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EFFECTS OF PROCUREMENT MANAGEMENT PRACTICES ON OPERATIONAL PERFORMANCE OF PRIME CEMENT LIMITED

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ABSTRACT

Procurement management practices are becoming critical towards enhancing operational performance of many organizations. The study aims to assess the effects of procurement management practices on operational performance of Prime Cement Ltd. The study was guided by stakeholder theory, transaction cost economy theory, institutional theory and resource dependence theory. The study was quantitative in nature and employed a descriptive research design. Both primary and secondary data were gathered. The target population for this research was 200 respondents. The sample size was made up of 134 respondents and it was selected using stratified sampling technique. The research instrument validity was tested using expert assessment and reliability was checked using Cronbach alpha which was .833. The study utilized descriptive statistics where mean and standard deviation were determined. The findings of the study indicated that inventory management is statistically significant on the operational performance of Prime Cement Ltd ($r = .607$, $N = 134$, $p = 0.01$). The results of the study also confirmed that procurement planning is statistically significant on operational performance of Prime Cement Ltd ($r = .564$, $N = 134$, $p = 0.01$). From the correlation test conducted, it was revealed that supplier selection is statistically significant on the operational performance of Prime Cement Ltd ($r = .622$, $N = 134$, $p = 0.01$). The findings from data analysis affirmed that contract management statistically significant on the operational performance of Prime Cement Ltd ($r = .760$, $N = 134$, $p = 0.01$). The study concluded that procurement management practices influence operational performance of Prime Cement Ltd. The study also recommends that organizations should put more efforts in complying with procurement best practices for efficient operations.

Key words: *Procurement management practices, procurement Planning, supplier selection, contract management, Operational Performance*

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INTRODUCTION

Throughout the 1980s and early 1990s many countries were performing poorly in meeting their general public service objectives. The general public procurement systems were not working properly. It was therefore held that effective public procurement systems could be created through reforms (Agaba & Shipman, 2016).

Procurement means the general procedure used by the organization in obtaining goods, property and services after needs identification. Procurement practices in this case refer to activities laid down by the organization, which must guide its procurement process (Thai, 2004). The whole process of procurement begins after needs identification and assessment. Therefore, procurement practices refers to the whole process right from planning procurement, selecting suppliers, risk assessment, managing procurement contracts, procurement control, procurement monitoring and evaluation.

Around the world, public sector organizations are experiencing an unprecedented step of change and as a result, they are rapidly re-evaluating their operating models and market strategies not just to withstand these market forces, but capitalize on them. Clearly, procurement has a significant role to play in helping the public sector to achieve their objectives and prepare for the uncertainty ahead in part. This will require procurement to focus on driving costs out of the cost base. But the opportunity also exist for the function to add value in a much more strategic way implications and ensuring that the process is economical and efficiency is crucial. This requires in part that the whole procurement process should be well understood by the actors, government, the procuring entities and business community or suppliers and other stakeholders, including professional associations, academic entities and general public.

Burt *et al* (2010) acknowledges that procurement alone in a number of government organizations has been accountable to a big amount of expenses and its abuse has been costing the quality and quantity of services at the end. Budgets all over the world cater first on procurement but if controls are not followed, procurement has been used as a tool to defect the performance of a budget. This makes Government agency performance dependent on procurement practices including procurement planning, supplier selection and contract management. Thai (2004) further confirms that in countries like Norway, the above mentioned procurement practices have directly improved on delivery times, desired quality and increased absorption of funds set.

In many African countries, public procurement rely on part of spending money, elaboration of excellently written contracts not only for public governance but also for growing private institutions. This view is supported by Oladipo (2008), in studying government projects in Nigeria he discovered failure in elaboration, practical weakness, little finance, unable personnel, insufficient monitoring and inadequate quality.

According to a study on procurement practices influencing NGO project enactment in Kenya, some organizations lacked procurement policies on planning, vendor selection, contract monitoring, and control (Omwenga and Wanjau 2015). Similarly, a survey on procurement administration practices and the achievement of public project financial management in Kenya revealed that procurement planning, commitment control, and procurement audits are critical aspects of PFM in Kenya (Sindani, 2020).

Performance is the outcome of all of the organization's operations and strategies (Wheelen & Hunger, 2012). Firm's performance is the appraisal of prescribed indicators or standards of effectiveness, efficiency, and environmental accountability such as productivity, cycle time, regulatory compliance and waste reduction. Performance also refers to the metrics regarding how a certain request is handled, or the act of doing something effectively; of performing; using knowledge as notable from just possessing it. It is the result of all of the organization's operations and strategies (Venkatraman & Ramanujam, 2011). It is also the level to which an individual fulfils the expectations concerning how he should behave or function in a certain situation, context, circumstance or job. Oakland (2009) posited that performance is what individuals do relating to institutional roles.

Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals. The short-term objectives of Supply Chain Management are primarily to increase productivity and reduce inventory and cycle time, while long-term objectives are to increase market share and profits for all members of the supply chain. Financial metrics have served as a tool for comparing organizations and evaluating an organization's behavior over time. Any organizational initiative, including supply chain management, should ultimately lead to enhanced organizational performance.

Procurement practices contact many core factors of a company's operations and, hence, their profitable deployment and use are indispensable to ordinary overall performance and survival (World Bank, 2014). Application of appropriate procurement practices strategically, has the potential impact to the performance of organizations and national economies in general (Keith, Vitasek, Manrodt, & Kling, 2016). However, Singhal (2011) observed that disruptions in procurement practices at any level devastate organizational performance.

A number of prior studies have measured organizational performance using both financial and market criteria, including return on investment (ROI), market share, profit margin on sales, the growth of ROI, the growth of sales, the growth of market share, and overall competitive position.

In developing countries, it was during the 19th Century when the practices of improving public procurement practices and its activities emerged. These practices for the last two decades has gained much fame in public organizations due their importance in ensuring service quality, timely service delivery and meeting performance objectives (Kisseka, 2010). In African countries particularly, national governments makes purchases ranging between 9-13% annually. These demonstrate exactly why public procurements, its practices and activities are very much needs in the economic development of developing countries (Odhiambo&Kamau, 2003).

According to Basheka (2008) improving the public procurement through planning, supplier selection and contracting was found to have a substantial impact on performance. Such impacts would be realized in saving some money that was being lost, reducing on government expenditures that at the end created wealth and reduced poverty.

The direct link of operational efficiency, and particularly the supply chain, to the overall organizational performance therefore makes the adoption of procurement practices crucial in today's organizational success. The study of procurement practices and how they can be effectively integrated into the organizational strategy and performance is therefore valuable to today's business leaders, (Engel, 2011).

In Rwanda, various studies were conducted on procurement practices and organizational performance. Kabega *et al,* (2016) studied the effect of procurement practices on performance of public projects. According to Murwanashyaka (2019), the effect of procurement practices on public projects implementation in health service concluded that there is a strong positive correlation between Project implementation and Procurement practices within construction projects of health service infrastructure.

OBJECTIVES

The main objective of this study was to assess the effect of procurement management practices on operational performance in Prime Cement Ltd. The study achieved the following specific Objectives

- To assess the influence of procurement planning on operational performance of Prime Cement Ltd.

- To examine the influence of supplier selection on operational performance of Prime Cement Ltd.
- To establish the effects of contract management on operational performance of Prime Cement Ltd.
- To determine the effects of inventory management on operational performance of Prime Cement Ltd.

Problem Statement

Procurement management practices are assumed to have a significant impact on operational performance (Makabira and Waiganjo, 2014). Organizations rarely put procurement at the top of the agenda and many organizations have continued to perform poorly. This has been attributed to the high costs, which originate from neglecting the procurement best practices (Hernon, 2014).

Some organizations in Rwanda have become inefficient and non-profitable requiring the owners either public or private to shoulder major procurement burdens. Based on different the studies carried out on organization performance, they revealed that problems of inefficiency in operations, huge financial losses and the provision of poor products and services are mostly caused by poor management of procurement practices. Poorly coordinated procurement practices do long-lasting damage to organizations' stock prices and profitability and need to be more thoroughly addressed by supply chain continuity planners (Thai, 2010).

In addition, violation of the laws, regulations and policies governing the procurement process and systems has drastically led to wastage of organizational efforts in terms of cost efficiency and quality service delivery. Inefficiencies in Construction firms in Nairobi County over years has been attributed to the persistent lack of complaisance checks and balances with regards to the procurement procedures required to ensure that competition, fairness, cost effectiveness, and transparency are adhered to throughout the procurement process which have been found to impeded by the wayward conduct by public officials (Mwende, 2017).

Moreover, the failure to put in force or delayed implementation of procurement best practices has resulted in unnecessarily high operation costs, poor inventory control, unacceptable supplier appraisals standards, uncoordinated commercial enterprise activities, and failure to attract and maintain skilled and educated personnel in the procurement positions, thus, affecting the organizational performance. As result, this research study aims to assess the effect of procurement management practices on operational performance of Prime Cement Ltd.

LITERATURE REVIEW

Theoretical framework

Classical theory of tax compliance

Classical theory explains that taxpayers are trying to balance between the risk of being captured by tax agency on tax evasion and the benefits of tax evasion (Hayes *et al.,* 2015). Alabede *et al.* (2011) asserted that the deterrence theory depends largely on tax audit and penalty. They further stressed that this theory of tax compliance makes taxpayers to pay tax because of fear and sanctions. Trivedi and Shehata (2015), says that the deterrent theories suggest that taxpayers "play the audit lottery that is they make calculations of the economic consequences of different compliant alternative. Brooks (2016) says that classical theory of tax compliance is only based on economic analysis but social and psychological variables are equally important in understanding the issue of non-compliance to tax.

Braithwaith (2015) argued that if deterrence (that is the probability of detection and sanction severity) would be the most significant variable in explaining compliance, rational individuals in most societies of the world would be non-compliant because the levels of deterrence are low. The theory has contributed to theory the fact that revenue authorities should seek audited statements or perform audits such as record keeping audit, field Audit, taxpayer's registration check and single issue tax audits to ascertain compliance which is leading to effective tax revenue collection in given country.

Theory is applicable to this study because RRA as government agency in charge of tax to become a world-class efficient and modern revenue agency, fully financing national needs mobilise revenue for economic development through efficient and equitable services that promote business growth and improve tax compliance among taxpayers in Rwanda should perform tax audit such as record keeping audit, field Audit, taxpayer's registration check and single issue tax audits to ensure that tax laws and regulations are respected and followed correctly in order to increase the level of tax-compliance among taxpayers as key strategies to improve level of tax revenue in Rwanda.

The Policeman Theory

This theory of auditing was formulated by Awe (2018) on assumptions that once monitoring is done on the systems at unspecified times then that is like police officer guarding a place and thus, called it policeman theory. It was further asserted that auditing is purely on the arithmetical accuracy and on the prevention and detection of fraud. This theory describes auditor's accountability. It limits an auditor's duty to detect and prevent fraud. As its name explains, it is like a police officer, protecting the place and region once surveillance is completed.

The policeman theory claims that the auditor is responsible for searching, discovering and preventing fraud. In the early 20th century, this was certainly the case. However, more recently the focus of auditors has been to provide reasonable assurance and verify the truth and fairness of the financial statements. The detection of fraud is, however, still a hot topic in the debate on the auditor's responsibilities, and typically after events where financial statement frauds have been revealed, the pressure increases on increasing the responsibilities of auditors in detecting fraud (Mehdi, 2011).

The contribution of this theory to this study is that policeman theory explain how application of different tax audit such as record keeping audit, field Audit, taxpayer's registration checks and single issue tax audits play a significant role as policeman in order to detect and minimizing tax fraud among taxpayers as one of strategies to improve the level of tax revenue collection of given countries. This theory makes the auditor to detect and prevent errors and fraud in organizations or companies. It then adds a factor of monitoring to the auditing theory. This theory was used in this study because employees of RRA in department of tax auditing work as police to guide taxpayers to pay correct amount according to Rwanda government law if no some penalties have been introduced.

Ability to Pay Theory

The theory of ability to pay which considered tax liability in its true form, compulsory payment to the state without quid pro quo. It does not assume any commercial or semi-commercial relationship between the state and the citizens. According to this theory, a citizen is to pay taxes because they are able and his relative share in the total tax burden is to be determined by his relative paying capacity. This doctrine has been in trend for at least as long as the benefits theory. This theory was bound to be supported by socialist thinkers because of its conformity with the ideas and concepts of justice and equity. However, the doctrine received an equally strong support from nonsocialist thinkers also and became a part of the theory of welfare economics. The basic principle of this theory is that the burden of taxation should be shared by the members of society on the principles of justice and equity and that these principles necessitates that the tax burden is apportioned according to their relative ability to pay theory(Mitton, 2016)

This implies that the ability-to-pay taxation theory is that individuals who earn more money can afford to pay more in taxes. This theory implies that none taxpayers is obliged to excess tax to government and also the government should maintains that taxes should be levied according to a taxpayer's ability to pay. To follow this principal of this theory resulting to an increase tax compliance among taxpayers in any state over the world. Therefore this, theory was used in this study to understand the perception of tax collector's office on regarding to tax revenue collection through tax audit in Rwanda.

Literature related to taxpayer's financial statements audit practices

According to Badara (2012), tax audit objective includes to establish a viable and effective tax administration in order to deal with constantly changing economy, to put strategies in place in order to resolve tax dispute between the tax authority and the liable tax payers, to maintain a strong mechanism to deal with tax avoidance techniques which are available to various organizations, but are susceptible to tax abuse, to bring defaulting tax payers to the net of tax authorities, to prove the completeness, accuracy and timely filing of tax returns submitted by the tax payers.

Tax audit just like financial audit involves the gathering of information and processing it for determining the level of compliance of an organization with tax laws of the territory. For a successful audit, it is necessary that the auditor organizes his work in such a way that the assignment is accomplished completely and efficiently (OECD, 2016).Tax audit is important because of its support to the government in collecting suitable tax revenue essential for budget, maintaining economic and financial order and stability, to ensure that satisfactory returns are submitted by the tax payers, to organize the degree of tax avoidance and tax evasion, to ensure strict compliance with tax laws by tax payers, to improve the degree of voluntary compliance by tax payers and to ensure that the amount due is collected and remitted to government (Niu, 2011).

Types of tax audit

There are different types of tax audit practices in different countries. This study empathized on the following type of tax audit such as record keeping audit, field Audit, taxpayer's registration checks and single-issue tax audits.

Field tax audit:

By the nature and scope of their work, regular assessing officers can only carry out limited desk audit through examination of accounts and returns. It is in a bid to check this handicap as well as to improve on tax compliance that tax authorities carry out field audit exercise on taxpayers by physically conducting the exercise in the office of the taxpayer (Okonkwo, 2014). The taxpayers are however formally notified of the arrival of the auditor prior to the commencement of the audit and the requirements of the auditors in terms of documents to be audited will be requested for in advance. Field audit involves physical verification of documentary evidence and materials at the premises of a taxpayer to confirm the facts and figures of the tax returns filed by corporate taxpayers (Okonkwo, 2014).

Record registration check:

Record registration check is a form of unannounced visits to taxpayer's premises for new enterprises (mainly small and medium sized) to detect businesses operating outside the tax system and a quick check on businesses to establish that they are correctly registered. It should not take more than half a day (OECD, 2016). According to Eriksen and Fallan (2016) in this visit, the tax officer ensures that the taxpayer: (1) has a basic understanding of their obligations; (2) keeps appropriate records (book keeping review should be mandatory in case of voluntary compliance when the turnover of the taxpayer is below the registration threshold); and (3) issues proper invoices when required by law. The main objective of the record keeping audit is to enable the tax agency to review and examine the taxpayer's records in order to ensure tax compliance, and keeping adequate records progressively improving. This type of audit simply provides each self-report of income an equal chance of being chosen for verification by an audit Badara (2012).

Record keeping audit:

Record Keeping Audit is unannounced visits to the taxpayers' business premises to check whether the appropriate records are kept and VAT invoices are issued. The visit points out the obligations of the taxpayer regarding the keeping of records and followed up with penalties if the taxpayer continues to disregard record keeping requirements (OECD, 2016).

Single-issue tax audits:

According to Apostolou *et al*. (2013), issue oriented audit focus on a single tax type and covers no more than one or two reporting periods. It should be directed at verifying items for which errors have been detected in the returns (typical ratios, gross revenues, comparison of gross sales to imports). Single-issue audits are confined to one item of potential noncompliance that may be apparent from examination of a taxpayer's return. Given their narrow scope, single-issue audits typically take less time to conduct and can be used to review large numbers of taxpayers involved in similar schemes to conceal non-compliance (OECD, 2016).

Single-issue audits are confirmed to one item of potential non-compliance that may be apparent from examination of a taxpayer's return. Issue audits are usually focussed on a single tax type, single aspect or single tax period. Refund audits are a type of issue audit, focused on tax declarations claiming refunds from RRA. Issue audits may be desk-based or involve visits to the taxpayer's business premises. In the case of issue audits, taxpayers will be notified at least three days (3) before the audit is conducted. The postponement of such an issue-oriented audit cannot exceed seven (7) working days (RRA, 2019).

Literature related to revenue collection

Tax revenue is defined as the revenues collected from taxes on income and profits, social security contributions, taxes levied on goods and services, payroll taxes, taxes on the ownership and transfer of property, and other taxes. Taxes revenue are one of the major revenue for a country in where taxes are collected from citizens, companies, investors and so on to generate economy. There have several impacts of taxes due to economic growth whether it is positive or negative impacts *(*Badara*, 2012).* According to Bofah (2015), taxes refer to the revenue that is collected by the government to provide services and finance themselves. According to Atawodi and Ojeka (2014), the measurement of tax revenue collection include the level of performance tax revenue collection, the low cost of tax collections measured tax revenue collected, effective tax compliance among taxpayers.

Effective tax revenue collection enables the government to meet its expenses and for the provision of general benefits, effective tax collection is the lifeblood of any government as it is the principal source of government revenue, and the effectiveness of any government largely depends on its ability to collect tax effectively (Saratu, 2015). Effective tax collection has a significant impact on economic development as it helps the government to raise revenue for the purpose of financing social services, achieve regional development, reduce income inequalities, ensures economic price stability, encourage investment and defend local market on domestic products through heavy taxes on unnecessary imports (Afuberoh & Okoye, 2014). Effective tax revenue collection and good tax system help the government to achieve core economic, political and social objectives such as, revenue generation for the sustenance of economic and social needs, control consumers demand, encourage investment and savings, fight economic depression, inflation and deflation, guarantee equitable distribution of income and wealth, control the general trend of the national economy, and ensure a proper allocation of national resources (Onyeka, 2016).

The effective tax revenue collection is the most important instrument which government puts resources together. Governments collect taxes to fund public services, assist in the equitable redistribution of wealth and income and for regulation of some activities within the economy (Mutua *et al.,* 2012). Worldwide, the political, economic and social development of any country depends on the amount of revenue generated for the provision of infrastructure in that given country. However, one means of generating the amount of revenue for providing the needed infrastructure is through a well-structured tax collection system. According to Azubike (2009), tax is a major player in every society of the world. The effective tax collection is an opportunity for government to collect additional revenue needed in discharging its pressing obligations. Effective tax collection offers itself as one of the most effective means of mobilizing a nation's internal resources and it lends itself to creating an environment conducive to the promotion of economic development.

Performance tax revenue collected

This is the amount of revenue collected to finance the government budget against what was projected. It will be assessed by comparing total revenue collected and revenue projections looking at increase of revenue in terms of volume, reduction of foreign aid, and implementation of government plans (Onoja & Iwarere, 2015). The main reason of imposing taxes is to raise revenue for financing public activities such as building schools, roads, and hospitals, maintain security of nationals, and safeguard territorial integrity thus playing a pivotal role in maintaining a political, social and economic stability. Taxation is one tool that government uses for raising revenue to carry out its role of financing government expenditure on public good and services (Abiola & Asiweh, 2012).

The performance of tax revenue collected by given counties is good when actual tax collected in given fiscal years is great than or near to the target tax revenue implies that there is effective performance of tax revenue collected in that fiscal years while the actual tax collected in given fiscal years is less than to the target tax revenue it means that there is poor performance of tax collected in that fiscal years (RRA, 2018).

Cost of tax collections

This is defined as the money spent in tax collection process. It will be assessed by comparing the annual costs of administration incurred by RRA with the total revenue collected throughout the fiscal year. A downward trend is a proof of improved efficiency. Cost of tax collected ratio is computed by taking the actual cost of tax collections in fiscal years divided by the target Cost of tax collections in fiscal years multiple by hundred .When the actual Cost of tax collections in given fiscal years is less than to the target cost of tax revenue collected implies that there is effective utilization of company resource in that fiscal years while the actual cost of tax collections in given fiscal years is great than to the target cost of tax collections it means that there is ineffective utilization of company resource in that fiscal years (RRA, 2018).

According to Okello (2014), the cost effective systems in tax collections are those that encourage the majority of taxpayers to voluntarily meet their tax obligations and leave the tax officials to put more efforts in dealing with those who do not comply. Atawodi and Ojeka (2014) conclude saying that the minimization of cost of collection and reduction of inefficiencies attached to high costs attached to tax collection would increase considerably the growth in revenue and wealth in the country. This study will measure the level of Tax Revenue Performance in Rwanda basing on cost of collection.

Tax compliance

Tax compliance is the degree to which a taxpayer complies with the tax rules of his country, for example, by declaring income, filing a return, and paying the tax due in a timely manner. Individuals differ on how to define the term tax compliance, but according to Ladi and Henry (2015), tax compliance is multi-faceted measure and theoretically, it can be defined by considering three distinct types of compliance such as payment compliance, filing compliance reporting compliance. OECD (2016) advocates dividing compliance into categories in considering definitions of tax compliance.

Tax compliance is measured in three ways that is payment, filling and reporting compliance. The three measures provide different views of the compliance puzzle, and when placed next to one another provide a comprehensive picture of the overall level of compliance. The filing compliance measure tracks the percent of required returns that are timely filed. The reporting compliance measure tracks the percent of true tax liability that is correctly reported. The payment compliance measure tracks the percent of reported tax that is timely paid (Ladi & Henry, 2015). The tax compliance is measured by proportion or percentage of taxpayers file returns due on time compared to the total taxpayers in given areas or in given nation. The tax compliance is also measured by the proportion or percentage of taxpayers who correctly report its tax liabilities compared to the total taxpayers in given country (Kasipillai &Wasao, 2014).

Empirical studies

Procurement Planning and Operational Performance

According to Basheka (2008), performance is a pillar that is strongly driven by procurement planning. He explains that business departments need to be mobilized to create procurement plans at the beginning of each year that can be integrated into the departmental budget. When a procurement plan is integrated into the organization's budgetary capacity, it determines the end results of a budget, specifically the adherence to timely budget achievement. If these two are not integrated, the performance of the household will always be affected.

Bourne (2005) further asserts that organizational performance depends on how the budget is implemented and procurement planning is part of the overall tools used in budget implementation. This therefore means that user departments or internal stakeholders need to be involved in the whole procurement management process as this has a relation to performance. According to Kanungo (2009), stakeholder involvement in procurement activities such as procurement planning provides an essential and superior hand in meeting procurement objectives and part of procurement objectives includes value for money and performance fulfillment. This means that if the process of planning is abused and some stakeholders are left out, it is exact answer that performance will be affected.

Basheka (2008) states that procurement planning must start with prequalifying suppliers and assessing their reliability and past performance. The plan well lays out the money required for the whole process of acquiring goods and services. The process must be followed from the first step to the end. Some public organizations tend to abuse this process, and abuse of the process means that the money used to implement the plan tends to increase as underperforming suppliers are considered, which directly leads to duplicate purchases. This affects organizational performance.

Monczka *et al.* (2008) further argue that supplier selection should be an ongoing process in order to meet budget estimates. This should be done within the purchasing departments and is a primary step in supplier prequalification. The organization needs to compare their budget and suppliers' prices. Therefore, Monczka *et al.* (2008) indicates that budget estimates should be made for each user department and interviews or surveys should be conducted on the suppliers' sites. This can be done through the development of supplier evaluation forms that show supplier capacity, financial performance, quality elements, supplier organizational structure, processes and past performance.

According to Thai (2004), the whole procurement process starts with identifying the need and the procurement requirements. This directly informs the invoice, inventory procedures, work plans, activity plans, project planning and the capital required to operationalize the budget. The determination of the procurement requirements becomes the basis for identifying the survey conducted in the market for suppliers, their pricing, the new products on the market, technological inputs or advancements, substitute goods, new sources of supply, competitive nature and any likely environmental effects on the supply market.

Karin *et al.,* (2007) in their report, prepared in government departments in Kenya, they found that one of the only reasons for Kenya's poor performance is non-compliance with procurement plans of different departments. Organizations failed to explain the phases of procurement and lacked an adequate needs assessment of the roles (Schlosser, 2003). Kanzira (2013), in his study of procurement practices and the quality of service delivery in public institutions in Uganda, found that procurement planning is aligned with available funds and cash flow. However, there are differences of opinion between purchasing and specialist departments with regard to cash allocation.

Supplier selection and Operational performance

Supplier selection has been used by many organizations primarily as a means of selecting competent suppliers who can guarantee that value for money is realized in the budgeting process (Gonzalez and Quesada, 2004). Arrowsmith (2008) further argues that supplier quality is a cornerstone for improved performance. It provides leverage to ensure services are delivered as planned. The budget is implemented on time and with the required procedure.

According to Lyson (2000), the quality of suppliers in the organization is a key factor in having a competitive advantage over other suppliers. Youssef *et al.* (2006) explain that the essence of supplier selection is to reach the right suppliers. Right suppliers means they have the quality required, they have the money to deliver on time and they have the experience in procurement service and management. Therefore, suppliers need to be scanned and understand their price lists while comparing them to a range of players including market conditions. If the above criteria are met, it is easy to achieve value for money, service quality and service reliability. Lyson (2000) goes on to add that in an effort to achieve value for money, procurement agencies are moving to the publication of notices as an appropriate method of selecting suppliers, particularly for complex suppliers or work.

Also Oluka and Basheka (2012) emphasize that the main elements for effective contract management are in terms of fulfilling clear plans for contract management and developing appropriate methods to identify non-compliance. Beijer (2012), in his study on performance measurement design, found that non-compliance with the contract management process impairs the use of budget funds and can lead to increased unspent balances. Beijer (2012) further asserts that quality and delivery serve as budget performance criteria for reviewing the operational performance of contractors or suppliers, since these performance criteria can be used for both review and analysis of contractors or suppliers.

In selecting suppliers, the purchasing organization must shortlist all sufficient bidders who are effective and have the competence to afford the competition that other organizations possess. In order to reconcile budget utilization measures and avoid losses, Branch (2001) states that the organization must strive to clearly assess the geographic location of the supplier. This is an important feature that specialist departments should use when evaluating suppliers. International sourcing poses problems as dealing with overseas suppliers exposes supplies to risk of disruption due to accidents, strikes, natural events such as earthquakes (Amos, 2009).

Supplier selection further determines how suppliers must be managed and this includes the whole process of supplier identification, supplier negotiations, especially on prices they charge for delivery and at the end selecting the best supplier or suppliers. In this case, the provider familiarizes itself with the operational activities of the institution (Arthur, 2009). Supplier management and the process of certifying them requires the evaluation and evaluation of suppliers, particularly in the areas of service quality, delivery time, cost of service delivery, and technical know-how and managerial skills (Krause *et al.,* 2007).

Monczka *et al.* (2008) further argue that supplier selection should be an ongoing process in order to meet budget estimates. This should be done within the purchasing departments and is a primary step in supplier prequalification. The organization needs to compare their budget and suppliers' prices. Therefore, Monczka et al. (2008) suggest that budget estimates should be conducted for each user department and interviews or surveys should be conducted on suppliers' websites. This can be done through the development of supplier evaluation forms that show supplier capacity, financial standing, quality elements, supplier organizational structure, organizational processes and past performance.

Archstone (2007) affirms that as supply consolidation increases, a company's overall performance and efficiency is increasingly dependent on the capabilities of its suppliers.

Theor (2009) confirms that a source of minimizing costs and ensuring budget success can be found in the sophisticated management of supplier relationships, and this has been demonstrated in highly competitive sectors such as automotive where a wide range of management tools are used and technological tools was developed.

As a result, one of the main activities of purchasing is to secure the best suppliers in terms of value for money to operate within the supply chain (Ford, 2006). In short, supplier selection must be managed properly if an organization wants to reap not only value for money, but also credibility from the public, especially the suppliers.

Contract Management and Operational performance

The performance of a budget depends heavily on contract management (Mullins, 2003). Contract management refers to the process used by organizations to ensure that suppliers are monitored to meet the requirements of contracts (Garret & Rendon, 2005).

Lyson & Gullingham (2006) further state that contract means a legal document binding two parties, taking into account the capacity of each duty bearer. Contracts provide terms and obligations of each party among which may be price, milestones, deliverables and dispute resolution procedures (Oluka, 2012), Ntayi *et al* (2010) observes that contracts are meant to inculcate discipline, reduce incidence of non-compliance for the benefit of the parties involved.

Hinton (2003), in his study best practices in government: components of an effective contract monitoring system, defines contract management as following the process of collecting and analyzing information designed to ensure that the contractor performs well at the agreed time provides and ensures that contracts are delivered. Arrows (2010) goes on to explain that key performance indicators must be set out in the contract and these can be used as a basis for determining compliance. These must be reported regularly. He reported that managing contracts is about continuously monitoring whether the service is being performed according to the contract plan, is being delivered on time as planned, and the penalties for not meeting the deadline are provided. If these are not met, a budget's performance will be affected.

Mturi (2013) found that the sources of risk are the dangerous settings of the operating environment. A suitable operating environment determines the fulfillment of the contract, and the fulfillment of the contract is primarily a better performance of a budget. In his study of the full lifecycle of contract management in public sector organizations, he found that contract lifecycle management is a powerful tool to manage risk and reduce losses in budget estimates.

Oluka and Basheka (2012) also claim that among the most important elements of effective contract management in terms of compliance are clear plans for contract management and the development of appropriate methods for identifying non-compliance. Beijer (2012), in his study on performance measurement design, found that non-compliance with the contract management process impairs the use of budget funds and can lead to increased unspent balances. He further asserts that quality and delivery serve as the budget's performance criteria for monitoring the operational performance of contractors or suppliers, since these performance criteria can be used for both monitoring and analysis of contractors or suppliers. Organizations can achieve savings through contract management processes and have a competitive advantage over their competitors, leading to full budget utilization and results (Rendon, 2007 and Nguyen, 2013). On the contrary, inefficient management of contracts results in insufficient or unspent budgetary resources. (Saxena, 2008) that affect performance. Hotterbeekx (2013) developed a model for contract management that includes relationship management, performance management and risk management to assess the organization's contract management maturity.

Bourne (2005) asserts that organizational performance depends on how the budget is implemented and procurement planning is part of the overall tools used in budget implementation. This means that specialist departments or internal stakeholders must be involved in the entire procurement management process, as this is related to performance. According to Kanungo (2009), stakeholder involvement in procurement activities such as procurement planning is instrumental in achieving procurement objectives, and part of procurement objectives includes value for money and performance fulfillment. That said, if the planning process is abused and some stakeholders are left out, the exact answer is that performance will be affected.

Oluka (2013) conducted a theoretical study of procurement contract management challenges and their impact on public service delivery. The review concludes that the success of contract management is strongly influenced by what happens in the bidding and awarding phase. Contract management should be an area planned from the start of the procurement process. Mturi (2013) conducted a study entitled assessment of effectiveness of procurement contracts management in public organizations in Tanzania. He highlighted the problems of late deliveries, uncontrolled deviations from contracts and lack of functional professionalism. This implies that contract management should follow the set contractual timeframes and practitioners should be continuously developed annually to gain the ability to assess and predict problems including remedial strategies.

Inventory Management and Operational performance

Kitheka (2019) studied the relationship between the inventory planning and control process and the project of KRA performance in Nairobi County, Kenya. The population of this study was determined using a simple random sampling procedure. The study found that the majority of employees have received change management training, which is vital for any developing organization as change is inevitable. As a result, the report suggested that KRA and other stakeholders should develop strategies and structure solutions to support project success.

Tarus (2018) investigated the influence of inventory management practices on performance of project managed by Kenya Power and Lighting Co. Ltd in Kenya. A descriptive design was selected since the overall population was manageable and a census was deemed appropriate. Specifically, the study found that inventory forecasting, inventory control systems and inventory turnover had an influence on performance of projects in Kenya Power and Lighting Company. The investigation found out that KPLC adopted inventory turnover, Inventory Forecasting and Inventory control systems. However, the study established that these inventory management approaches had varying extents of adoption at KPLC with industry focusing strategies being the most utilized and inventory turnover being the least utilized.

The impact of inventory management strategies on organizational performance in Kenyan public health facilities was reviewed by Oballah et al. (2015). A descriptive case study design was adopted. SPSS was used for statistical analysis. Inventory investment and inventory record accuracy have both had a significant impact on organizational performance, but inventory depletion is negatively impacting Kenyatta National Hospitals' organizational performance. As a result, the study suggests that the hospital should reduce losses due to the decline in drug inventories. This can be achieved by ensuring that correct inventory records are maintained.

Theoretical Review

This section explains the theories that will guide the study such as stakeholder theory, Transaction Cost Economic Theory, Resource Dependence Theory and institutional theory.

Stakeholder Theory

Generally, the idea of the stakeholder theory, proposed by Freeman in 1984, is to completely redefine the organization. It idealizes the organization and how it should be conceptualized. According to Freeman (2006), the organization should be idealized as a gathering of stakeholders, with the intent of the institution being the shareholders' views, interests, and needs. Organizational management is undertaken by the organization's administrators. According to Freeman, the manager has two roles in the organization. The first is to run the organization for the opulence of the stakeholders in accordance with guaranteeing that their liberty in decision making are respected, and the second is to manage the organization. According to Freeman, there are two roles of the manager in the organization: one is to run the organization for the advantage of the stakeholders so as to guarantee that their freedom in decision making are catered for in addition to second is to act as the stakeholders' agent in ensuring the organization's existence and safeguarding the stakes of each group.

The participatory factor in procurement management practices on community-based projects performance from the conceptualization stage to full implementation is supported by stakeholder theory. This foundation works well with the inclusion of all stakeholders in project decision making. According to Dagli (2018), all stakeholders, internal and external, should be on the same page regarding the procurement process in order to improve the project's chances of success. Stakeholder theory, as proposed by Uribe et al. (2018), calls for comprehensive stakeholder involvement throughout the project lifecycle. This theory serves as an anchor in this study because it ensures that all stakeholders involved in the tendering process, supplier sourcing process, contract management, and inventory management are able to improve the operational performance of Prime Cement Ltd.

Transaction Cost Economic Theory

The transaction cost economics theory seeks to explain the existence and boundaries of a firm (Williamson, 2018). Coase (1937) developed the theory, which was further expanded by a series of seminal works by Williamson. Through a lens of choice, it provides an alternative approach to traditional mainstream economics.

The approach is to look at the firm's nature and boundaries through the lens of contract, which is influenced by asset specificity, uncertainty, and transaction frequency (Williamson, 2018). According to Grover and Malhotra (2015), asset specificity and uncertainty have a positive impact on supply chain partners' intention to be long-term oriented. According to the TCE theory, there is always a transaction cost in any procurement management interaction (Grover and Malhotra, 2016). According to Barros (2010), it is reasonable to expect suppliers to deliver subpar goods if they believe their project procurement managers will be unable to detect the difference. As a result of the opportunistic behavior, the cost of monitoring the outsourced services and the quality of the delivered products rises.

The TCE theory is concerned with the total cost of contract management, which includes contract terms and conditions, contract negotiation, and contract management between parties (Gibbons, 2015). According to the theory, contract management is minimized to reflect the most basic contract administration concerns rather than investment, ensuring that contract benefits are realized, risks are mitigated, and costs are controlled (Ketchen and Hult, 2014). This theory is crucial in the findings because contract management is critical in any procurement process for ensuring contractor or supplier performance in any project and administering the contract in a timely manner while staying within the contract price and quality. Therefore, this theory provides the best aspects and considerations in managing procurement practices, resulting in efficient operational performance of Prime Cement Ltd.

Resource Dependence Theory

Resource dependence theory (RDT) by Kitchen and Hult (2007) as developed by Jeffrey Pfeffer and Gerald Salancik in 1981 is centres on how firms rely on other firms for inputs such as goods, raw materials, services and other operational requirements with regard to how firms can benefit from better handling of such relationships. Kitchen and Hult (2007) further indicate that the theory proposes that in the supply chain, member firms should be dependent and collaborate in order to elevate performance gains in the long-run rather than of pursuing short-term benefits at the expense of others. According to the theory, dependency among firms arises due to the need of sustaining growth that requires optimal use of resources that are provided by other organizations. Firms must depend on outside parties for resources to compete favourably and the dependency with other entities must be managed carefully to ensure for sustainable development (Kitchen & Hult, 2007).

According to Cao and Zhang (2010) resource dependency theory (RDT) explains how the operations of an organization are affected by external resources. This theory proclaims that in order for an organization to remain operational, it must have easy access resources such as up-to date technology, finances, a skilled labour force, and raw materials in order to deliver goods and services to its customers/clientele in order to survive. RDT offers an extraneous view as to why situations involving the acquisition or merging of one organisation with another may be on the rise. The assumption is that more resources are available to the new corporate entity when organizations join forces with other similar or complementary organizations (Haleblian, 2009). According to Cao and Zhang (2010), the desire to manage interdependence with producers of inputs or output buyers by integrating them or diversifying operations to decrease organizational dependence explains why a company might want to enter into a merger.

Supply Chain Management (SCM) is vital in achieving operational efficiency. This is because it affects the realization of organization goals and objectives as well as the effective resource utilization. An organization needs resources that are considered to come from the environment of the organizations. The RDT reasons that as with any environment, other organizations also depend on the same resources within the same environment. Competing organizations are deemed to only be competition for financial resources, skilled labour force, movable and immovable assets, and other resources which businesses would require in order to carry on their business according to the traditional resource dependency theory. However, the customer being the main source of the revenue stream remains the desirable resource, and although all resources are play a major role in this case with regards to generation of profits, the key resource remains the customer Carter and Rogers (2008).

In the ideal supply chains firms try to avoid becoming overly dependent on other firms for fear of being taken advantage of (Zhu, 2010). These same firms, however, strive to make other firms dependent on them and thus creating a position of strength within the supply chain. Best value supply chains work in contrast to this notion by recognizing that taking advantage of resource dependencies results to unplanned and severe outcomes. Case in point is how many aerospace manufacturers in the recent past had plotted to make their parts suppliers highly dependent on them, and then went ahead to use the same leverage they had on the suppliers to reduce the suppliers' margins. This situation eventually led to some suppliers bypassing the manufacturers and selling spare parts to end-users directly which resulted in the dramatic drop in the manufacturers' fortunes (Rosetti & Choi, 2009). Value supply chain dependencies from this perspective should be applied to generate joint forbearance and reliance, but not to stimulate exploitation of an organisation within a supply chain.

Institutional Theory

According to Hofer (2011) the institutional theory was developed by Powell and DiMaggio (1991) and reviewed by Scotts in 1995. The theory stresses on how the subtle and evolving environmental pressures impact on a firm's activities. In the long run, the overall effect of these evolving environmental pressures is that all end up becoming identical as a function of isomorphism over the years (Hofer, 2011) since new entrants are somewhat compelled to adhere to the structures that their predecessors put into place even if it does nothing to enhance their operations.

The old institutionalization theory is hinged on legalism, structuralism, holism, history as well as normative analysis. These characteristics of old institutionalism are briefly described as follows: legalism which is concerned with law and governance; structuralism where it is deemed that structure very important and determines behavior; holism whereby institutions are to be examined as co-dependent parts instead of investigating the parts as being distinct independent parts of the system; historical where attention to the institutional system is considered over time; and, normative analysis where institutional behaviours are based on the facts, values and norms. Moreover, the separation of value, facts and norms is not acceptable (Peters, 2005).

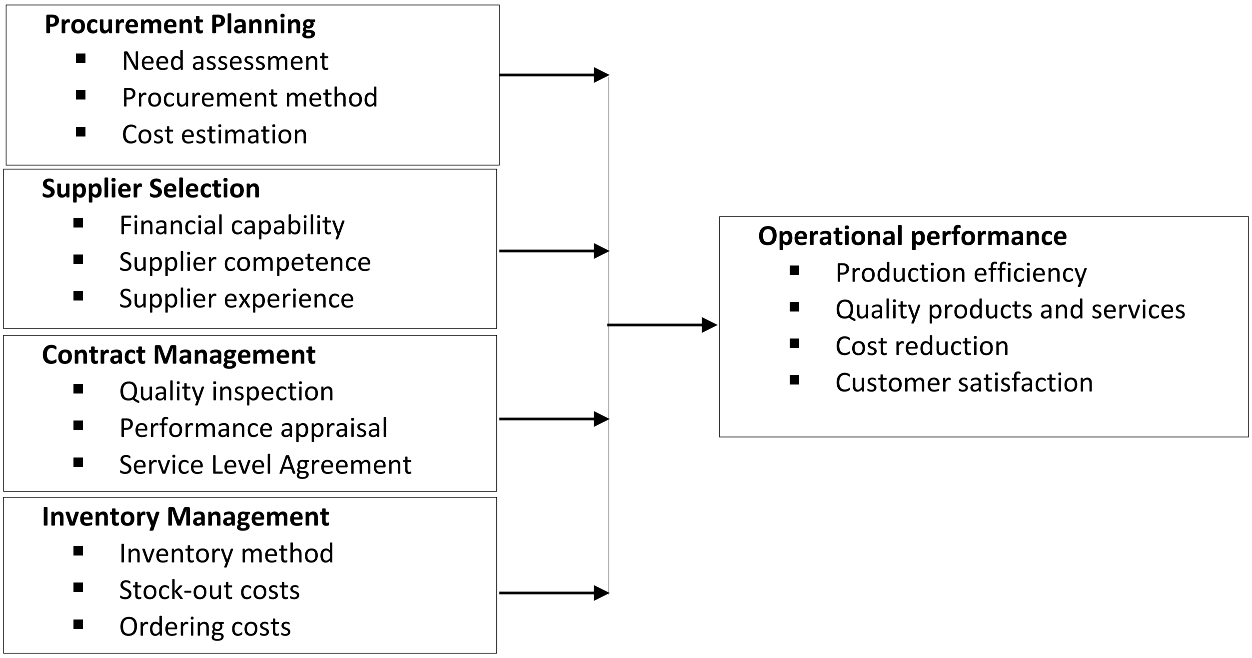
According to Movahedi (2009), the new institutional theory has been illustrated as an open system perspective in contrast to the rational system. The open system view of supply chain encourages the attention to the role of environment in the behavior of organization, its components, and its members. From the institution theory perspective, supply chain management should pursue two main goals, the first being to monitor the environment for collaborative opportunities, and the second being the identification of the best practices in the industry and comparing the organizational operation with best practices, for continuous improvement.

Ketchen and Giunipero (2004) observed that the institutional theory plays a major role in shaping an organizations strategy associated with supply chain management such as the organizations' choices of technology adoption or even supply chain collaboration. However, since organizations are all monitoring their environment and try to adopt the best practices, organizations becoming homogeneous as an effect of isomorphism over time are easy to anticipate (Ketchen & Hult, 2007). Ball and Craig (2010) also point out that the theory examines the influence of external factors in the adoption of organizational practices on companies. Industrial guidelines and best practices have been heavily relied upon in traditional supply chains to serve as a model for supply chain management activities. The concern about how companies address external factors has turned institutional theory into a major research direction to explain practices related to the environment. An example of an external environment for companies is government agencies that can influence an organization's actions by formulating policies, fines, regulations and barriers to trade etc (Ball & Craig, 2010).

Conceptual Framework

In this diagram below, the relationship between independent and dependent variables is clearly outlined.

Procurement management practices



Independent Variable **Dependent Variable**

Figure 1: Conceptual framework

Source: Author Conceptualization, (2022)

From the conceptual framework model above, the independent variables "procurement management Practices" is indicated by procurement planning, supplier selection and contract management. However, the existing relationship between these variables is moderated by other variables "moderating variables" Production efficiency, Quality products and services, Cost reduction, Customer satisfaction

METHODOLOGY

Research Design

The study used a descriptive research design approach. This is an appropriate approach to obtain information regarding the status of the phenomenon, describe the current situation with respect to the variable of the study. Ghauri and Gronhaugh (2005) assert that in descriptive research design the problem is structured and well understood. Mugenda and Mugenda (2007) agree that a descriptive research design is most preferred because it gives a report on things as they actually are. The design allowed the researcher to describe the characteristics of the variables under study.

Target Population

Sekaran (2013) defines target population as the entire group of people or things of objects that a researcher aims to achieve. The target population for this study was made up of 200 respondents including the management of Prime Cement Ltd, staff, suppliers and customers.

Sampling technique

Kombo and Tromp (2013) define stratified sampling as involving segmenting a population into subgroups that are homogenous in nature through the selection of a simple random sample from each group. Stratified random sampling technique will be utilized to choose the sample. This is an estimate with precision. This is a sampling technique that relies on probability where the whole population is divided into subsections, then unsystematically selecting the final topics. Stratified random sampling technique was utilized to select the sample size. This was an estimate with precision.

Sample size

The sample size for this study was determined using Slovin's formula as shown under:

$$n = \frac{N}{1 + N(e)2}$$

Where: N= Population size, n= Sample size, e= Margin of error with 95% confidence interval.

By applying Slovin's formula, the sample size was 134 respondents from N=200 and e=0.05.

Under this study, both primary and secondary data were collected using different research instruments.

Primary data

Saunders et al. (2007) defined primary data as a type of information that is obtained directly from first-hand sources by means of surveys, observation or experimentation. The primary data was obtained from respondents by use of questionnaires and interviews conducted with selected respondents.

Data Collection instruments

The research method for this study was quantitative. Both primary and secondary data were collected during this study. Primary data was gathered using a questionnaire as research instrument. Questionnaires are chosen among other instruments because they are efficient, cheap and easy to be administered. Secondary data was collected through document review such as textbooks, articles and other official publications.

Validity and Reliability

When an instrument measures what it was meant to measure then it is deemed valid, Kothari (2004). Validity tests was carried out to validate the primary data collected. Experts in specific fields of study were used. Reliability means there is consistency on the results achieved. A test is considered reliable if the same result is got repeatedly (Cooper and Schindler, 2003). Reliability test was conducted to ensure the instrument used provide reliable data.

Data Processing and Analysis

Data Processing

Data collected was processed through three stages, namely: data coding, data editing and tabulation of data. Data coding was the process of giving code to the data gathered. Data editing was the process of checking errors that might affect the researcher to draw conclusion. Tabulation of data was the presentation of data collected in form of tables.

Data Analysis

Analysis of data was done using Statistical Package for Social Sciences (SPSS) whereby simple descriptive statistics such as percentages, mean and standard deviation were determined. Regression analysis was used to measure the relationship between independent variables including procurement planning, supplier selection, inventory management, and contract management and operational performance.

The regression equation assumes the following model:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:

Y	=	Operational Performance
$\beta0$	=	Constant
X1	=	Procurement Planning
X2	=	Supplier Selection
X3	=	Inventory Management
X4	=	Contract Management
E	=	error term
$\beta1$- $\beta4$	=	Coefficient of estimates

Ethical considerations

The researcher paid more attention on gaining data access and carrying out the research ethically. In order to comply with ethical standards, the researcher started after obtaining the letter of authorization from the university permitting to carry out the research. After obtaining permission, the next course of action was the negotiation of access to data. During data collection and analysis, the researcher ensured the privacy and protection of respondents' information. Maintenance of the confidentiality of data provided by respondents and their anonymity was also ensured.

Limitations to the study

The following are the limitations encountered by the researcher during the whole research process:

Time

Time constraint was the most encountered limitation for this research. This was due to the fact that the researcher had busy schedules including data collection and analysis. To handle this, the researcher ensured efficient time management by proper planning and respecting deadlines set.

Access to information

Respondents might consider information to be sensitive and of confidential nature and it was probable that some of them withhold information. In this respect, this limitation was mitigated by ensuring respondents of their anonymity and confidentiality of the information given and the fact that itwill be used for academic purpose only.

Budget implication

The respondents' widespread requires enough budget to reach them and this caused financial implications during data collection process. This was handled by gathering information through online platforms such as distribution of questionnaires via google forms or emails.

FINDINGS

Findings on management of procurement practices

Procurement planning

The study sought to assess the influence of procurement planning on operational performance of Prime Cement Ltd. Respondents were asked to react on statements regarding procurement planning on operational performance of Prime Cement Ltd. A five-likert scale questionnaire was used and the rating was as follows: 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5) = Strongly agree. The table below represents the means and standard deviations attached to the procurement planning practices in Prime Cement Ltd.

Table 1: Procurement planning practices

Practices	Mean	Std. Deviation
Procurement methods selected enhances supplier competitiveness and value for money.	3.82	.972
Open tendering is the most preferred procurement method in the organization.	3.84	.797
Procurement need assessment ensures proper utilization of resources and satisfaction of stakeholders	3.88	.841
The organization conducts pre-contract cost estimation to enable proper allocation of funds.	4.16	.894
Regular procurement market survey is conducted to ensure accuracy in cost estimation.	4.03	.822
Overall	**3.95**	**.865**

Source: Primary data, 2022

The responses from respondents affirmed that organization conducts pre-contract cost estimation to enable proper allocation of funds as represented by mean and standard deviation (Mean = 4.16, SD = .894). The findings revealed that regular procurement market survey is conducted to ensure accuracy in cost estimation (Mean = 4.03, SD = .822). Respondents also confirmed that procurement need assessment ensures proper utilization of resources and satisfaction of stakeholders (Mean = 3.88, SD = .841). The results of the study indicated that open tendering is the most preferred procurement method in the organization (Mean = 3.84, SD = .797). The findings showed that procurement methods selected enhances supplier competitiveness and value for money as represented by the mean and standard deviation (Mean = 3.82, SD = .972).

Therefore, the findings from table 2 above confirmed that procurement planning practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.95** and **.865** respectively.

Supplier selection

The study sought to examine the influence of supplier selection on operational performance of Prime Cement Ltd. Respondents were asked to react on statements regarding supplier selection on operational performance of Prime Cement Ltd. A five-likert scale questionnaire was used and the rating was as follows: 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5) = Strongly agree. The table 2 below represents the means and standard deviations attached to the supplier selection practices in Prime Cement Ltd.

Table 2: Supplier selection practices

Practices	Mean	Std. Deviation
Organization conducts supplier due diligence and background checks before contracting them to ascertain their suitability.	3.87	1.036
Conducting Supplier due diligence enhances organization supply chain risk management by knowing your suppliers before engaging them.	3.97	.867
Organization assesses the financial capability of potential suppliers during tender evaluation to manage supply chain risks.	3.78	.896
Assessing Supplier financial viability prevents the risk that potential suppliers may not be able to deliver to contractual commitments and timely delivery.	3.93	.923
Supplier competence assessment is clearly conducted by tender committee and ensures that suppliers who meet user requirements and competent are selected.	4.07	.906
Overall	**3.92**	**0.926**

Source: Primary data, 2022

Table 2 indicated that supplier competence assessment is clearly conducted by tender committee and ensures that suppliers who meet user requirements and competent are selected (Mean = 4.07, SD = .906). The findings also showed that conducting Supplier due diligence enhances organization supply chain risk management by knowing your suppliers before engaging them (Mean = 3.97, SD = .867). The results also revealed that assessing Supplier financial viability prevents the risk that potential suppliers may not be able to deliver to contractual commitments and timely delivery (Mean = 3.93, SD = .923). It was also affirmed that organization conducts supplier due diligence and background checks before contracting them to ascertain their suitability (Mean = 3.87, SD = 1.036). Respondents suggested that organization assesses the financial capability of potential suppliers during tender evaluation to manage supply chain risks (Mean = 3.78, SD = .896).

Therefore, the findings from table 2 above confirmed that supplier selection practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.92** and **.926** respectively.

Contract Management

The study sought to establish the influence of contract management practices on operational performance of Prime Cement Ltd. Respondents were asked to react on statements regarding contract management on operational performance of Prime Cement Ltd. A five-likert scale questionnaire was used and the rating was as follows: 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5) = Strongly agree.

The table 3 below represents the means and standard deviations attached to the contract management practices in Prime Cement Ltd.

Table 3: Contract management practices

Practices	Mean	Std. Deviation
Contract quality inspection is conducted before payment to the suppliers.	3.74	.917
Contract quality management ensures suppliers deliver products and services as per the contract agreement.	3.77	1.137
Organization establishes Service Level Agreements (SLAs) with suppliers to ensure proper service delivery.	3.78	.955
Service Level Agreements (SLAs) make supplier contract performance levels visible and accountable.	3.74	1.176
Organization conducts supplier performance appraisal in order to identify weak suppliers and maintain the best performing suppliers.	3.61	1.163
Overall	**3.73**	**1.070**

Source: Primary data, 2022

Table 3 illustrates that organization establishes Service Level Agreements (SLAs) with suppliers to ensure proper service delivery (Mean = 3.78, SD = .955). Respondents confirmed that contract quality management ensures suppliers deliver products and services as per the contract agreement (Mean = 3.77, SD = 1.137). The results of the study revealed that contract quality inspection is conducted before payment to the suppliers (Mean = 3.74, SD = .917). The findings also affirmed that Service Level Agreements (SLAs) make supplier contract performance levels visible and accountable (Mean = 3.74, SD = 1.176). It was also noticed that organization conducts supplier performance appraisal in order to identify weak suppliers and maintain the best performing suppliers (Mean = 3.61, SD = 1.163).

Therefore, the findings from respondents of the study affirmed that contract management practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.73** and **1.070** respectively.

Inventory management

The study sought to establish the influence of inventory management practices on operational performance of Prime Cement Ltd. Respondents were asked to react on statements regarding inventory management on operational performance of Prime Cement Ltd. A five-likert scale questionnaire was used and the rating was as follows: 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5) = Strongly agree. The table 4 below represents the means and standard deviations attached to the inventory management practices in Prime Cement Ltd.

Table 4: Inventory management practices

Practices	Mean	Std. Deviation
Inventory management method is well established within organization.	3.78	1.043
Just in time method is one of the best inventory management method employed to reduce costs.	3.69	1.057
There is an effect of stock-out on daily activities of the organization.	3.57	1.021
The effects of over and under stocking are well known and catered for by the organization management.	3.56	1.044
Meeting customer demands on time improve customers' satisfaction	3.78	.846
Overall	**3.68**	**1.002**

Source: Primary data, 2022

Table 4 above indicates that inventory management method is well established within organization as shown by mean and standard deviation (Mean = 3.78, SD = 1.043). The findings of the study revealed that meeting customer demands on time improve customers' satisfaction (Mean = 3.78, SD = .846). Respondents of the study confirmed that Just in time method is one of the best inventory management method employed to reduce costs (Mean = 3.69, SD = 1.057). The results of the study indicated that there is an effect of stock-out on daily activities of the organization (Mean = 3.57, SD = 1.021). The findings also showed that the effects of over and under stocking are well known and catered for by the organization management (Mean = 3.56), SD = 1.044).

Therefore, the findings of the study confirmed that inventory management practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.68** and **1.002** respectively.

Operational performance

The main objective of this study was to investigate the effects of procurement management practices on operational performance of Prime Cement Ltd. The study sought to examine how procurement planning, supplier selection, contract management and inventory management practices influence the operational performance of Prime Cement Ltd. Table 5 below presents the findings:

Table 5: Operational performance of Prime Cement Ltd

	Mean	Std. Deviation
There is operational efficiency and effectiveness as a result of effective procurement planning.	4.10	.866
There is improved quality of goods and services as a result of effective supplier selection.	4.23	.917
There is reduced cost of products and services as a result of proper contract management.	4.28	.945
There is an improvement in customer satisfaction as result of effective inventory management.	4.26	2.565
Management of procurement best practices are key to operational performance of the organization.	4.10	.797
Overall	**4.19**	**1.218**

Source: Primary data, 2022

The findings showed that proper contract management ensure reduced cost of products and services (Mean = 4.28, SD = .945). Respondents indicated that there is an improvement in customer satisfaction as result of effective inventory management (Mean = 4.26, SD = 2. 565).

The results of the study also illustrated that there is improvement in quality of goods and services as a result of effective supplier selection (Mean = 4.23, SD = .917).

It was also confirmed that there is operational efficiency and effectiveness as a result of effective procurement planning (Mean = 4.10, SD = .866). The findings revealed that effective management of procurement best practices are key to operational performance of the organization (Mean = 4.10, SD = .797).

Therefore, the findings affirmed that procurement management practices influence operational performance of Prime Cement Ltd as represented by the overall mean and standard deviation of **4.19** and **1.218** respectively.

Procurement management practices and operational performance

Table 6: Correlation between procurement management practices and operational performance of Prime Cement Ltd

		Inventory Management	Procurement Planning	Supplier Selection	Contract Management	Operational performance
Inventory Management	Pearson Correlation	1	.516**	.594**	.618**	.607**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	134	134	134	134	134
Procurement Planning	Pearson Correlation	.516**	1	.589**	.540**	.564**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	134	134	134	134	134
Supplier Selection	Pearson Correlation	.594**	.589**	1	.531**	.622**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	134	134	134	134	134
Contract Management	Pearson Correlation	.618**	.540**	.531**	1	.760**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	134	134	134	134	134
Operational performance	Pearson Correlation	.607**	.564**	.622**	.760**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	134	134	134	134	134

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

Source: Primary data, 2022

The findings of the study indicated that inventory management is statistically significant on the operational performance of Prime Cement Ltd (r = .607, N = 134, p = 0.01). The results of the study also confirmed that procurement planning is statistically significant on operational performance of Prime Cement Ltd (r = .564, N = 134, p = 0.01). From the correlation test conducted, it was revealed that supplier selection is statistically significant on the operational performance of Prime Cement Ltd (r = .622, N = 134, p = 0.01). The findings from data analysis affirmed that contract management statistically significant on the operational performance of Prime Cement Ltd (r = .760, N = 134, p = 0.01).

Based on the findings in table 6 above, it was evidenced that procurement management practices influence the performance of Prime Cement Ltd at a very great extent.

Inferential statistics

Regression analysis provided the following results:

Table 7: Regression coefficients table

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.83	1.62		1.08	.029
	Procurement Planning	. 08	.03	.05	2.69	.05
	Supplier Selection	.07	.03	.04	2.58	.05
	Contract Management	.06	.03	.04	2.55	.04
	Inventory Management	.04	.02	.02	2.44	.03

a. Dependent Variable: Operational performance of Prime Cement Ltd

Based on the table 7 above, the regression equation is $Y = 1.83 + 0.08X1 + 0.07X2 + 0.04X3 + 0.06X4 + \varepsilon$

Where:

Y	=	Operational Performance
β_0	=	Constant
X1	=	Procurement Planning
X2	=	Supplier Selection
X3	=	Inventory Management
X4	=	Contract Management
ε	=	error term
β_1- β_4	=	Coefficient of estimates

Procurement planning coefficient

The coefficient of 0.08 obtained explains that holding other procurement management practices of this study constant, a unit increase in procurement planning will lead to the increase in operational performance by 8%.

Supplier selection coefficient

The coefficient of 0.07 obtained explains that holding other procurement management practices of this study constant, a unit increase in supplier selection will lead to the increase in operational performance by 7%.

Contract Management coefficient

The coefficient of 0.06 obtained explains that holding other procurement management practices of this study constant, a unit increase in procurement planning will lead to the increase in operational performance by 6%.

Inventory management coefficient

The coefficient of 0.04 obtained explains that holding other procurement management practices of this study constant, a unit increase in procurement planning will lead to the increase in operational performance by 4%.

Discussion of the findings

The findings from table 6 confirmed that procurement planning practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.95** and **.865** respectively. The findings are in agreement with Onyango (2012) who established that the procurement planning process establishes procurement needs through needs assessment by determining and addressing the gaps between current conditions and the desired wants. The relusts align with athat of Mamiro (2010), one of the major setbacks in public procurement is poor procurement planning which includes needs which are not well identified poor cost estimation and unrealistic budgets.

The findings from table 7 confirmed that supplier selection practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.92** and **.926** respectively. The findings of the study therefore are in agreement with Mungai (2014), who argued that supplier performance appraisal program is useful to the procuring entity in determining whether the supplier is capable and competent enough to perform future contracts within budget, on schedule, on the required standards and safety. The findings agree with Cheraghi and Muhammed (2011), who stated that an assessment of financial position and stability of the supplier is a key factor while forging a buyer-supplier relationship.

The findings from respondents of the study affirmed that contract management practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.73** and **1.070** respectively. This study is in congruence with Mwangangi and Kingi (2017), who hold that a quality management process in contract administration ensures that the deliverables produced by a team are fit for purpose. The findings agreed to Potter and Hsiung (2008), who stated that project service level agreements have proven to be effective in ensuring that project performance meets customer’s satisfaction. Donnel (2014) also agrees that a robust service level agreement in a continuous improvement strategy enhances project performance levels and any difficulties arising and maintaining supplier relationships are solved.

The findings of the study also confirmed that inventory management practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.68** and **1.002** respectively.

CONCLUSIONS AND RECOMMENDATIONS

The study aimed to investigate the effects of procurement management practices on operational performance of Prime Cement Ltd.

The first objective was to determine the impact of procurement planning on operational performance of Prime Cement Ltd. The findings from table 7 confirmed that procurement planning practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.95** and **.865** respectively.

Using regression analysis, the study found a coefficient for procurement planning to be 0.08, which indicates that holding contract management, supplier selection, and inventory management constant, a unit increase in procurement planning will increase operational performance of Prime Cement by 8%. The second objective was to determine the impact of supplier selection on operational performance of Prime Cement Ltd. The findings from table 7 confirmed that supplier selection practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.92** and **.926** respectively.

By regression analysis, the study found a coefficient for supplier selection to be 0.07, which indicates that holding contract management, procurement planning, and inventory management constant, a unit increase in supplier selection will increase operational performance of Prime Cement by 7%. The third objective was to establish the impact of contract management on operational performance of Prime Cement Ltd. The findings from respondents of the study affirmed that contract management practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.73** and **1.070** respectively.

Through regression analysis, the study found a coefficient for contract management to be 0.06, which indicates that holding procurement planning, supplier selection, and inventory management constant, a unit increase in contract management will increase operational performance of Prime Cement by 6%.

The four objective was to establish the impact of inventory management on operational performance of Prime Cement Ltd. The findings of the study also confirmed that inventory management practices influence operational performance of Prime cement Ltd as represented by the overall mean and standard deviation of **3.68** and **1.002** respectively.

Using regression analysis, the study found a coefficient for inventory management to be 0.04, which indicates that holding procurement planning, supplier selection, and contract management constant, a unit increase in inventory management will increase operational performance of Prime Cement by 4%.

The study sought to investigate the effects of procurement management practices on operational performance of Prime Cement Ltd.

Based on the findings, the researcher concluded that there is a statistically significant positive relationship between procurement management practices such as procurement planning, supplier selection, contract management, and inventory management and operational performance of Prime Cement Ltd.

From the findings of the study, the researcher concluded procurement management practices have influence on operational performance of Prime Cement Ltd. Procurement management practices such as procurement planning, supplier selection, contract management, and inventory management contribute to the smooth running of organizational operation as indicated by the regression coefficients determined.

This study recommends Prime Cement Ltd and other organizations to ensure continuous procurement planning on time so as needs assessment is done and procurement methods are identified in order to acquire needed resources efficiently.

The study recommends organizations have to ensure proper supplier selection due to the facts that supplier's competence should affect the quality of the service and the costs. This means that financial and technical capability of the supplier have to be focused on when conducting supplier evaluation.

This study recommends organizations to comply with terms and conditions contained in the contract signed. This assists in reducing potential costs and conflicts that might arise due to the breach of contract.

Inventory is one of the most valued assets of many organizations. That is why this study recommends organizations to ensure that effective inventory management methods that ensure reduced inventory costs are being used.

From the limitations encountered when conducting this research, the following areas should be concentrated on in future researches:

Due to the advancement in technology, more researches would be conducted on electronic procurement and find out how technology could benefit the end users.

This study also suggests that more researches would be done to assess the impact of procurement management practices on public projects.

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