

Effect of Procurement Planning on Procurement Function Performance in Kakamega County Government

Jared Okemwa Asande¹
Evans Silver Kwendo²
Fredrick Njehu Kiongera³

¹jasande1982@gmail.com

²ekwendo@mmust.ac.ke

³fkiongera@mmust.ac.ke

¹<https://orcid.org/0000-0002-8550-3883>

³<https://orcid.org/0000-0002-2615-7343>

^{1,2,3}School of business and economics, Masinde Muliro University of Science and Technology, Kenya

ABSTRACT

The public sector, including the county government, has undergone massive changes over time amid the existence of several regulations and laws. The realization of efficiency and effectiveness has been a tall order. This study, therefore, sought to establish the effect of procurement planning on procurement function performance in Kakamega County Government. This study was guided by one null hypothesis. The review of the literature consisted of a theoretical review and an empirical review. The study was guided by systems theory. The study adopted a cross-sectional research design involving a target population of all staff members in the procurement department. A census was used. Primary data was collected using questionnaires, which were administered through the drop-and-pick method. A pilot study was conducted in Samburu County. The analysis of the data was done using descriptive and inferential statistics. The study findings were presented in tables. The findings indicated that procurement planning had a positive but non-significant change in procurement function performance ($t = .697, p > 0.05$). The study recommends the application of procurement planning and other supply chain practices to enhance procurement function performance. In conclusion, procurement planning alone cannot enhance performance levels. County governments in Kenya can enhance procurement function performance levels by embracing all supply chain management practices and putting up infrastructure that can help in the implementation.

Key Words: County Government, Procurement Function Performance, Procurement Planning, Supply Chain Management

I. INTRODUCTION

Procurement planning is an activity that sets the entire process of the procurement function in motion for delivering services to the county governments. According to Basheka (2009), planning is a process that takes place in phases and emphasizes how decisions made today affect current activities rather than future actions. The study added that ministries draw up plans for annual procurement activities, which are done in a transdisciplinary way. Procurement plans help in drafting years' financial estimates, which go a long way toward efficient resource use and enhanced public procurement performance. According to Brown and Hyer (2010), these arrangements in procurement entail spelled out the purpose, definition of scope, and needs required by customers and pointing out the procurement activities, times, and schedules that are involved. However, Ogubala and Kiarie (2014) opined that lack of required expertise for procurement staff, absence of top management support, and inadequate budget have an effect on procurement planning, which in turn affects performance.

Organizations use procurement function performance as a competitive tool to improve overall operations, particularly the production of goods and services, as well as the realization of profits, which ensures the welfare of county residents. Zhang and Okoroafo (2015) view procurement function performance as the capacity of an organization to lower its costs in logistics and operations by observing purchasing rights. Performance is the ability to achieve a targeted objective through the coordination of other committed parties. Procurement function performance is a continuing, never-ending, non-segregated process that regularly needs reforms and assessments (Osoro & Musau, 2018). For any institution to perform, the supply chain needs to be effective in every activity. The effectiveness of the system's operation and the compensation given to supply chain employees serve as performance indicators.

Scholarly studies have been done on the effect of procurement planning on performance in various institutions that indicated higher performance was contributed by properly implemented procurement plans (Basheka, 2009; Metobo, 2016; Kibet, Njeru, 2014; and Chepngetich, 2018). However, Salim & Kitheka (2019) indicate that planning alone is not enough to enjoy the results; rather, effective implementation results in the achievement of value for money, perfect allocation of resources, and efficiency of processes in an organization.

1.1 OBJECTIVES

To establish the effect of Procurement Planning on procurement function performance in Kakamega County, Kenya.

1.2 HYPOTHESIS

Ho₁: Procurement Planning has no significant effect on procurement function performance in Kakamega County, Kenya

II. LITERATURE REVIEW

2.1 Theoretical review

A theoretical review is a review of existing theories that serves as a road map to coming up with arguments to be used in one's own study (Vinz, 2022). This study was founded on systems theory, which was first propounded by Ludwig von Bertalanffy in the 1940s and later advanced by Ashby Ross in the establishment of cybernetics in 1956. Ludwig von Bertalanffy was trying to bring back the concept of scientific unity, where he emphasized that an ideal system is unbolted and freely interacts with its surroundings, thus generating new effects that end up causing continual change (Heylighen & Joslyn, 1992). The system theory assembles different elements in the chain of supply that structure the subsystem, which results in a larger chain of supply. These may include elements like humans, capital, information, and both financial and non-financial resources essential to the connection. Chicksand et al. (2012) reiterated that in order to understand procurement function outcomes, the theory is employed to give an understanding of how both micro and macro factors structure the organizational system.

However, the theory could not be applied to all the variables under the study, like information sharing. The limitations of this theory are that it is of no use to tiny organizations since it assumes that most of the entities are big, complex, and unbolted systems. It employs a scientific approach, which makes it more complex and easier to understand. The importance of the theory is acknowledged in the study since procurement is a system made of several sub-systems that are interdependent. The theory assisted in understanding the interrelatedness of these systems within the supply chain.

2.2 Empirical Review

Planning in procurement is an obligatory requirement by law in Section 26(3) of Regulation 2021, which is released annually stating all the activities to be carried out in the following year (Public Procurement and Disposal Regulation (PPDR)) (Government of Kenya [GOK], 2005). This enables entities to amass needs for large tenders, which comes with the benefits of economies of scale and the prevention of emergencies. Procurement plans help in drafting years' financial estimates, which go a long way toward efficient resource use and enhanced public procurement performance.

A study by Metobo (2016) looked into how practices in procurement affect the delivery of corporation services in Kenya. They found that procurement planning and procurement performance are linked, and that adding procurement and logistics management to public institutions' portfolios improves their procurement performance.

Kibet and Njeru (2014) conducted a study on the impact of procurement planning on procurement performance. A case study of Agricultural Development Corporation, Nairobi, observed that planning of procurement and procurement performance are interconnected, and inclusion of portfolios of procurement and management of logistics enhances public institutions procurement performance. The purpose of procurement planning, therefore, is to utilize the available resources to achieve the overall procurement objectives.

Salim and Kitheka (2019) conducted a study to determine whether planning in procurement in Mombasa County state corporations affects procurement performance. Plans and budgets have a significant impact on procurement performance, according to that study's descriptive research design and stratified random sampling techniques. Studies indicate that planning alone is not enough to enjoy the results; rather, effective implementation results in the achievement of value for money, perfect allocation of resources, and efficiency of processes in an

organization. Few studies have been done to unearth the significance of planning in procurement, and further studies can be done in different counties to advance the findings.

III. METHODOLOGY

A cross-sectional research design was used in the present study. The target respondents for this study were the procurement officers and store officers in Kakamega County. This formed a total of 35 respondents. Data collection was done through the self-administration of structured questionnaires. The collection of data was done by giving questionnaires to participants and picking them up later when they were completed. The researcher used the test-retests method by Mugenda and Mugenda (2003) to arrive at reliability, whereby responses provided were checked to establish similarity. Questions were administered to individuals with similar characteristics as the actual sample. The test was repeated after two months, and the scores from the outcomes were correlated to obtain the reliability coefficient. Data analysis was done using descriptive and inferential statistics. The data was presented in tables.

IV. FINDINGS AND DISCUSSION

4.1 Descriptive Analysis of the Variable in the Study

Descriptive analysis included an assessment of procurement planning's performance. The statements were anchored on a five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree), and respondents were asked to indicate the extent to which they agreed with the statements on procurement planning. Table 1 below presents the outcome:

Table 1

Procurement Planning

Procurement Planning	1(SD)	2(D)	3(N)	4(A)	5(SA)	Mean	STD
We have an active team that conducts procurement planning yearly.	1(13.2%)	0(0%)	7(21.9%)	8(25%)	16(50%)	4.1875	0.99798
Our institution implements all the yearly plans as required.	0(0%)	1(3.1%)	2(6.3%)	16(50%)	13(40.6%)	4.2813	0.72887
Through the procurement plans, we are able to monitor projects well	1(3.1%)	0(0%)	3(9.1%)	7(21.9%)	21(65.5%)	4.4688	0.91526
Our institution estimates its yearly expenses.	1(3.1%)	0(0%)	7(21.9%)	11(34.4%)	13(40.6%)	4.0938	0.96250

A huge proportion of the respondents (50%) were in agreement that they have an active team that conducts procurement planning annually, with a mean of 4.1875. A good number of the respondents (50%) agreed that Kakamega County implements all the yearly plans as required, with a mean of 4.2813. 65% of the respondents agreed that they are able to monitor their projects well through procurement planning, with a mean of 4.4688. Concerning whether Kakamega County estimates its yearly expenses, 40.6% were in agreement with a mean of 4.0938. The findings of the study support Metobo's (2016) findings that procurement practices have an impact on corporation service delivery in Kenya, that procurement planning and performance are interrelated, and that the inclusion of procurement portfolios and logistics management improves the procurement performance of public institutions. Further, Kibet and Njeru (2014) observed that the planning of procurement and procurement performance are interconnected, and the inclusion of portfolios of procurement and management of logistics enhances the procurement performance of public institutions. Likewise, Chepngetich (2018) observed that a positive connection exists between the delivery of services, effective need evaluation, and the specification of costs. Observations made were that a positive connection exists between delivery of services, effective need evaluation, and specification of cost.

4.1.1 Procurement Function performance in Kakamega County

The following six statements were formulated to measure the performance of the procurement function in Kakamega County, and the participants were requested to show the degree of their agreement and disagreement with the statements. Table 2 below presents the outcome:

Table 2*Procurement Function Performance in Kakamega County*

Procurement performance	Function	1(SD)	2(D)	3(N)	4(A)	5(SA)	Mean	STD
There is a significant reduction on the overall cost incurred.		2(6.3%)	0(0%)	9(28.1%)	11(34.4%)	9(28.1%)	4.7500	5.44177
There is timely delivery of goods and services.		0(0%)	2(6.3%)	2(6.3%)	19(59.4%)	9(28.1%)	4.0938	0.77707
Our clients' requirements are met in terms of quality.		0(0%)	0(0%)	5(15.6%)	9(28.1%)	18(56.3%)	4.4063	0.75602
Our institution utilizes resources are well.		0(0%)	1(3.1%)	5(15.6%)	8(25.0%)	18(56.3%)	4.3438	0.86544
Organization image is best.		0(0%)	1(3.1%)	2(6.3%)	14(43.8%)	15(46.9%)	4.3438	0.74528
Other institutions do benchmark in our institution.		1(3.1%)	0(0%)	4(12.5%)	6(18.8%)	21(65.6%)	4.4375	0.94826

A good number of the respondents (34.4%) were in agreement that there is a significant reduction in the overall cost incurred, with a mean of 4.7500. 59.4% of participants concurred that there is timely delivery of goods and services, giving a mean of 4.0938. 56.3% of participants agreed that their client's quality requirements were met, with a mean of 4.4063. As to whether there is proper utilization of resources in the institution, 56.3% of the respondents agreed, with a mean of 4.3438. 46.9% of participants concurred that an organization's image is the best as far as supply chain management practices are practiced in Kakamega County, with a mean of 4.3438. 65.6% of participants agreed that other institutions do benchmarking in our institution with a mean of 4.4375. High profit levels and quality services are realized when systems are in place to manage the supply.

4.1.2 Simple regression analysis

To test the percentage change of the dependent variable (performance of the procurement function), a simple regression analysis was utilized as attributed by the independent variable (procurement planning). This was significant in answering the first agenda of the study, which examined the interconnections between procurement planning and procurement function performance in Kakamega County, Kenya. Table 3 below shows the regression results:

Table 3*Regression Analysis on Procurement Planning*

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.126 ^a	.016	-.017	.57151	.016	.486	1	30	.491
ANOVA ^a									
Model		Sum of Squares	Df	Mean Square	F	Sig.			
1	Regression	.159	1	.159	.486	.491 ^b			
	Residual	9.799	30	.327					
	Total	9.957	31						
Coefficients ^a									
Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.		
		B	Std. Error	Beta					
1	(Constant)	3.248	.543			5.987	.000		
	Procurement Planning	.095	.136	.126		.697	.491		

a. Dependent Variable: Performance

The results indicate an R (coefficient of correlation) of 0.126 and an R² (coefficient of determination) of 0.016. This suggested that 1.6% of changes in the dependent variable (procurement function performance) were spelled out by the independent variable (procurement planning).

The F test presents a value of $(1, 30) = 0.486$, $P > 0.05$, which concurs with the goodness of fit of the model in spelling out changes in the dependent variable. Indication that procurement planning was not a major predictor of procurement function performance in Kakamega County, Kenya. From these findings, the null hypothesis is rejected, which states that procurement planning has no significant influence on the procurement function performance of Kakamega County. These findings contradict those of Shasho et al. (2020), who observed that procurement planning helps in containing the bottlenecks that exist in project implementation and overcoming budget-related obstacles.

The regression equation to measure the changes in procurement function performance in Kakamega County as attributed to procurement planning was stated as below:

$$PFP = 3.248 + 0.095PP + e$$

Where;

PFP is the Procurement Function performance

PP is the Procurement Planning

When all the other external factors are held constant, there would be a 3.248-unit increase in procurement function performance. When there is a unit increase in procurement planning, there will be a corresponding increase in procurement function performance of 0.095.

Findings concur with the study done by Salim and Kitheka (2019), who asserted that planning alone is not enough to enjoy the results; rather, effective implementation results in the achievement of value for money, perfect allocation of resources, and efficiency of processes in an organization. The findings contradict those of Duggan (2015), who discovered that the performance of procurement was a result of effective procurement planning.

A coefficient of correlation (r) of 0.126**, $P > 0.05$ at a 95.0% confidence level, was observed in the first variable. This indicated a positive but non-significant relationship between procurement planning and procurement function performance in Kakamega County, Kenya. The results further indicated an R^2 value of 0.016, indicating that procurement planning could predict 1.6% changes in procurement function performance in Kakamega County. It was therefore a non-significant predictor of procurement function performance.

V. CONCLUSIONS & RECOMMENDATIONS

5.1 Conclusion

A conclusion was drawn that procurement planning does not affect procurement function performance in Kakamega County, Kenya. Further, outstanding procurement planning did not bring up effective procurement function performance in Kakamega County, Kenya.

5.2 Recommendations

This study recommends the adoption of all procurement practices since planning alone is not enough to enjoy the results; rather, effective implementation results in the achievement of value for money, perfect allocation of resources, and efficiency of processes in an organization.

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