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ADMINISTRATION POLICE SERVICE**

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ABSTRACT

This study sought to establish the impact of sourcing policies on performance of public sector in Kenya. The study employed a descriptive research design, targeting procurement staff at Administration Police Headquarters. The specific objectives of the study were; to assess the impact of lowest bid policy and lean sourcing policy on performance of public sector in Kenya. To achieve this, the researcher reviewed both theoretical and empirical literature and proposed the research methodology that addressed the gaps identified in literature as well as answer the stipulated research questions. To gather data, structured questionnaire was used to collect data from all the 124 procurement officers because it was a census. Once collected, data was analyzed using descriptive and inferential statistics. Quantitative data was analyzed using multiple regression analysis. The qualitative data generated was analyzed by use of Statistical Package of Social Sciences (SPSS) version 20. The response rate of the study was 81 %. The findings of the study indicated that lowest bid policy and lean sourcing policy had a positive relationship with performance in the public sector. Finally, the study recommended that public institutions should embrace sourcing policies so as to improve their performance and further research should be carried out in other public institutions to find out if the same results could be obtained.

Keywords: Lowest Bidder, Lean Sourcing, Performance of Public Sector in Kenya

INTRODUCTION

Sourcing plays a vital role in the economic growth and development of any country if well managed. The procurement department is one of the key departments in any organization. The problems arising at the department will affect the performance of the organization (Van Weele, 2010). Procurement being an act of obtaining or buying goods and services, it often involves: purchase planning, standards determination, specification development, supplier research and selection, value analysis, financing, price negotiation, making the purchase, supply contract administration, inventory control and stores and disposals and other related functions.

According to Hughes (2005), procurement as a process spans from identification of needs through to the end of a services contract or the end of the useful life of an asset. It includes the design and delivery of those works, products or services, the assessment of their quality, and the evaluations and reviews that will lead to further procurement. The major function of the procurement department is to procure all necessary materials needed for the daily operation in an organization. According to Mangan (2008) it is favorable that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time, and location.

Public procurement has become an issue of public attention and debate, and has been subjected to reforms, restructuring, rules and regulations. Public procurement refers to the acquisition of goods, services and works by a procuring entity using public funds (World Bank, 2008). The process covers the whole lifecycle of activities beginning with identifying a need, evaluating tenders, purchasing and ongoing contract management until the end of a goods or service contract, or the end of the useful life of an asset. In these terms, a procurement policy is simply the rules and regulations that are

set in place to govern the process of acquiring goods and services needed by an organization to function efficiently.

Consequently, various countries both in developed and least developed countries have instituted procurement reforms involving laws and regulations. The major obstacle however, has been inadequate regulatory compliance. This position is further supported by Gelderman *et al.*, (2006) who contend that compliance in public procurement is still a major issue. Hui *et al.*, (2011) while analyzing procurement issues in Malaysia established that procurement officers were blamed for malpractice and non-compliance to the procurement policies and procedures. Gelderman *et al.*, (2006) stipulates that compliance occurs when the target performs a requested action, but is apathetic about it, rather than enthusiastic, and puts in only a minimal or average effort. However, as an organizational outcome, compliance has traditionally been understood as conformity or obedience to regulations and legislation. Many public sector regulatory bodies have identified the importance of properly conducted procurement.

In Africa, many public sector organizations view efficient procurement practices as an add-on or an approach that costs more. In truth, sustainable solutions can often cost less over the whole life of the purchase. Some key benefits include: value for money, protection and enhancement of the environment, more efficient use of resources, greater social inclusion, air and ethical trade, support for innovation, better risk management, lower whole-life costs improved supplier relationships, a diverse and flexible supply chain and a competitive edge (Talluri, 2008).

In the past decades, the public procurement system in Kenya has undergone significant developments. The introduction of the Public Procurement and Disposal Act (PPDA) of 2005 and the Procurement Regulations of 2006 introduced new standards and procedures for efficient public procurement and

disposal of unserviceable, obsolete or surplus stores and assets. PPDA 2005 dictates that while the evaluation process is ongoing, tender documents and information should not be given to bidders before the evaluation is concluded and communicated both to the winners and the losers at the same time. The Public Procurement Oversight Authority (PPOA) was created to initiate procurement policy in Kenya, ensure compliance with the Public Procurement and Disposal Act and enhance the capacity of stakeholders in the public procurement process (PPOA, 2007).

In Kenya, all public organizations are supposed to design and implement procurement policies in line with the Kenya public procurement legal framework that comprises of three major acts namely; the Public Procurement and Disposal Act, 2005, Public Procurement and Disposal Regulations, 2006 and the Supplies Practitioners Management Act. The PPDA, effective as of 1st January 2007, applies to all procurement of goods, works and services, as well as the disposal of assets by public entities. Public entities are those that procure goods, services or works utilizing public funds (Owegi & Aligula, 2007). Public procurement policies entail a set of rules and regulations put in place to govern the process of acquiring goods and services needed by an organization to function efficiently (Lynch, 2013). The exact process seeks to minimize expenses associated with the purchase of those goods and services by using strategies such as volume purchasing; the establishment of a set roster of vendors, and establishing reorder protocols that help to keep inventories low without jeopardizing the function of the operation (Muge, 2009). Procurement policies are thus a set of rules and regulations that are designed by organizations to govern on application of various procurement procedures.

The origins if the administration police (AP) can be traced back to around 1902 with the enactment of the village headman ordinance. The ordinance,

which was enacted to enable the penetration of the native areas, was ostensibly to bring the native into the money economy, enforce tax, control livestock movement, regulate agriculture, labor, movement of people and various other social and economic regulations.

The village headman, as the chief was then known, was the prime instrument of the Regional Agents, as the District Commissioners were then known. The Kenyan East African Protectorate that became Kenya Colony in 1920 still had an uphill task trying to tie up two parallel economies. The Kenya Police who were already in existence were focused in the urban areas, the railway routes and areas of the propertied classes.

The present day Administration Police is self-contained with sections such as Signals, Quartermaster, Motor Transport, Medical, Procurement, Accounts and Band as well as other technical sub-sections also staffed by highly qualified Administration Police personnel. The latest landmark in the history of AP is the outcome of the Constitution of Kenya Review Commission talks of 2002-2004. This placed a critical importance on the autonomy and role of the AP as a core provider of safety and security. It identified a range of functions, entrenching its lead responsibility for community safety and national duties.

Statement of the Problem

According to a World Bank Report (2013) public procurement is an important function in the public sector for several reasons. First, the sheer magnitude of procurement outlays has a great impact on the economy and needs to be well managed. Indeed, world over, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP (CCG, 2007). Efficiently handling this size of procurement outlays has been a policy and

management concern as well as a challenge for public procurement practitioners.

In the year 2013/14, the GOK statistics show that it spent about 70% of the 1.6 Trillion shillings budget on procurement of goods and services (KNBS, 2008). The procurement function is becoming an expensive undertaking for many organizations and if not properly done it can lead to significant losses (Wanyama, 2013). Increased cases of inefficiency and ineptness of the overall administration and management of procurement functions in many institutions contribute to loss of over Ksh 50 million annually.

According to a Kenya Power 2013 annual report, the public sector parastatal faces a major challenge in controlling the overall operating cost because of the constant increase of sourcing cost; this is evident by Kenya Power posting a decrease in profit prior to tax of Sh6.42 Billion compared to Sh8.5 Billion noted in the previous year. Policy formulation and implementation depends on the identification of the organizations goals and the rational analysis of its external environment and internal resources and capabilities (World Bank, 2008). Managing the implementation and the organizational issues that go with it, is so frequently the source of complexities and difficulties that characterize the policy implementation process.

Several studies have been done; globally a study by Liu (2011) explored the relationship between strategic policy orientation and organizational performance in Born Global Limited; a business organization seeking resources and selling products for gaining competitive advantage from multinational markets. The study determined that there was positive correlation between strategic policy orientation and organizational performance; locally, a study by Victor (2012) noted that procurement expenditure could be minimized through implementation of effective sourcing policies. However, very few institutions have successfully embraced effective sourcing policies

and this has led to increased procurement expenditure and high operational costs. A study by Lewa (2007) revealed that designing and implementation of procurement policies as per the procurement legal framework could help public institutions to implement effective and efficient procurement practices which would lead to better performance.

There is limited research in the area of sourcing policies and in particular with respect to its influence on performance of public sector. It is hence against this background that this study was be undertaken with a main purpose of establishing the influence of sourcing policies on performance of public sector, with specific interest in administration police service.

Objectives of the Study

The main objective of the study was to examine the influence of sourcing policies on performance of public sector in Kenya. The specific objectives were:-

- To assess the influence of lowest bid policy on performance of public sector in Kenya.
- To establish the influence of lean sourcing policy on performance of public sector in Kenya.

LITERATURE REVIEW

Theoretical Review

The Theory of Constraints

For the purpose of this study the theory of constraints was adopted. Theory of constraints is an approach to the management of operations and it was developed by Goldratt. It provides a management theory of how organizations should be run especially the sourcing policies. The concept was extended to theory of constraints (TOC) with a publication which views any manageable system as

being limited in achieving more of its objectives by a number of constraints. There is always one constraint and the TOC uses a focusing process to identify the constraint and restructure the sourcing policy around it (Murwa-Igonswa, 2014).

TOC emphasizes on the optimization of performance within a defined set of constraints of the existing process and it provides an action framework which combines the activities of the supply chain managers such as lowest bid policy and the visible system elements (Peter, 2008). TOC views sourcing policies as systems consisting of resources, which are linked by the processes they perform. The goal of the sourcing policies serves as the primary judge of success. Within that system, a constraint is defined as anything that limits the sourcing policies from achieving higher performance relative to its purpose (Schapper, Malta & Gilbert, 2006). The pervasiveness of interdependencies within the organization makes the analogy of a chain, or network of chains, very descriptive of a system's processes.

Just as the strength of a chain is governed by its single weakest link, the TOC perspective is that the ability of any lowest bid policy to achieve its goal is governed by a single, or at most very few, constraints (Venn, 2015). The theory of constraints defines a set of tools that change agents can use to manage constraints, thereby increasing profits. Most businesses can be viewed as a linked set of processes that transform inputs into saleable outputs. TOC conceptually models this system as a chain, and advocates the familiar adage that a chain is only as strong as its weakest link (Witing, 2012).

This theory incorporates the idea that the goal or mission of an organization exists, and organizations lowest bid policy can be measured and controlled by variations on three measures eligibility, criteria and qualification of bidders. In the context of this study one of the variables of sourcing policies

showed the linkage to one of the measures of success that were used to measure the performances of organizations in the public sector.

The Lean Theory

The term lean production was first used by Womack and Jones to describe the 2:1 difference in productivity they found between car assembly plants in Japan and those in Europe. They subsequently explained how companies could make dramatic improvements in performance by adopting the lean approach to manufacturing pioneered by the Toyota Corporation. Lean is a functional model which basically discounts the value of economies of scale and focuses on how to reduce costs as a result of small, incremental and continuous improvement hence reducing defects and reworks. Lean sourcing policy has certainly become increasingly significant in public sector management (Rogers, Purdy, Safayeni & Duimering, 2007).

Initially organizations involved in manufacturing of products used to involve themselves in lean manufacturing techniques, this has ceased as lean has expanded beyond manufacturing (McCue, 2006). Lean sourcing law seeks to explain how organization should manage its sourcing system and needs. It states that lean sourcing can be used as a strategic differentiator by the organization and further goes on to say that not all minimization of reworks is about waste.

The theory stated that lean sourcing strategies developed by an organization should support the customer's need and expectations. Lean sourcing strategies should not be a driver on how much and when a product will be delivered to a customer, rather, the customers' expectations should be understood and sourcing strategies is designed purposely to meet those expectations. Real savings can only be realized through day to day

management and optimization of customer requirements variability. This therefore implies that cost savings associated with lean sourcing cannot be achieved through inconsistent sourcing network designs (Martinez-Martinez, 2008). This theory was relevant to the study because lean sourcing policy is a key component in effective and efficient performance in the public sector.

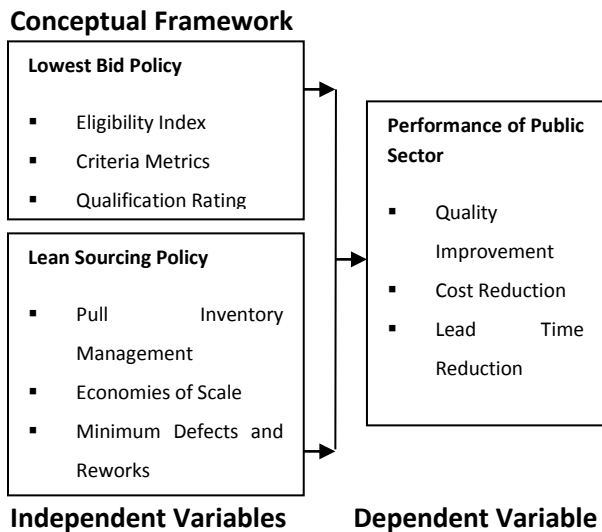


Figure 1: Conceptual Framework

Lowest Bid Policy

Lowest bid policy in this study will be considered as a variable that influences performance of public sector. The attributes of lowest bid policy which will be taken into consideration in this study are: eligibility index, criteria metrics and qualification rating. Public institutions have in a long time awarded contracts for projects to the lowest responsible bidder. The successful contractor typically prepares its bid based on a complete set of plans and specifications that precisely defines the facilities to be built (Ackali, 2013).

The lowest evaluated tender is the primary award criterion metric. This criterion is arrived at by considering the tender price; the cost of operating,

maintaining and repairing the goods or construction; the terms of payment and all guarantees (for example, payment, performance and other security) in respect of goods or construction. Contracting authorities can choose to award contracts covered by the rules either on the basis of the lowest price offered or on the basis of the most economically advantageous tender (Amaratunga, 2012).

Prior to the close of the tender call, a tender comparison estimate will be prepared to provide a price benchmark against which to compare tenders. The recommended tender price should be within the cost limits previously identified. With the selection determined solely on price, the owner has little ability to balance quality and cost factors, including ease of operation, in making a decision. With an alternative technique such as competitive negotiation, owners can make decisions based on qualifications, technical approach and price (Benton, 2007).

Using performance-based contracting, they can set the standards that the constructed facility must meet and allow the contractor and its team members to develop the method of achieving those standards. Price based awards, which does not recognize or give credit to differences in vendor quality, value, and performance will motivate contractors to be more reactive, offer lower quality, not preplan nor utilize expertise. The price based system is nontransparent, requires more decision making which increases risk of deviations and expectations (Billow, 2013).

To move from low performance to higher performance, efficiency must increase, and the following factors must be minimized: cost, management, direction, and control from the client. The level of vendor expertise must increase. An increase in performance will only come with increased vendor accountability, preplanning,

measurement of performance, and quality and risk management (Bolton, 2006).

Lean Sourcing Policy

Lean sourcing policy in this study will be considered as a variable that influences performance of public sector. The attributes of lean sourcing policy which will be taken into consideration in this study are: pull inventory management, economies of scale and minimum defects and reworks. One area that has witnessed growing attention by scholars and practitioners as a way to reduce the costs associated with public sector procurement is lean thinking and the tools and techniques associated with lean principles (Zipkin, 2010). Generally lean thinking is not necessarily a new way of looking at increasing efficiencies in purchasing processes by eliminating waste and improving the flow of goods and services through the entire supply-chain.

Over the years a number of similar approaches have been applied in practice (such as JIT, vendor stocking programs, and the like) that can claim similar successes, as well as similar failures (Rwoti, 2005). What makes lean thinking different as it relates to procurement is that it is generally considered a different way to view the management process, which was first introduced as the Toyota Production System (TPS). Lean thinking is not simply the adoption of lean tools, but a philosophy that becomes ingrained in the system that constantly looks at ways to reduce waste and increase customer. For instance, as a result of lean thinking the TPS refocused their production process from looking specifically at how best to increase efficiency to looking to eliminate waste as goods and services moved along the entire production process (Ouma, 2014).

What makes lean thinking different from other approaches is that it is both a management philosophy and a set of tools and techniques that

attempt to reduce waste and increase quality; where waste is defined in terms of non-value adding activities. When considering those entities who have successfully adopted lean thinking, as well as those who have successfully applied several of the techniques of lean, one thing becomes readily apparent: the key principle behind the lean doctrine is the identification and elimination of waste (Njiraini & Moyi, 2006).

Under the tenants of lean, waste is defined through the seven forms, which is best summarized as “any human activity which absorbs resources but creates no value” (John, 2013). Also critical to this thinking is that value can be specified only by the ultimate customer for the process or activity concerned, and therefore any activity within the sourcing process that does not create value for the customer is considered wasteful (Muge, 2009).

Performance of Public Sector

The attributes of performance which will be taken into consideration in this study are: quality, cost and lead time. Performance is the metric used to quantify the efficiency and effectiveness of an action. It must be noted that literature gives no clear definition of a firm’s performance (Ackali, 2013). To measure performance it involves a process of collecting, analyzing and reporting information regarding the performance of an individual, group, organization, system or component. Amaratunga (2012) indicated that performance measurement should eventually lead to performance management, which is a tool of transforming ideas, vision and mission of senior managers into actions that can be planned for, measured, modified and corrected.

Another way to characterize performance is to distinguish between financial and non-financial performance. The financial performance is often measured using traditional accounting KPIs such as ROA, ROE, EBIT, or Sales growth (Billow, 2013). The

non-financial performance can be measured using operational KPIs. Market share, quality of goods, innovation rate or customer satisfaction are prominent examples (David, 2014).

Within the public sector, organizational performance is measured through analysis of outcomes such as: financial performance and market performance. Performance can be evaluated with qualitative criteria such as job satisfaction, organizational commitment, perception of justice and quantitative criteria such as profitability, investment return ratio, sales growth in the studies (Evenette, 2005). Performance may vary according to whose viewpoint is taken, the time period observed, criteria used, and so on. Different fields of study should use different measures of organizational performance because of the difference in their research questions. For measuring a firm's performance, objective and subjective measures have been used. The objective measures include measures such as return on assets, market share, sales, export proportion, growth rates in domestic and export sales growth. Similarly, the subjective measures of performance include management's perceptions of productivity, profitability, market share, and customer satisfaction relative to competitors (Kioko, 2014).

Empirical Review

Lowest Bid Policy

According to Bowersox (2010) public sector procurement is largely based on the low bid award system. It is important to review and evaluate the current performance of the procurement process to work toward the public sector obtaining greater value for money in their projects. The low bid award system fosters competition amongst contractors attempting to secure the project (Arthur, 2009). This competition can have both positive and negative effects for the client. As the public sector client is accountable to the public, an open

competitive bidding process that is awarded based only on price is highly transparent.

However, according to Artley and Stroh (2010) selecting a contractor based solely on price greatly diminishes the significance of important such as criteria, time and quality. Low bid price as the sole award criterion encourages unqualified contractors to submit bids along with bidders that submit a very low bid with the intent of recovering their losses through change orders and claims, also known as predatory bidding. Therefore, low bid is not necessarily the best value. There is clearly no one project delivery and finance model that is preferable across all projects, yet the public sector for the past few decades has adopted the design-bid-build delivery model almost exclusively (CIPS, 2012).

According to Uher and Davenport (2012) the means of obtaining the best value under this system is to award a contract to the responsive and compliant bidder that is willing to fulfill the terms of the contract for the lowest dollar value. There are definite benefits and drawbacks to the low bid award system. Fostering competition amongst contractors is a clear benefit to the process. It compels the contractors to lower their costs, often through innovation, to ensure they win bids and maintain their profit margins. Also, the process is beneficial specifically to the public sector because of the transparency, an important criterion of public policy (Van Weele, 2010).

However, according to Liu (2011) allowing projects to be awarded based solely on one criterion has inherent flaws. Criteria such as time and quality are negated. Also, the low bid award system encourages unqualified bidders. There are definite risks associated with the low bid award system. A number of studies have shown that the lowest bid does not guarantee the lowest cost. Also, the lowest bidder is subject to the winner's curse; the

contractor with the lowest bid is the one most likely to have underestimated the cost of the project (Wanyama, 2013). They are required to complete a project that no one else was willing to do at that price.

Lean Sourcing Policy

According to McCue (2006), any human activity that absorbs resources without creating any value is referred to as waste. Lean thinking is a powerful antidote to waste. It embraces some principles providing approaches to doing more with less while satisfying the exact needs of customers to a greater extent. The core principles of lean thinking include; specifying the value defined by the ultimate customers; identifying the value stream which comprise all actions required to bring a specific product or service; having the product or service flow continuously; introducing pull between the steps where continuous flow is not available and managing towards perfection as there is no end to the process of reducing effort, time, space, cost, and mistakes while offering customers the products or services they really want (Lysons, 2006).

According to (Kumar, 2005) lean thinking is a philosophy that functions as a guide to saving costs and improving quality while meeting customers' exact needs. When lean principles are implemented in practice, a variety of tools and techniques are created to serve various purposes in particular circumstances. Hui *et al.*, (2011) discussed some lean tools and techniques that have been applied in the manufacturing industry, such as 5S approach, value-stream mapping, multi-machine working, single-minute exchange of dies, single-piece flow, turn-back analysis, and visual control. Actually, both the content of lean thinking as a philosophy and the methods it has adopted are not totally new (Haron, 2014). Lean thinking has drawn on other established tools and techniques.

According to Gelderman *et al.*, (2006) the concept of lean thinking includes some elements from some other management concepts, such as just-in-time, systems thinking, total quality management (TQM), and business process engineering. In practice, not all of the tools and techniques used in the manufacturing industry are appropriate for achieving cost saving and quality improvement in the public sector. It is argued that tools and techniques used in the manufacturing industry should be adapted according to specific conditions in the public sector before they are adopted (Froystad *et al.*, 2010).

Some typical and frequently applied lean tools and techniques adapted and adopted in the public sector include rapid improvement event, value-stream mapping and Six Sigma. Erik *et al.*, (2008) warned that when transferring lean tools and techniques from the private sector to the public sector, public managers must pay careful attention to the legal system that drives procurement and management-labor relations in order to achieve an expected efficiency of government operation and cost improvement. This is because law indicates that there are different values and requirements for lean thinking in the public sector (David, 2014).

Performance of Public Sector

For decades public sector performance has been attracting great attention from practitioners due to poor performance resulting from non-adherence to power processes and procedures. Maiyo (2009) suggested that performance starts from purchasing effectiveness in the procurement function in order to change from being reactive to being proactive to attain set performance levels in an entity. According to Van Weele (2010) performance is considered to be the result of two elements; purchasing effectiveness and purchasing efficiency.

For an organization to change its focus and become more competitive Amaratunga (2012) suggest that

performance is a key driver to improving quality services while its absence or use of in appropriate means can act as a barrier to change and may lead to deterioration of the purchasing function. Organization which does not have performance means in their processes, procedures, and plans experience lower performance and higher customer dissatisfaction and employee turnover (Artley & Stroh, 2010).

Measuring the performance of the purchasing function yields benefits to organizations such as cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage as noted by Batenburg and Versendaal (2006). Although the need for performance in purchasing has long been recognized, for a variety of reasons, many organizations fail to measure it adequately (Cliton, 2014).

Haron (2014) reviews the history of performance in the public sector in the literature through the 1980s and early 1990s and conclude that a general weakness of “traditional” measures is that they recognize and reward mainly short-term gains, rather than long-term ones. Gelderman (2006) argued that measuring long-term impact is notoriously difficult. The literature on sourcing policies is divided in terms of its impact at the operational or strategic level of the organization.

RESEARCH METHODOLOGY

This study employed a descriptive research design to investigate the influence of sourcing policies on performance of public sector in Kenya. The unit of observation was 124 employees in procurement department of administration police, composed of senior managers, middle-level managers and junior staff. The study employed a census approach to collect data from the respondents hence no sampling techniques were used. Both primary and secondary data was employed in an effort to meet the objectives of the study. The study considered

questionnaires which have advantages over other types of research instruments (Zikmund, 2013).

The Statistical Package for Social Sciences (SPSS) Version 20 was used for data analysis. SPSS version 20 has got descriptive statistics features that will assist in variable response comparison and gave a clear indication of response frequencies.

DATA ANALYSIS AND PRESENTATION

A sample of 124 respondents were interviewed using questionnaires that allowed the researcher to drop the questionnaire to the respondents and then collect them at a later date when they had filled the questionnaires. A total of 124 questionnaires were distributed to employees. Out of the population covered, 100 were responsive representing a response rate of 81 %. The study determined the gender of the respondents. The results showed that 52% were female and 48% male. The study determined the age distribution of the respondents. The findings indicated that the respondents aged between 41- 50 were 26 %. 28 % of the respondents indicated that they were aged 31-40 years. The age group of 18 -30 years accounted for 19 %. Above fifty years was shown at 27 %. The respondents were asked to state their highest level of education and the results indicated that majority of the respondents 38 % had a degree certificate, 18 % percent had acquired a master’s degree, and results further showed that 14 % had a certificate while finally 30% were diploma holders. These findings concur those of Gheorghe (2014) who established that majority of workers in public sector are highly educated and that there is evidence linking education and public sector performance.

The study determined the number of years the respondents had worked in the public sector in Kenya: administration police service. From the findings the majority of the respondents had worked at administration police service for 6 to 8 years. 31% had worked for zero to two years. 26%

had been in active service for 3-5 years. 24% had worked for 6-8 years and finally 19 and above had worked for 9 and above years. The findings of the study were in agreement with Dela (2009) who indicated that the years worked and experience of an employee helps to have better knowledge and skills which contribute to better public sector performance.

public sector in Kenya. The respondents were asked to indicate to what extent lowest bid policy influenced performance of public sector in Kenya. Results indicated that majority of the respondents 19 % agreed that it was to a very great extent, 33 % said that it was to a great extent, 30% said it was moderate, while little extent was 11% and not all was at 7% respectively.

Descriptive Statistics: Lowest Bid Policy

The first objective of the study was to assess the influence of lowest bid policy on performance of

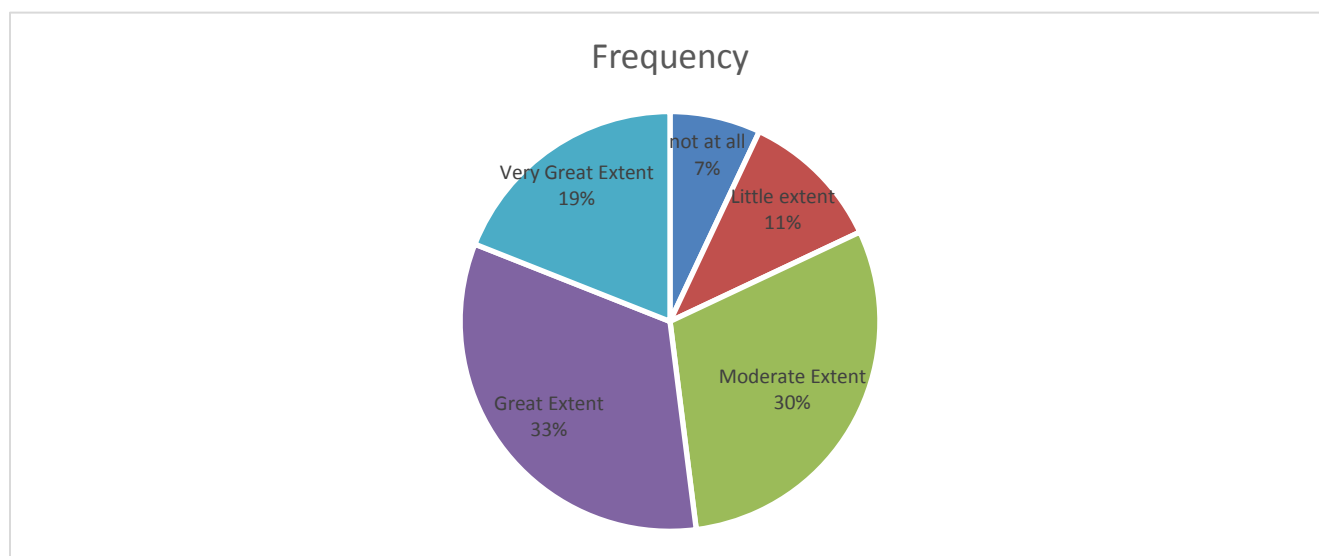


Figure 2: Lowest Bid Policy

The respondents were also asked to comment on statements regarding lowest bid policy influence on performance of public sector in Kenya. The responses were rated on a likert scale and the results presented in Table 1 below. and was rated on a 5 point Likert scale ranging from; 1 = strongly disagree to 5 = strongly agree. The scores of ‘strongly disagree’ and ‘disagree’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘neutral’ has been taken to represent a statement agreed upon, equivalent to a mean score of 2.6 to 3.4. The score of ‘agree’ and ‘strongly agree’ have been taken to

represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.

Results indicated that majority of the respondents 86 % agreed on the statement that eligibility index plays a significant role in quality improvement. Results also indicated that 90% of the respondents were in agreement that criteria metrics play a significant role in quality improvement. Results indicated that majority of the respondents 100 % agreed on the statement that qualification rating plays a significant role in quality improvement.

Results indicated that majority of the respondents 90% agreed on the statement that eligibility index

played a significant role in cost reduction. Results indicated that majority of the respondents 96% agreed on the statement that criteria metrics played a significant role in cost reduction. Results indicated that majority of the respondents 95 % agreed on the statement that qualification rating plays a significant role in cost reduction.

Results indicated that majority of the respondents 92 % agreed on the statement that eligibility index plays a great role in lead time reduction. Results indicated that majority of the respondents 91 % agreed on the statement that criteria metrics plays a significant role in lead time reduction. Results indicated that majority of the respondents 85 %

agreed on the statement that qualification rating plays a significant role in lead time reduction.

The average mean of the respondents was 4.27 indicating that majority of the respondents agreed with statements regarding lowest bid policy influence on performance of public sector in Kenya. However the responses were varied as shown by a standard deviation of 0.86. These findings implied that lowest bid policy was an important aspect of sourcing in the administration police service. The findings agreed with David (2014) that using lowest bid policy when sourcing for a new product or service can save an organization a lot of unnecessary costs.

Table 1: Lowest bid policy influence on performance of public sector in Kenya

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
Eligibility index plays a significant role in quality improvement	3.0%	6.0%	5.0%	57.0%	29.0%	4.0	0.9
Criteria metrics play a significant role in quality improvement	4.0%	4.0%	2.0%	43.0%	47.0%	4.3	1.0
Qualification rating plays a significant role in quality improvement	0.0%	0.0%	0.0%	56.0%	44.0%	4.4	0.5
Eligibility index plays a significant role in cost reduction	4.0%	4.0%	2.0%	44.0%	46.0%	4.2	1.0
Criteria metrics play a significant role in cost reduction	1.0%	2.0%	1.0%	48.0%	48.0%	4.4	0.7
Qualification rating plays a significant role in cost reduction	2.0%	2.0%	1.0%	48.0%	47.0%	4.4	0.8
Eligibility index plays a significant role in lead time reduction	2.0%	2.0%	1.0%	39.0%	56.0%	4.5	0.8
Criteria metrics play a significant role in lead time	4.0%	4.0%	1.0%	48.0%	43.0%	4.2	1.0

reduction

Qualification rating plays a significant role in lead time

reduction	6.0%	6.0%	3.0%	45.0%	40.0%	4.1	1.1
Average						4.27	0.86

Descriptive Statistics: Lean Sourcing Policy

The second objective of the study was to investigate the influence of lean sourcing policy on performance of public sector in Kenya. The respondents were asked to indicate to what extent did lean sourcing policy influenced performance of public sector in Kenya. Results indicated that majority of the respondents 37 % agreed that it was to a very great extent, 33 % said that it was to a great extent, 19 % said it was moderate, while little extent and not all were at 4 and 7% respectively.

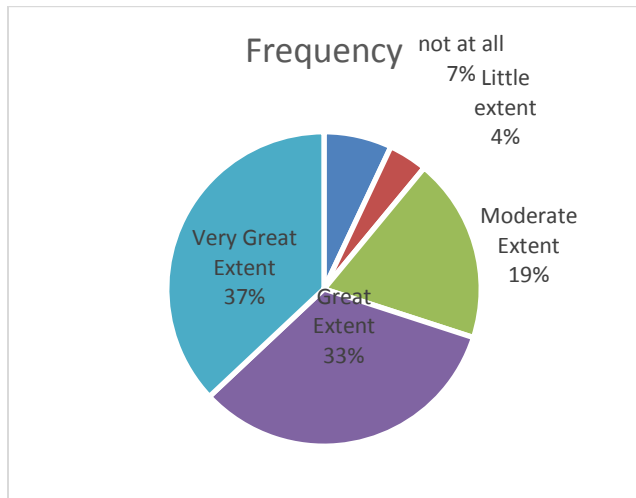


Figure 3: Lean Sourcing Policy

Results indicated that majority of the respondents 77 % agreed on statement that pull inventory management played a significant role in quality improvement. Results indicated that majority of the respondents 60 % agreed on statement that economies of scale played a significant role in quality improvement. Further results indicated that 63% of the respondents were in agreement that minimum defects and reworks play a significant role quality improvement.

Results also indicated that 60% of the respondents agreed that pull inventory management plays a significant role in cost reduction. Results also indicated that 54% of the respondents agreed that economies of scale play a significant role in cost reduction. Further results indicated that 49% of the respondents were in agreement that minimum defects and reworks play a significant role in cost reduction.

Results also indicated that 61% of the respondents agreed that pull inventory management plays a significant role in lead time reduction. Results also indicated that 76 % of the respondents agreed that economies of scale plays a significant .Results also indicated that 58 % of the respondents agreed that minimum defects and reworks play a significant role in lead time reduction

The average mean of the respondents was 3.68 indicating that majority of the respondents agreed with influence of lean sourcing policy on performance of public sector in Kenya. However the responses were varied as shown by a standard deviation of 0.88. These findings indicate that through lean sourcing, the management of administration police service could improve its sourcing, lean sourcing demands additional cost reductions, faster deliveries, better quality and better performance. This agrees with a study done by Christopher (2008) that organizations must look toward their continuous sourcing process improvements. The opportunities for cost savings and sourcing process improvements can be enormous as the impact on margins is considerable.

Table 2: Lean sourcing policy influence on performance of public sector in Kenya

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
Pull inventory management plays a significant role in quality improvement	5.0%	5.0%	13.0%	36.0%	41.0%	3.47	0.96
Economies of scale play a significant role in quality improvement	6.0%	5.0%	29.0%	44.0%	16.0%	3.59	1.02
Minimum defects and reworks plays a significant role quality improvement	0.0%	7.0%	30.0%	43.0%	20.0%	3.76	0.85
Pull inventory management plays a significant role in cost reduction	1.0%	0.0%	39.0%	51.0%	9.0%	3.67	0.68
Economies of scale play a significant role in cost reduction	9.0%	7.0%	30.0%	35.0%	19.0%	3.48	1.15
Minimum defects and reworks plays a significant role in cost reduction	5.0%	5.0%	41.0%	36.0%	13.0%	3.47	0.96
Pull inventory management plays a significant role in lead time reduction	0.0%	0.0%	39.0%	53.0%	8.0%	3.69	0.62
Economies of scale play a significant role in lead time reduction	0.0%	0.0%	24.0%	34.0%	42.0%	4.18	0.80
Minimum defects and reworks plays a significant role in lead time reduction	3.0%	0.0%	39.0%	45.0%	13.0%	3.65	0.82
Average						3.68	0.88

CONCLUSION AND RECOMMENDATIONS

The study sought to assess influence of lowest bid policy on performance of public sector in Kenya as the first objective of the study. A majority of respondents were found to highly agree that the public sector had embraced lowest bid policy with regard to its sourcing activities. Eligibility index and criteria metrics were common in the administrative

police service. Correlation and regression results revealed that this was the most important variable that could perhaps be explained by the observation from the findings that lowest bid policy was an important factor in influencing performance of public sector.

The influence of lean sourcing policy on performance of public sector in Kenya in Kenya was

the last objective of the study. A majority of respondents were found to highly agree that parastatals had embraced lean sourcing policy with regard to its sourcing activities. Pull inventory management and economies of scale were common in the administrative police service. Correlation and regression results revealed that this was the most important variable that could perhaps be explained by the observation from the findings that lean sourcing policy was an important factor in influencing performance of public sector.

The study endeavored to determine influence of sourcing policies on performance of public sector with reference to the administrative police service. From inferential statistics, a positive correlation was seen between each determinant variable and performance of public sector. The strongest correlation was established between lowest bid policy and performance of public sector. All the independent variables were found to have a statistically significant association with the dependent variable at ninety five percent level of confidence.

Conclusion of the study

Based on the study findings, the study concluded that performance of public sector could be improved by lowest bid policy and lean sourcing policy.

First, in regard to lowest bid policy, the regression coefficients of the study showed that it had a significant influence of 0.462 on performance of public sector. This implied that increasing levels of lowest bid policy by a unit would increase the levels of performance of parastatals by 0.462. This showed that lowest bid policy had a positive influence on performance of public sector.

Lastly, in regard to the second objective, the regression coefficients of the study showed that it had a significant influence of 0.064 on performance

of public sector. This implied that increasing levels of lean sourcing policy by a unit would increase the levels of performance of public sector by 0.064. This showed that lean sourcing policy had a positive influence on performance of public sector.

Drawing on this research, lack of lowest bid policy and lean sourcing policy in the public sector was leading to poor performance. Though the public sector was striving hard to improve their performance there were still issues of poor quality products, long lead time and high cost of products. Thus, it was evident that all the independent variables identified in this study were all important sourcing policies that influenced the performance of public sector.

Recommendations of the study

To ensure that the public sector had better performance they should focus more on using their sourcing policies that are vetted and with empirical backup so as to ascertain that there is consistency of quality in goods supplied. The study recommends that procurement staff should ensure that they strictly follow procurement procedures to ensure that goods supplied are of the right quality, in the right quantity, at the right time, to the right place from the right source. This would aim at satisfaction of customers in terms of cost, quality, and timeliness of the delivered product or service, minimizing administrative operating costs, conducting business with integrity, fairness and openness. More checks and controls should be introduced to check on the integrity of the tendering systems and ensure that it is as open as possible.

Recommendations for further studies

The study was monumental for further research in the field of performance of public sector in the continent and particularly in Kenya. The findings demonstrated the important sourcing policies to performance in the public sector to include; lowest

bid policy and lean sourcing policy. The current study should therefore be expanded further in future in order to include sourcing policies that may as well have a positive significance to performance of the public sector. Existing literature indicates that as a future avenue of research, there is need to

undertake similar research in other institutions and private/public sector organizations in Kenya and other countries in order to establish whether the explored practices herein can be generalized to affect performance in public sector institutions.

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