



EFFECT OF PROCUREMENT PLANNING ON PROCUREMENT PERFORMANCE OF STATE CORPORATIONS IN MOMBASA COUNTY, KENYA

Salim, A. S., & Kitheka, S.

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Salim, A. S.,^{1*} & Kitheka, S.²

^{1*}Master Candidate, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Kenya

²Ph.D, Lecture, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Kenya

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ABSTRACT

The main objective of this study was to determine effects of procurement planning on procurement performance of State Corporations in Mombasa County, Kenya. The specific objective of the study were need identification, need specialization, budget & cost estimates and procurement methods and its effects on procurement performance. The study employed a descriptive design and the researcher used stratified random sampling technique to select a sample that represented the entire population. The target population was 204 employees which were middle level staff and senior level staff selected from the 34 state corporations in Mombasa County. The sample size was 135 which showed some level of significance at the 95% confidence level. The questionnaires were used to collect primary data from the various departments which included procurement, finance, human resource and administration, operations, engineering and legal department since all their functions were centralized and suitable to provide data. Data was descriptively analyzed through SPSS software version 24 to find out the relation between dependent and independent variables. The relationship between independent and dependent variables was determined using a multivariate regression analysis and the strength of the relationship of independent and dependent variable were determined by use of Pearson correlation coefficient (r). The results were presented in form of frequency distribution tables. A quantitative report was generated through the percentages, measures, tabulations and central tendency. It was concluded that procurement need identification greatly had effects on the procurement performance of state corporations in Mombasa County, Kenya. It was concluded that procurement budget cost & estimates greatly had effects on the procurement performance of state corporations in Mombasa County, Kenya. The study recommended that suppliers should develop competent technical abilities so as to provide high quality products or services. The study recommended that all the public entities in Kenya should establish appropriate appraisal audit policies because this would help them ensure that they would deal with qualified and competent staff and suppliers.

Key terms: Information Technology, Need Identification, Need Specification, Procurement, Product Quality List, Return on Assets

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INTRODUCTION

Procurement is one of the basic functions common to all organizations, both private and public. Public procurement systems are central to the effectiveness of development expenditure. Budgets get translated into services largely through the governments' purchases of goods, services and works. It is estimated that 18.42% of the world's GDP is spent through public procurement (Mahmood, 2010). It is further estimated that public procurement accounts for 9%–13% of the GDP of the economies of developing countries (Mahinda, 2015). In order to realize the savings, the system has evolved from system with no regulations to an orderly legally regulated procurement system. Consequently, the establishment of the Public Procurement and Disposal Act, 2005 and the gazettement of the Public Procurement and Disposal Regulations 2006. The Act created PPOA which was mandated to; ensuring that procurement procedures established under the Act were complied with, monitoring the procurement system and reporting on its overall functioning and among other functions (Stanley, 2014).

Procurement planning is the method used by associations or open establishments in planning purchasing exercises for a specific time allocated. This is ordinarily completed the process of amid arranging system. Consistently, every office is required to spending its staffs, costs, and purchases. This is the underlying stage in the acquisition procedure (Kibet & Njeru, 2014). Poor procurement planning has been one of the major stumbling blocks to the economic development of Africa and it has been clear that a number of African countries have not paid adequate attention to the proper management of public resources (Basheka, 2004). An efficient public procurement system is vital to the advancement of African countries and is a concrete expression of the national commitment to making the best possible use of

public resources (Kabaj, 2003). The influence of new public management (NPM) philosophies in the functioning of the public sector has been embraced procedurally by government departments in a number of African Countries.

In Kenya, procurement in the public sector is subject to the stipulations of the Public Procurement and Assets Disposal Act PPADA, 2015. The principle purpose of the Act is to establish procedures for both procurement and disposal of unserviceable, obsolete of surplus equipment by public organizations with the aim of maximizing economy and efficiency. This Act requires public entities to plan their procurement activities in a manner that is transparent, accountable and gives maximum value to taxpayers' funds (Republic of Kenya, 2015). Previously known as the Public Procurement and Disposals Act, 2005, the PPDA, 2005 was revised to the PP&ADA, 2015. The latter was assented to law on 18th December, 2015 and its implementation commenced on 7th January, 2016. The PPDA applies to all state organs and public entities in regard to procurement planning, procurement processing, inventory and asset management, disposal of assets, and also contract management (Republic of Kenya, 2015). Therefore all accounting officers of public entities shall prepare an annual procurement plan which is realistic within the approved budget prior to commencement of each financial year as part of the annual budget preparation process (GOK, 2016).

State Corporations in Kenya are some of the major contributors to the national economy although they have been blamed for poor performance (Mwaura, 2014). However since their first establishment in Kenya they have been complementing the private sector in areas such as exports, transport as well as Agriculture (Muthaura, 2010). The government of Kenya has been trying to improve the performance of Parastatals through various efforts such as the formation of the parastatals advisory committee in 1979 and the development of various sessional

papers and policies geared towards improvement of the performance of the public sector (Republic of Kenya, 2006). State Corporations restructuring has been taking place in order to get better performance and service delivery and these efforts have been motivated by the fact that the state Corporations have been underperforming and the public have demanded for better service delivery (Lankeu & Maket, 2012). This has made the government to re-engineer the general public sector by coming up with programs such as New Public Management (NPM). The NPM is a plan of bringing up a performance-oriented culture through which public organizations can operate to increase efficiency and effectiveness (Republic of Kenya, 2004). It is projected to better serve the needs of both government and the citizenry with improved delivery of public services so as to trim down poverty, improve livelihoods, and uphold good governance (Republic of Kenya, 2013).

Research Objectives

- To evaluate the effect of procurement need identification on procurement performance of State Corporations in Mombasa County, Kenya.
- To establish the effect of need specification on procurement performance of State Corporations in Mombasa County, Kenya.
- To investigate the effect of procurement budget on procurement performance of State Corporations in Mombasa County, Kenya.
- To assess the effect of appropriate procurement method on procurement performance of State Corporations in Mombasa County, Kenya.

The study was guided by the following null hypotheses

Ho₁ : Procurement need identification has no significant effect on procurement performance of State Corporations in Mombasa County, Kenya.

Ho₂ : Procurement need specification has no significant effect on procurement performance of State Corporations in Mombasa County, Kenya

Ho₃ : Procurement budget has no significant effect on procurement performance of State Corporations in Mombasa County, Kenya.

Ho₄ : Appropriate procurement method has no significant effect on procurement performance of State Corporations in Mombasa County, Kenya.

RELATED LITERATURE

Stakeholder Theory

According to Savage, Dunkin, & Ford, (2014) the fundamental premises of Stakeholder theory, company stakeholder's influences or influenced by relationship groups formed in the organization. Freeman in his theory terms the idea of nature of relationships according to organization's results and stakeholders' processes, every legitimate stakeholder's interests are of core cost and it's far anticipated that there's no single prevailing set of interests. The theory is linked to procurement need specification where the procuring entity should be able to involve the user departments in the procurement plans and allow them to submit their budgets in order for them to specify the items they would require to use in their entire departments.

Relationship Management Theory

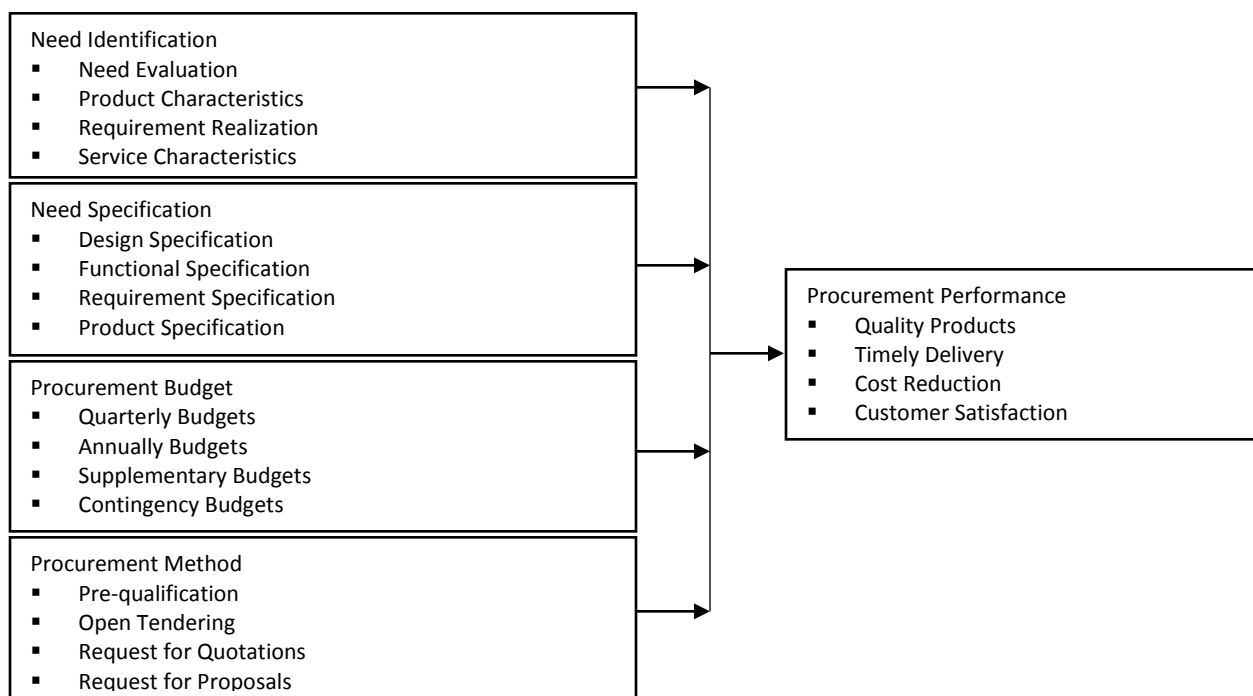
By using this theory the organization will be able to successfully establish the organization's mission and attitude change will be inevitable. Establishing more precise boundaries and clear rules on the relationship of supply chain arrangement will remove any assumptions that the partner knew instinctively to accommodate the situation. Knowing the parameters of the relationship, perception of partner changes, even if the external circumstances remain unchanged. Even at the individual attitude change leads to a change in the perception of others. Accepting a supplier implies to know him. As long as there is a thorough knowledge of the supplier or there is only incomplete information about him, the relationship with him is based on only a dose of confidence and hope to seriously address its obligations. This

behavior creates a certain state of safety and increased confidence. A business start with a low confidence level may generate uncertainty in expectations. In this respect, confidence building is a long process. It addresses in particular individuals who engage in such emotional relationship (Tynan, 2006) which affect the economic ties further. However, curdling trust claims politeness, friendship, empathy, similarity, honestly.

Resource Based Review Theory

According to Williamson (2015), organizations have employees/individuals who think uniquely and with different goals. It accepts that the company has improved to the quantity that replaces determining resource allocation in the market. This indicates that

production and the price of the firm are determined by its structure and organization. According to the theory, managers are seen to be opportunists since they set up firms' operations according to their interests. The primary body of existing empirical paintings does no longer in particular or at once calculate transaction prices, but uses statistical strategies with the intention to get solutions to their study queries (Ukalkar, 2011). Such oblique operationalization strategies describe transaction costs as dependent variable whereas independent variable as the transaction dimensions, or also its different sub-categories, as. Every indirect and direct designs of transaction charges are of ex publish man or woman, which signifies another point of critique of TCE (Dyer, 2011).



Independent Variables

Dependent Variable

Figure 1: Conceptual Framework

Empirical Review

Kibet & Njeru (2014) established the procurement planning effects on procurement performance: case study of agricultural development corporation in Nairobi. It was found that there was a robust

association amongst procurement performance and procurement planning; consequently the study concludes that existence of efficient logistics management, procurement portfolio as well as adherence to procurement plans undoubtedly

influences procurement performance in establishments. The procurement planning motive purposes to make use of the available assets to attain the general procurement goals.

Mdemu (2013) assessed the effectiveness of procurement planning in public sector on services delivery A Case Study of Tanga City Council. Collection of data was done through interview, questionnaires as well as reviewing other secondary sources including reports, memos and charters. Rashid, Taibu & Ahmad, (2012) studied effect of procurement systems on the performance of construction projects in Tanzania. Descriptive research design was adopted. They discovered that the specific procurement systems differ from one another in respect to responsibility allocation period, procedure, activities sequencing and organizational approach in project delivery. It additionally determined out that those variations have always affected the task overall performance. Challenge overall performance has been defined as the diploma of achievement of positive attempt or venture which relates to the prescribed dreams or objectives that form the task parameters. There are many other elements that determine mission fulfillment, however the focus of this paper is on the three crucial parameters or undertaking performance i.e. value, quality and time.

Amin & Chirchir (2011) completed a study on electronic procurement and organizational performance among commercial state corporations. Descriptive method was adopted where a pattern length of forty respondents were studied sample. The findings imply that commercial nation organizations in Kenya have adopted e-procurement but there are few functions which are manually done still which include: suppliers short-listing, tendering process and call for proposals. It turned into additionally set up that e-procurement has caused improved transparency, accountability among others and cost reduction.

Kilonzo (2014) studied procurement best practices and procurement performance: case study of Cadbury's Kenya Limited. The research design for this study was case study since the unit of analysis is one organization. The study established that company had adopted procurement best practices that were followed when making company purchasing decisions. The study established that the company focused on performance through procurement best practices to achieve price variance, effective contract utilization, inspiration management, improve procurement staff skills, improved procurement cycle time and effective payment processing time. Procurement best practices are; performance metrics, use of cooperative contracts, strategic procurement planning, performance measurement, transparency; procurement policy manual, performance-based contracting, risk management, ethical procurement and performance management. The study concludes that procurement best practices that are to be considered during making company purchasing decisions are; team-based approaches to procurement, proper use of technology and building supplier relationships.

According to Koigi (2011) it's important to acknowledge that there is a bond connecting procurement process, efficiency, effectiveness and performance. Procurement performance starts from purchasing efficiency and effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity. Performance provides the basis for an organization to assess how well it is progressing towards its predetermined objectives, identifies areas of strengths and weaknesses and decides on future initiatives with the goal of how to initiate performance improvements. Procurement performance is not an end in itself but a means to control and monitor the procurement function. The procurement function is obliged to carry out its duties and responsibilities which include supplier selection

and acquisition of goods and services on behalf of entities. The goods or services procured should meet the minimum requirements and specifications as requested by the user department.

METHODOLOGY

The study adopted descriptive research design. The questionnaires were checked for consistency and completeness done through coding, tabulating and editing of collected data. The data was gathered by use of questionnaires which were analyzed using SPSS (Statistical Packages of Social Sciences). The data was coded for easier analysis. The descriptive statistics like standard deviation, maximum mean and minimum was used to describe indicators of procurement planning and procurement performance (Cooper & Schindler, 2014). Testing the correlation between individual indicators of procurement planning and procurement performance, Pearson Correlation Coefficient analysis with one tailed significant test was used. Pearson correlation was used to determine whether there is a monotonous

relationship in the two variables and it varies from -1 to +1, with 0 meaning lack of relationship and 1 meaning there is perfect relationship. The link between the dependent and independent variables was determined through the analysis of a multivariate regression below:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:-

Y= Dependent variable (Procurement Performance)

X₁= Procurement Need Identification

X₂ = Procurement Need Specification

X₃ = Procurement Budget

X₄ = Procurement Method

ε= Error term

FINDINGS

Procurement Need Identification

The study sought to determine the effect of procurement need identification on Procurement performance of the corporations in Mombasa County as shown in table 1 below.

Table 1: Procurement Need Identification

	N	Sum	Mean	Std. Deviation
The organization must consider having product characteristic as an important element in the procurement need identification for procurement performance to be attained.	125	590	4.72	.604
The organization through their procurement department have established better need evaluation methods that enhances efficiency and performance	125	584	4.67	.471
The organization have enhanced better requirement realization needs from the user department to achieve procurement performance	125	614	4.91	.284
The user departments in the various organizations have established efficiency methods and techniques to ensure need identification is achieved.	125	586	4.69	.465
The organization have established the type of services or products they want to use through the user department. In order to achieve procurement performance	125	614	4.91	.284
We have established the best requirement realization in the procurement department when it comes to need identification	125	594	4.75	.591
Overall Mean			4.775	

Majority of the respondents agreed with a mean of 4.72 that the organization must consider having product characteristic as an important element in the

procurement need identification for procurement performance to be attained having standard deviation of 60.4% implication of high response rate.

The results were in agreement with Kibet & Njeru (2014) in the empirical review that product characteristics plays a significant role in the procurement planning process which needs to be followed by the procuring entity at any given time. The study revealed that respondents with a mean of 4.67 where of the opinion that the organization through their procurement department had established better need evaluation methods that enhanced efficiency and performance with standard deviation of 47.1%. Respondents strongly agreed with a mean of 4.69 that the user departments in the various organizations had established efficient methods and techniques to ensure need identification was achieved having standard deviation of 28.4%. The results were confirmed by Kilonzo (2014) who asserts that user departments in respective organizations determined the efficiency of the procurement process through ensuring adequate techniques are followed. The study further revealed

the organization had established the type of services or products they want to use through the user department in order to achieve procurement performance with mean of 4.91 and standard deviation of 28.4%. The above findings were confirmed by Kibet & Njeru (2014) that procurement planning provides opportunity for the entire procuring entity to establish the required products or services required by various user departments. Moreover, respondents with a mean of 4.75 agreed that they had established the best requirement realization in the procurement department when it comes to need identification having standard deviation of 59.1%.

Procurement Need Specification

The study sought to determine the effect of procurement need specification on procurement performance of state Corporations in Mombasa County as analysed in the table 2 below.

Table 2: Procurement Need Specification

Majority of the respondents strongly agreed with

strongly agreed with mean of (4.83) that the

	N	Sum	Mean	Std. Deviation
We have a clear design product system indication in the system that shows how the data is backed-up and recovered.,	125	614	4.91	.284
We have controls in place to ensure that the correct charge out rate has been applied to billing in the functional specification	125	604	4.83	.375
We must incorporate a better budget plan that will meet the needs requirement from various user department.	125	614	4.91	.284
The procurement department has to ensure that user department has understood and provided clear requirements in terms of their functional of the services or goods or works.	125	619	4.95	.215
Procurement need specification has enabled many organizations to understand what they require to use at any given particular period of time thus achieving procurement performance.	125	619	4.95	.215
The procurement department has incorporated the best requirement specification method that ensures value for money.	125	625	5.00	.000
Overall Mean			4.925	

mean of (4.91) that organization had a clear design product system indication in the system that showed how the data was backed-up and recovered which was represented by 28.4%. Most of the respondents

organization had controls in place to ensure that the correct charge out rate had been applied to billing in the functional specification with standard deviation of 37.5%

Most of the respondents strongly agreed with mean of (4.95) with opinion that the procurement department had to ensure that user department had understood and provided clear requirements in terms of their functional of the services or goods or works which was represented by standard deviation of 0.215. On the other hand results respondents strongly agreed with mean of (4.95) with opinion that procurement needed specification has enabled many organizations to understand what they require to use at any given particular period of time thus achieving procurement performance with SD= 0.215. The results are in line with Koigi (2011) who asserted that need specification has a paramount role that it played for any given procuring entity especially public

organization with application of the procurement procedures and regulations. Majority of the respondents strongly agreed (5.00) that the procurement department had incorporated the best requirement specification method that ensured value for money. The value for money can only be achieved through proper procurement planning where allocation of resources is planned adequately to ensure efficiency and effectiveness at any given time.

Procurement Budgets

The study sought to determine the effect of procurement budget on procurement performance of state Corporations in Mombasa County as analysed in the table 3 below.

Table 3: Procurement Budgets

	N	Sum	Mean	Std. Deviation
We have established clear design quarterly budget system that enhances the organization to achieve value for money	125	601	4.81	.519
We have controls in place to ensure that the correct charge out rate has been applied to billing in the functional specification	125	621	4.97	.177
We must incorporate a better annually budget plan that will meet the needs requirement from various user department.	125	601	4.81	.592
Our procurement department has to ensure that user department has understood and provided clear requirements in terms of their functional of the services or goods or works.	125	607	4.86	.353
Procurement need specification has enabled many organizations to understand what they require to use at any given particular period of time thus achieving procurement performance.	125	625	5.00	.000
The organization has incorporated measures in place for procurement department on how it can procure items using supplementary budgets	125	619	4.95	.215
Overall Mean		4.90		

The results revealed that respondents were in strong agreement with a mean of 4.81 that they had established clear design quarterly budget system that enhances the organization to achieve value for money with a standard deviation of 0.519. Respondents further strongly agreed that they had controls in place to ensure that the correct charge out rate has been applied to billing in the functional specification with a mean of 4.97 and standard

deviation of 0.177. Respondents further strongly agreed with a mean of 4.81 that they must incorporate a better annually budget plan that will meet the needs requirement from various user department with standard deviation 0.592. Respondents strongly agreed with a mean of (4.86) that the procurement department has to ensure that user department has understood and provided clear requirements in terms of their functional of the

services or goods or works. The procurement department can only achieve that through following the procurement procedures and regulations under the new public procurement and asset disposal Act 2015. Most of the respondents strongly agreed with a mean of (5.00) that the procurement need specification has enabled many organizations to understand what they require to use at any given

particular period of time thus achieving procurement performance. Respondents strongly agreed with a mean of (4.95) that the organization has incorporated measures in place for procurement department on how it can procure items using supplementary budgets with standard deviation of 0.215.

Procurement Methods

The study sought to determine the effect of procurement methods on procurement performance of state Corporations in Mombasa County as outlined in table 4 below.

Table 4: Procurement Methods

	N	Sum	Mean	Std. Deviation
We have in place best evaluation committees that ensures technical competency for any procurement bidding process	125	625	5.00	.000
We have pre-qualification procurement method that helps them to have qualified suppliers selected for the organization.	125	625	5.00	.000
We have streamlined adversarial relationship management so as to strengthen relations between the supplier and organization	125	622	4.98	.154
We have procurement department that normally uses request for quotations to procure goods, works and services	125	622	4.98	.154
We conduct tendering process in a fair and transparency manner that meets the procurement law.	125	619	4.95	.307
We have incorporated in place the best formula on how to issue request for quotations to all registered suppliers within the procurement system	125	622	4.98	.154
Overall Mean		4.98		

From the research study the respondents strongly agreed with a mean of (5.00) that they had in place best evaluation committees that ensured technical competency for any procurement bidding process with standard deviation of 0.000 and represented by 62.5% implication of high response rate. Respondents strongly agreed with a mean of (5.00) that they had pre-qualification procurement method that helped them to have qualified suppliers selected for the organization having standard deviation of 0.000 and represented by 62.5%. Further respondents strongly agreed with a mean of (4.98) that the organization

had streamlined adversarial relationship management so as to strengthen relations between the supplier and organization with standard deviation of (0.154) and represented by 62.2% implication of high response rate. The findings were confirmed by Ndemu (2014) who asserted that any type of relationship for any procuring entity will always benefit the entire two parties engaged in that relationship. The relationship should be all about win-win situation. Respondents strongly agreed with a mean of (4.98) and standard deviation of (0.307) that the organization conducts tendering process in a fair

and transparency manner that meets the procurement law with support of 61.9%. Majority of the respondents strongly agreed with a mean of (4.98) that the organization had incorporated in place the best formula on how to issue request for quotations to all registered suppliers within the procurement system with standard deviation of (0.154) and 62.2%.

Procurement Performance

Finally, the researcher sought to determine the views of respondents on procurement performance of state corporations in Mombasa County, Kenya, as shown in the table 5 below.

Table 5: Procurement Performance

	N	Sum	Mean	Std. Deviation
We consider cost reduction as essential parameter during negotiations which improves the organization performance	125	625	5.00	.000
Quality is our number one criterion in selecting suppliers for our organization performance	125	622	4.98	.154
We have reduced supplier relationship management approach to improve organization performance.	125	619	4.95	.215
We put more efforts and chooses performance monitoring proportionate to the value and importance of the contract.	125	622	4.98	.154
We have better mechanisms in place that ensures suppliers once awarded the contract are able to deliver timely.	125	625	5.00	.000
We have the best mechanism in place in the procuring department that ensures cost reduction has been achieved	125	625	5.00	.000
Overall Mean		4.985		

Majority of the respondents strongly agreed with a mean of (5.00) standard deviation of (0.000) that the organization consider cost reduction as essential parameter during negotiations which improved the organization performance having 62.5%. Based on Amin & Chirchir (2011) who asserts that cost reduction is key for any procuring entity for it to achieve value for money at the end of procurement process. Respondents strongly agreed with a mean of mean of (4.98) and standard deviation of (0.154) that quality is the number one criterion in selecting suppliers for organization performance. Majority of respondents strongly agreed (4.95) and standard deviation of (0.215) that organization had reduced supplier relationship management approach to improve organization performance. Respondents strongly agreed that organization put more efforts and chooses performance monitoring proportionate

to the value and importance of the contract having a mean of (4.98) and standard deviation of (0.215) and 62.2%. Organizations had better mechanisms in place that ensured suppliers once awarded the contract were able to deliver timely with support as supported by mean of (5.00) and standard deviation of (0.000) and 62.5%. Majority of the respondents strongly agreed with a mean of (5.00) and standard deviation of (0.000) that organization had the best mechanism in place in the procuring department that ensures cost reduction has been achieved with support of 62.5%.

Correlation Analysis

The researcher in this regard sought to examine the relationship between the independent variables and the dependent variable. The scores for the various variables were computed into composite scores of

their means and the composite means used for inferential analysis. This made possible because of

the use of Likert scale in the questionnaires

Table 6: Correlation

		Need Identification	Need Specification	Budgets Cost Estimates	Procurements Methods	Procurement Performance
Need Identification	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	125				
Need Specification	Pearson Correlation	.546**	1			
	Sig. (2-tailed)	.000				
	N	125	125			
Budgets Cost Estimates	Pearson Correlation	.596**	.541**	1		
	Sig. (2-tailed)	.000	.000			
	N	125	125	125		
Procurements Methods	Pearson Correlation	.538**	.557**	.591**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	125	125	125	125	
Procurement Performance	Pearson Correlation	.559**	.505**	.553**	.513**	1
	Sig. (2-tailed)	.000	.000	.001	.000	
	N	125	125	125	125	125

** . Correlation is significant at the 0.01 level (2-tailed).

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

The correction was used to test the relationship between the variables. The correlation between need identification and need specification, indicated that there was significant correlation between the variables with coefficient correlation of .546.

The results showed that the correlation between need specification and budget cost & estimates indicates that there was significant correlation between the two variables with coefficient correlation of .541.

The results indicated that the correlation between budget costs & estimates and procurement methods indicated that there was significant correlation between the two variables with coefficient correlation .591. The results also replicated that the correlation between procurement methods and procurement performance indicates that there is positive significant correlation between the two variables with coefficient correlation of .513.

The results showed that correlation between need specification and budget costs & estimates indicates

that there is a significant correlation between the two variables with coefficient correlation of .596. The results shows that the correlation between need identification and procurement methods indicates that there is a positive significant correlation between the two variables with coefficient correlation of .538. The results shows that the correlation between need identification and procurement performance indicates that there is a positive significant correlation between the two variables with coefficient correlation of .559.

The results showed that the correlation between need specification and procurement methods indicates that there is a positive significant

correlation between the two variables with coefficient correlation of .557. The results shows that the correlation between need specification and procurement performance indicates that there is a positive significant correlation between the two variables with coefficient correlation of .505.

The results showed that the correlation between budget cost & estimates and procurement performance indicates that there is a positive significant correlation between the two variables with coefficient correlation of .553. Therefore we conclude that there is strong relationship procurement planning and procurement performance of state corporations in Mombasa County.

Table 7: Regression Coefficient

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	18.879	1.113		2.96	.000
	Need Identification	.325	.020	.102	4.21	.000
	Need Specification	.412	.025	.039	5.47	.001
	Budgets Cost Estimates	.235	.020	.099	3.78	.001
	Procurements Methods	.392	.025	.816	5.42	.000

a. Dependent Variable: Procurement performance

The findings indicated that taking all other independent variables at zero, a unit increase in need identification will leads to 32.5% increase procurement performance of state corporations in Mombasa County, a unit increase in need specification will lead to 41.2% increase in procurement performance of state corporations in Mombasa County, a unit increase in budget costs & estimates will lead to 23.5% increase in procurement performance of state corporations in Mombasa County while also a unit increase in procurement methods will lead to 39.2% increase in procurement performance of state corporations in Mombasa County. The regression model was represented below.

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

$$Y = 18.879 + 0.325X_1 + 0.412X_2 + 0.235X_3 + 0.392X_4 + \epsilon$$

The regression coefficients were tested for significance at alpha=0.05. Significance occurs at P-values less than 0.05. From the above results, all the predictors are good predictors for the procurement planning on procurement performance of state corporations in Mombasa County. Kilonzo (2014) established that the company focused on performance through procurement best practices to achieve price variance, effective contract utilization, inspiration management, improve procurement staff skills, improved procurement cycle time and effective payment processing time which is related to procurement performance.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820 ^a	.673	.662	.21426

a. Predictors: (Constant), Procurements Methods, Need Specification, Budgets Cost Estimates, Need Identification

The four variables were regressed against procurement performance. The model summary Table 8 showed the overall correlation between the dependent variable and the independent variables was strong ($r=0.820$). The R square value (coefficient of determination) was 0.673; this implied that the four-predictor variable accounted for 67.3% of the variation in financial performance. The remaining percentage (32.7%) was accounted for by other

factors not included in this regression model. These other factors not considered in this study could form the basis of other studies. The study findings indicated that procurement performance would be enhanced due to proper procurement planning for the entire organization. Mdemu (2013) found out that procurement performance increases due to increased effectiveness of procurement planning.

Table 9: Analysis of Variance Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.339	4	2.835	61.748	.000 ^b
	Residual	5.509	120	.046		
	Total	16.848	124			

a. Dependent Variable: Procurement Performance

b. Predictors: (Constant), Procurements Methods, Need Specification, Budgets Cost Estimates, Need Identification

The Analysis of Variance (ANOVA) statistics in Table 9 measure whether the variability observed between the variables was significant. The ANOVA results were, $F = 61.748$, $p\ 0.00 < 0.05$, meaning that the variance was significant which means that the model proposed is significant in explaining the relationships. Therefore, the adopted Multiple Linear Regression model well predicted the dependent variable and fits to model the data.

CONCLUSIONS

It was concluded that procurement need identification measures (need evaluation, product characteristics and requirement realization) had significant and positive effect on procurement performances (quality products, timely delivery and cost reduction) of state corporations in Mombasa County. The regression results reveal statistically

significant positive linear relationship between need evaluation, product characteristics, requirement realization and quality products, timely delivery and cost reduction of state corporations in Mombasa County. This was attributed to effect of procurement need identification on procurement performance of state corporations in Mombasa County. It was therefore be concluded that procurement need identification greatly had effects on the procurement performance of state corporations in Mombasa County, Kenya.

It was concluded that procurement need specification measures (design product functional specification and requirement specification) had significant and positive effects on procurement performances (quality products, timely delivery and cost reduction) of state corporations in Mombasa County. The

regression results reveal statistically significant positive linear relationship between design product, functional specification, requirement specification and quality products, timely delivery and cost reduction of state corporations in Mombasa County. This was attributed to effect of procurement need specification on procurement performance of state corporations in Mombasa County. It was therefore be concluded that procurement need specification greatly had effects on the procurement performance of state corporations in Mombasa County, Kenya. It can also be concluded that there was correlation between need specification and budget cost & estimates indicates that there is significant correlation between the two variables with coefficient correlation.

It was concluded that procurement budget measures (quarterly budgets annual budgets and supplementary budgets) had significant and positive effects on procurement performances (quality products, timely delivery and cost reduction) of state corporations in Mombasa County. The regression results reveal statistically significant positive linear relationship between quarterly budgets, annual budgets, supplementary budgets and quality products, timely delivery and cost reduction of state corporations in Mombasa County. This was attributed to effect of procurement budget cost & estimates on procurement performance of state corporations in Mombasa County. It was therefore be concluded that procurement budget cost & estimates greatly had effects on the procurement performance of state corporations in Mombasa County, Kenya.

It was concluded that procurement methods measures (pre-qualification, open tendering and request for quotation) had significant and positive effects on procurement performances (quality products, timely delivery and cost reduction) of state corporations in Mombasa County. The regression results reveal statistically significant positive linear relationship between pre-qualification, open

tendering, request for quotations and quality products, timely delivery and cost reduction of state corporations in Mombasa County. This was attributed to effect of procurement methods on procurement performance of state corporations in Mombasa County. It was therefore be concluded that procurement methods greatly had effects on the procurement performance of state corporations in Mombasa County, Kenya.

RECOMMENDATION

The study recommended that procurement managers and other key players in the procurement doctrine in terms of top corporate policy makers in the organization should be able to emphasize the value of following procedures and understanding clear specification for the user department in procurement organization activities across to all staff and other related departments through providing adequate trainings and seminars on the relevance and value for having clear specification as per the public procurement and asset disposal Act 2015.

The study recommended that suppliers should develop competent technical abilities so as to provide high quality products or services. Some of the technical dimensions that suppliers should develop competence in include; compliance with quantity, compliance with due date, compliance with packaging standard, production planning systems of suppliers, and maintenance activities of suppliers, plant layout and material.

The study recommended that all the public entities in Kenya should establish appropriate appraisal audit policies because this will help them ensure that they will deal with qualified and competent staff and suppliers. It was also recommended that all the public organizations should adopt the ethical policies and guidelines that have been established by the Public Procurement and Regulatory Authority (PPRA) as well as the Kenya Institute of Supplies Management (KISM) since they are all aimed at ensuring that all the

public institutions conduct their procurement processes in line with the Public Procurement and Asset Disposal Act

Policy makers and other key players in procurement public entities must initiate processes and systems that ensure procurement methods are done appropriately and where it is necessary thus achieving value for money. This is better done through adoption of better structures, policies and decisions that drive the organization to performance. Managers need to consider procurement performance to be beyond supplier selection methods and regard corporate accountability through regulation.

The study recommended that transparency and accountability are essentially in public procurement

processes. It therefore recommended that the governments should set up control mechanisms to help identify potential risks and report detected irregularities in procurement process.

Suggestions for Further Research

The study recommended that a similar study should be conducted in the private sector for comparison purposes as this study was done on state corporations in Mombasa County, Kenya. Also not only in Kenya can the study be explored but also studies on procurement planning practices can be done on other international state corporations and private sectors as this would help in expanding the study further and give an insight that can also help in comparison and widen the scope.

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