INFLUENCE OF SUPPLIER'S EVALUATION ON PROCUREMENT PERFORMANCE OF THE COUNTY GOVERNMENT OF BUNGOMA; KENYA

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The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com

Vol. 9, Iss. 1, pp 160 – 171. January 18, 2022. www.strategicjournals.com, ©Strategic Journals

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Accepted: January 14, 2022

ABSTRACT

Organizations have realized the importance of procurement performance with an essence of establishing and maintaining their competitive advantage. Procurement performance is regarded as the efficiency and effectiveness of procurement functions in an organization. Supplier's development practice is considered as one of the aspect that can enhance organization competitive advantage; hence, eventually result to effective organization performance. Linkage of Supplier's development practices and procurement functions results into competitive outcomes of an organization. The objectives of the study was to examine the influence of supplier's evaluation on procurement performance of County Government of Bungoma; Kenya. The study employed descriptive survey research design. The target population of the study composed of senior officers directly linked to decision making on procurement matters in the County Government of Bungoma; Kenya. Census technique was applied on the population and the entire targeted population was put under consideration since it was manageable. The study used structured questionnaire as an instrument of primary data collection. The study focused on descriptive and inferential statistics that was analyzed and computed by use of SPSS version 24. Descriptive statistics involved computation of mean, frequencies and standard deviations of the primary data and inferential statistics dealt with correlation of variables and determination of regression model. The findings of the study indicated Supplier's Evaluation had a significant effect on Procurement Performance. The study encourages the County Government of Bungoma; Kenya to adopt Supplier's Evaluation Practice since such a practice improves the procurement performance.

Key words: *Supplier's Evaluation, Supplier's Development Practices, Procurement Performance*

CITATION: Wafula, B. L., Kadima, M. J., & Miroga, J. (2022). Influence of supplier's evaluation on procurement performance of the County Government of Bungoma; Kenya. *The Strategic Journal of Business & Change Management,* 9 (1), 160 – 171.

INTRODUCTION

Procurement as a function of an organization plays a major role on how to make decisions of acquiring resources, use and dispose if need be (Okon, 2018). According to Ogundane and Alalade (2018) on purchasing research, scholars have tried to focus on supplier development programs and explore how these initiatives impact on procurement performance, which eventually leads to organizational improvement. In the study by Al Doori (2019) on the study of procurement management, Supplier development is concerned with assisting the actual and potential suppliers produce and supply high quality inputs to their prospective clients. Huang and Wang (2017) asserted Procurement performance refers to how well an organization achieves its purchasing and disposal functional objectives.

Organizations are run in an environment that comprises of innumerable economic and embrace procurement performance as how procurement function yields the objectives of an organization in terms of effectiveness and efficiency political interference to their sources of supplies and services; therefore to thrive in this tumultuous environment, these organizations must keep on monitoring their competitive situation together with their internally controllable processes, particularly the procurement process (Isaac & Robert, 2015). Anand and Grover (2015) observed that procurement involves the measures adopted by the purchasing organization to incorporate supply chain so as to reduce on costs and time; hence, increase the output. Procurement practices sets out the means by which procurement policy objectives will be achieved through prioritized action plans.

According to O'Brien (2014), Performance measures can be grouped into two basic types; those that relate to results (outputs or outcomes such as competitiveness or financial performance) and those that focus on the determinants of the results (inputs such as quality, flexibility, resource utilization, innovation or operational performance).This suggests that performance measurement frameworks can be built around the concepts of results and determinants. Lukhoba and Muturi (2015) contemplated that any organization which makes purchases must ensure they have in place effective standard procurement measures, methods they employ in acquiring those stuffs necessary for an organization to provide goods/services to its customers; hence the procedures should put into considerations all aspects of the procurement cycle, comprising of supplier selection, negotiations of contract, placement of orders and payment and should make certain that appropriate service delivery is observed.

In the study by Joseph, Kipkoech and Charles (2015) on interlinking of business operations, businesses are moving from traditional purchasing to strategic purchasing where suppliers, buyers and consumers are intertwining, forming a supply chain, hence, Governments are slowly adapting this concept by introducing modern ways of operational standards. It is expected that purchasing unit must work closely with suppliers and users as well, to make sure those operations are not interrupted. According to Amarjit *et al*.,(2016) on firms procurement competition, in order for firms to compete effectively and survive in the global market, they must maintain and build relationships with a capable and competent network of suppliers and extract maximum value from these relationships. To create and maintain such a network and to improve capabilities that are necessary for the buying organization to meet its increasing competitive challenges, the buying firm may engage in supplier development.

Krause, Dalvi and Kant (2015) embrace supplier development as one of three choices that could be employed to manage problems of buying firms may experience in their supply networks; hence, Problems arising within the supply chain may include a current supplier performing below expectation; a non-competitive supplier base; current suppliers unable to support a firm's

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

strategic growth; or capable suppliers not available in a certain market.

Public procurement has been discussed globally for the sake of understanding how governments can assist in coming up with new technologies and encourage the growth of businesses and the economy at large. According to Fraunhofer (2005), procurement has been a subject of focus in Europe, however, hardly any research papers in the United States of America's examples of public procurement that might have triggered innovation beyond the national defense and security areas. Though the United States has a strategic orientation in their public procurement not linked to innovation as in china and other countries.

In the study by Robson (2013) on procurement practices, companies that have adopted globalization functions, react to the impediments of Procurement performance by implementing better procurement practices. Maryam, Malarvizhi, Abdullah and Sreenivasan (2014) on procurement practices study in Iran, noted that procurement is a dominant work for organizations to master due to issues such as amplified global scale of operations, improved practice of outsourcing, and the buyers' inclined dependence on suppliers' capabilities. Consequently, the transformation of procurement practices has arisen from the lowly, back-end processes into a strategic resource during the last decade. Porter (2006) embrace Procurement departments have deployed strategies to reduce purchasing costs at a global level using many methods such as centralization, standardization needs, and reducing the number of suppliers. More so, procurement departments are given free rein to reinvent their role and participate in the creation of value beyond cost-killing through many new performance procedures: risk management, suppliers' innovation management, and Corporate Social Responsibility.

In the study by Justine (2014) on procurement practices in Ghana, it was observed that due to the scarce revenue base of the country which is worsened by the dwindling tax input as a result of Small Medium businesses folding up, it enhances to reason that the personnel should be tasked to oversee and administer local governance, develop management practices for procurement practices which will guarantee that the worth of the money invested is always attained in all procurement undertakings. This scholar noted that across the world, the practice of purchasing in both corporate and governmental procurement has transitioned from a contained, operational activity to one that is more consolidated and strategic in practice and in nature.

In the study by Popoolar (2019) on procurement practices, the study embraced less developed countries having public procurement functions progressively more acknowledged as indispensable in service delivery and accounts for colossal proportion of total expenditures. However, nevertheless, there is a rising appreciation that, despite noteworthy increases in resources, public service delivery is declining in many emerging economies. Marin-Garcia *et al.*,(2018) observes that organizations which recognize procurement as an entirely administrative function may not have experienced the advantages of new procurement technologies that provide the ability to improve efficiency, costs reduction over and above building healthy associations with supply chain associates.

Jonathan, Odukoya, Aderemi, and Olowookere (2013) on the study of West African Examinations Council, Ghana National Office asserted that improved organizational performance is determined by how an entity strategically trade-off cost and responsiveness at all levels; hence Incorporating procurement practices into existing structures has the potential of yielding positive returns for the organization. According to Justine (2014), Ghana Government realized the enormous amounts of money that went down the drain because of uncoordinated and unregulated procurement activities of ministries departments and agencies.

In the study by Onyango (2015) on supplies management, Supplier development is an important strategy because it encapsulates two of the most evident features of social capital: shared knowledge and shared asset investments; hence the scholar claim that supplier development may be composed of such activities from a buying firm as goal setting, supplier evaluation, performance measurement, supplier training, and other related ones. Babatunde *et al.*, (2016) claimed that direct involvement as a factor of supplier development consisted of a set of practices such as formal supplier evaluation, certification, recognition, informal supplier evaluation, supplier site visits, training, and buyer sites and facilities visits, as well as verbal or written demand for performance improvement. This set of practices composing direct involvement indicates a multidimensional nature of supplier development. The broader supplier development is aligned with the view of direct supplier development programs that are characterized by committing financial and/ or human capital by a buyer and playing an active role in developing a supplier.

Developing economies, among them; Kenya has increased demand for better services; hence there is need to effectively manage the public procurement activities (Lukhoba & Muturi, 2015). In the study by Bosibori (2014) on procurement management, interrelationships between the partners in the supply chain needs to be managed to enhance performance, continuity and shared sense of value within the whole organization. In today's highly competitive environment, supply chain performance is very vital for the survival of firms because customers judge the performance of firms basing on their supply chain performance.

In the study by David and Geoffrey (2015) on procurement management, the function of procurement in Kenya has been engrossed with enormous scandals and mortification, which have been blamed on pitiable handling of information relating to procurement hence leading to unwarranted corruption. According to Onyango (2015), observation indicated that in today's dynamic globalized competitive business environment, hi-tech based service no longer becomes an addendum; rather it is essential for all kinds of organizations; hence, it has emerged that it is crucial for organizations to present their clientele with favorable total cost solution and superior customer satisfaction with novel ideas and methods. The scholar persists, it is necessary to have a robust computerized procurement structure that is interlinked which eventually leads to improved competitiveness and reduced costs.

Statement of the problem

In the study by Isaac and Robert (2015), globally most organizations are managed in an environment that comprises of mixed up functions of economic and political interference to their sources of supplies and services; therefore to thrive in this volatile environment, these organizations must keep on monitoring their procurement practicing activities together with their internally controllable processes, particularly the procurement process. In the study by Hillman and Huston (2016) on procurement management, procurement performance involves the measures adopted by the organization to incorporate supply chain so as to reduce on costs and time and increase the output. According to Wachiuri (2015), most public institutions, procurement departments are associated with various inefficiencies like poor record keeping, delays in paying suppliers, increased procurement cycle time among others; hence resulting into inefficiencies in the procurement processes that affects performance.

Studies have been conducted by scholars among them Kuria (2017) on procurement, especially the linking of strategic procurement and organizational performance in both public and private sector but few studies emphasize on supplier Evaluation being linked to Procurement Performance and generalize results being positive for the regressing variable and independent variables. However, most of the scholars including Yego *et al*., (2015) recommended for further study on Supplier's Evaluation practices on procurement performance in organizations since most of the public sector studies hardly show practical evidenced results unlike private organizations, hence gives rise to a research gap that necessitates the study to be undertaken in County Government of Bungoma ; Kenya being a devolved public organization.

Objective of the Study

The study examined the influence of Supplier's Evaluation on procurement performance of County Government of Bungoma; Kenya. The research was guided by the following research hypothesis;

- **H_{01}:** Supplier's Evaluation does not significantly influence procurement performance of County Government of Bungoma; Kenya.

LITERATURE REVIEW

Transaction Cost Economies Theory

Transaction Cost Economics is an economic theory that provides an analytical framework for investigating the governance structure of contractual relations within a supply chain. Transaction Cost Economics theory inspects how business partners who collaborate with each other shields one another from harmful subsidiary with differing relationships (Klein, 2000). It has been the most important new institutional theory which puts the accentuation on the decision on the sourcing predicament, if to outsource or not. The sourcing situation of a firm is likewise described as the make-or-buy decision of a firm (Christopher & Shook, 2009). The two primary drivers of Transaction Cost Economics are uncertainty caused by the external environment and costs, which consist of Coordination costs and Transaction costs, uncertainty and costs, are influenced by the human agent, an individual distinguished through bounded rationality and opportunism, in order to dissect transaction costs (Fink, 2006).

A publication by Williamson (2008) points the need for further elaboration of the link between Transactions Costs Economics theory and supply management, where Transaction Cost Economics examines individual transactions, while supply management introduces a broader systems perspective in which groups of related transactions are managed as chains. Transaction Cost theory might be one of the most important organization theories because of the studies that have been encouraged through it (Wachiuri, 2015), and is one of the main perspectives in organizational studies (David & Han 2004). The vital commitment of Transaction cost economics to organization theory, resulted in a wide range of empirical contributions, using transaction cost economics, for instance as a make or buy decision help, or verification of the right contract mode (Macher & Richman 2008).

Transaction cost theory tries to reveal why many firms are in existence, and why firms expand or source out deeds to the firms in external environs. The transaction cost theory assumes that majority of firms attempt to reduce the costs of exchanging resources within the environment and that these firms try to curb the bureaucratic costs of exchanges within the company. The majority of these firms are as a result weighing the costs of switching resources with the environs, against the bureaucratic costs of performing activities in-house. Joseph, Kipkoech and Charles (2015) clarify that, the theory refers to the idea of the cost of providing for goods or services if it was purchased in the marketplace rather than from within the firm and elaborate the three concepts that underpin the theory for example transaction costs, asset specificity and asymmetrical information distribution. Transaction costs are comprised of search and bargain costs; bargaining and decision costs; and policing and enforcement costs. Asset specificity refers to the relative lack of transferability of assets for example sites, physical assets, human assets, brand names, dedicated assets, etc., intended for use in a given transaction to other uses.

In procurement activities, the main activities of Transaction cost economics are centered within 5 processes, namely category strategy, supplier strategy, quotation supplier selection and negotiation, operative procurement and supplier evaluation. Within the first process, the category strategy, the buyer puts equal products into one pool and can then determine a strategy for this pooled group (Schiele, 2015). A strategy could vary from single vs. multiple sourcing, or international vs. national sourcing.

According to Amarjit *et al*., (2015) on supplier strategy, one might identify the purchasing volume, and level of dependency on the supplier to create a supplier strategy. For supplier selection and negotiation, one can choose between competitive bidding and negotiation (Yegon *et al*., 2015). Coming to the operative procurement step, this step assists the supplier to act according to what has been negotiated beforehand. When the supplier is providing the buyer with the component, one can measure performance of the supplier, which can be indicated through quality, costs and service. Comparing the actual performance to the required performance agreed on in the contract might also be of help. Looking at the Primary decisions of the purchasing network, it is focused on the make or buys decision, sourcing strategies, creating a supplier portfolio and supplier negotiation and contract awarding. All of those decisions can indirectly or directly be influenced by Transaction cost economics. As one analyses the decision points and possible contributions of Tractions Costs Economics, this study arrives at the point that the make or buy decision, or in this case make, hybrid, or buy is even examined through a guideline given by Moses (2015) and therefore directly supports strategic decision making in the make or buy decision.

Moses (2015) argued that the company should make a component if transaction costs cannot be kept low, use a hybrid governance approach if asset specificity is high but transaction costs can be kept low through the safeguards provided in the contract, and use the market if the component which has to be supplied has low asset specificity. Coming to the sourcing strategy, whether to use multiple suppliers or a single supplier, one might use the same approach of the human agent as being opportunistic and limitedly rational, as in the make or buy decision. Single sourcing is used when the supplier offers special technology, which can lead to a competitive advantage of the company; however the relationship has to be safeguarded to ensure a cooperative relationship.

Social Capital Theory

Social capital refers to the norms and networks that enable people to act collectively (Portes, 1998); hence Social capital theory was advocated by (Granovetter, 1985). The principles of this theory is that, while different entities in a capitalistic society have their personal objectives and goals to focus on accomplishing, players have realized that combining efforts with likeminded partners yields better results than working in isolation. The supplier strives to sell their products to any buyer who can offer the best price without any regard to the relationship. This theory underpins the need for establishing working relationships between a buyer and a supplier to enhance mutual benefits. This therefore calls for both firms deploying their resources in support of each other so as to realize common goals. The buyer therefore commits their firm's resources and infrastructure to support their selected suppliers to enhance their capabilities in production related activities whose effect is shared by the buying firms (Granovetter, 1992).

Dyer and Nobeoka (2000) agreed that supplier development can conceptualized through a social capital theory lens, and that this effort provides valuable insights into the different dimensions of social capital as they pertain to relationships between industrial buying firms and their suppliers. Likewise, Smock (2001) provides support for the theory that buyer commitment and social capital accumulation with key suppliers can improve buying company performance. Using a social capital lens, this study aims to better understand the value created by firms willing to commit to long-term relationships and to develop social capital with key suppliers through supplier development. The study will also try to leverage social capital theory to explain the value created for buying firms committed to supplier development.

The social capital theory recognizes that relationships can be a source of physical and informational resources. Research has shown that the use of these resources can help organizations to achieve positive outcomes, such as improving company performance (Lawson *et al*, 2008). Matthews and Marzec (2012) explain the characteristics of buyer-supplier relationships and how they affect the performance of companies. However, there are benefits and disadvantages in the use of social capital in the collaborative relationship between buyer and supplier (Villena *et al*., 2011). Relationship actions involving the three dimensions of social capital (cognitive, relational, structural) most suitable to improve the buyer's operational performance (cost, quality, delivery, flexibility and innovation) of company need to be explored in the area of operations management.

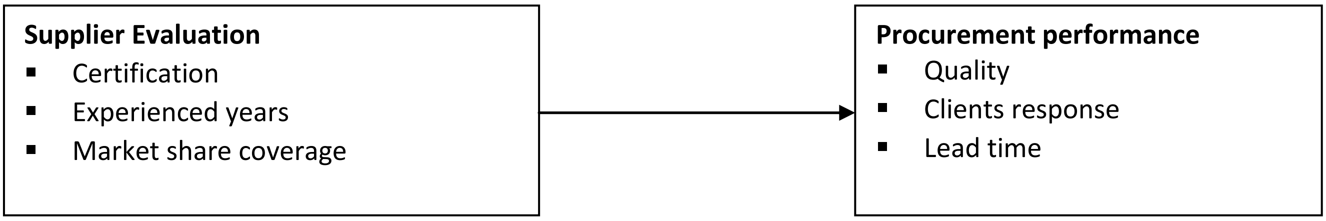
Social Capital Theory is one of the approach that help to understand how firms obtain resources that exist outside their boundaries and access the benefits of developing closer ties with other parties (Inkpen & Tsang, 2005). Social capital theory is considered one of the more useful perspectives for theorizing the nature of connection and cooperation between organizations (Starkey & Tempest, 2004). Social Capital Theory supports the idea that people and relationships between organizations are instrumental to competitive advantage. As cooperation between buyers and suppliers increase, it is important that researchers and practitioners alike increase their awareness of social capital and how it can impact the performance of buyer-supplier relationships (Krause, *et al*., 2007).

McGrath and Sparks (2005) summaries the benefits of building social capital in supply chain relationships as: increased ability to create value for both parties; flexibility and speed of joint responses to market or customer; and optimization of costs and resources. They suggest that, social capital is the relational glue that underlies effective supply chains (McGrath & Sparks, 2005). Lawson *et al* (2008) illustrate how social capital facilitates not only the general buyer-supplier relationship interaction process, but also specific operational metrics within the relationship. Bessant (2003) suggested that the collectively and shared purpose associated with social capital help to establish appropriate practices between buyers and suppliers. An increasing amount of research suggests that by building social capital through the enhancement of supplier relationships, the performance of the entire supply chain can be improved and strengthened. However, as is the case with other forms of organizational capital, social capital will only appropriate value to a relationship if it is effectively managed and governed. In this paper, social capital theory is used to explore the contextual factors which encourage adaptability and the development of trust in the supply chain and more so between the supplier and buyer.

Resource Dependence Theory

Resource Dependence Theory (RDT) promoted by Pfeiffer and Salancikin 1978, is the study of how the external resources of organizations affects the performance of the organization. The procurement of external resources is an important tenet of both the strategic and tactical management of any organization. Nevertheless, a theory of the consequences of this importance was not formalized until the 1970s, with the publication of The External Control of Organizations: A Resource Dependence Perspective (Pfeiffer & Salancik 1998).

Resource Dependence Theory has implications in the procurement effectiveness of the buying firms especially in tapping into the relationship with suppliers as their important and dependable partners. Thus this theory props up the notion of supplier development, RDT proposes that actors lacking in essential resources will seek to establish relationships with others in order to obtain needed resources. Just like buyer will depend on suppliers for external resources and sellers on buyers for precious markets. Also, organizations attempt to alter their dependence relationships by minimizing their own dependence or by increasing the dependence of other organizations on them. Within this perspective, organizations are viewed as coalitions alerting their structure and patterns of behavior to acquire and maintain needed external resources. Acquiring the external resources needed by an organization comes by decreasing the organization's dependence on others and/or by increasing other's dependency on it, that is, modifying an organization's power with other organizations. RDT assumes that organizations will develop strategies to manage constraints and uncertainties derived from exchange relations, interdependencies and power imbalances (Krause, Handfield & Tyler, 2007).



Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

METHODOLOGY

This research adopted descriptive survey research design. The descriptive research design is suitable for exploring relationships that are conducted in order to explain any behavior or reactions of people to a given phenomenon in the society (Hair *et al.*, 2006). This study targeted 80 employees of the SACCOs in Busia Central Business District, County Government of Busia; Kenya. Sampling frame consisted of employees of SACCOs of the Central Business District of Busia; County Government Busia, Kenya. As per the population of the study, there were only 20 active SACCOs and thus, the study opted to employ census technique to cover all of them as a samples size which is over 50%. Thus, the study sample size was 20 savings and credit cooperative societies. Primary data was collected by means of self-administered questionnaires. The questionnaires had structured questions. These questionnaires were structured and designed in multiple choice formats. Section one introduced the researcher, topic of research and its purpose to the respondent. Data collected from the field was coded, cleaned, tabulated and analyzed using both descriptive and inferential statistics with the aid of specialized Statistical Package for Social Sciences (SPSS) version 24 software. Descriptive statistics such as frequencies and percentages as well as measures of central tendency (means) and dispersion (standard deviation) was used. Data was also organized into graphs and tables for easy reference.

Further, inferential statistics such as regression and correlation analyses was used to determine both the nature and the strength of the relationship between the dependent and independent variables. Correlation analysis is usually used together with regression analysis to measure how well the regression line explains the variation of the dependent variable. The linear and multiple regression plus correlation analyses were based on the association between two (or more) variables. SPSS version 24 is the analysis computer software that was used to compute statistical data. Study conceptualized Regression Model;

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Y = Loan Performance

β_0 = Constant

X_1= Finance Data Management Practice

$\{\beta_1\}$ = Beta coefficients

ε = the error term

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

FINDINGS AND DISCUSSIONS

The study involved 80 questionnaires being dispatched for data collection, 64 questionnaires were returned completely filled, representing a response rate of 80% which was good for generalizability of the research findings to a wider population.

Descriptive Statistics

Descriptive statistics: Finance Data Management on Loan Performance

These are summarized responses on whether Finance Data Management Practice has influence on Loan Performance of SACCOs of Busia Central Busines District, County Government of Busia; Kenya.

Most respondents agreed (56.2%) and strongly agreed (20.3%) that the SACCO captures all debtors always, and (9.4%) disagreed, since a higher percentage of respondents agreed on the statement it implies that when all debtors are captured then it gives a true picture of loans performance in the SACCOs. Regarding the use electronic system, (50%) agreed, (18.8%) strongly agreed and (10.9)) were uncertain; however (9.4%) disagreed. This statement gave an impression of majority embracing the electronic system, hence with use of electronic system efficiency and effectiveness would be reflected. Concerning the reminding of defaulters always, (54.7%) agreed and (17.2%) strongly agreed, whereby (7.8%) were uncertain.

This implied that not all respondents found it important remind the defaulters hence such this could affect loan performance. Customers' data being reviewed was encouraged strongly by 17.2%, more so (51.6%) agreed and (12.5%) of respondents were uncertain, implying not all embraced the reviewing of data for customers before being awarded another loan. Regarding guarantors' data evaluation before the loan is disbursed out, (46.9%) agreed, (18.8%) strongly agreed, (14.1%) were uncertain and (9.4%) disagreed. This statement implies that not all respondents would have wished for guarantors' data to be evaluated. Regarding enforcement when the customer defaults (46.9%) agreed while (17.2%) strongly agreed and (12.5%) were undecided as (10.3%) disagreed.

On a more analytical level, using financial data management systems helps expedite the discovery and data preparation process. This in turn helps generate faster results and simplify the querying process for users. In the world today, systems for financial management are not a fresh phenomenon. Apparently, financial information recording is the one of the earliest known methods of record maintenance and can be traced back to thousands of years Duguma &Shkla, 2015). Despite this monetary information has long presented challenges, predominantly since the introduction of money. The current financial management stems back to the 15th century when the accounting system in use today of double entry was codified by (Omilola & Lerven, 2019).

In Kenya, majority of SACCOs are faced by several obstacles in their managerial systems due to poor implementation of Integrated Financial Information Systems (IFIS) in their institutions. From recent studies, it is revealed that most of the SACCOs in Kenya including their branches are using traditional and old way in doing daily banking activities and also most of their systems and computers are old and without advanced software and new computer applications.

Inferential Statistics

Influence of Finance Data Management on Loan Performance

This tested the direct influence of Finance Data Management on Loan Performance of SACCOs in Busia; Kenya. The results were shown table 1.

Table 1: Influence of Finance Data Management on Loan Performance

Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.752[a]	.567	.562	.80708	.567	98.422	1	75	.000

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	64.110	1	64.010	98.422	.000[a]
	Residual	48.854	75	.652		
	Total	112.964	76			

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	.920	.269		3.422	.001
	Finance Data Management	.802	.081	.753	9.921	.000

a. Dependent Variable: Loan Performance

From table 1, the model summary shows that R^2 = 0.567; implying that 56.7% variations in the Loan Performance of SACCOs in Busia Central Business District; Kenya is explained by Customer Data Finance Management while other factors not in the study model accounts for 43.3% of variation in Loan Performance of SACCOs in Busia ; Kenya. Further, coefficient analysis shows that Customer Data Finance Management has positive significant influence on Loan Performance of SACCOs in Busia; Kenya (β = 0.802 (0.081); *at* $p<.01$). This implies that a single improvement in effective Customer Data Finance Management will lead to 0.802 unit increase in the Loan Performance of SACCOs Busia; Kenya. Therefore, the linear regression equation is;

Y = **0.920 + 0.802X$_2$**

Where;

Y = Loan performance of SACCOs in Busia Central Business District

X_1 = Finance Data Management

Study hypothesis (H_{01}) First**, study hypothesis one (H_{01})** stated that Finance Data Management Practices does not significantly influence Loan Performance of SACCOs in the Central Business District of Busia, County Government of Busia ; Kenya. However, regression results indicate that Finance Data Management significantly influence Loan Performance of SACCOs of Central Business District of Busia, County Government of Busia; Kenya (β = 0.802 (0.081) at $p<0.01$). **Hypothesis one was therefore rejected**. The results indicate that that a single improvement in effective Finance Data Management Style will lead to 0.919 unit increase in the Loan Performance.

CONCLUSIONS AND RECOMMENDATIONS

This study tested the influence of Finance Data Management on Loan Performance of the Central Business District of Busia, County Government of Busia; Kenya. The study found that Finance Data Management Practice had a significant influence on Loan Performance. The study results were consisted with earlier researchers that found that Finance Data Management benefits the organizations by improvement on Loan Performance. The study concluded that SACCOs effectively recognize utilization of Finance Data Management practices in organizations; hence improving the Finance Data

Management leads to improvement on the Loan Performance. The study recommended that SACCOs to employ the application of Finance Data Management in the organization's functions; hence such would improve the performance of loans as well the performance of the industry at large.

Areas for further research

Similar study can be done on other organizations especially those organizations dealing with loaning up clients by use of different methods of analysis for comparison of the findings.

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