by the following research objectives; to determine the strategic procurement practices used by TMEA in project implementation. To establish the relationship between strategic procurement practices and performance in TMEA. To establish challenges faced in the adoption of strategic procurement practices by TMEA.

The study adopted a descriptive design in line with a study by Gill and Johnson (2006) on descriptive surveys that address specific characteristics of a selected population of subjects at a point in time, for the purpose of comparing the relationship between variables. The target population for the study was 148 employees of which 95 respondents participated in the survey. The study employed simple random and stratified random sampling techniques in sampling the population. Data was gathered from primary and secondary sources. The instruments that were used in the collection of data comprised of questionnaires and scrutiny of existing records for the secondary data. The outcomes of the study have been presented using the charts, tables and graphs with the values of the outcomes being indicated in percentages, percentage averages and averages.

The study obtained three key results which are; there exists highly functional strategic procurement practices at TMEA which leads to improved performance of the procurement department, strategic procurement plays a big role on successful project implementation at TMEA and that there are challenges faced in adoption of strategic procurement practices by TMEA. Lastly there are challenges affecting procurement function at TMEA.

The study recommended that TMEA should formulate policies through which these challenges can be overcome. TMEA should conduct research on how to improve the performance of the procurement department. Proper use of procurement strategies should be strictly followed to improve the procurement function performance and further research on how to improve the performance of the procurement department. Finally, the study recommends that technological change should be critically looked into as a mitigating

measure to reduce procurement risks while ensuring maximization of the procurement departments' potential.

These findings will be beneficial to TMEAs management, and the government of Kenya through public sector corporations, universities, colleges and consultancy firms.

ACKNOWLEDGEMENT

Working on this research project was a great learning experience for me. I would like to sincerely thank Professor Lewa, Peter Mutuku, for his valuable and continued guidance throughout this project that allowed me to delve deeper into this subject beyond my perceived capacity. I thank Jesus Christ for His amazing grace and love that kept me going, even when the demands of the project pushed me against the wall. I am also forever indebted to my wonderful family, my friends Julius Mwangemi, Martha Bande, Gilbert Dianga and Winnie Codawa who have been good mentors to me, offering unwavering support especially when I had to burn the midnight oil working on this project.

DEDICATION

To my wonderful family; my father John Vincent Akongo, my mother Roseline A. Samuel, and all my siblings.

TABLE OF CONTENTS

STUDENT’S DECLARATION	i
COPYRIGHT	ii
ABSTRACT	iii
ACKNOWLEDGEMENT.....	v
DEDICATION.....	vi
LIST OF TABLES	x
LIST OF FIGURES	xii
ACRONYMS	xiii
CHAPTER ONE	1
1.0 INTRODUCTION.....	1
1.1 Background of the Problem.....	1
1.2 Statement of the Problem	4
1.3 General Objective.....	5
1.4 Specific Objectives.....	5
1.5 Significance of the Study	5
1.5.1 TradeMark East Africa’s Management	5
1.5.2 Scholars and Academicians	6
1.5.3 Government and Policy Makers	6
1.5.4 Private Sector.....	6
1.6 Scope of the Study.....	6
1.7 Definition of Terms	7
1.7.1 Strategic Procurement.....	7
1.7.2 Procurement Practices	7
1.7.3 Supplier Management Practice	7
1.7.4 Procurement.....	7
1.8 Chapter Summary.....	8
2.0 LITERATURE REVIEW	9
2.1 Introduction	9
2.2 Strategic procurement practices in project implementation.	9

2.2.1 Procurement.....	9
2.2.2 Supplier management practice.....	10
2.2.3 Establishing a Procurement Council.....	11
2.2.4 Collaborative and Strategic Sourcing	12
2.2.5 Establish alliances with key suppliers	13
2.2.6 Appropriate levels of control and minimize risk.	14
2.3 Strategic procurement and performance	15
2.3.1 Procurement Performance Measurement.....	15
2.3.2 Achieving organization performance	17
2.3.3 Procurement strategy and performance	18
2.4 Challenges in adopting strategic procurement practices	20
2.4.1 Procurement sourcing and related activities.....	20
2.4.2 Strategy Implementation.....	21
2.4.3 Challenges of Implementing Procurement Strategy	22
2.4.4 Measures to Mitigate the Challenges.....	24
2.5 Chapter Summary.....	25
CHAPTER THREE.....	27
3.0: RESEARCH METHODOLOGY	27
3.1: Introduction.....	27
3.2: Research Design.....	27
3.3: Population and Sampling Design	28
3.3.1: Population.....	28
3.3.2: Sampling Design	28
3.3.2.3: Sample Size	29
3.4: Data Collection Methods.....	30
3.5: Research Procedures	31
3.6: Data Analysis Methods	31
3.7: Chapter Summary.....	32
CHAPTER FOUR.....	33
4.0 RESULTS AND FINDINGS	33
4.1 Introduction	33

4.2 Demographic and Reliability Rate	33
4.2.1 Response Rate.....	33
4.2.2 Demographic	33
4.2.3 Nationality	35
4.2.4 Reliability Test	35
4.3 Established Supply Chain Council.....	37
4.4 Strategic procurement practices at TradeMark East Africa	38
4.5 Establishing the relationship between strategic procurement practices and performance in TMEA.	40
4.5.1 Analysis of Variance	43
4.6 Challenges facing procurement functions	44
CHAPTER FIVE	47
5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	47
5.1 Introduction.....	47
5.2 Summary of Findings	47
5.3 Discussions.....	48
5.3.1 Strategic procurement practices	48
5.3.2 Establishing the relationship between strategic procurement practices and performance in TradeMark East Africa.	49
5.3.3 Challenges facing procurement functions	51
5.4 Conclusions.....	52
5.4.1 Strategic procurement practices	52
5.4.2 Establishing the relationship between strategic procurement practices and performance in TradeMark East Africa.	53
5.4.3 Challenges facing procurement at TMEA.....	53
5.5 Recommendations.....	54
5.5.1 Recommendations for Improvement.....	54
5.5.1.1 Strategic procurement practices.....	54
5.5.1.2 Relationship between strategic procurement practices and performance in TMEA.....	54
5.5.1.3 Challenges facing procurement at TMEA	54
5.5.2 Suggestions for Further Research	55

REFERENCES.....	57
Appendix I: Research Questionnaire.....	63

LIST OF TABLES

Table 3. 1: Population	28
Table 3. 2: Sample Frame	29
Table 4. 1: Reliability Statistics.....	36
Table 4. 2: Item-Total Statistics.....	36
Table 4. 3: Strategic Procurement Practices	39
Table 4. 4: Procurement Performance Table	40
Table 4. 5: Coefficients of Variables Table	42
Table 4. 6: Model Summary	43
Table 4. 7: ANOVA.....	44
Table 4. 8: Challenges Facing Procurement Functions Table	45

LIST OF FIGURES

Figure 4. 1 Total respondents.....	34
Figure 4. 2 Procurement staff.....	34
Figure 4. 3 Nationality	35
Figure 4. 4 Existence of supply chain council	37

ACRONYMS

ANOVA	Analysis of Variance
CEO	Chief Executive Officer
CIPS	Chartered Instituted of Procurement and Supply
DCEO	Deputy Chief Executive Officer
DFID	Department of International Development
GOK	Government of Kenya
ICT	Information Communication and Technology
NGOs	Non-Governmental Organizations
PPAB	Public Procurement Advisory Board
PPARB	Public Procurement Administrative Review Board
PPMS	Procurement Performance Measurement Systems
PPOA	Procurement Oversight Authority
SCC	Supply Chain Council
SCM	Supply Chain Management
SLA	Service level agreements
SMP	Supplier management practices
SS	Strategic sourcing
TMEA	TradeMark East Africa
UNDP	United Nations Development Programme
UON	University of Nairobi

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

TradeMark East Africa (TMEA) is a Non-Governmental organisation funded by a range of development agencies with the aim of growing prosperity in East Africa through trade. TMEA believes that enhanced trade contributes to economic growth, a reduction in poverty and subsequently increased prosperity. TMEA works closely with East African Community (EAC) institutions, national governments, the private sector and civil society organisations to increase trade by unlocking economic potential through: Increased physical access to markets, enhanced trade environment, and improved business competitiveness (TMEA, 2018).

According to a World Bank report (World Bank, 2015) TMEA has been in existence for a period of seven years of project implementation, whilst the scope and detail of some sub-components, and the associated costs been able within a record time implemented most of its projects. The company has used different strategies to ensure speedy implementation of these projects, pursue competitive strategies to gain leverage over other NGO's.

Over the years, the importance of procurement function has increasingly been emphasised within the overall context of supply chain management. It is also noted that there has been a tremendous growth in e-business especially e-procurement. This growth has contributed to the effectiveness of the procurement process in most organization within the context of the supply chain (Kim & Suresh, 2015).

Most Government have started the process of outsourcing most of their service provision to the private sector. In addition the performance and standards of operations of the public sectors organizations is expected to continually grow in providing service to the general public. Therefore this outlines how the outsourcing of this function makes procurement to become a strategic issue. The approach to procurement has changed significantly for public clients in the construction industry. This change is attributed to the move from the traditional approach of procurement over the two decades and adopted a range of strategies i.e. Design & Build, Design-Build-Maintain, Private Finance Initiative, and Partnering and

Project Alliancing. These alternatives have been coined as “project delivery systems” (Plantinga & Dorée, 2016).

Handfield et al. (2013) explained that most companies had to re-examine their approach to managing most of their supplies and overall supply base because of the increase in competitive pressure from other related companies. As a result the main focus of the companies became the re-engineering of their core competences, forming alliances with other companies which further led to outsourcing of most their components and services. In this light they further alluded to the fact that a strategic view of purchasing should be regarded as a strong strategic weapon, having its main aim to be the creation of a strong alliance with likeminded companies thus achieving an increase in competitive advantage. Collaborative relationships and partnerships with suppliers usually create a very strong positive influence on the overall performance of a company in the long run. This can only be achieved through having joint resources and knowledge sharing.

If appropriately structured, strategic sourcing can successfully combine the core capabilities of a given firm with the abilities and competences of its suppliers. Sourcing as a decision is important for any organization that wants to increase on its core competencies and outsource other activities in order to gain and retain competitiveness (Eltantawy, Giunipero and Handfield, 2014).

With this understanding and considering the Government-Development Partner-Private Sector nexus with which this assessment is done, the significance of strategic procurement as argued by Chartered Institute of Procurement and Supply (CIPS, 2016) includes way targeted to decreasing supplier base, communication, maintaining long-term relationships with suppliers and, negotiations. This is relevant particularly with the backdrop of globalization, the enhancement of cost-saving communications, improved procedures and logistics, competition, increased consumer demands, creating of environmental awareness and being transparency.

According to a research conducted by Masiko (2013) it was established that strategic procurement can be examined from three major extents namely: internal operation of procurement functions and coordination of purchasing with other functions within the firm, efforts to meet or exceed customer expectations, and development and management of key suppliers. Strategic procurement is seen as one of the major functions of an organization

with the prospective to; reduce cost, increase operational competence, access to important suppliers, and develop in the quality of products or services, sharing of best practices among others. Organizations management on the other hand greatly stands to use the well-defined resolutions and activities in equating with the procurement outcomes so that development can be outlined. More notably the buying firm gets its value for money through reasonable procurement procedures from the existing range of suppliers. For any purchase to happen in strategic procurement, it has to begin with what is required in the organization thereby removing the likelihoods of excesses in purchasing.

Kiplagat (2010) states that that procurement should always be considered as a calculated participant in the value chain as it typically denotes one of the major expense items in a firm's cost structure particularly government agencies. An assessment of strategic procurement efficacy should comprise of how much does the procurement function costs, how much value it brings to the overall organization, whether it is directed at the goals that support the strategic plan of the whole organization and what advancement is being made towards achieving these goals.

This study therefore defines procurement as a practice that directs all sourcing activities in the direction of opportunities that facilitate an organization to attain its long-term operational and organizational performance objectives. It comprises of a wide array of activities namely creating a general strategy for sourcing, assessing and picking of suppliers, buying of good and services and managing supplier affairs (Mutua & Juma, 2018).

The procurement process should also be made accountable for the basic load of the organization and questions should be asked on whether the infrastructure is being developed to meet the needs of the organization, by optimizing administration and inventory management. The study also recommends that organizations should ensure they have competent employees in procurement and strategic management to chart a way forward for the procurement function. The organization should analyze how effective its staff training plan is at growing the professional competency and the strength of the purchases management function. Successful implementation of value-based management in this complex procurement function requires well-trained and educated employees (Kiplagat, 2010).

Ogutu (2012) states that Non-Governmental Organizations (NGOs) have been a major player in the international trade for quite some time. He further states that a greater percentage of NGOs from developing countries are becoming main players in the worldwide economy. NGOs involve themselves in useful and fruitful activities in developing countries, such as, creating opportunities for employment, contributing to the country's gross national product, and availing a broader variety and better quality products. Kenya has seen a rise in the presence of NGOs in the past three decades. Increased competition amongst the NGO's and the entrance of additional players compels them to design competitive strategies that will guarantee performance. Coming up with these strategies for handling stiff competition is the heart of strategic procurement which is the key to the long term existence of any organization.

1.2 Statement of the Problem

Procurement has strategically over time been a leading player in the world's business structure, and thus ought to be considered as an important player in the management of any organisation globally. The effectiveness of the international markets have forced most businesses to implement advanced skills in reducing waste and work towards increasing profits which is the core of most organisations. Where there is lack of strong procurement policies and strategies, organisations are therefore not necessarily capable of assessing the economic risks associated with any contracting processes, procurement and tendering, regardless of how minimal the risks are involved in the entire process. Strategic procurement is necessary for effectiveness of a procurement function in any organization and managing of such risks. The general procurement performance rest on how healthy it is strategically positioned to assist the organization. If not well managed, the organization's value approval process will be endangered and procurement in its entirety will lose its focus leading to inadequacies that will expose the firm to risks (Masiko, 2013).

Coming up with a firm competitive strategy is basically developing a comprehensive procedure of how a business would compete successfully in the relevant industry. TMEA has adopted the use strategic procurement through concentrating on different procurement strategies, purchasing, supplier selection, procurement forms and methods, procurement types, procurement relationship in industry, buyer-supplier relationship, and the sourcing team (World Bank, 2015).

While TMEA undertakes procurements for various projects it delivers, this study particularly considers procurements related to its infrastructure projects. Infrastructure is considered a key development undertaking for TMEA, but also one with potential of massive loss of time and cost resources through flawed procurements, the shortcomings includes the lack of a robust procurement system, lack of guidelines governing procurement of works, non-existence of sanctions on individuals who breached regulations, poor procurement record keeping and weak dispute resolution mechanisms (GOK, 2012). Existing bodies of literature have pointed to procurement flaws as one of the contributing factors that stall and lead to the failure of infrastructure projects in developing countries (UNDP, 2010). However, not much of this literature has focused on monitoring of the Strategic Implementation process in the aid for trade interventions like TMEA and transition from a clerical process to a socioeconomic procurement unit. Therefore this research seeks to address this gap by examining the role of strategic procurement in project implementation, monitoring of the strategic implementation at TMEA.

1.3 General Objective

The study seeks to determine the role of strategic procurement on successful project implementation at TMEA. The specific objectives of the study are as follows:

1.4 Specific Objectives

1.4.1.1 To determine the procurement Strategies used by TMEA in project implementation.

1.4.1.2 To establish the relationship between strategic procurement and performance in TMEA.

1.4.1.3 To establish challenges faced in adoption of procurement strategies by TMEA.

1.4.1.4 To find key lessons arising from the findings of this study.

1.5 Significance of the Study

This study will be valuable to the following groups:

1.5.1 TradeMark East Africa's Management

The study findings will be important to TradeMark East Africa's Management. The findings will also shed light on how strategic procurement assists an organization perform its functions effectively and how it relates to the overall project implementation. Apart from

TMEA the findings will also be of importance to other public entities and other government units since its findings will shed light on the importance of strategic procurement in the public sector. The public agencies can therefore use these findings to enable them formulate policies and strategies that will enable procurement play a positive role in enhancing government competitiveness in provision of services to the citizenry.

1.5.2 Scholars and Academicians

The study will provide scholars and academics with more knowledge on how strategic procurement can play a role in enhancing the performance of an organization. The findings from this study can also be used by students and the academic fraternity in training about strategic procurement and its role in the organization. The limitations from this study can be worked on by future studies to make information from these future studies more valid and reliable.

1.5.3 Government and Policy Makers

The findings of this study would be important to policy makers in government bodies as they would guide the decision-making processes on the subject of strategic management for procurement departments in government organizations. This will result to creating lean procurement processes in public sector hence enhancing operational efficiency of the government organizations in service delivery to the public.

1.5.4 Private Sector

The result of this study would add value to the private sector as it would provide useful basis for further studies on the effect of strategic management in procurement processes and operational efficiency. The findings could contribute to existing knowledge by enhancing the understanding of the importance of incorporating strategic management to specific lines of production in firms that fall within the private sector.

1.6 Scope of the Study

The study was undertaken at TMEA Nairobi Kenya, Dar es Salaam Tanzania, Juba South Sudan, Kampala Uganda, Kigali Rwanda, and Bujumbura Burundi. The study involved all the procurement staff and other staff members in the institution. The study specifically gathered data on the effect of procurement strategies, challenges in implementing the

strategies and the relationship between procurement strategies and performance in TMEA. The study was undertaken within duration of six months.

1.7 Definition of Terms

1.7.1 Strategic Procurement

Kiplagat (2010) defines strategic procurement as a new field for empirical measurement beyond the basic monitoring of procurement processes. He states that preceding research has previously shown that there is importance in organizing supply chain resources, structure, strategy, approach, responsibilities, and policies have made project implementation more effective. A further definition by Audi (2014) states that strategic procurement is the process of alignment, creating and consistency of action that establishes the extensive variety of objectives and inclusive strategy or course of action by which procurement functions fulfils its mission.

1.7.2 Procurement Practices

Procurement practice is defined as information gathering, supplier contact, contracting, requisitioning, and intelligence (O'Brien, 2014).

1.7.3 Supplier Management Practice

Supplier management practices are defined as a sequence of activities which involve attributes of planning, implementing, developing, and monitoring organizations relationships with existing and potential suppliers. Its purposes is to organize the optimal flow of high quality, value for money materials to manufacturing companies from the right set of state-of-the-art supplier (Nathan *et al.* (2015).

1.7.4 Procurement

Lim (2014) describes procurement as a process which entails of acquiring goods, services and work that is vital to an organization. Worldwide, public procurement has become an issue of concern and debate, and has been subjected to reforms, restructuring, rules and regulations (Kabega, Kule & Mbera, 2016).

1.8 Chapter Summary

Chapter one presents the background information to the research problem, identifies the problem statement, states the purpose of the study and lists the research questions addressed in the research project. It also presents the rationale, scope and definition of terms used. Chapter two presents the literature review. It discusses the existing research literature on strategic procurement practices, relationship between strategic procurement practices and challenges faced in adoption of strategic procurement practices. The discussion tackles all the research questions posed and provides a firm theoretical background for the study. Chapter three, the research methodology, presents the research design, population and sampling design, data collection methods, research procedures and data analysis methods used in the study.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

A literature review in the positivism approach is the acknowledgement that previous works have brought to the background the particular subjects of study and that new information can be gathered by recognizing and building on that. Research in this view is aimed at making new contributions to knowledge by adding on to the existing theories developed and it does so through challenging and building on what has been developed. In this chapter, a discussion of the previous works on procurement in governmental agencies, its contribution to the organizational goals and challenges in this field is presented.

2.2 Strategic procurement practices in project implementation.

Strategic procurement is the process of forming alliances, consistency of action and creating alignment that establishes the long range goals and an all-inclusive strategy or course of actions through which a procurement functions realizes its mission. It therefore looks at the goals, transformation of the missions of organizations, and objectives into quantifiable activities to be used in planning the budget and manage the procurement function. Strategic procurement practice can be looked at from different dimensions mainly being: internal operations of procurement functions, coordination of purchasing with other functions within an organization, efforts to achieve or exceed customer expectations and finally the development and management of key suppliers. Strategic procurement practices is seen as a crucial functions of an organization with the potential to; help save costs, improve operational efficiency, access to reliable suppliers, and improve the quality of product or service, sharing of best practices etc. (Masiko, 2013).

2.2.1 Procurement

Procurement is a sequence of related activities essential for a just-in-time acquisition of goods and services, to satisfy the requirements of the users and fulfil the goals of organisations. Procurement activities should therefore be linked to organisational objectives, stakeholders' expectations and plans formulated by the management.

Procurement therefore seeks to secure high quality goods and services to meet customer requirements; efficiently and cost effectively (Schapper, Malta & Gilbert 2006).

Kiarie and Maruri (2015) alluded to the fact that recent past procurement practices are ever changing, interconnected through networks that are progressively lengthening and spanning the globe. They further stated that procurement as a practice integrates several firms' operations and support functions, harmonising production with new orders, purchasing only with demand, scheduling and shipping with specific customer requirements.

According to O'Brien (2014), when a procurement practice is well implemented in an organization it forms an efficient, quick and accurate management tool that aids in reducing the cycle of time and builds reliability thus impacting positively on a firms overall performance.

Luke and Mofokeng (2014) concluded that the provision of services through the procurement of goods and services will always require an organization to institute proper strategic leadership and management practices. They concluded that in the event of an inappropriate planning, under-spending of budgets and an ineffective procurement practices, will in evidently form part of the reasons for poor service delivery as this will restrict the easy flow of goods and services to the right places.

2.2.2 Supplier management practice

Supplier management practices (SMP) incorporate planning, implementing, developing, and monitoring the firm's affiliation with existing and prospective suppliers. A number of big firms have effected supplier management programs to aid with improving the performance of its suppliers (Li et al., 2013). However, improving solely on the suppliers' competence is not sufficient to address the question of the suppliers' performance which eventually affects the chain performance. Suppliers' performance can also be affected by various factors, such as, organizational setting which guidance the upstream undertakings of the supply chain and will be of a great significance in determining the overall performance of the supply chain.

Grete et al. (2013) expounded that SMP is an important foundation for an organizations because it helps develop a sustainable competitive advantage and to remain at the top of

other key players in the same level playing ground. Responsiveness of the supply chain does not hinge on solely at the single organization's performance but also on the suppliers' performance as well. Hence, it is imperative to consider the issue of supplier's management practices.

Nathan *et al.* (2015) concluded that supplier management practices is characterised by sets of activities at the beginning of firm's interaction with its suppliers. They further argued among others, two types of supply chains. These included a lean approach and an agile approach to match two types of products i.e. standard products and innovative products. They explained that lean supply chain approach is designed at coming up with cost efficiency while an agile supply chain approach is intended at being flexible and responsive by responding fast and efficiently to dynamic customer needs. Corresponding to these two kinds of supply chains approach, it is possible to identify lean approach and agile approach to supplier management practices. Lean supplier management practices are usually related to activities based on the dealing with suppliers that are mostly dedicated to reducing the inventory and putting more emphasis on improving the quality in the supply chain, with the outcome being total elimination of waste. Nathan *et al.* (2015) suggest that an important feature of lean supplier practices is generally minimization of entire lead-times in the supply chain since by characterisation excess time is waste and leanness calls for eradication of all waste.

2.2.3 Establishing a Procurement Council

A procurement council gives direction and helps line up all procurement strategies with the organization's overall corporate strategy. The composition of the council is comprised of the appointed members by either the top management or shareholders who in most cases would be corporate executives, business unit managers, and other key company leaders. The council's will usually work to prevent any conflicts that may arise between the supply chain objectives and the company's corporate objectives by providing continuous and constant validation to ensure that the supply chain strategy directly connects with the corporate strategy (Audi, 2014).

According to Li *et al.* (2013) Supply Chain Council (SCC) supports the company to examine the alignment of their supply chains. It also helps detect and remove redundant practices along supply chains that would create any bureaucracies. SCC also provides a

platform for seamless linkages between different business units. An active SCC will usually create opportunities for business unit leaders to bring in valuable information that would draw a road map for coming up with the organization's future strategies and projects. In conclusion, SCC defines a workflow of how different processes interact in the supply chain practice right from a supplier's supplier to a customer's customer.

2.2.4 Collaborative and Strategic Sourcing

Handfield *et al.*, 2014 generally describes strategic sourcing (SS) as a process that directs all sourcing activities toward opportunities that enable the firm to achieve its long-term operational and organizational performance goals. Norris-Tirell and Clay (2010) defined strategic collaboration as a deliberate and collective approach to addressing issues through building of knowledge sharing , Coming up with innovative solutions and finally, forging significant changes. They argued that most problems faced by managers in today's world are too complex to be addressed individually or by organizations working independently in their silos.

In a study by Onyango (2014) to ascertain strategic collaboration amongst retail supermarkets in Kenya, he stated that the benefits of strategic collaboration are immense and the most important being the building of strategic business relationships crucial for effective and operational efficiency of the company. Onyango (2014) further revealed that the most valued benefits to strategic collaboration among the retail supermarkets include improved flexibility, improved resource utilization, persuading retailers to give special brand displays thereby increasing sales and building relationships with customers and suppliers. Understanding business relationships with key stakeholders is crucial to developing operational strategies to improve business performance.

In a study conducted by Boraya (2013) he argues that supply chain collaboration is an arrangement where there are no losers and also provides improved organizational success for both parties. It may also be considered as a stepping stone for future competitive performance. Through the collaborative strategies and integration, the supply chain becomes a cobweb where a sequence of relationships form to make sure that at the end all customers receive value from efficient and effective processes that deliver the best products and services to market.

The objective of collaboration is to realise operational effectiveness and strategic efficiency in the supply chain through integration. Achieving these objectives will require focussed commitment and coordination with other firm's business units, functional areas and processes. In other words, external interdependencies must be achieved while, at the same time, organisations endeavour to safeguard their internal interest. Thus therefore, supply chain collaboration includes integrating cross-functional business processes within an organisation, as well as integrating practices between key members of the supply chain (Lambert et al., 2015).

2.2.5 Establish alliances with key suppliers

In reaction to the ever-changing currents of globalization, technology, and outsourcing, leading organizations have taken extraordinarily different methodologies to dealing with their suppliers. Most organizations have adopted strategic alliances and partnerships, while others continue with pushing ahead into the competitive on-line world through the internet. Firms like General Electric based in the United States of America embraced the web well before many similar firms had even thought of using the internet to automate its procurement functions. This strategy was very quickly replicated by other smaller firms seeing them forming alliances with online shopping companies like Amazon, e-bay, Alibaba etc. Aircraft manufacturing giants like Boeing and Daimler-Chrysler have carefully managed strategic alliances (Pyke & Johnson, 2015).

Siew-Phaik, Downe and Sambasivan, (2013) concluded that for an effective alliance, companies should adopt a structural model for customers which consists of four major paths:

- Environment- strategic alliance motives in relation to capital and outcomes;
- Environment -strategic alliance motives which is interdependent between manufacturers, customers relationship;
- Asset specificity in relation to perception of opportunistic behaviours and relational capital alliance outcomes; and
- Assets specify which is interdependent between manufacturers, customer's relationship.

Siew-Phaik *et al.*, (2013) stressed that the models that are used in forming strategic alliances with suppliers can as well be used for customers. However, the customers' alliance model has some significant differences from the suppliers' model and they highlighted these differences as; First, the relationship between environment and alliance motives is stronger with suppliers than for customers. They further discussed that the environment is uncertain and very turbulent due to ever changing customers' needs thus forcing manufacturers to form very strong alliances with their suppliers. Second, the direct relationship between alliance motives and relational capital is significant for alliances with customers but not significant for alliances with suppliers.

2.2.6 Appropriate levels of control and minimize risk.

Vasile, Croitoru & Vitran (2013) defined risk as the management of processes planned and recognised by management and implemented by the entire staff within the different business departments within the organization. This process consists of: defining the organization's risk strategy; identifying and evaluating any potential risks; putting in control measures for risk; risk monitoring; continuous reviewing of risk and reporting situations of risks.

Vasile *et al.* (2013) advises that the process of risk management should not be linear, risk management may have an influence on other risks as well and actions identified as being effective in preventing an occurrence and keeping risk within satisfactory limits may prove advantageous in controlling other risks.

According to the Chartered Institute of Procurement and Supply (CIPS, 2016) risk management should form an important part of good purchasing and supply practice. It is important to address the very specific risks and use the identified strategies in managing risks. Organizations should be well aware of the sources and drivers of risk before coming up with risk mitigation strategies which may necessitate the addition of capacity i.e. employing more staff, increasing inventories, having more suppliers than required leading to redundancies, increasing responsiveness, increasing flexibility, grouping or pooling demand, increasing capability, or having more than required customer accounts. Moreover, supply risk management undertakings can encompass process improvement, safeguard strategies, developing strategic alliances and developing suppliers.

Ngugi (2013) ascertained that supply chain risk management practices adopted by mobile telecommunication companies in Kenya have been compounded by the fact that all of these companies have established supply chain risk management departments. The study noted that all mobile telecommunication companies have adopted personnel security reviews and enhanced perimeter defense systems as the main supply of chain risk management. The companies have ensured a standardized process for pre-qualifying suppliers, an integrated information technology supply chain life cycle testing/assurance approach and process integration have been adhered to. He concluded that it is necessary to create multifunctional logistics and quality teams that include other departments to support supplier

2.3 Strategic procurement and performance

According to a research by Muema (2016) it was established that first supplier segmentation strategy will contribute in a large extent to the procurement performance and then followed by supplier performance management strategy. Zimmermann, et al. (2015) also stated that the achievement of a good procurement performance is strictly dependent on the procurement function as a skill to manage expenditure and deliver value for money for the organization. The benchmarking is pegged typically on expenditure and the business criticality. The supplier segmentation process is a prerequisite to setting up operational governance with strategic suppliers. Muema (2016) continues to states that organizations that have embraced supplier relationship management culminate in refining their supply chain performance. Continuous maintenance of a well-intentioned relationship with the suppliers will safeguard an organization from the technical hitches of quality, increased inefficiency and henceforth improve performance. This applies to all organizations globally, whether business oriented or humanitarian in nature. The supplier is made part of the business and will constantly keep that particular business in mind (Zimmermann, et al 2015). Firms are destined to encourage and maintain long term associations with suppliers by information sharing, management the supplier performance and by means of information technology in supply chain management.

2.3.1 Procurement Performance Measurement

Audi (2014) concluded that there is no universally accepted system from the various Procurement Performance Measurement Systems (PPMS) that have been documented by different scholars. Thus each firm needs to carefully select a procurement performance

system that uniquely supports the realization of its objectives. Some of PPMS include; the Balance Scorecard, the performance pyramid system that connects strategy with operations and the performance practice that adopts a stakeholder centred approach to performance. Current procurement and supply chain performance measurement systems comprise of a variety of processes which fall into two most important categories: effectiveness measures and efficiency measures (Handfield, 2009).

In a study to establish the role of procurement practice in organization's performance Shale and Ayuke (2014) argued that the potential of procurement strategy in improving organizational performance have been widely proven in a number of studies. And therefore the performance of organization is measured through products and service quality, satisfaction from customers, market performance, innovation services, and employee relationships.

Kihanya *et al*, (2015) stated that competitive companies must always strive to have high quality products and provide a high quality level of service by adding great value to the chain. They further argued that if an organization reduces its lead time and be able attaining faster delivery, the company's competitiveness will be significantly enhanced. Within a supply chain framework, the speed at which both goods and services are delivered and reliability have turn out to be significant requirements for competitive differentiation and increased profitability and these two factors are a good measurement of the supply chain overall performance . Lead time, delivery time and on time delivery are all significant SCM measures as their measurement will have a dramatic influence on quality of Supply chain management.

A Shorter lead time will improve root-cause-corrective action systems. Short lead time also shorten the time from problem creation to problem detection. The shorter this time is, the greater the probability of identifying true root cause and implementing effective corrective actions. This results to increased capacity, throughput and sales. An organization can also use short lead time to justify premium pricing (Kihanya *et al*, 2015).

Kilonzo (2013) states that there is a relationship between procurement best practices and a company's profitability. The study concludes that procurement best practices that are followed when making company purchasing decisions lead to building of supplier relationships, creates a team-based approach to procurement and proper use of information

and technology. Implementing procurement best practices may significantly improve the effectiveness of procurement decisions. Kilonzo further alluded to the fact that through procurement best practices the company focuses on achieving key performance indicators on different aspects of the procurement system, including cost, quality and timeliness of processes, system productivity and system integrity. The procurement system is influenced by culture and technology. The aspect of how to control and coordinate the activity between the companies in the supply chain and how Information Communication and Technology (ICT) affects the level of control integration in the supply chain is of great importance.

Masiko (2013) conducted a study on strategic procurement practices and procurement performance among commercial banks in Kenya focusing majorly on six strategic procurement practices, In his study he focused on the strategies contribution to the success of procurement functions, he came to the conclusion that strategic procurement practices and procurement performance are positively related i.e. with appropriate strategic procurement practices, the bank's procurement performance was positively affected and where the procurement was not proper, then the performance was negatively affected.

2.3.2 Achieving organization performance

According to Kaplan and Norton (2001), performance is an examination of a company's performance in comparison with the corporate strategies goals, goals and objectives. It can be further be defined as the product of work this is because in their study they provided and proved existence of a strong link of performance to the strategic goals of company, customer satisfaction and economic contributions.

Competitive strategy is primarily the result of the patterns of decision making and decisions made by business unit managers to guide the organisation on how to compete in the every turbulent business environment, by enhancing value to the processes that have an influence to the organisational performance (Bozkurt et al., 2014; Acquah and Agyapong, 2015). Porter (1980) identified that strategies for organization to apply in achieve a competitive advantage addressed above and realising an above-average performance in any business spheres y are cost leadership, differentiation and focus. Seedee (2012) argues that each of the generic strategies involves a fundamentally different direction to realizing performance, and organisations must decide what competitive advantage to pursue form the porter's

competitive strategies (cost leadership, differentiation or focus) to achieve an above-industry performance.

In a study by Leiyang (2016) to investigate the relationship between procurement practice and performance at the University of Nairobi (UoN), she concludes that the UoN has adopted the procurement practices to a moderate extent and that there is a relationship between the practices of procurement and organizational performance. Practices of procurement which are followed by UoN include: inventory management, procurement monitoring, procurement controls, procurement planning, and training workforce. However, only procurement planning and training of staff were found to influence the performance of the university.

The application of the practices of procurement in the organization is founded on proper planning. Through proper procurement planning, a firm can be sure of increasing its performance level in form of productivity, cost cutting, quality of goods and services delivered as well as deliveries being made on time. Training on the modern practices of procurement is an important recipe in the formation of solid ground which can lead to better performance of an organization. Employees are able to get more knowledge and skills on procurement subject which can enable them have an easy time in their daily operations of offering procurement services (Leiyang, 2016).

2.3.3 Procurement strategy and performance

Kalau (2016) in a study to establish E-Procurement Strategies and Performance in Kenya-Owned Parastatals, found out that the significant variables in determining a good procurement performance were reduced lead times, reduced paperwork, cost saving measure in tendering process, minimized redundancies and almost non-existent bureaucracies as the most important variables observed to have an influence on their supply chain performance.

Major e-procurement benefits as low supply and tender cost, lead time savings, simple order process, reduced paper work, reduced redundancy, less bureaucracy, standard operating procedures and documentation standardization, online reporting, ensured processes and procurement laws and regulations compliance, reduced errors and ease of information access. It is paramount for an organization to periodically evaluate the key

aspects of e-procurement strategies since it is paramount in the control and evaluation of the overall performance of the organizations (Kalau, 2016).

Githeu (2014) in a study to ascertain supply chain management practices and performance of commercial banks in Kenya found a relationship between Supply Chain Management Practices and Performance. The study finds that three variables out of the six, namely Supplier Relationships, Reverse logistics, and Outsourcing were found to have strong statistically significant relationships with performance. The other three variables, namely Information Technology (IT), green Supply Chain Practices and Lean Suppliers were found to have weak relationships which were not statistically significant.

Githeu (2014) further argued that that commercial banks in Kenya chose and adopted collaboration with suppliers on long term relationships, preparation of specifications with suppliers, existence of a supply chain data base, integrated information technology and existence of an environmental policy. The study found that IT influences bank performance. It found that effective automated ordering system in the organization allows data to be easily shared between suppliers hence influencing bank performance.

Porter, (1985), highlighted that the integration of strategic management in the procurement processes of companies enables them to improve their position in terms of costs or in terms of their differentiation towards customers, thus gaining competitive advantage.

By ensuring the flow of goods and services in the organization with the aim of leaning the procurement processes and enhancing the competitiveness of firms so as to avoid wastage and ensuring efficient utilization of resources and also enhancing buyer-supplier partnership leading to lean procurement in a firm.

Musau (2014) in his study on strategic management of procurement processes and operational efficiency of major oil companies in Kenya, concluded that that integration of strategic management in the procurement processes has enabled the organization to improve its position in terms of costs or in terms of their differentiation than competition and that strategic management enables coming up with managerial decisions and actions that determine the long-run performance of the organization (porter, 1985).

2.4 Challenges in adopting strategic procurement practices

Wachira (2013) discussed that one of the key responsibilities of the person(s) charged with procurement in any institution would be to ensure that the procuring entity finds a supplier who is both reliable and also provides goods or services that match the value of the money expended. This should happen in an efficient manner that flows according to the established guidelines and regulations of procurement. Wachira further highlighted that lack of involvement of other supplementary persons such as heads of departments in the preparation of the procurement plans and shortage of manpower to handle the various responsibilities leadings to procurement of poor quality products or services. Wanyonyi (2014) studied challenges of procurement strategy implementation among road agencies in Kenya and concluded that the challenges of implementation emanated mainly from poor leadership, lack of adequate resources, frequent management changes and lack of strategy communication.

2.4.1 Procurement sourcing and related activities

Strategic sourcing is defined as “a collaborative and structured process of critically analyzing an organization’s spending, and using this information to make business decisions about acquiring commodities and services more effectively and efficiently (Hawkins, Nissen, & Rendon, 2014).

Jensen (2017) alluded to the fact that strategic sourcing is theoretically related to the classical corporate management question of making or buying and related to this, coordination based on corporate organization (hierarchy) or market. He further stated that strategic sourcing can be seen as a narrow and short term economical question of finding the cheapest solution, but it can also be regarded as a strategic issue, where long term benefits and risks are more in focus.

Strategic sourcing consists of processes of planning, evaluating, implementing and controlling all sourcing activities undertaken by an organization to achieve its long-term goals. The principal objective of strategic sourcing is to effectively handle situations when faced with supply, competitive, and demand uncertainties and is achieved by developing a set of practices through which certain flexibilities could be obtained to face these uncertainties. Strategic sourcing enables an organization to identify and select suppliers through strategic long term partnerships, by providing benchmarks, laying emphasis on

supplier performance and providing feedback to suppliers. Moreover, in today's business context organizations compete in a global environment and operate in multiple markets and geographical locations (Kausik & Mahadevan, 2011).

2.4.2 Strategy Implementation

Oginda (2014) in a study to ascertain challenges in adopting procurement strategy at Kenya Power and Lighting in Kenya, found out that in as much as strategies could be brilliant, they do not assure effective performance. How the strategies are implemented matters in determining organizational performance. He further went ahead to define strategy implementation as the process through which a chosen strategy is put into action. It is concerned with the design and management of systems to achieve the best integration of people, structures, processes, and resources, in reaching organizational purposes. It may also be said to consist of securing resources, organizing them and directing their use within and outside the organization. In putting strategy into action, the action must translate into results which are acceptable. The notion of strategy should be associated with a long-term development concept which defines objectives and ways to achieve them (Kaleta, 2013).

Basic strategic choices concern the very sense of a company's existence, its vision of the future, definition of markets and products as well as the predominant action model. Strategies may be associated with an action plan prepared on all levels of the strategic management system setup. (Gierszewska et al., 2013), suggested that strategy is a collection of objectives (tasks) enveloped in programmes and plans, which provides a model for decisions concerning the enterprise's position and identity, its capacity to make use of its strengths and the probability of succeeding in the market.

Burlton (2015) states that every strategy requires that it should first be designed and thereafter implemented. The strategy implementation phase is the most problematic one, and it usually creates the most serious difficulties stemming from the emerging doubts, being consequences of complexity of the given problem. Succeeding in strategy implementation is particularly difficult in practice. Classically somewhere in the range of half of all ideas described in strategic plans never see the light of day. Burlton argues that a strategy well defined is but a half of the success. Most strategies which did not bring the expected outcomes had deserved their fate not because they were lacking a clear vision, but because they were lacking appropriate implementation.

Kaleta (2013) claims that as much as 95% of good strategies never succeed in being effectively implemented due to the mistakes made in the application stage. All observations and strategic management practices also seem to confirm the foregoing regularities with regard to Polish enterprises. It is much easier to create visions, ideas or to develop growth concepts than to apply them in life. The mistakes made in the implementation phase cause that a decided majority of strategies come to a sad end on office shelves, which undermines the very sense of any procedures of strategic management. The key elements of strategy implementation are business processes and organisational units (Simon et al., 2014). Yaprak et al. (2011) claim that efficient implementation of any strategy consists in ensuring that the structure and processes internally match the strategy envisaged. The way in which processes are performed determines the quality of products decides on the outcomes achieved and, by that means, affects the strategy implementation.

Omondi *et al.* (2013) showed that policy regulations, management competencies and the resource allocations determine successful implementation of the strategic plans. Inadequate resource allocations have a direct bearing on the implementation in Non-Governmental Organizations (NGOs) operating in Kenya.

2.4.3 Challenges of Implementing Procurement Strategy

A study by Rotich (2013) explained that strategy implementation challenges arise from sources that are internal and external to the organization. The challenges will depend on the type of strategy, the type of organization and prevailing circumstances. Many challenges can be avoided if strategy development is coupled with implementation. Rotich further established that the main inhibitors to the execution of strategies include execution taking more time than planned, lack of communication, lack of coordination and support from other levels of management, resistance from lower levels, lack of control systems and execution being viewed as a set of discrete isolated tasks.

Thompson and Strickland, (2003) assert that the objective of the strategy is to ensure that quality and measurable outcomes can be achieved for services procured on behalf of the stakeholders. Oginda (2013) cites that in implementing procurement strategies we can expect to realize the following benefits: improved value for money, more efficient and effective procurement process, effective partnership with suppliers, benefit and development of the local economy, effective collaboration between service providers,

better risk analysis and management, better planning, joint commissioning and savings based on economy of scale, integration with the council's overall aims and priorities and qualitative, consistent and a managed approach to Procurement.

Oginda (2013) continues to argue that a well implemented procurement strategy is an effective tool for implementation of public policy in all areas, and should be an instrument for good governance for alignment of structures and systems in the government. In this sense, good procurement contributes to the government's legitimacy and credibility. On the contrary, corrupt (bad) procurement practices increase poverty and inequality by diverting funds away from the attention of social needs; it influences bad choices, and encourages unfair competition in bribery rather than in quality service. Organizations characterized with weak systems, corrupt procurement practices are inevitable as the officers in charge take advantage of the loopholes to tamper with the tendering process for personal gains. Oginda (2013) concluded that the weak governing bodies, politics, tradition, and lack of education and training programmes are some of the barriers which need to be overcome in order to achieve value for money and reduce waste.

According to Tukuta (2015) the lack of good corporate governance leads to high labour turnover; this is spread over all sectors of the economy, thereby negatively affecting national economic growth and stability. Human resources are the most important assets of an entity. Employees expect to be rewarded according to their efforts. Vroom's expectancy theory (Van Eerde & Thierry, 1996) holds that efforts to satisfy needs will depend on the person's perception that he or she expects the effort to be followed by a certain outcome which will bring desirable results. This theory applies to procurement organisations in the developing nations under study. Employees' expectations regarding remuneration and other benefits are not met, as indicated by poor performance and high labour turnover. At the same time, the employee compares his or her job's input-output ratio with that of others across the region and corrects any inequity.

A study by Matunga, Nyanamba and Okibo (2013) on the effect of e-procurement on efficiency of procurement in public hospitals established that Kisii Level 5 hospital uses e-tendering, e-quotations and e-sourcing as the main e-procurement applications and that the greatest challenges faced when using e-market provider were inadequate funding, organization's inability to handle change management and lack of training of employees on how to use the system.

While a study by Njeru (2015) notes that lack of e-procurement methods, lack of automated procurement systems, lack of supportive ICT infrastructure and absence of ICT skills amongst procurement staff greatly affect the implementation of effective procurement practices in tertiary public training institutions in Kenya.

In conclusion Audi (2014) states that strategy implementation is not as easy as formulation. Implementation of workable strategies may require considerable patience on the part of procurement managers. He further asserts that suppliers will take time to ride the learning curve in terms of doing business with the firm which may include understanding the firm's values, quality requirements among others. This therefore becomes a challenge in situations where mistrust prevails among the partners. Gębczyńska (2015) argues that in order to implement a strategy, one must first decompose it onto lower levels, i.e. the tactical and the operating level. "While formulating the recommended activities in the scope of strategy implementation, one should assume that the corporate strategy should be reflected in both the functional and the process-oriented system and therefore decomposition of strategic goals should only concern the objectives of departments and of processes, and then should be coordinated on the level of position-specific objectives.

A study of the challenges faced by Unga Group conducted by Rotich (2013) found that Unga Group Limited lack the right skills and abilities for strategy implementation, they have the skills matrix in place which are utilized and nurtured for effective performance of operational activities. The training within industry program in place is not geared to building the pool of talent that can help the organization during strategy implementation activities hence having no concrete measure to nurture a talent pool of people that can help in strategy implementation activities.

2.4.4 Measures to Mitigate the Challenges

The Public Procurement and Disposal Act. (2015, December 24) created the Public Procurement Oversight Authority (PPOA), the Public Procurement Advisory Board (PPAB) and the continuance of the Public Procurement Complaints, Review and Appeals Board as the Public Procurement Administrative Review Board (PPARB). The PPAB and PPARB are autonomous bodies who are mandated with diverse responsibilities in regulating and guiding procurement policy in the public sector. The PPOA is mandated with the responsibility of ensuring that procurement procedures and strategies established

under the Act are complied with; Monitoring the procurement system and reporting on its overall functioning; initiating public procurement policy; assisting in the implementation and operation of the public procurement system by preparing and distributing manuals and standard tender documents, providing advice and assistance to procuring entities, and developing, promoting and supporting training and professional development of staff involved in procurement will add value in the implementation stage.

The first step in ensuring successful implementation of the strategy is the leadership team taking early and aggressive action to institutionalize the strategy within the company. The team must demonstrate evident ownership of the company's strategy, communicating clearly about the details, value and importance of the strategy. Administrative procedures need to be adequately in place to facilitate smooth operationalization of the strategy. A successful strategy implementation requires that the organizations administrative elements have a strategy supportive structure, a supportive budget, competent employees in right jobs, well laid down performance targets, internal supportive administrative systems, and visionary leadership that motivates and manages the change process in a conducive, innovative and responsive work environment (Rotich, 2013).

The strategy implementation process should not be taken as a onetime process in which the program is initiated and then rolls on continuously without any intervention from the management. Instead, the management should inculcate a practice of regular review and reference making of the strategic plan throughout its lifespan. The leadership of an organization should also take a proactive step in the strategy implementation process because the liaison process with the other stakeholders will be effectively managed with the organization leadership involvement. Successful implementation of strategies also requires that the progress of strategy implementation be monitored. Therefore, it becomes imperative that a monitoring and evaluation officer be built in the implementation process. This officer will be tasked with continuously monitoring and evaluating the progress of the strategies and if need be, a change of the implementation program will be necessitated to ensure that successful strategy implementation be made (Nyongesa, 2013).

2.5 Chapter Summary

This chapter is a literature review of existing research on strategic procurement practices, relationship between strategic procurement practices and challenges faced in adoption of

strategic procurement practices. The discussion tackles all the research questions posed and provides a firm theoretical background for the study. The chapter discusses how a company or organization can attain a sound project implementation with the use of a strategic procurement.

The next chapter; Research Methodology, presents the research design, population and sampling design, data collection methods, research procedures and data analysis methods used in the study.

CHAPTER THREE

3.0: RESEARCH METHODOLOGY

3.1: Introduction

This section highlights the sequential flow of events that will allow the researcher to evaluate the role of strategic procurement on TMEA's performance in a systematic and logical manner. This does not only seek to explain how data will be obtained, organized, cleaned, analysed and presented by will also seek to demonstrate the sufficiency/appropriateness of the methodology chosen by the researcher to achieve the desired results. I will seek to identify the research design, population and sampling design, sample size, data collection methods, research procedures, data analysis methods and the summary of the chapter.

3.2: Research Design

The research will assume a descriptive study design as it gives depth to the subject being studied. Similar studies such as strategic procurement practices and procurement performance among commercial banks in Kenya by Maroa (2013) and the impact of strategic procurement in communications commission of Kenya by Kiplagat (2010) adopted the same approach.

According to Gill and Johnson (2006) descriptive surveys address specific characteristics of a selected population of subjects at a point in time, for the purpose of comparing the relationship between variables.

According to Burns and Grove (2003) descriptive research is designed to provide a picture of a situation as it naturally happens. It may be used to justify current practice and make judgment and also to develop theories. Further to this, a descriptive survey method enables information on beliefs, perceptions and motives to be collected (Burns & Grove, 2003). The study will seek to gather information from the various cadres of staff on their perception of the role of strategic procurement on the organization's performance.

3.3: Population and Sampling Design

Target population for in statistics is the specific population about which information is desired. According to Ngechu (2014), a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated.

3.3.1: Population

The target population will consist of the organizations employees from the various cadres in the different countries of TMEA's operations. The employees will be categorized in three main cadres, top management, middle level management and ordinary employees. The organization has a total of 148 permanent employees distributed according to the table below. The special staff that are TMEA's employees but not attached to the country programmes in their respective countries will be classified in respect to their job grades in the three carders.

Table 3 1: Population (Based on Data provided by the Human Resource Office TMEA)

	Kenya	Uganda	Tanzania	Burundi	Rwanda	South Sudan	Total
Senior	20	2	2	1	1	1	27
Middle	61	9	14	5	10	2	101
Ordinary	5	3	3	3	3	3	20
							148

3.3.2: Sampling Design

3.3.2.1: Sampling Frame

A sample frame is a list of population units or elements from which one can select units or elements to be sampled (Diamantopoulos *et, al.* 2012). The employees of TMEA formed the sampling frame. The sampling units are the various cadres in the different countries of TMEA's operations. The sample elements are the senior management, middle level

management and ordinary employees will be obtained from the employees of TMEA in Kenya, Tanzania, Uganda, Burundi, South Sudan and Rwanda.

3.3.2.2: Sampling Technique

There are two approaches to sampling: probability and non-probability sampling. In probability sampling, all the subsets of the population have a known non-zero chance of being included as a sample unit, whereas in non-probability sampling, certain subsets of the population have little or no chance of being selected for the sample (Blanche and Durrheim, 2002).

Diamantopoulos *et, al.* (2012) defined stratified sampling as a probability sampling technique that uses a two- step process to partition the population into sub-populations or strata. A simple random or systematic sampling technique is then used to draw samples from each stratum. This technique improves the representativeness of a sample in terms of the stratification variables (Babbie, 2011).

Stratified random sampling will be adopted to interview the respondents at TMEA. The staff will be generally grouped in top management, middle level management and ordinary level employees. The respondents will be further stratified into male of female to eliminate bias. This will allow the researcher to make generalizations of the population being investigated.

3.3.2.3: Sample Size

Table 3 2: Sample Frame (Based on Data provided by the Human Resource Office TMEA)

	Kenya	Uganda	Tanzania	Burundi	Rwanda	South Sudan	Total
Senior	20	2	2	1	1	1	27
Middle	61	9	14	5	10	2	101
Ordinary	5	3	3	3	3	3	20
Total	86	14	19	9	14	6	148

The total population of 148 employees will be used to derive a sample size of 95 respondents using an online sample size calculator (Creative Research Systems, 2014). The

sample will be based on a five percent margin of error and 95% confidence level which is representative of all the employees of TMEA.

The staff members are categorised under as senior level, Middle level and Ordinary level. Senior level comprise of the Chief Executive Officer (CEO), Deputy Chief Executive Officer (DCEO), senior directors and all directors. The middle level staff comprises of senior manager, managers, senior officers and officers and finally ordinary level comprises all support staff i.e. assistants at all levels.

3.4: Data Collection Methods

Data will be collected using primary and secondary sources. Primary sources include the questionnaires to be administered to the respondents and employee registers. Since the questionnaires will be employed to gather qualitative and quantitative data, the questionnaires will have close ended questions. It is worth noting that the questionnaires will be designed to cross reference the information gathered to enhance reliability. The questionnaires will be piloted to confirm reliability and completeness of the data collection tools.

Questionnaire to the employees will be divided into two sections. The first section will consist of questions targeted at collecting respondents 'profile data' while section two will consist of specific questions seeking responses to the research questions. Responses will consist of selection from a list or rating / scaling using five point scales.

A five point Likert-type scale will used to measure employees' perception on the roles of strategic procurement, rating on the various dimensions of performance indicators, importance of strategic procurement and perceived challenges in procurement. A five point Likert-type scale will also be used to assess respondents 'agreement or disagreement with relationship of strategic procurement and organizations performance.

The use of structured questionnaires to collect data from employees is considered most convenient due to the need to get as many responses as possible while being cognizant to keep the time taken to fill it as short as possible.

Semi structured interviews will be used to collect data from the respective country directors. The rationale for using a semi structured interview method during data collection

is informed by the need to obtain high response rate and in-depth data for the study. For directors outside the country, skype calls will be used to conduct the interviews.

3.5: Research Procedures

The research procedure includes the preparation of semi-structured questionnaires to TMEA staff. This will be followed by the recruitment of enumerators (research assistants). The enumerators will be trained on the research tool so as to minimize data collection errors. The enumerators will be retained for the whole period of data collection to minimize errors in data collection. This will be done for all the countries TMEA have its operations.

The data collection tools (semi-structured questionnaire) will be piloted to test the effectiveness and sufficiency of the data collection tool. In the pilot phase, the semi-structured will be administered to 20 TMEA employees from the various cadres. Upon successful completion of the piloting of the data collection tools, the structured questionnaires will then be administered to the respondents at TMEA according to the sample frame indicated in table two above.

The questionnaires will be administered through face to face interviews by the enumerators in the Kenya office and skype calls to employees in Rwanda, Burundi, Tanzania, Uganda and South Sudan. The enumerators will politely request the respondents to participate after explaining the purpose of the study and assuring them of confidentiality and the fact that the data collected is purely for academic reasons.

3.6: Data Analysis Methods

Before the data is analysed, it will be cleaned and coded. Thereafter the responses will be transferred into Microsoft Excel, under assigned variable names. Descriptive statistics namely frequency, means, and percentages will be used to analyse the data.

Comparisons and associations of ratio and categorical data will be done using Student t-Test and Chi Square Test, respectively. Correlation analysis will be used to determine degree of associations between two linearly related variables such as strategic procurement and organization's performance. Statistical Package for Social Sciences (SPSS) and Stata software will be used to conduct these analyses.

3.7: Chapter Summary

This chapter presents the research methodology that was used for this study. The chapter covers research design, population and sampling design, data collection methods, research procedures and data analysis methods.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the research findings on an investigation to establish the relationship between strategic procurement practices and performance at TMEA. The study was conducted at TMEA. The results of the study are presented according to the objectives and research questions. The findings in this chapter were also arrived at by analyzing and interpreting the available data using SPSS software. All the responses are presented in terms of frequencies and percentages which are displayed in tables. The hypothesis and each question were treated separately. The statistical data from the quantitative part of the questionnaire was then supported by the qualitative data of the study from the questionnaire. The qualitative data was analyzed based on Likert scale represented as 5= Very great extent, 4= Great extent, 3= Moderate extent, 2=Small extent and 1= very small extent.

4.2 Demographic and Reliability Rate

4.2.1 Response Rate

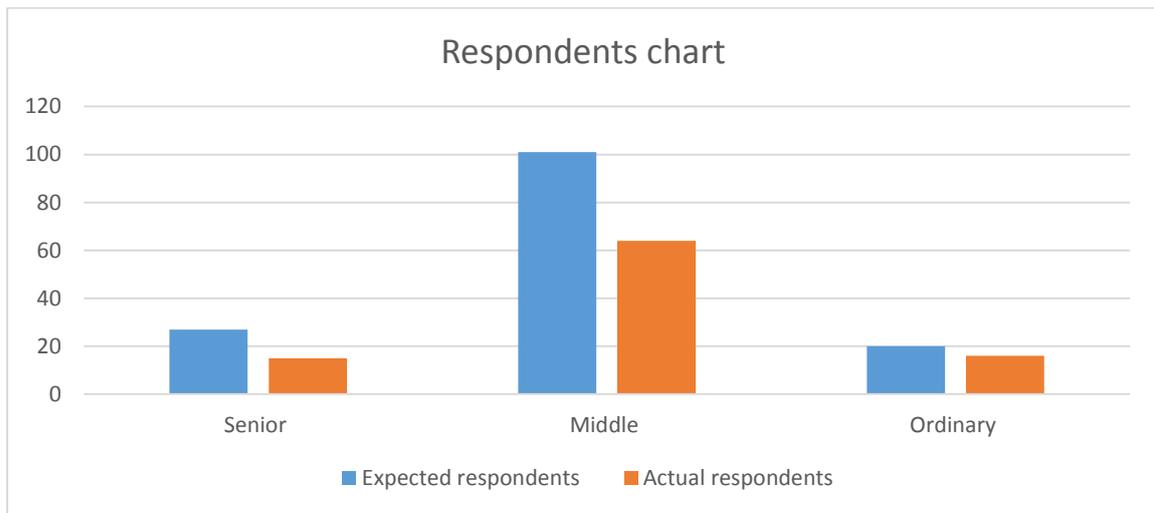
The researcher distributed 148 questionnaires to TMEA staff members. From collected questionnaires, only 95 questionnaires were completed and used in the study. This gave a response rate 64%. This percentage was above required threshold hence gave reliable data. According to Mugenda (2008), a response rate of 50% is adequate for analysis and reporting, a rate of 60% is generally good while a response rate of above 70% is excellent. Therefore, the response rate in the current study was sufficient for analysis and reporting of the findings.

4.2.2 Demographic

The background information of the respondents was not considered necessary because the ability of the respondents to give satisfactory information on the study variables could not be affected by their background. The researcher did not seek to identify the respondents age, level of education and gender due to the sensitivity of some of this information within TMEA. This information was about the respondents' current position in employment. The

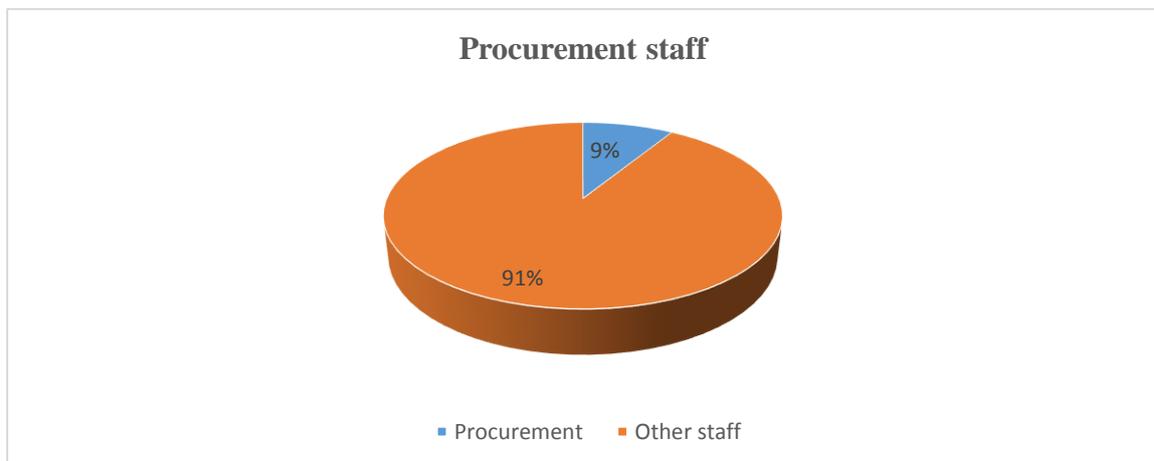
level or current position of employment was used as one of the respondents' characteristics so as to ascertain the respondents' experience with the company's procurement strategy. The findings are indicated in the Figure 4.1. From the findings, the study established that out of the senior 27 staff only 15 responded, Out of 101 middle level staff only 64 responded and finally out of 20 ordinary staff only 16 responded. This indicates that most of the respondents were interested in the study.

Figure 4.1 Total respondents



From the study only 9% of the staff members were represented by the procurement staff members this is represented in Figure 4.2

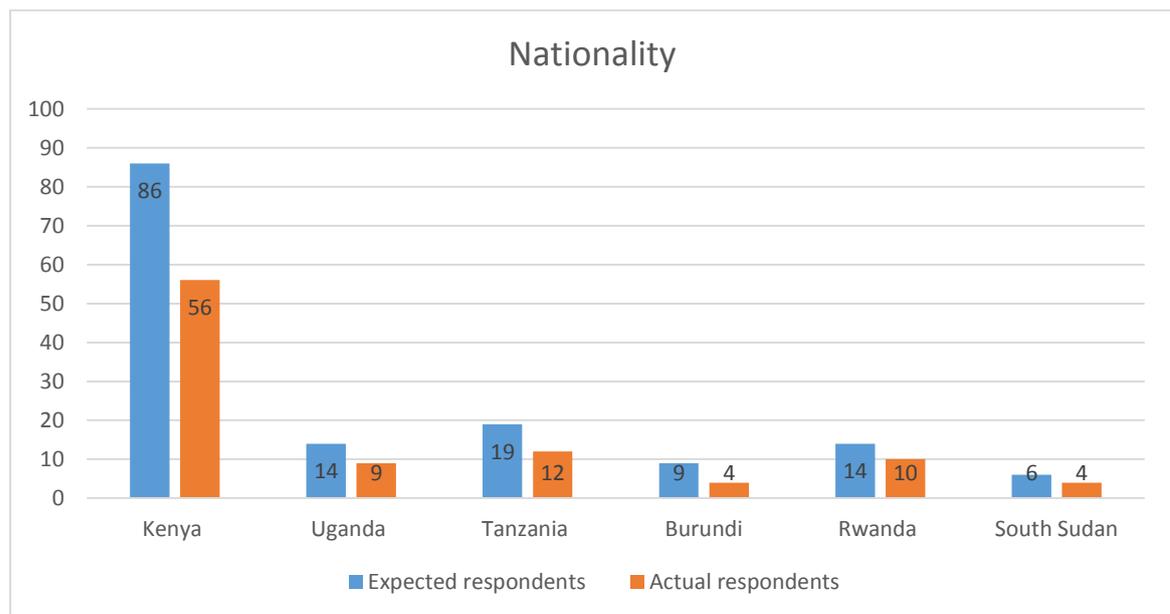
Figure 4. 2 Procurement staff



4.2.3 Nationality

The researcher identified the nationality of the respondents. The findings are indicated on Figure 4.3. Figure 4.3 shows that fifty six out of the eighty six participated, nine out of fourteen participated in Uganda, twelve out of the nineteen staff members responded from Tanzania, four out of nine staff members in Burundi participated, ten out of fourteen staff members in Rwanda participated in the survey and finally four out of six staff members in South Sudan participated in the survey. The researcher sought to identify the distribution of the respondents in accordance with their country of residence. The findings are indicated in the Figure 4.3. The analysis is a good indication of how the entire TMEA staff member participated in the survey and the response rate per country was satisfactory to arrive at the findings discussed in the chapter.

Figure 4. 3 Nationality



4.2.4 Reliability Test

In determining whether the research instruments used to determine the relationship between strategic procurement practices and performance in TMEA were reliable, the researcher used a Cronbach Alpha test. This is a measure scale of 0 to 1 that tests how closely related a set of items are as a group and also how a particular question is related to the research question. A Cronbach's Alpha of 0.7 and above confirms reliability.

Table 4. 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
0.967	0.974

The researcher observed that the Cronbach's Alpha of the research instruments used to determine the relationship between strategic procurement practices and performance in TMEA was 0.967. This is a clear indication that the research instruments are very reliable.

The table 4.1 below shows individual strategic procurement practices reliability. Corrected Item-Total Correlation column shows individual item reliability. In this case, a figure of 0.3 and above confirms reliability. The Cronbach's Alpha if Item Deleted column moreover shows the importance of a given item: An individual Cronbach's Alpha if Item Deleted figure should always be more than the general Cronbach's Alpha for reliability. That is, when a given item is deleted, the Cronbach's Alpha figure for reliability goes down.

Table 4. 2: Item-Total Statistics

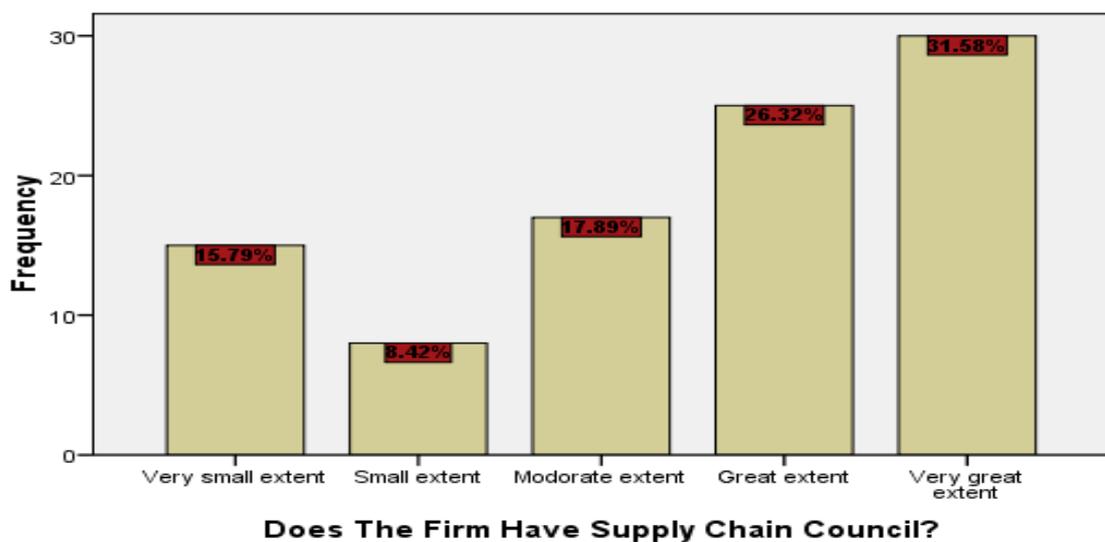
	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The staffing of the procurement department leads to high overall firm productivity?	0.97	0.956
The supply chain council aligns procurement strategy to company strategy leading to more productivity for the firm	0.975	0.956
Supplier alliance management creates sustained value and leads to better quality goods and services	0.967	0.957
The firm technology satisfies procurement processes and leads to customer satisfaction	0.969	0.956
the company whole collaborative strategic sourcing results to lower total costs,	0.933	0.958
Keeping all contracts within the procurement department makes for easy monitoring of contract compliance thus saves cost.	0.848	0.965
Company green initiatives and social responsibilities help align it closer to the customers and regulatory authorities.	0.627	0.976
The procurement policies and controls adopted by the firm help ensure compliance and increased overall productivity.	0.88	0.968

As can be observed in table 4.1 above, the Corrected Item-Total Correlations (reliability for individual items) are all way above the accepted figure of 0.3 showing reliability for the study. On the Cronbach's Alpha if Item Deleted all items for this study shows their importance with an exception of company green initiatives and social responsibilities help align it closer to the customers and regulatory authorities and the procurement policies and controls adopted by the firm help ensure compliance and increased overall productivity in items whose figures are 0.967 and 0.968 respectively. This is because the two figures are above the Cronbach's Alpha which (0.967) indicating that the researcher wouldn't have lost much in terms of the analysis output if they were to be omitted.

4.3 Established Supply Chain Council

The existence of an established supply chain council was at the center of this research. This is because a procurement council gives direction and helps align procurement strategy with the company's overall strategy, helps companies to examine the configuration of their supply chains, helps identify and eliminate redundant and wasteful practices along supply chains and also provides an effective forum for cross-functional communication. In view of this, the researcher sought to know to what extent the respondents agree on the question of the existence of an established supply chain council at TMEA.

Figure 4. 4 Existence of supply chain council



As can be observed in the bar graph above, most of the respondents agreed to a very great extent that there is supply chain council at TMEAs supply chain council at 31.58% whereas 26.32% of the respondents agreed to a great extent. The two combined accounted for 57.9% of the total respondents. We can therefore conclude that to a great extent, the firm has a supply chain council.

4.4 Strategic procurement practices at TradeMark East Africa

The researcher wanted to find out to which extent, TMEA is utilizing the strategic procurement practices mainly; established supply chain council, procurement strategy alignment, existence of the supply chain multifunctional executives, independence of the company procurement function, procurement unit staffing, professional qualification of the procurement staff, technology use, value addition, sourcing, contract procedures, contract custody, focusing and demand planning, nature of proposals, company's interaction with the environment and company's social responsibility programs. The findings are summarized in the table below.

The study revealed that based on a scale of 1-very small extent to 5- very great extent, the overall weighted mean from all the strategic procurement practices was 3.80. Based on the above scale, the respondents agreed to a great extent that TMEA is utilizing the strategic procurement practices. The overall findings are represented in the table overleaf.

Table 4. 3 Strategic Procurement Practices

Statement	Mean	Std. Error of Mean	Std. Deviation
The firm has a supply chain council.	3.495	0.146	1.421
The supply chain helps to align procurement strategy.	3.6	0.161	1.574
The supply chain council has top management support.	3.516	0.15	1.465
The supply chain council has multifunctional executives.	3.758	0.149	1.457
The company procurement function is independent.	3.968	0.145	1.418
The procurement unit is well staffed thus satisfy company's customers.	4.021	0.126	1.229
The procurement unit staff has professional qualification in purchasing and supply.	4.568	0.086	0.834
The company employ technology in its procurement operations	4.337	0.102	0.996
The company has strategic value adding supply relationship for improved business efficiency by the firm.	3.821	0.14	1.36
Collaborative sourcing is preferred to arm-length relationship by the firm.	3.484	0.155	1.508
All contracts are drafted and signed under the company terms for uniformity.	4.632	0.058	0.566
The contracts are under the custody of the procurement function to leverage spending.	4.716	0.059	0.577
The focusing and demand planning are used to keep optimal inventory level in the firm.	4.453	0.105	1.019
The request for proposals asks suppliers and service providers to provide information about their green initiatives.	4.305	0.112	1.092
The company is green in its interaction with environment to address consumers concerns.	2.032	0.146	1.425
The company's social responsibility programs focus on workplace, individual, community and organization.	2.2	0.15	1.463

Source: research data (2018)

It's worth noting that the study also revealed that the respondents were agreeable to a very great extent that at TMEA's procurement unit staff has professional qualification in purchasing and supply, all contracts are drafted and signed under the company terms for uniformity and that the contracts are under the custody of the procurement function to leverage spending. This was supported by a very strong central tendencies of 4.568, 4.632 and 4.716 and very low standard deviations of 0.834, 0.566 and 0.577 respectively. On the other hand, the study also revealed that the company needs to do more in its interaction

with the environment and also focus more on social responsibility programs. This is very evident as the respective weighted means stood at 2.032 and 2.2 with high standard deviations of 1.425 and 1.426.

4.5 Establishing the relationship between strategic procurement practices and performance in TMEA.

The researcher sought to know the effect of the eight strategic procurement practices at TMEA on performance of procurement. The strategic procurement practices that were analyzed include; staffing of the procurement department, supply chain council alignment, Supplier alliance management, and technology use, collaborative strategic sourcing, contracts, social responsibility, policies and controls. This analysis was done to establish if the eight procurement practices at TMEA leads to improved procurement performance. The mean of 3.80 and a moderately low standard deviation of 1.17 strongly support the statement and the respondents agreed to a great extent that indeed the eight strategic procurement practices at TMEA leads to improved procurement performance which then leads to high overall firm productivity. The overall findings are represented in the table below.

Table 4. 4 Procurement Performance Table

Statement	Mean	Std. Error of Mean	Std. Deviation
The staffing of the procurement department leads to high overall firm productivity.	3.93	0.134	1.307
The supply chain council aligns procurement strategy to company strategy leading to more productivity for the firm.	4.05	0.114	1.114
Supplier alliance management creates sustained value and leads to better quality goods and services.	3.61	0.154	1.497
The firm's technology satisfies procurement processes and leads to customer satisfaction.	3.86	0.136	1.326
The company whole collaborative strategic sourcing results to lower total costs.	4.03	0.14	1.364
Keeping all contracts within the procurement department makes for easy monitoring of contract compliance thus saves cost.	4.4	0.09	0.88
Company green initiatives and social responsibilities help align it closer to the customers and regulatory authorities.	1.93	0.126	1.231
The procurement policies and controls adopted by the firm help ensure compliance and increased overall productivity.	4.61	0.064	0.624

Source: research data (2018)

As can be observed in the above table, the two notable outstanding results were;

- The respondents agreed to a very great extent that the procurement policies and controls adopted by the firm help ensure compliance and increased overall productivity. This is supported by a high weighted mean of 4.61 and a relatively low standard deviation of 0.62.
- The respondents however were of the opinion that the company's green initiatives and social responsibilities help align it closer to the customers and regulatory authorities to a small extent with the mean standing at 1.93 with a relatively high standard deviation of 1.23. This confirms the fact that the respondents were of the opinion that the company is green in its interaction with the environment to a small extent as reported in the table 4.1 above.

Further, a regression analysis was run on the procurement practices variables to establish if there exists a linear relationship between the observed improvement in functionality of the procurement department and the strategic procurement practices at TMEA. Improved performance (functionality) was the dependent variable while the strategic procurement practices represented the independent variables. The tables below give a regression model of the relationship as follows:

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \dots + e$$

Where Y= Improved Procurement Performance (functionality),

β_0 = (alpha) constant or intercept.

Coefficients of respective strategic procurement practices, x1= staffing of the procurement department, x2= supply chain council alignment, x3= Supplier alliance management, x4= technology, x5= collaborative strategic sourcing, x6= contracts, x7= Social Responsibility, x8= policies and controls and e= error term.

Table 4. 5 Coefficients of Variables Table

Model	Unstandardize d Coefficients		Standardize d Coefficients	t	Sig.	Commen t
	B	Std. Error	Beta			
(Constant)	-0.05	0.385		-0.122	0.9	At $\alpha =$ 0.05
The staffing of the procurement department leads to high overall firm productivity?	0.15	0.123	0.19	1.219	0.23	Not significant
The supply chain council aligns procurement strategy to company strategy leading to more productivity for the firm	0.194	0.151	0.209	1.285	0.2	Not significant
supplier alliance management creates sustained value and leads to better quality goods and services	-0.83	0.096	-1.207	-8.627	<.001	Significant
The firm technology satisfies procurement processes and leads to customer satisfaction	0.198	0.124	0.255	1.604	0.11	Not significant
the company whole collaborative strategic sourcing results to lower total costs	0.689	0.09	0.911	7.644	<.001	Significant
Keeping all contracts within the procurement department makes for easy monitoring of contract compliance thus saves cost.	-0.05	0.087	-0.043	-0.58	0.56	Not significant
company green initiatives and social responsibilities help align it closer to the customers and regulatory authorities	0.629	0.042	0.75	14.99	<.001	Significant
the procurement policies and controls adopted by the firm help ensure compliance and increased overall productivity	0.031	0.145	0.019	0.215	0.83	Not significant

Dependent Variable: Functionality level of the procurement department

As can be observed in the table 4.5 above, the P-values for three variables are less than the significance level $p=0.05$. Supplier alliance management, collaborative strategic sourcing and Social Responsibility all have a significance level of <0.001 proves that the model is a good predictor of the procurement practices on performance. The p-values for five variables as indicated in the table are greater than the significance level $p= 0.05$ ($0.226>0.05$, $0.202>0.05$, $0.112>0.05$, $0.564>0.05$, and $0.830>0.05$). The model is a poor predictor of the relationship between the independent variables and the dependent variable as most of the significance levels (p-values) are not within the acceptable levels $p<0.05$.

Table 4. 6 Model Summary

Model				
R		R Square	Adjusted R Square	Std. Error of the Estimate
1	0.955	0.912	0.903	0.321

Dependent Variable: Functionality level of the procurement department

Further, a combination of the predictor variables (staffing of the procurement department, supply chain council alignment, supplier alliance management, technology, collaborative strategic sourcing, contracts, social responsibility, policies and controls) accounted for 91.2% of the total variation of procurement performance with R- squared = 0.912. This therefore shows that procurement performance in TMEA is largely dependent on the eight strategic procurement practices analyzed in this study. The standard error of 0.321 is also low and acceptable, showing that the factors analyzed are reliable.

4.5.1 Analysis of Variance

An Analysis of Variance (ANOVA) was carried out at 5% level of significance. A comparison between F Calculated and F Critical was then carried out to confirm if the regression model was significant. From Table 4.4 below, the F Calculated was reported to be 110.904 while F Critical was 2.63742. It's therefore very evident that the value of F Calculated is greater than F Critical; we can therefore conclude that the overall regression model was significant in establishing the relationship between strategic procurement practices and performance in TMEA. The p value was $<0.001<0.05$. We can therefore

conclude that there existed at least one variable that was significant in establishing the relationship between strategic procurement practices and performance at TMEA.

Table 4. 7 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	91.163	8	11.395	110.904	<.001
	Residual	8.837	86	.103		
	Total	100.000	94			

Dependent Variable: Functionality level of the procurement department

As is demonstrated in the ANOVA table above, The F-test value stood at 110.904. This is very high and therefore the regression model is statistically significant. The p- value $<0.001 < 0.05$ implies that the model is significant. The regression model was presented as follows: $PP = -.47 + 0.150x_1 + 0.194x_2 - 832.x_3 + 0.198x_4 + 0.689x_5 - .051x_6 + 0.629x_7 + 0.031x_8$.

4.6 Challenges facing procurement functions

The findings on the challenges facing the procurement function at TMEA are represented in the table below. The most serious challenges as was observed are that the company structure do not supports the procurement strategy, and embracing collaboration is a key strategic tool. This is represented by a strong mean(s) of disapproval to a very great extent at 4.59 and 4.61 and standard deviations of 0.660 and 0.762.

However, the respondents didn't agree to the fact that the length and complexity of supply chain increases supply risks of the firm and that the technology available for use in the company do not allow for procurement team visibility. This was supported by low approvals of 2.09 and 1.94 respectively for the weighted mean. This shows the importance of the strategic procurement practices in ensuring that the procurement department functions properly.

Table 4. 8 Challenges Facing Procurement Functions Table

Statement	Mean	Std. Error of Mean	Std. Deviation
The length and complexity of supply chain increases supply risks of the firm	2.09	.135	1.313
The company structure supports the procurement strategy.	4.59	.068	.660
The procurement staffing level is inadequate for the realization of strategic procurement in the company.	4.05	.114	1.114
There are economic and supply risks to the company due to commodity prices and pace of technology change.	4.08	.136	1.326
The technology available for use in the company do not allow for procurement team visibility.	1.94	.096	.932
The contract terms are well spelt out and SLA's monitored to ensure all customers are well managed.	4.49	.105	1.020
Market intelligence is not well collected, analyzed and strategically used to benchmark suppliers?	4.34	.102	.996
Collaboration has been embraced as a key strategic tool.	4.61	.078	.762
Marketing intelligence is not strategically used to run intelligence sourcing.	3.94	.133	1.295
The procurement strategy is wrongly focused on processes and not outcome.	3.76	.135	1.319

Source: research data (2018)

Also worth noting is that the researcher found out that there are economic and supply risks to the company due to commodity prices and pace of technological change. All the respondents agreed to a great extent (mean=4.08) to this fact. This was supported by a relatively moderate standard deviation of 1.326. Other serious challenges include procurement staffing levels being inadequate for the realization of strategic procurement in the company, the contract terms not being well spelt out and service level agreements (SLA's) monitored to ensure all customers are well managed as well as collecting market intelligence data, analysis and it's use to benchmark suppliers. Their respective weighted mean was 4.05, 4.49 and 4.34 with standard deviations of 1.114, 1.326 and 0.996 respectively.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents in details the summary of the results, discussions, conclusion and recommendations based on the analyzed data .The study sought to assess the role of strategic procurement practices on successful project implementation at TMEA through analyzing the strategic procurement practices, establishing the relationship between strategic procurement practices and performance through looking at its effectiveness, efficiency and impact and finally establishing challenges faced in adoption of strategic procurement practices by TMEA.

5.2 Summary of Findings

The researcher adopted descriptive statistics (because it addresses specific characteristics of a selected population) in analyzing the role of strategic procurement on successful project implementation at TMEA. A sample size of 95 was derived from a population of 150 employees. To come up with an appropriate study sample, the study utilized both simple random sampling and stratified sampling techniques. The study used primary data. This is because the study was very specific to TradeMark East Africa. The data was obtained by use of structured questionnaires. The demographic data was tabulated using mean and standard deviation. The standard error was used to check on the accuracy of the analysis. Regression analysis was computed to determine the correlation between strategic procurement practices and successful project implementation at TradeMark East Africa.

The researcher used an arithmetical mean when analyzing the answers from the study. For any arithmetic mean above 3.0, it was considered a connection between the answers, and if the mean was 4.0 it was proposed that the connection was strong to a great extent while any mean above 4.5 was considered strong to a very great extent. On the other hand, for any arithmetic mean below 3.0, it was considered weak connection between the answers, and if the mean was below 2.0 it was proposed that the connection was very weak.

The study was structured into three different sections namely: determining strategic procurement practices at TMEA, establishing the relationship between strategic

procurement practices and performance and challenges faced in adoption of strategic procurement practices at TMEA. The study on the main objective was based on eight strategic procurement practices which included; staffing of the procurement department, supply chain council alignment, Supplier alliance management, and technology use, collaborative strategic sourcing, contracts, social responsibility, policies and controls. Based on the analysis of these indicators, the study established that strategic procurement practices play a massive role in ensuring successful project implementation at TMEA.

The study obtained three key results which are; there exists highly functional strategic procurement practices at TMEA which leads to improved performance of the procurement department, strategic procurement plays a big role on successful project implementation at TMEA and that there are challenges faced in adoption of strategic procurement practices by TMEA.

5.3 Discussions

5.3.1 Strategic procurement practices

For the question of determining the strategic procurement practices used by TMEA in project implementation, the researcher found out that TMEA is utilizing the strategic procurement practices to a great extent. This conclusion is supported by the weighted means and standard deviations of the 14 out of 16 individual procurement practices at TMEA.

On the question of established supply chain council, the respondents agreed that there exists a highly functional supply chain council which gives direction and helps align procurement strategy with the company's overall strategy. This is in congruent with Li *et al.* (2013) who stated that Supply Chain Council (SCC) helps companies to examine the configuration of their supply chains; helps identify and eliminate redundant and wasteful practices along supply chains and helps in providing an effective forum for cross-functional communication. (Audi, 2014) further stated that a highly functional procurement council prevents any conflicts between the supply chain objectives and the company's stated objectives by providing constant, consistent validation that the supply chain strategy directly correlates with the corporate strategy thus reaffirming the importance of having a highly functional supply chain council.

On the question of collaborative sourcing, the respondents affirmed the fact that TMEA employs the use of collaborative sourcing in its procurement practises as understanding business relationships with key stakeholders is crucial to developing operational strategies to improve business performance. Handfield *et al.*, 2014 further states that collaborative sourcing enables the firm to achieve its long-term operational and organizational performance goals. Onyango (2014) further revealed that the most valued benefits to strategic collaboration include improved flexibility, improved resource utilization, persuading retailers to give special brand displays thereby increasing sales and building relationships with customers and suppliers. The objective of integration is to achieve operational efficiencies and strategic effectiveness in the supply chain through collaboration. Achieving this objective requires purposeful commitment and coordination with another firm's functional areas and processes. In other words, external interdependencies must be realized while, at the same time, firms strive to protect internal self-interest.

The researcher further found out that at TMEA, the procurement function is independent, the procurement unit is well staffed, procurement department personnel are highly qualified, the procurement department use technology in its dealings and that they practise demand planning. Therefore, it can be concluded that procurement practises involves integrating cross-functional business processes within a firm, as well as integrating processes among key business partners outside the firm.

5.3.2 Establishing the relationship between strategic procurement practices and performance in TradeMark East Africa.

On establishing the relationship between strategic procurement practices and performance at TMEA, the overall weighted mean of the tested indicators stood at 3.80. The researcher therefore concluded that there exist a strong relationship between strategic procurement and performance at TMEA to a great extent. Further analysis showed that 7 out of 8 weighted means and standard deviations strongly supported this conclusion.

Various studies have confirmed this school of thought (there is a relationship between the procurement best practices with the company profitability). Implementing procurement best practices may therefore significantly improve the effectiveness of procurement decisions. Kilonzo (2013) alluded to the fact that through procurement best practices the

company focuses to achieve key performance indicators on different aspects of a procurement system, including cost, quality and timeliness of processes, system productivity and system integrity

Further, the study also found out that staffing of the procurement department, supply chain council alignment, supplier alliance management, technology use, collaborative strategic sourcing and policies and control are very central to high performance of the procurement department at TMEA. This conclusion is supported by Leiyang (2016) in her study to investigate the relationship between procurement practice and performance of UoN, where she concluded that that the UoN has adopted the procurement practices to a moderate extent and that there is a relationship between the practices of procurement and organizational performance.

Also, in establishing the relationship between procurement practices and performance, the study revealed that seven out of eight procurement practices tested had a strong relationship with performance. These include: staffing of the procurement department, procurement strategy alignment, supplier alliance management, firm's technology, company's whole collaborative sourcing system, contracts dealings and procurement policies and controls were statistically significant. Only company's green initiative and social responsibility program was not statistically significant. Githeu (2014) in a study to ascertain supply chain management practices and performance of commercial banks in Kenya agreed with this outcome. He found out that the relationship between Supply Chain Management Practices and Performance is very significant. The study found that three variables out of the six, namely supplier relationships, reverse logistics, and outsourcing were found to have strong statistically significant relationships with performance. The other three variables, namely IT, green supply chain practices and lean Suppliers were found to have weak relationships which were not statistically significant. Porter, (1985), further highlights that integration of strategic management in the procurement processes of companies enables them to improve their position in terms of costs or in terms of their differentiation towards customers, and thus gaining competitive advantage. By ensuring the flow of goods and services in the organization with the aim of leaning the procurement processes and enhancing the competitiveness of firms so as to avoid wastage and ensuring efficient utilization of resources and also enhances buyer-supplier partnership leading to lean procurement in a firm.

Therefore, the researcher concluded that the strategic performance practices at TMEA leads to increased performance of the procurement department. Musau (2014) in his study on strategic management of procurement processes and operational efficiency of major oil companies in Kenya also concluded that that integration of strategic management in the procurement processes has enabled the organization to improve its position in terms of costs or in terms of their differentiation than competition and that strategic management enables coming up with managerial decisions and actions that determine the long-run performance of the organization (porter, 1985).

5.3.3 Challenges facing procurement functions

The finding of this research established that there exist challenges facing the adoption of strategic procurement practices by TMEA. The researcher established that the most serious challenges facing procurement function at TMEA include: The Company's structure supports on procurement strategy, embracing collaboration as a key strategic tool, contract issues, economic and supply risks to the company due to commodity prices and pace of technology change. A study by Rotich (2013) explained that strategy implementation challenges arise from sources that are internal and external to the organization. This study has universally confirmed this fact. And as has been observed in the nature of the challenges facing TMEA. It can be concluded that the challenges facing procurement always depend on the type of strategy, the type of organization and prevailing circumstances. Many challenges can therefore be avoided if strategy development is coupled with implementation. The researcher also established that the main inhibitors to the execution of strategies include execution taking more time than planned, lack of communication, lack of coordination and support from other levels of management, resistance from lower levels, lack of control systems and execution being viewed as a set of discrete isolated tasks. This can be confirmed by the fact that the respondents agreed to very great extent to the challenges such as poor company's structure's supports on procurement strategy and lack of embracing collaboration as a key strategic tool thus resulting to poor appropriate implementation of the procurement strategies. Rotich (2013) established that the main inhibitors to the execution of strategies include execution taking more time than planned, lack of communication, lack of coordination and support from other levels of management, resistance from lower levels, lack of control systems and execution being viewed as a set

of discrete isolated tasks. This as has been observed are in line with the challenges observed in this study.

On the issue of market intelligence not being well collected and analyzed to leverage spending, the researcher found out that this is a serious challenge as the respondents strongly agreed. Oginda (2014) in a study ascertained that how the strategies are implemented matters in determining organizational performance is in total agreement with this fact.

Further, the study also revealed that the challenges facing procurement at TMEA were both internal and external. Procurement staffing level is inadequate, economic and supply risks to the company due to commodity prices, contract issues all explain the universal nature of the challenges. Study by Rotich (2013) further confirms this fact by explaining that strategy implementation challenges arise from sources that are internal and external to the organization. In conclusion Audi (2014) state that strategy implementation is not as easy as formulation.

5.4 Conclusions

From the summary findings above, the researcher concluded that strategic procurement practices play a major role on successful project implementation at TMEA. The hypothesis that strategic procurement practices play a major role on successful project implementation at TMEA should therefore be accepted based on the results shown in the summary findings above. TMEA should therefore emphasize and build on its strong points while working on improving its weak areas (variables with mean of less than 3). Based on the findings, the researcher derived various conclusions which are discussed here under:

5.4.1 Strategic procurement practices

From the findings above, the researcher concluded that TMEA utilizes strategic procurement practices in its procurement function. This as has been observed has led to improved functionality of the procurement department with various benefits ranging from efficiency in running of the procurement department to financial gains. There is therefore need for the procurement department at TMEA to continue implementing these practices and look for further innovations to improve its functionality.

5.4.2 Establishing the relationship between strategic procurement practices and performance in TradeMark East Africa.

This research has revealed that there is high level of correlation between strategic procurement practices and performance at TradeMark East Africa. Therefore, the performance of the procurement department will seriously be hindered if these strategic procurement practices were to be stopped therefore leading to economic losses in the firm. The fact that the respondents agreed to a very great extent that there is a relationship between strategic procurement practices and performance shows the magnitude of this finding. More strategic procurement practices should therefore be adopted to improve on the performance.

5.4.3 Challenges facing procurement at TMEA

The findings of the study showed that there are serious challenges facing TMEA. These challenges include; company's structure support for procurement strategy, embracing collaboration as a key strategic tool, contract issues, economic and supply risks to the company due to commodity prices social responsibility program and company's interaction with environment. There is therefore great need for TMEA to improve its performance on these fronts to improve performance of the procurement department. This will address both consumer and partner concerns.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Strategic procurement practices

TMEA should ensure that the procurement function is properly aligned and well-staffed to better manage spending and aggregate demand. TMEA managers and directors should adopt management methods that motivate employees for better performance. The company should also proactively use technology in all its sourcing activities and communications with vendors and users to reduce turnaround time and increase efficiency. Strategic sourcing satisfies business needs from markets via proactive and planned analysis of markets and selecting vendors to deliver agreed business needs. Proper use of procurement strategies should also be strictly followed to improve the procurement function performance.

The poorly performing procurement practices like TMEA interaction with environment and the company's social responsibility programs should also be corrected.

5.5.1.2 Relationship between strategic procurement practices and performance in TMEA.

The company's structure supports on procurement strategy, embracing collaboration as a key strategic tool, contract issues, economic and supply risks to the company due to commodity prices and pace of technology change should be critically looked into so that ways for their mitigation looked at to reduce procurement risks while ensuring maximization of the procurement departments' potential.

5.5.1.3 Challenges facing procurement at TMEA

The challenges affecting procurement function at TMEA formed a core part of this study. And as has been discussed in the research findings above, these challenges affect procurement function at TMEA and they can greatly undermine procurement function. TMEA should formulate policies through which these challenges can be overcome. TMEA should further conduct a research on how to overcome to improve the performance of procurement department.

5.5.2 Suggestions for Further Research

This study was meant to assess the role of strategic procurement practices on successful project implementation at TMEA. However due to limited resources, time constraint and other research challenges, the researcher limited this study to eight attributes of strategic procurement (few variables of performance measures) and ten challenges facing procurement function at TMEA. In view of this the researcher proposes further research to help mitigate the challenges that might arise from the short comes.

First and foremost, a competitive company must always have both high quality goods and provide a high quality service by adding value to the chain. The findings of this research have shed light on how strategic procurement assists an organization to perform its functions effectively and how it relates to the overall project implementation. In view of this, the researcher strongly believes that there exist other factors that may influence procurement performance that were never discussed in this study. Moving forward therefore, there is a need for future research to not only replicate the findings through employing multi-disciplinary measures of company performance and wider coverage of strategic procurement management practices, but also do an all action strategic procurement practices study at TMEA to help mitigate on the procurement gaps that are yet to be fulfilled.

Apart from TMEA, the findings of this study can be treated as a stepping stone and be developed to assist other public entities and government units. This is because the findings of this research have shed light on the importance of strategic procurement in a company set up which when maximized can guarantee improved performance in an organization.

This study has clearly revealed the important role that strategic procurement plays in achieving the best result in ever evolving business world.

The scholars and academics can also not only gain knowledge on how strategic procurement can play a key role in enhancing the performance of procurement department thus improve performance of an organization, but can also improve this available knowledge and invent other strategic procurement practices to help procurement department function better.

Upon reading this paper, the policy makers in government bodies can save the public huge chunk resources by researching to find more elaborate findings that can guide their decision-making processes on the subject of strategic management in government organizations.

The private sector can likewise draw useful basis for further studies on the effect of strategic management in procurement processes and operational efficiency from the findings above.

REFERENCES

- Audi, K. O. (2014). "Strategic Procurement Practices and Performance in Multinational Corporations in Kenya", published MBA Thesis, University of Nairobi
- Babbie, E. (2011). *The Basics of Social Research*. Belmont, CA: Wadsworth Publishing. (ISBN: 0495812242).
- Blanche, T. and Durrheim, K. (2002). *Research in Practice. Applied Method for the Social Sciences*. Cape Town, UCT press.
- Burns, S.N. and Grove, S.K. (2003). *Understanding nursing research 3rd edition*. Philadelphia: Saunders.
- Creative Research System, (2014). Sample Size Calculator. Available at <http://www.surveysystem.com/sscalc.htm>. (Accessed on 11/02/2012).
- Diamantopoulos, A., Fritz, W. and Hildebrandt, L., (2012). Quantitative Marketing and Marketing Management: *Marketing Models in Theory and Practice*, Springer Gabler Wiesbaden, pp. 630.
- Eltantawy, R., Giunipero, L., & Handfield, R. (2014). Strategic sourcing management mindset: strategic sourcing orientation and its implications. *International Journal of Physical Distribution & Logistics Management*, 44(10), 768-795. doi: 10.1108/ijpdlm-02-2014-0045
- Gębczyńska, A. (2016). "Strategy implementation efficiency on the process level", *Business Process Management Journal*, Vol. 22 Issue: 6, pp.1079-1098, doi:10.1108/BPMJ-01-2016-0004
- Gill, J. and Johnson, P. (2006). *Research Methods for Managers*. 3rd Ed. SAGE Publication: London.
- Githeu .C. N. (2014). *Supply Chain Management Practices and Performance of Commercial Banks in Kenya*, published MBA Thesis, University of Nairobi.
- GOK (2012). Public finance notes. Nairobi, GOK.
- Hawkins, T. G., Nissen, M. E., & Rendon, R. G. (2014). Leveraging Strategic Sourcing and Knowledge. *Journal of Public procurement*, 215-251.

- Henrico, P., André, D., (2016) "Procurement strategy formation: (re-)designing rail infrastructure project alliances", *International Journal of Managing Projects in Business*, Vol. 9 Issue: 1, pp.53-73, doi: 10.1108/IJMPB-09-2015-0096.
- Jensen, P. A. (2017). Strategic sourcing and procurement of facilities management services. *Journal of Global Operations and Strategic Sourcing*, 10.1108/JGOSS-10-2016-0029.
- Kabega, C., Kule, J. W., & Mbera, Z. R. (2016). "Effect of procurement practices on performance of public projects in Rwanda". *International Journal of Economics, Commerce and Management United Kingdom*, IV (5) 377 – 397
- Kalau, E. M., (2016). "E-Procurement Strategies and the Performance of Kenya Owned Parastatals", published Mba thesis, University of Nairobi.
- Kaplan, R.S. and Norton, D.P. (2001). *"The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment"*. Harvard Business School Press, Boston.
- Karanja M. K. & Kiarie D. (2015). Influence of procurement practices on organization performance in private sector in Kenya: a case study of Guaranty Trust Bank Kenya Ltd. *International Journal of Business & Law Research* 3(2), 44 – 60.
- Kausik, U., & Mahadevan, B. (2011). Strategic Sourcing: Trends and Emerging Issues for Research. *IIM Bangalore Research Paper* 335.
- Keith, B., Vitasek, K., Manrodt, K. & Kling, J. (2016). *Strategic sourcing in the new economy: harnessing the potential of sourcing business models for modern procurement*. New York: Palgrave Macmillan.
- Kenya Public Procurement and Disposal Act, (2005).

- Kihanya, T. W., Wafula, M. K., Onditi, E. O., & Munene, A. M. (2015). The Role of Strategic Sourcing on Organization's Performance: A Case Study of Jomo Kenyatta University of Agriculture and Technology [Abstract]. *International Journal of Scientific and Research Publications*, 5(May 2015), ISSN 2250-3153.
- Kilonzo, G. M. (2013). Procurement Best Practices and Organizational Performance: Case Study of Cadbury's Kenya Limited", published MBA Thesis, University of Nairobi.
- Kiplagat, P. (2010). The Impact of Strategic Procurement in Communications Commission of Kenya, published MBA Thesis, University of Nairobi
- Knight, L., Harland, C., Telgen, J., Caldwell, N. (2011), "Public procurement: an introduction", in Knight, L., Harland, C., Telgen, J., Thai, K.V., Callendar, C., McHen, H. (Eds), *Public Procurement: International Case and Commentary*, Routledge, London.
- Krause, D. R., Handfield, R. B.; Tyler, b. b. The relationships between supplier development, commitment, social capital accumulation and performance improvement. *Journal of Operations Management*, v.25, n.2, Mar, p.528-545, 2013.
- Lardenoije, E. J., Van-Raaij, E. M., & Van-Weele, A. J. (2013). Performance Management Models and Purchasing: Relevance Still Lost. *Researches in Purchasing and Supply Management*, the 14th IPSERA Conference, (pp. 687-97).
- Leiyang, A.P, (2016). "Procurement Practices and Organizational Performance: Case Study of The University of Nairobi", published MBA Thesis, University of Nairobi.
- Lim, M. (2014). What is the Difference between Procurement and Purchasing? Procurement sense. Retrieved from <http://blog.procurify.com/2014/02/07/what-is-the-difference-between-procurement-and-purchasing>
- Maroa, D.M. (2013). Strategic procurement practices and procurement performance among commercial banks in Kenya.

- Masiko, D.M, (2013). “*Strategic Procurement practices and Procurement Performance among Commercial Banks in Kenya*”, published Mba thesis, University of Nairobi.
- Minkyun, K, Nallan, C. & S, Kocabasoglu-Hillmer, C., (2015), "A contextual analysis of the impact of strategic sourcing and E-procurement on performance", *Journal of Business & Industrial Marketing*, Vol. 30 Issue: 1, pp.1-16, doi: 10.1108/JBIM-01-2012-0010
- Mofokeng, M. & Luke, R., 2014, ‘An investigation into the effectiveness of public entities’ procurement practices’, *Journal of Transport and Supply Chain Management* 8(1), Art.#136,7 pages. <http://dx.doi.org/10.4102/jtscm.v8i1.136>
- Moses, A., & Ahmed, A. (2015).The Relationship between Competitive Strategy and Firm Performance in Micro and Small Businesses in Ghana: The Moderating Role of Managerial and Marketing Capabilities. *Africa Journal of Management* 1:2,172-193.Onlinepublication date: 3-Apr-2015.
- Musau, J., (2014). “Strategic Management of Procurement Processes and Operational Efficiency of Major Oil Companies in Kenya”, published Mba thesis, University of Nairobi.
- Mutua, C. N., & Juma, D. (2018). Influence of Strategic Sourcing On Procurement Performance of Kenyan Commercial Banks. *The Strategic Journal of Business and Change Management*, Vol. 5, Iss. 2, pp 1415 - 1445.
- Ngugi, N. P., (2013). Supply chain risk management practices in mobile telecommunications sector industry in Kenya, published MBA Thesis, and University of Nairobi.
- Njeru, S. E., (2015). Factors affecting effective implementation of Procurement Practices in tertiary public training institutions in Kenya, published Mba thesis, Jomo Kenyatta University of Agriculture and Technology.
- Norris-Tirell, D. and Clay, J. A. (2010). Strategic Collaboration in Public and Nonprofit Administration: A Practice-Based Approach to Solving Shared Problems. ASPA series in public administration and Public policy.

- Oginda, E. (2013). Challenges of implementing procurement strategy at the Kenya Power and lighting Company Limited, published MBA Thesis, University of Nairobi
- Ogutu, M. (2012). Strategies adopted by Multinational Corporations to cope with competition in Kenya, published MBA Thesis, University of Nairobi.
- Omondi, M. P., Ombui K., Mungatu J, (2013) "Factors affecting effective strategy implementation for attainment of Millennium Development Goal 5 by international reproductive healthnon-governmental organizations in Kenya", *The TQM Journal*, Vol. 25 Issue: 5,pp. 507-519, doi: 10.1108/ TQM-10-2012-0079
- Onyango, H. A., (2014). Strategic collaboration among the retail supermarkets in Nairobi Kenya, published MBA Thesis, University of Nairobi.
- Oyuke, O.H & Shale, N. (2014). "Role of Strategic Procurement Practices on Organizational Performance; A Case Study of Kenya National Audit Office County". *European Journal of Business Management*, 2 (1), 336-341.
- PohLean C., Wai P. W., T. Ramayah. And M. Jantan, (2010) "Organizational context, supplier management practices and supplier performance: A case study of a multinational company in Malaysia", *Journal of Enterprise Information Management*, Vol. 23 Issue: 6, pp. 724-758, doi: 10.1108/17410391011088619
- Porter, M. (1985), *Competitive Advantage: creating and sustaining superior Performance*. New York, Free Press.
- Rotich K.J, (2013). "Strategy Implementation Challenges at Unga Group Limited, Kenya", published MBA Thesis, University of Nairobi.
- Shale, N.I., (2014). "Role of E-Procurement Strategy on the Performance of State Corporations in Kenya", published DBA Thesis, University of Nairobi.
- Siew-Phaik, L., Downe, A. G., Sambasivan M., (2013) "Strategic alliances with suppliers and customers in a manufacturing supply chain: From a manufacturer's perspective", *Asia-Pacific Journal of Business Administration*, Vol. 5 Issue: 3, pp.192-214, doi: 10.1108/APJBA-11-2012-0077

The Public Procurement and Disposal Act. (2015, December 24). Retrieved from [http://ppoa.go.ke/images/downloads/Public Procurement and Asset Disposal Act 2015.pdf](http://ppoa.go.ke/images/downloads/Public_Procurement_and_Asset_Disposal_Act_2015.pdf)

The World Bank, Report of the Trade Facilitation Facility, 2009–2015 (2015). Retrieved from <http://documents.worldbank.org/curated/en/995581468179366677/pdf/100092-REVISED-WP-PUBLIC-Box393227B-TFF-Results-Report-FINAL.pdf>
<http://data.worldbank.org/indicator/NY.GNP.PCAP.CD>

UNDP (2010). 2010 UNDP Human Development report. Nairobi, UNDP.

Wachira, R., (2013). Supplier Relationship Management and Supply Chain Performance in Alcoholic Beverage Industry in Kenya, University of Nairobi.

Zimmermann, P., Rajal, M., Buchholz, J., Plinval, PL., Geissmann, M. (2015). *Supply Relationship Management; Redefining the value of strategic supplier collaboration*, Germany, Delloitte Consulting GmbH.

APPENDICES

Appendix I: Research Questionnaire

Preamble

I am a Master of Business Administration student degree at United States International University. I am undertaking a research project on the role of strategic procurement on project implementation at TradeMark East Africa. Your input in terms of views, answers and suggestions will be of great assistance in making this study a success. This letter is thus sent to you as a polite request to fill in the attached questionnaire so as to facilitate collection of required data. The information provided will be strictly for this study and it will be highly confidential.

Thanking you in advance for your cooperation.

PART A: Demographic Profile

(Tick where appropriate)

1. Department

Procurement

Others (specify).....

2. Designation

(Tick where appropriate)

CEO DCEO Director Manager Officer

Assistant

Others (specify).....

PART B: Strategic Procurement Practices

3. Kindly indicate the extent to which the firm implement/practice the following activities relating to strategic procurement practices

5= Very great extent, 4= Great extent, 3= Moderate extent, 2=Small extent and 1= very small extent.

Strategic Procurement Practices	1	2	3	4	5
The firm has a supply chain council in place.					
The supply chain council helps align the procurement strategy and the overall strategy					
The supply chain council has top management support					
Is the supply chain council multifunctional and composed of company executives & key decision makers					
The company procurement function is an independent business function					
The procurement unit is well staffed to satisfy the company's customer needs.					
The procurement unit staff have professional qualifications purchasing and supplies					
The company employs technology in its procurement operations and dealings with demands of all stakeholders					
Strategic, value-adding supply relationships for improved business efficiency by the firm					
Collaborative strategic sourcing is preferred to arm-length relationship by the firm					
Total cost of ownership and not purchase price is the focus of the company					
All contracts are drafted and signed under the company's terms for uniformity					

The contracts are under the custody of the procurement function to leverage spend.					
Forecasting and demand planning is used to keep optimal inventory levels in the firm					
Inventory quantities are constantly reviewed to reduce company working capital					
The requests for proposal (RFPs) ask suppliers and service providers to provide information about their green initiatives.					
The company is green in its interactions with the environment to address consumers concerns.					
The company social responsibility programs focus on workplace, individual and community and organization					

PART C: Procurement Performance

4. Kindly indicate the extent to which you agree with the following statements concerning the effect of strategic procurement practices on procurement performance

5= Very great extent, 4= Great extent, 3= Moderate extent, 2=Small extent and 1= very small extent

Procurement Performance Procedures	1	2	3	4	5
The staffing of the procurement department leads to high overall firm productivity					
The supply chain council aligns procurement strategy to company strategy leading to more productivity for the					
Supplier alliance management creates sustained value and leads to better quality goods/ services					
The firms technology satisfies its procurement processes and leads to customer satisfaction					
The company-whole collaborative strategic sourcing results in lower total costs					
Total Cost of Ownership not price focus by the firm leads to better quality goods and services by suppliers					
Keeping all contracts within the procurement department makes for easy monitoring contract compliance thus save costs					
Forecasting to help reduce company held inventory ensures reduced costs in the firm					
Company green initiatives and social responsibilities help align the it closer to the customers and regulatory					
The procurement policies and controls adopted by the firm help ensure compliance and increase overall productivity					

PART D: Challenges Facing Procurement

6. Please indicate to what extent the following challenges have affected procurement in your firm. Where 5= Very great extent, 4= Great extent, 3= Moderate extent, 2=Small extent and 1= very small extent

Challenges facing Procurement	1	2	3	4	5
Length and complexity of supply chain increases supply risk of the firm.					
The company structure supports the procurement strategy					
Procurement staffing level are inadequate for the realization of strategic procurement in the company					
The economic and supply risks to the company due to commodity prices and pace of technology change					
Technologies available for use in the company do not allow for supply chain visibility.					
The contract terms are well spelt out and SLAs monitored to ensure customers are well managed.					
Market intelligence is not well collected, analyzed and strategically used to benchmark suppliers					
Has collaboration been embraced as a key strategic tool					
Market intelligence is not strategically used to					
The procurement strategy is wrongly focused on processes not outcomes					