



EFFECTS OF PROCUREMENT PLANNING ON SERVICE DELIVERY IN STATE CORPORATIONS IN KENYA: A CASE OF KENYA AGRICULTURAL AND LIVESTOCK RESEARCH ORGANIZATION

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Accepted: May 11, 2018

ABSTRACT

The objective of the study was to assess the effect of procurement planning on service delivery in state corporations in Kenya: a case of Kenya Agricultural and Livestock Research Organization. The target population for this study was 90 comprising of the procurement officer, and the finance officers of the Kenya Agricultural and Livestock Research Organization. Based on the study findings, the study concluded that procurement planning had a positive and significant effect on service delivery in state corporations in Kenya. The study also concluded that procurement portfolio and service delivery were positively and significantly related. Further, the study concluded that procurement policies and procedures and service delivery were positively and significantly related. In addition, the study concluded that logistics management and service delivery were positively and significantly related. Finally, the study concluded that procurement budgeting procedures and service delivery were positively and significantly related. The study recommended the procurement officials to always develop a full and comprehensive procurement portfolio of the procurement needs of the organisation before embarking onto any procurement activity. The portfolio should include among many other things, spend analysis, risk analysis and procurement strategies. The study also recommended that the management should come up with procurement policies and procedures that would guide how the activities are conducted. Such a policy should include aspects of transparency, accountability, integrity and professionalism in carrying out the procurement. The study further recommended that the flow of procurement project materials be managed from its origin to the consumption destination. Robust planning and best delivery process should be considered. It should also adapt the latest technology and innovative approach. Regular training workshops to keep the employees updated with the latest trends in the logistics industry should also be carried out. Lastly, the study recommended that the management should always do a timely procurement budgeting. Adequate finances should be allocated to procurement activity and also the funds be presented to the procurement project managers in the right time for planning. The procurement team need to ensure that budgets and cost estimates are actually reduced in accordance with financial management practices of the business or according to the financial resources available.

Key Words: Procurement Portfolio, Procurement Policies, Logistics Management, Budgeting Procedures

INTRODUCTION

Procurement Planning is seen to be important, and even more so in large and complex, multi-year and/or multi-million dollar requirements, where people will change over time or requirements will evolve and where risk and scrutiny increases (Kovacs, 2004). Procurement Planning is supported and encouraged by project management experts and government departments because the procurement/resulting contract can lead to dissatisfaction and time-consuming detours when it is not done; and its absence is usually the causal factor identified when auditing the entrails as to what went wrong in the procurement process experts and government departments (Agaba & Shipman, 2007).

According to Burt *et al* (2004) procurement planning is the purchasing function through which organization obtain products and services from external suppliers. A good procurement plan will go one step further by describing the process you will go through to appoint those suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. First, define the items you need to procure. Next, define the process for acquiring those items. And finally, schedule the time frames for delivery. Procurement is thus one part of the commissioning process. It refers to a specific method of purchasing services which involves tendering for a contract. Sometimes it is more appropriate for a public body to fund a service through the provision of a grant, but then it will have less control over the precise outcomes to be delivered (Lawino, 2009).

Public expenditure is a complex phenomenon of growing global importance (Evenett & Hoekman, 2005). Numerous empirical studies have charted the evolving level and composition of public expenditure, made international comparisons of

the nature of public finances, and studied the impacts and outcomes associated with public expenditures (Tanzi & Schuknecht, 2000). Recent studies indicate that public expenditures account for around 45% of GDP among developed countries, albeit with considerable variation in the level and composition of expenditures (Albuquerque, 2012). For example, public expenditure in Australia amounted to an average of only 36.7% of GDP during the 1990s, only 8.6 % of which was spent on social transfers, and 5.1% of which was attributable to educations pending. In Sweden, by contrast, public expenditure averaged 63.5% of GDP over the same period, with spending on social transfers and education accounting for 20.4% and 7.6% of GDP respectively (Midwinter & McGarvey, 2001). The importance of public expenditures within the world economy has stimulated an established interest in how public money is spent, with an emphasis on transparency and openness within public expenditure processes (Heald, 2003), the scope for privatising public sector activities and the stabilisation, allocation and distribution effects of public expenditure. Although sustainable procurement has an increasingly high profile in policy circles around the world, very little is known about the extent to which SP policies and practices are embedded within the practice of public procurement professionals globally. One notable exception is the European Commission's (2005) 'status overview' of sustainable public procurement in Europe (European Commission, 2005). This study analysed tender documents from member states and required personnel working in public procurement to complete a questionnaire concerned with the inclusion of environmental criteria in purchasing, barriers to implementing greener public procurement, best practice and how policies are communicated within the organisation (*ibid*). In addition, only life-cycle analysis of the environmental impacts of products and services, and the procurement of environmentally favourable products are addressed as standalone issues forming part of

environmental sustainable procurement in the EC report (ibid). It is clear from an analysis of this definition that the EC study was only concerned with a narrow range of environmental issues and did not take into account any social aspects of sustainable procurement.

Over the past few years, developing countries have been awakened on the importance of effective management of the public procurement process at both central and local government levels, and its subsequent contribution to improved governance of the public sector. Procurement, a function that was traditionally viewed as a clerical and reactive task has since positioned itself among core organizational functions, and its management is becoming increasingly critical for the well-functioning of any organization. Procurement is becoming important at the local level, in parallel with decentralization and the increasing range of functions performed by local governments in most countries (Schiavo-Campo & Sundaram, 2000).

A procurement plan must be integrated into annual sector expenditure programs to enhance financial predictability (PPOA, 2009) and Public Procurement and Disposal General Manual. Section 26 (3) of the Act and Regulations 20 and 21 make procurement planning mandatory. The procurement plans are prepared as part of the annual budget preparation process as they are necessary to inform the cash flow preparation. The annual procurement planning is an integral part of the budget processes. Therefore, it is important to plan multiyear procurement and to integrate them into the medium term budgetary frameworks.

According to Kenyanya, Onyango and Mamati (2011), Kenya has undergone significant development in the past three decades. From being a system with no regulations in the 1960s to a system regulated by Treasury Circulars in the 1970s, 1980s and 1990s, the introduction of the Procurement Regulations of 2006 brought new

standards for public procurement in Kenya. Many studies were carried out on procurement before the Public procurement and Disposal Regulations of 2006 to evaluate the efficiency of the procurement process in existence at the time, (Kipchilat, 2006).

Service delivery is a deliberate obligatory decision by the elected or appointed officials to serve or deliver goods and services to the recipients. Procurement process is a fundamental function that impacts on effective or 'ineffective' service delivery. There is no part of local government service delivery that does not depend on procurement of goods, services and works; and yet the area remains a neglected field of research (Oboto, 2001). According to Helmsing (1995) the importance of procurement reform in almost all country's settings can be demonstrated based on its scale and role in terms of service delivery, the amount of money wasted by existing practices, reduced competition, higher prices due to market perceptions of risk, as well as the demonstrated ability of countries to capture enormous savings through concerted efforts to strengthen their procurement function (Agaba & Shipman, 2007). State Corporation has put in place provisions to ensure the realization of her long term objective of improving the quality of life of its citizens. Substantial resources have been committed towards improving service delivery in areas such as infrastructure development and maintenance, rural development, human development and governance, among others. In particular, it is noted that households do not only need income but also require adequate community infrastructure such as schools, health facilities, clean water, roads, energy, security, law and order etc (National Service Delivery Survey, 2008).

The Kenya Agricultural and livestock Research Organization (KALRO) was established under the Kenya Agriculture and Livestock Research Organization Act 2003. This brought together the following institutions namely: Kenya Agricultural Research Institute (KARI), Tea Research

Foundation of Kenya (TRFK), Kenya Sugar Research Foundation (KESREF) and Coffee Research Foundation (CRF) to Kenya Agricultural and livestock Research Organization. The Act was a culmination of the Kenya agriculture research reform as stipulated in the National Agricultural Research System (NARS) policy whose objective was to create an enabling environment for a vibrant agricultural research system that contributes efficiently to national development.

The objectives of KALRO are to expedite equitable access to research information, resources and technology and promote the application of research findings and technology in the field of agriculture and also promote, streamline, coordinate and regulate research in crops, livestock, genetic resources and biotechnology in Kenya. KALRO operates as an interactive and interdependent network of semi-autonomous institutions committed to a common goal, vision and mission. KALRO has an establishment of approximately 2700 staff deployed within the research institutes and centers country wide.

Statement of the Problem

Procurement is more listed as fundamental for service delivery in less developed and developing countries (Basheka & Bisangabasaija, 2010) and represents a significant percentage of total expense. In addition procurement planning touches many core aspects of a company's operations and, hence, their successful deployment and use are critical to service delivery and survival of firms (Welter *et al*, 2013).

However, regardless of the effort by the private industries in developing countries, like Kenya and development partners like World Bank to improve service delivery of the procurement function, procurement is still marred by shoddy works, poor quality goods and services (WB, 2012). Failure to implement or delayed implementation of recommended procurement planning has resulted in unnecessarily high operation costs, poor

inventory control, uncoordinated business activities, and failure to attract and retain experienced and skilled personnel in the procurement positions, thus affecting the function's performance (Chimwani, Iravo, & Tirimba, 2014).

Critical problems such as weak oversight institutions, poor linkages between procurements and expenditures, delays and inefficiencies and poor records management have been witnesses in Kenya Agricultural and Livestock Research Organization Hui (2011) also found out that procurement officials were accused of remissness and non-compliance with procurement policies and systems. Despite the crucial role played by the procurement function in these firms, no much study has been conducted to establish the level of adoption and the extent to which service delivery of this organization had been affected.

A review of the existing literature showed that much of the studies linking procurement practices to performance of companies have concentrated on the public sector and the manufacturing sector. For instance, Mokogiet *al.*, (2015) focused on the effects of procurement practices on the performance of commercial state owned enterprises in Nairobi County; Nderitu and Ngugi (2014) studied the effects of green procurement practices on an organization performance in manufacturing industry; Bag (2012) focused on world class procurement practices and its impact on firm performance: a selected case study of an Indian manufacturing firm; Makabira and Waiganjo (2014) focused on Role of procurement practices on the performance of corporate organizations in Kenya in the case of Kenya National Police Service. Ngunyi (2014) focused on procurement practices and the performance of parastatal in Kenya. On a study conducted by Mwangi (2016) focused on the influence of procurement practices on the performance of logistic firms, specifically in Nairobi County. This study therefore sought to fill this gap by

conducting a study on procurement planning of service delivery of Kenya Agricultural and Livestock Research Organization.

Objectives of the study

The general objective of the study was to assess effects of procurement planning on service delivery in state corporations in Kenya. The specific objectives were:-

- To establish how Procurement Portfolio affect service delivery in state corporations in Kenya.
- To determine the effect of procurement policies and procedures on service delivery in state corporations in Kenya.
- To establish the effect of Logistics Management on service delivery in state corporations in Kenya.
- To determine the effect of budgeting procedures on service delivery in state corporations in Kenya.

LITERATURE REVIEW

Theoretical Framework

Resource Based View (RBV) Theory

The RBV developed as a complement to the industrial organization view with Bain (1968) and Porter (1985) as some of its main proponents. With its focus on the structure conduct-performance paradigm, the industrial organization view put the determinants of firm performance outside the firm, in its industry's structure. Being positioned against this view, the RBV explicitly looks for the internal sources of sustained competitive advantage and aims to explain why firms in the same industry might differ in performance. As such, the RBV does not replace the industrial organization view; rather it complements it (Peteraf & Barney, 2003).

It adopts two assumptions in analysing sources of competitive advantage Peteraf and Barney (2003).

First, this model assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms. Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage. The argument goes "If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market (Cool *et al.*, 2002).

RBV proponents argue that simultaneously valuable, rare, inimitable and non-substitutable resources can be a source of superior performance and may enable the firm to achieve sustained competitive advantage. The RBV of the firm is therefore a suitable approach to understanding the competitive dynamics whereby resources are intangible and tangible assets linked to the firm in a semi-permanent way, including: technological, human and physical assets. However, having resources alone is not sufficient; therefore, RBV theory adds a category of capabilities which result from complex patterns of interactions and coordination between resources (Wong & Karia, 2010).RBV maintains that resources and capabilities are often synergistic in nature and can be more valuable when combined. RBV proposes that firms have different resource endowments and that the manner in which they require, develop, maintain, bundle and apply them leads to the development of competitive advantage and superior performance over time. RBV tenets prescribe that resources and capabilities, for instance bundle of resources need to be valuable, rare, inimitable and organizationally utilizable, for example a firm has complementary resources to leverage and maximize capabilities to drive sustainable competitive advantage. In general, RBV theory

indicates that exploiting a firm's non-imitable resources enables a firm to create long-lasting competitive capabilities and to generate a competitive advantage (Paulraj, 2011). According to resource-based views, firms perform well and create value when they implement strategies that exploit their internal resources and capabilities. This theory was used to explain the relationship between procurement planning and service delivery of the firms. It was significant in explaining how firms can adopt excellent procurement practices as form of capabilities and sources of competitive advantage so as to improve their service delivery especially when such capabilities are applied alongside the resources allocated by the firms. Procurement planning employees are the resources that need be utilized in planning for procurement thereby giving the company a competitive advantage which is translated from quality, efficient and effective service delivery. Therefore, this theory informed procurement portfolio, policies and procedures, logistics management and budgeting procedures.

Knowledge Based View

KM has emerged as an important concept over the last fifteen years; therefore it builds upon the extension of resource based view (RBV) into knowledge-based view (KBV). KBV is an extension of RBV (Spender, 1996; Guillen, 2000; Rivard *et al.*, 2006). It suggests that identification of knowledge resources, assets and capabilities perform important role for KM practices driven performance (Tanriverdi, 2005; Gold *et al.*, 2001; Zack *et al.*, 2009). It is widely recognized that knowledge is a critical strategic resource for sustainable competitive advantage (Zaied *et al.*, 2012; Choi *et al.*, 2008; Bollinger & Smith, 2001; Teece, 1998). It has become an important factor in addition to previously well-known factors such as land, labor and capital (Sher & Lee, 2004). Keeping in view, the importance of knowledge as a strategic valuable resource motivates the

practitioners to pay more attention towards KM strategies. Capturing most valuable knowledge and distributing it effectively throughout the organizational processes is a critical issue for many organizations. Therefore, KM has become the main priority for all the organizations due to its linkage with different performance measures and service delivery (Bhojaraju, 2005)

The knowledge-based view of the firm considers knowledge as the most strategically significant resource of the firm (Grant, 1996a; Kogut & Zander, 1992). This view considers a firm to be a "distributed knowledge system" composed of knowledge-holding employees, and this view holds that the firm's role is to coordinate the work of those employees so that they can create knowledge and value for the firm (Spender, 1996). A firm's absorption capacity could be enhanced through KM processes that allow the firm to acquire convert and apply existing and new knowledge by adding value to the procurement process while remaining competitive in the market. This theory was used in explaining the need for knowledge management in improving service delivery of the firms. It informed budgeting procedures as well as procurement portfolio since expertise knowledge is required in carrying out these tasks.

Stakeholder Theory

In this theory, Freeman (1984) was seeking to explain the relationship between the company and its external environment and its behaviour within this environment. The author set out his model as if a chart in which the company is positioned at the centre and is involved with stakeholders connected with the company. In this model, the company-stakeholder relationships are dyadic and mutually independent (Frooman, 1999).

According to Savage *et al.* (2004), the basic premises of Stakeholder theory are: the organization enters into relationships with many groups that influence

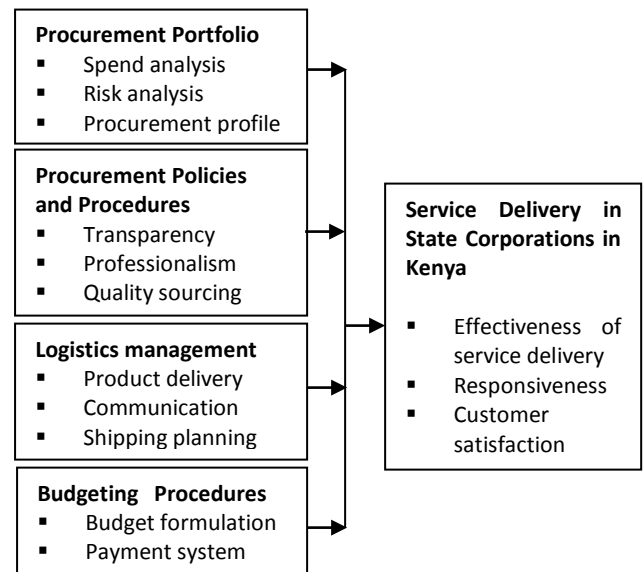
or are influenced by the company, i.e. “stakeholders” in accordance with Freeman terminology; the theory focuses on the nature of these relationships in terms of processes and results for the company and for stakeholders, the interests of all legitimate stakeholder are of intrinsic value and it is assumed that there is no single prevailing set of interests. The theory focuses upon management decision making, explains how stakeholders try and influence organizational decision making processes so as to be consistent with their needs and priorities. In terms of organizations, these should attempt to understand and balance the interests of the various participants.

Friedman (2006) states that the organization itself should be thought of as grouping of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints. There is a clear relationship between definitions of what stakeholders and identification of who are the stakeholders. The main groups of stakeholders are: Customers, employees, local communities, suppliers and distributors (Friedman, 2006). This theory is fuelled by the realization that in contemporary business environment, it is not only the individual businesses that compete as solely autonomous entities, but also organizational procurement processes compete in the environment as well (Drucker, 1998). This fact increases the complexity of identifying and defining the key stakeholders associated with the business processes. The stakeholder theory has been used as one of the primary theories to identify the key stakeholders in various organizational studies (Tate, Ellram & Brown, 2009).

This theory was relevant in this study since it highlights the need for managing the relationships formed with suppliers and how such relationships impact the performance of the firms under the study. This theory informed logistics management

since it involves the flow of procured materials from the supplier to the customer.

Conceptual Framework



Independent Variables Dependent Variable

Figure 1: Conceptual Framework

Procurement Portfolio

The purpose of analysing the procurement portfolio is to develop a full and comprehensive picture (procurement profile) of the procurement needs of the organisation. The first step is to analyse past and projected procurement expenditure or spend for goods, services and works (spend analysis). The next step is to analyse the difficulty and risk associated with securing these goods, services and works (risk analysis). The third step is to develop a procurement profile that identifies past and projected procurement expenditure and associated levels of risk in form of a matrix. Finally, appropriate strategies can be developed for each of the categories of this procurement profile (IAPWG, 2006).

The procurement portfolio methods are systematics that enables the evaluation of the strategic importance of a purchase in many ways, as well as the difficulties in managing purchases. These portfolio methods also consist in the need

for managers to develop different strategies for each type of supplier market and each category of purchased item in order for the company to achieve gains in the supply management (Mello, Eckhardt & Leiras, 2017).

Procurement Policies and Procedure

Sound public procurement policies and practices are among the essential elements of good governance (KIPPRA, 2006). Otieno (2004) notes the irregular procurement activities in public institutions provide the biggest loophole through which public resources are misappropriated. According to Thai (2001), the basic principles of good procurement practice include accountability, where effective mechanisms must be in place in order to enable procuring entities spend the limited resources carefully, knowing clearly that they are accountable to members of the public; competitive supply, which requires the procurement be carried out by competition unless there are convincing reasons for single sourcing; and consistency, which emphasizes the equal treatment of all bidders irrespective of race, nationality or political affiliation. The process should also uphold integrity by ensuring that there are no malpractices; informed decision-making, which requires public bodies to base decisions on accurate information and ensure that requirements are being met. More still, the Procurement practice should be responsive to aspirations, expectations and needs of the target society. Finally, there is need for transparency to enhance openness and clarity on procurement policy and its delivery (World Bank, 2003).

Logistics management

Logistics management plays a significant role in the success of any company's operations and has a direct impact on its bottom line. More importantly, logistics processes play a big part in customer satisfaction, which is more important than low product costs. Logistics management is defined as that part of supply chain management

that plans, implements and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers' requirements (Harrison & van Hoek, 2005).

According to Bowersox, Closs and Cooper (2012) Logistics is the art of managing the supply chain and science of managing and controlling the flow of goods, and controlling the flow of goods, information and other resources between the point of origin and the point of consumption in order to meet customers' requirements. It involves the integration of information, transportation, inventory, warehousing, material handling, and packaging

For industries, logistics helps to optimize the existing production and distribution processes based on the same resources through management techniques for promoting the efficiency and competitiveness of enterprises. The key element in a logistics chain is transportation system, which joints the separated activities. Transportation occupies one-third of the amount in the logistics costs and transportation systems influence the performance of logistics system hugely. Transporting is required in the whole production procedures, from manufacturing to delivery to the final consumers and returns. Only a good coordination between each component would bring the benefits to a maximum (Tseng, 2014).

Budgeting Procedures

A budget is a key element of most grant proposals and serves as a blueprint for spending the project's funds. An effective proposal budget outlines the proposed project in fiscal terms and helps reviewers to determine how the project will be conducted. According to Lysons and Farrington (2006), a procedure is a system of sequential steps or techniques for getting a task or job done. They are formal arrangements by means of which

policies linking strategies are implemented. They further clarify that a cluster of reliable procedures, each comprised of a number of operations that together, provide information enabling staff to execute and managers to control those operations, is called a system. Therefore, procedural procurement will ensure orderliness and efficiency in any procurement department.

Burt *et al* (2004), further adds that, procedural procurement is vital due to considerable amounts of money spent annually in the public sector. They say, the procurement department should observe procedural transactions for the good of the population given the fact that expenditure incurred is the taxpayer's money. This implies that public sector purchasers are accountable to the public whose money is being spent, including disappointed tenderers and potential suppliers. They must produce procedures and practices which will stand up either to scrutiny during government audits or to the challenge through the courts of any purchasing decision that has been made. The chief purpose of public accountability is to prevent abuses of taxpayers' money.

Planning scope refers to the period in which the budget will cover. The planning scope will be crucial in how the budget is drawn that is if they are budgeting for long term project or short term. It will assist in planning for activities and ascertain how next year might change and steps to be taken to respond to the changes. Purchasing budgeting procedures involves various steps before the final budget is arrived at. The process usually starts at various departments depending on the department needs for the coming financial year. The budgeting process is then developed to a master budget that is developed by the management. This process must be followed to make the employees own the purchasing budget allocation (CIPS, 2002).

Service Delivery

Service delivery as a deliberate obligatory decision by the elected or appointed officials to serve or deliver goods and services to the recipients. Service delivery framework is a set of principles, standards, policies and constraints used to guide the design, development, deployment, operation and retirement of services delivered by a service provider with a view to offering a consistent service experience to a specific user community in a specific business context. Service delivery framework is the context in which a service provider's capabilities are arranged into services (Chepkoech, 2013).

Helmsing (2015) describe the service delivery as the provision of services as a prudent and mandatory arrangement of nominated representatives to distribute produce and services to beneficiaries. Heskett (2009) delineate service delivery as a sense of attitude or disposition, relating to the internationalization of uniform values and service standards

Empirical Review

Procurement Portfolio

Kraljic (2013) suggests that organisations should categorise their purchases based on two broad dimensions, the complexity of the supply market and the importance or profit impact of the good or service. He argues that supply market complexity should be assessed in terms of criteria such as the number and availability of potential suppliers, the level of competitive pressure, the pace of technological change, entry barriers, substitution possibilities, and logistics or storage costs. The importance or profit impact of a good or service is defined by criteria such as the volume purchased, the cost as a percentage of the organisation's total purchasing expenditure, and the impact on the quality or reliability of the organisation's end product. Using these criteria, assessed on a simple 'high' or 'low' basis,

organisations can allocate their various purchases into one of the four categories.

Mello, Eckhardt and Leiras (2017) conducted a study on sustainable procurement portfolio management: a case study in a mining company. This study presented a case study in a mining company to evaluate the elements that should be considered for the implementation of sustainability concept in the contracting of services through the application of a sustainability portfolio model. Results showed that the contracts of the internal movement's category of the studied company fit as Strategic Commodity, which means that the items in this category have a risk in the strategic supply, because they need investments made by the buyer in the relationship with the supplier.

Further, Willy and Njeru (2014) investigated the influence of procurement portfolio management on procurement performance, effects of logistics management on procurement performance and the impacts of adherence to procurement plans on procurement performance on public corporations. The study found out that there existed a strong relationship between procurement planning and procurement performance, therefore the study concludes that the presence of a procurement portfolio, efficient logistics management and adherence to procurement plans positively affects procurement performance in institutions. The purpose of procurement planning therefore is to be able to utilize the available resources to achieve the overall procurement objectives.

Procurement Policies and Procedures

Mutai and Chirchir (2015) conducted a study on the impact of procurement policies and procedures on supply chain performance of commercial banks in Kenya. The study was guided by three main objectives that sought to determine the extent of adherence of procurement policies and procedures, to determine the relationship

between procurement policies and procedures on supply chain performance and to determine the challenges faced in the implementation of procurement policies and procedure in commercial banks in Kenya. The research design involved a cross sectional survey of all commercial banks in Kenya. Data was collected using a questionnaire that was administered through drop and pick later method. Percentages and frequencies were used to analyze objective one whereas regression analysis was used to analyze the relationship between business integration and supply chain performance. The findings were presented in tables and pie charts. The study established that most of the commercial banks in Kenya have in place procurement policies and procedures that have enabled them achieve transparency, efficiency and accountability in their operations

Davis (2013) evaluated procurement practices influencing service delivery in the public sector with focus on the provision of electricity: A case study of Kenya Power. The study was based on the socio-economic and institutional theories. The objectives of the study; to establish the influence of procurement policy on service delivery, to evaluate how procurement planning influence service delivery, and to evaluate sustainable procurement practices influence on service delivery. Methodology used in the study is a case study with a focus on Kenya power. Stratified sampling technique was used to select a representative sample from a target population of 160 employees with a sample size of 100 respondents. The respond rate is 71%. A mixture of Interview and Likert-Scale questionnaire were employed. The collected data was further analyzed using SPSS and excel computer software as well as descriptive statistics. The findings revealed that: Procurement rule and regulation lack flexibility and it is hampering the procurements operations as revealed by 77.5%; Procurement planning does not take long term cost of ownership into consideration as also

revealed by 39.4%; the findings also revealed 59.1% agreed that there is no Sustainable procurement practice by the company even though it has Green policy in places but, the implementation is hampered by organizational culture as well as budgetary constraint.

Procurement policy is a factor influencing service delivery. Nichols (2002) argues that procurement policy is one of the primary functions of procurement with a potential to contribute to the success of government operations and improved service delivery. It is a function that sets in motion the entire acquisition or procurement process of acquiring services in governments (Lambsdorff, 2007). Schooner, (2000) assert that the contribution of procurement policy in facilitating an efficient and effective service delivery in public sector organizations is generally undisputed in both developed and developing countries. Its contribution can be at both central and local government levels of public sector management

Logistics Management relevant to the Study

The analysis by Ngasaki, (2016) indicated that logistics management is influenced by 10 factors that impact on lead time among healthcare facilities in Nairobi. They included: Equipment failures; poor warehouse management; poor flow of information; poor order shipping, poor order listing; poor order sorting; ordering costs; bureaucracy in government; order packaging challenges and poor warehouse planning.

Mukolwe and Wanyoike (2015) did an assessment of the effect of logistics management practices on operational efficiency at Mumias Sugar Company Limited, Kenya. The study revealed that effective management of information flow improves the company's internal and external processes. Automation of warehousing activities greatly enhances accuracy, speed of operations and reduces wastage. Transport management and physical distribution practices on the other hand allows faster and cost effective flow of goods and

raw materials thus improving operational efficiency The study recommends a strategic approach to logistics management practices through embracing modern technology and employee training.

The research George & Iravo (2014) aimed at identifying the various factors that affect the performance of distribution logistics. According to the research findings it is clear that the customer, the product, technology and distribution structure are all factors that affect the performance of distribution logistics. The research also established that customers' location, ordered quantities, customer requirements and the number of customers are all customer aspects that affect the performance of distribution logistics. On product related factors affecting DL performance, majority of the respondents were agreeable that the weight of products, product shape, unitization of product and product range are all factors that affect DL performance with most respondents strongly agreeing on all the four factors. Majority of the respondents do not agree that information systems affect DL performance, on the other hand majority are agreeable that material handling technology is a factor affecting DL performance while a majority of the respondents are neutral on tracking of transit goods and communication as technology related factors affecting DL performance. According to the research findings, availability of regional depots and the mode of transport as factors affecting DL performance, majority of the respondents were agreeable that they are. On route planning respondents who were agreeable, those neutral and those disagreeable were almost at per.

Budgeting Procedures

Apiyo and Mburu (2014) examined the factors that affect procurement planning in County Governments in Kenya a case study of Nairobi City County with an aim of making recommendations

on proper procurement planning. The study aimed to establish how management support, staff competence, Information Communication Technology (ICT) tools, and budgeting procedure affect procurement planning. A census was conducted where all the 103 staff in procurement department was issued with questionnaires. Data was collected using self-administered questionnaires to collect data. The data collected was analyzed using quantitative and qualitative techniques. The study concluded that, inadequate competencies of procurement staff, lack of management support, ICT tools and budgeting procedures affect procurement planning. Finally, the study recommended a further research to be carried out in other counties to find out if the same results can be obtained.

John and Kenya (2016) sought to establish the factors that influence procurement planning in public secondary schools in Migori County. The specific objectives of the study were to determine the effect of staff competency, budgeting procedures, cost estimation and ethics in procurement processes on procurement planning in public secondary schools in Migori County. The study was conducted through the use of self-administered questionnaires to collect data. Questionnaires targeting 176 public secondary were issued and the target groups were the principals, deputy principals, HoDs, bursa and clerks. The study had a sample size of 123 secondary schools. Consensus method was used to select schools in different sub counties, descriptive statistics analysis and multiple regressions were used to analyze data. The results indicated that staff competence, ethics in procurement processes, budgeting procedures, cost estimation influence procurement planning in secondary schools.

Basheka (2009) sought to address the effects of procurement planning on Local Governance in Uganda. The findings were from a study conducted among key political and administrative

stakeholders from 11 local governments in Uganda. A questionnaire was used for data collection. The data was analysed using principal component factor analysis. The results indicated a very significant positive relationship between procurement planning and local governance in Uganda. The study concluded that the vast resources local governments spent on the function of buying goods, services and works essential for their operations required adequate procurement planning. The suggestions were made for local government political and administrative stakeholders as well as policy makers in Uganda on the critical issues of procurement planning essential for local governance.

RESEARCH METHODOLOGY

This study adopted a descriptive survey design. Normally, the main objective of a descriptive research design is to describe the state of affairs as it is at the time. Mugenda and Mugenda (2008) define descriptive research as a process of collecting data in order to answer questions concerning the current status of the subjects in the study. The target population for this study was 90 comprising of the procurement officers and the finance managers at Kenya Agricultural and Livestock Research Organization.

The equation below shows the multiple linear regression models of the independent variables against the dependent variable.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Where:

Y = Service delivery

$\beta_1, \beta_2, \beta_3$ and β_4 = Beta coefficients

β_0 = Constant Term

X_1 = Procurement portfolio

X₂ = Procurement policies and procedures

X₃ = Logistics management

X₄ = Budgeting procedures

ε = Error term

In order to test for causal relationship between the dependent and independent variables, R² statistic, F statistic, regression/beta coefficients

were evaluated for significance using p values. The critical p value was set at 0.05.

FINDINGS

Procurement Portfolio

The respondents were asked to indicate their level of agreement on the statements on procurement portfolio. The results are presented in Table 1.

Table 1: Descriptive Analysis Results for Procurement Portfolio

Statements	strongly disagree	disagree	neutral	agree	Strongly agree	Mean	Std. Dev
The company analyses past and projected procurement expenditure or spend for goods, services and works	11.50%	11.50%	8.20%	34.4%	34.40%	3.69	1.36
The company does analysis of the difficulty and risk associated with securing goods, services and works	9.80%	21.30%	9.80%	32.8%	26.20%	3.44	1.35
The firm develops a procurement profile that identifies past and projected procurement expenditure and associated levels of risk in form of a matrix	9.80%	6.60%	4.90%	34.4%	44.30%	3.97	1.29
The company develops appropriate strategies for each of the categories of the procurement profile	13.10%	8.20%	6.60%	37.7%	34.40%	3.72	1.37
The firm does a thorough procurement portfolio analysis	8.20%	4.90%	6.60%	39.3%	41.00%	4.00	1.20
Average						3.76	1.31

The results indicated in table 1 showed that majority of the respondents who were 68.8% (34.4%+34.4%) agreed to the statement that the company analyses past and projected procurement expenditure or spend for goods, services and works. The results also indicated that

majority of the respondents who were 59% agreed with the statement that the company does analysis of the difficulty and risk associated with securing goods, services and works. Further, the results indicated that majority of the respondents (78.7%) agreed with the statement that the firm

develops a procurement profile that identifies past and projected procurement expenditure and associated levels of risk in form of a matrix. Furthermore, the results indicated that majority of the respondents (72.1%) agreed with the statement that the company develops appropriate strategies for each of the categories of the procurement profile. In addition, the results indicated that majority of the respondents who were 80.3% agreed with the statement that the firm does a thorough procurement portfolio analysis. The average mean of the responses was 3.76 and the standard deviation was 1.31. This implies that most of the respondents were agreeing to the statements on procurement portfolio and that the variation in responses was low. Ondigi and Muturi (2015) found that presence of a procurement portfolio positively affects procurement performance in institutions. They argued that supply market complexity should be assessed in terms of criteria such as the number and availability of potential suppliers, the level of competitive pressure, the pace of technological change, entry barriers, substitution possibilities, and logistics or storage costs.

Further, the respondents were requested to indicate if procurement portfolio had influence on service delivery. The results indicated that majority of the respondents who were 62% indicated that procurement portfolio does affect service delivery while 38% indicated that

procurement portfolio does not affect service delivery. Willy and Njeru (2014) found that presence of a procurement portfolio in procurement planning positively affects procurement performance in institutions.

Furthermore, the respondents were asked to indicate the extent to which procurement portfolio affects service delivery. The results as presented indicated that majority of the respondents (55%) said that procurement portfolio affected service delivery to a great extent. On the other hand 30% of the respondents indicated that procurement portfolio affected service delivery to a moderate extent while 15% indicated that procurement portfolio affected service delivery to a low extent. This was in line with Osir (2016) who noted that procurement portfolio is the primary function that sets the stage for subsequent procurement activities; it fuels and then ignites the engine of the procurement process. It is the process of determining the procurement needs of an entity, their funding and timing of their acquisition such that operations are met as required in an efficient manner.

Procurement Policies and Procedures

Respondents were requested to indicate their level of agreement on the statements on procurement policies and procedures. The results were as tabulated in Table 2.

Table 2: Descriptive Analysis Results for Procurement Policies and Procedures

Statements	strongly disagree	disagree	neutral	agree	Strongly agree	Mean	Std. Dev
Quality of goods, works and services rendered has been improved as a result of procurement policies and procedures	8.20%	14.80%	6.60%	34.40%	36.10%	3.75	1.31
There is enhanced transparency in procurement planning in the	9.80%	14.80%	8.20%	47.50%	19.70%	3.52	1.25

company leading to stakeholder/supplier confidence								
Procurement planning committee composition is interdepartmental leading to enhanced transparency and accountability	16.40%	13.10%	6.60%	27.90%	36.10%	3.54	1.5	
There is enhanced integrity and professionalism in procurement planning which translates to enhanced service delivery.	19.70%	16.40%	11.50%	24.60%	27.90%	3.25	1.51	
Procurement policies and procedures are clearly understood by procurement committee leading to an efficient service delivery.	6.60%	16.40%	9.80%	26.20%	41.00%	3.79	1.32	
Average						3.57	1.38	

The results indicated in table 2 showed that majority of the respondents who were 70.5% (34.4%+36.1%) agreed to the statement that quality of goods, works and services rendered has been improved as a result of procurement policies and procedures. The results also indicated that majority of the respondents who were 67.2% agreed with the statement that there is enhanced transparency in procurement planning in the company leading to stakeholder/supplier confidence. Further, the results indicated that majority of the respondents (64%) agreed with the statement that Procurement planning committee composition is interdepartmental leading to enhanced transparency and accountability. Furthermore, the results indicated that majority of the respondents (52.5%) agreed with the statement that there is enhanced integrity and professionalism in procurement planning which translates to enhanced service delivery. In addition, the results indicated that majority of the respondents who were 67.2% agreed with the statement that procurement policies and procedures are clearly understood by procurement committee leading to an efficient service delivery. The average mean of the

responses was 3.57 and the standard deviation was 1.38. This implies that most of the respondents were agreeing to the statements on procurement policies and procedures and that the variation in responses was low. Schooner, (2000) asserted that the contribution of procurement policy in facilitating an efficient and effective service delivery in public sector organizations is generally undisputed in both developed and developing countries. Its contribution can be at both central and local government levels of public sector management.

Further, the respondents were requested to indicate if procurement policies and procedures had influence on service delivery. The results indicated that majority of the respondents who were 67% indicated that procurement policies and procedures does affect service delivery while 33% indicted that procurement policies and procedures does not affect service delivery. Mutai and Chirchir (2015) found that procurement policies and procedures enables organizations to achieve transparency, efficiency and accountability in their operations.

Furthermore, the respondents were asked to indicate the extent to which procurement policies and procedures affects service delivery. The results indicated that majority of the respondents (57%) said that procurement policies and procedures affected service delivery to a great extent. On the other hand 31% of the respondents indicated that procurement policies and procedures affects service delivery to a moderate extent while 12% indicated that procurement policies and procedures affected service delivery to a low extent. This agrees with Nichols (2002) who stated that procurement policy is a factor influencing service delivery. He further argued

that procurement policy is one of the primary functions of procurement with a potential to contribute to the success of government operations and improved service delivery. It is a function that sets in motion the entire acquisition or procurement process of acquiring services in governments

Logistics Management

Respondents were requested to indicate their level of agreement on the statements on logistics management. The results are as tabulated in Table 3.

Table 3: Descriptive Analysis Results for Logistics Management

Statements	strongly disagree	disagree	neutral	agree	Strongly agree	Mean	Std. Dev
Efficient scheduling of products delivery leads to reduced lead time	9.80%	16.40%	9.80%	36.10%	27.90%	3.56	1.32
The right communication channel is used while doing procurement	13.10%	8.20%	6.60%	41.00%	31.10%	3.69	1.35
Products are delivered at the right time	9.80%	11.50%	11.50%	44.30%	23.00%	3.59	1.24
The management ensures coordinated order shipping	14.80%	23.00%	11.50%	19.70%	31.10%	3.30	1.49
The management does a good order planning	13.10%	13.10%	14.80%	37.70%	21.30%	3.41	1.32
Average						3.51	1.34

The results indicated in Table 3 shows that majority of the respondents who were 64% (36.1%+27.9%) agreed to the statement that efficient scheduling of products delivery leads to reduced lead time. The results also indicated that majority of the respondents who were 72.1% agreed with the statement that the right communication channel is used while doing

procurement. Further, the results indicated that majority of the respondents (67.3%) agreed with the statement that products are delivered at the right time. Furthermore, the results indicated that majority of the respondents (50.8%) agreed with the statement that the management ensures coordinated order shipping. In addition, the results indicated that majority of the respondents

who were 59% agreed with the statement that the management does a good order planning. The average mean of the responses was 3.51 and the standard deviation was 1.34. This implies that most of the respondents were agreeing to the statements on logistics management and that the variation in responses was low. Mukolwe and Wanyoike (2015) revealed that effective management of information flow improves the company's internal and external processes. Automation of warehousing activities greatly enhances accuracy, speed of operations and reduces wastage. Transport management and physical distribution practices on the other hand allows faster and cost effective flow of goods and raw materials thus improving operational efficiency.

Further, the respondents were requested to indicate if logistics management has influence on service delivery. Majority of the respondents who were 69% indicated that logistics management does affect service delivery while 31% indicted that logistics management does not affect service delivery. According to Harrison & van Hoek (2005) logistics management plays a significant role in

the success of any company's operations and has a direct impact on its bottom line.

Furthermore, the respondents were asked to indicate the extent to which logistics management affects service delivery. Majority of the respondents (49%) said that logistics management affected service delivery to a great extent. On the other hand 36% of the respondents indicated that logistics management affects service delivery to a moderate extent while 15% indicated that logistics management affected service delivery to a low extent. This agrees with Tseng (2014) who found that logistics processes play a big part in customer satisfaction, which is more important than low product costs. Logistics helps to optimize the existing production and distribution processes based on the same resources through management techniques for promoting the efficiency and competitiveness of enterprises.

Budgeting Procedures

Respondents were requested to indicate their level of agreement on the statements on budgeting procedures. The results are as tabulated in Table 4.

Table 4: Descriptive Analysis Results for Budgeting Procedures

Statements	strongly disagree	disagree	neutral	agree	Strongly agree	Mean	Std. Dev
Budgeting procedures do not cause delays in service delivery	3.30%	9.80%	4.90%	44.30%	37.70%	4.03	1.06
Budgeting procedures adds value into compliance to set procedures	3.30%	19.70%	4.90%	37.70%	34.40%	3.80	1.21
Without budgeting procedures, it would be difficult to come up with a procurement plan	8.20%	18.00%	11.50%	27.90%	34.40%	3.62	1.34
All stakeholders are aware of the set budgeting procedures in place	9.80%	19.70%	4.90%	39.30%	26.20%	3.52	1.34
Budget is formulated to cater for all	8.20%	19.70%	6.60%	31.10%	34.40%	3.64	1.35

assessed need for procurement

Average

3.72 1.26

The results indicated in Table 4 showed that majority of the respondents who were 82% (44.3%+37.7%) agreed to the statement that budgeting procedures do not cause delays in service delivery. The results also indicated that majority of the respondents who were 72.1% agreed with the statement that budgeting procedures adds value into compliance to set procedures. Further, the results indicated that majority of the respondents (62.3%) agreed with the statement that without budgeting procedures, it would be difficult to come up with a procurement plan. Furthermore, the results indicated that majority of the respondents (65.5%) agreed with the statement that all stakeholders are aware of the set budgeting procedures in place. In addition, the results indicated that majority of the respondents who were 75.5% agreed with the statement that budget is formulated to cater for all assessed need for procurement. The average mean of the responses was 3.72 and the standard deviation was 1.26. This implies that most of the respondents were agreeing to the statements on budgeting procedures and that the variation in responses was low. Burt *et al* (2004) stated that, procedural procurement is vital due to considerable amounts of money spent annually in the public sector. They further stated that the procurement department should observe procedural transactions for the good of the population given the fact that expenditure incurred is the taxpayer’s money. This implies that public sector purchasers are accountable to the public whose money is being spent, including disappointed tenderers and potential suppliers.

They must produce procedures and practices which will stand up either to scrutiny during government audits or to the challenge through the courts of any purchasing decision that has been made.

Further, the respondents were requested to indicate if budgeting procedures has influence on service delivery. Majority of the respondents who were 52% indicated that budgeting procedures does affect service delivery while 48% indicted that budgeting procedures does not affect service delivery. This is in line with Apiyo and Mburu (2014) who found that budgeting procedures affect procurement planning.

Furthermore, the respondents were asked to indicate the extent to which budgeting procedures affects service delivery. Majority of the respondents (55%) said that budgeting procedures affected service delivery to a great extent. On the other hand 25% of the respondents indicated that budgeting procedures affects service delivery to a moderate extent while 20% indicated that budgeting procedures affected service delivery to a low extent. Farrington (2006)) argued that procedural procurement budgeting will ensure orderliness and efficiency in any procurement department.

Service Delivery

Respondents were requested to indicate rate the components of service delivery in terms of performance. The results are as tabulated in Table 5.

Table 5: Descriptive Analysis Results for Service Delivery

Statements	0%-20%	21%-	41%-	61%-	81%-	Mean	Std. Dev
		40%	60%	80%	100%		

Effectiveness of service delivery	6.60%	19.70%	9.80%	34.40%	29.50%	3.61	1.28
Customer satisfaction	8.20%	16.40%	6.60%	37.70%	31.10%	3.67	1.30
Efficiency of service delivery	11.50%	14.80%	4.90%	44.30%	24.60%	3.56	1.32
Responsiveness	11.50%	11.50%	11.50%	24.60%	41.00%	3.72	1.40
Timeliness	9.80%	9.80%	6.60%	34.40%	39.30%	3.84	1.32
Quality	9.80%	3.30%	6.60%	32.80%	47.50%	4.05	1.26
Average						3.74	1.31

The results on service delivery showed that majority of the respondents who were 63.9% indicated that effectiveness of service delivery was above average. In addition, majority of the respondents who were 68.8% indicated that customer satisfaction was above average. Further, 68.9% of the respondents who were the majority indicated that efficiency of service delivery was above average. Furthermore, 65.6% of the respondents who were the majority indicated that responsiveness was above average. Moreover, majority of the respondents who were 73.7% of the respondents indicated that timeliness was above average. Finally, majority of the

respondents who were 80.3% indicated that quality of service delivery was above average. The average mean of the responses was 3.74 and the standard deviation was 1.31. This implies that most of the respondents rated the components of service delivery as above average and that the variation in responses was low.

Correlation Analysis

Correlation analysis was conducted to determine the strength of the relationship between the independent and the dependent variable. The results are as tabulated in Table 6.

Table 6: Correlation Analysis Results

		Service Delivery	Procurement Portfolio	Procurement Policies & Procedures	Procurement Logistics Management	Budgeting Procedures
Service Delivery	Pearson Correlation	1				
	Sig. (2-tailed)					
Procurement Portfolio	Pearson Correlation	0.319*	1			
	Sig.(2-failed)	0.012				
Procurement Policies and Procedures	Pearson Correlation	.441**	.330**	1		

		Sig. (2-tailed)	0.000	0.009		
Procurement Logistics Management	Pearson Correlation		.432**	.578**	.364**	1
		Sig. (2-tailed)	0.001	0	0.004	
Budgeting Procedures	Pearson Correlation		.266*	0.21	0.124	.272*
		Sig. (2-tailed)	0.039	0.104	0.342	0.034

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

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

As shown in Table 6 there was a positive and significant relationship between procurement portfolio and service delivery ($\gamma = 0.319$, $p < 0.05$). Secondly, a positive and significant relationship between procurement policies and procedures existed ($\gamma = 0.441$, $p < 0.05$). Thirdly, the results showed that procurement logistics management had a positive and significant relationship ($\gamma = 0.432$, $p < 0.05$). Finally, the results indicated that there

was a positive and significant relationship between budgeting procedures and service delivery ($\gamma = 0.266$, $p < 0.05$).

Regression Analysis

The results presented in table 7 present the fitness of model used of the regression model in explaining the study phenomena.

Table 7: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.549a	0.301	0.251	0.32165

Procurement portfolio, procurement policies and procedures, logistics management and budgeting procedures were found to be satisfactory variables in explaining service delivery. This is supported by coefficient of determination also known as the R square of 30.1%. This means that procurement portfolio, procurement policies and procedures, logistics management and budgeting procedures explain 30.1% of the variations in the dependent variable which is service delivery in state corporations in Kenya. These results further means that the model applied to link the relationship of the variables was satisfactory.

In statistics, significance testing the p-value indicates the level of relation of the independent variables to the dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non-significant. Table 8 provides the results on the analysis of the variance (ANOVA).

Table 8: ANOVA Results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.497	4	0.624	6.033	0.00
Residual	5.794	56	0.103		
Total	8.29	60			

The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of performance. This was supported by an F statistic of 6.033 and the reported p value

(0.000) which was less than the conventional probability of 0.05 significance level.

Regression of coefficients results are shown in table 9.

Table 9: Regression of Coefficients Results

	B	Std. Error	Beta	t	Sig.
(Constant)	-0.201	0.909		-0.221	0.03
Procurement Portfolio	0.044	0.178	0.035	0.249	0.04
Procurement Policies and Procedures	0.476	0.182	0.318	2.619	0.011
Procurement Logistics Management	0.312	0.175	0.255	1.785	0.018
Procurement budgeting Procedures	0.186	0.145	0.15	1.285	0.02

Regression of coefficients results in table 9 showed that procurement portfolio and service delivery are positively and significantly related ($r=0.044$, $p=0.04$). This implies that a 1 unit increase in procurement portfolio results in 0.044 increase in dependent variable which is service delivery in state corporations in Kenya. Willy and Njeru (2014) also found that presence of a procurement portfolio positively affects procurement performance in institutions. The table further indicates that procurement policies and procedures and service delivery are positively and significantly related ($r=0.476$, $p=0.011$). This implies that a 1 unit increase in procurement policies and procedures increases service delivery in state corporations in Kenya by 0.476. This is in line with Mutai and Chirchir (2015) who established that procurement policies and

procedures that enable companies achieve transparency, efficiency and accountability in their operations. Nichols (2002) argued that procurement policy is a factor influencing service delivery and that procurement policy is one of the primary functions of procurement with a potential to contribute to improved service delivery. According to (Lambsdorff, 2007) further noted that procurement policy is a function that sets in motion the entire acquisition or procurement process of acquiring services in governments.

It was further established that procurement logistics management and service delivery were positively and significantly related ($r=0.312$, $p=0.018$). This implies that a 1 unit increase in procurement logistics management results in an increase in service delivery in state corporations in

Kenya by 0.312. These findings agree with those of Mukolwe and Wanyoike (2015) who revealed that effective management of information flow improves the company's internal and external processes. Automation of warehousing activities greatly enhances accuracy, speed of operations and reduces wastage. Transport management and physical distribution practices on the other hand allows faster and cost effective flow of goods and raw materials thus improving operational efficiency.

Procurement budgeting procedures and service delivery were also positively and significantly related ($r=0.186$, $p=0.02$). This implied that a 1 unit increase in procurement budgeting procedures results in 0.186 increase in service delivery in state corporations in Kenya. This agrees with Apiyo and Mburu (2014) findings that, inadequate budgeting procedures affect procurement planning. Basheka (2009) also found that the vast resources local governments spent on the function of buying goods, services and works essential for their operations required adequate budget in procurement planning.

Thus, the optimal model for the study is;

$$Y = -0.201 + 0.044X_1 + 0.476X_2 + 0.312X_3 + 0.186X_4$$

Where:

Y = Service delivery

X_1 = Procurement portfolio

X_2 = procurement policies and procedures

X_3 = Logistics management

X_4 = Budgeting procedures

CONCLUSION AND RECOMMENDATIONS

The study sought to establish how Procurement Portfolio affects service delivery. On this, the study found out that procurement portfolio and

service delivery are positively and significantly related. A company that does analysis for the past and projected procurement expenditure or spends for goods, services and works is guaranteed to offer effective service delivery to its customers. Analysis of the difficulty and risk associated with securing goods, services and works, developing a procurement profile that identifies past and projected procurement expenditure and associated levels of risk in form of a matrix are also factors to be considered while planning for procurement. Appropriate strategies for each of the categories of the procurement profile and a thorough procurement portfolio analysis are important for effective service delivery.

The study also sought to determine the effect of procurement policies and procedures on service delivery. The study found out that procurement policies and procedures and service delivery are positively and significantly related. Quality of goods, works and services and transparency in procurement planning are important aspects for quality, effective and efficient service delivery. Transparency, integrity and professionalism are enhanced through appointing procurement planning committee from different departments. The company also makes well understood procurement policies and procedures by procurement committee leading to an efficient service delivery.

The study further was set to establish the effect of Logistics Management on service delivery. The study found out that procurement logistics management and service delivery were positively and significantly related. Efficient scheduling of products delivery leads to reduced lead time. Further, the right communication channel used while doing procurement, timely delivery of products and coordinated order shipping are lead to effective service delivery.

Lastly, the study sought to determine the effect of budgeting procedures on service delivery. The study found that procurement budgeting procedures and service delivery are positively and significantly related. Budgeting procedures do not cause delays in service delivery. Further, budgeting procedures adds value into compliance to set procedures. Additionally, without budgeting procedures, it would be difficult to come up with a procurement plan.

Conclusion

Based in the study findings, the study concluded that procurement planning has a positive and significant effect on service delivery in state corporations in Kenya. Procurement planning which includes doing a projected thorough procurement analysis for the past and future needs positively affects service delivery. Coming up with right procedures and policies on procurement process, effective logistics management as well as doing a budget before embarking on the procurement process itself leads to better, high quality, effective and efficient services.

On the first objective, the study concluded that procurement portfolio and service delivery are positively and significantly related. A company that puts up the right procurement strategies does pre and post procurement analysis for expenditures and risks has a high chance of offering effective, efficient, quality timely and customer oriented services.

In addition, the study concluded that procurement policies and procedures and service delivery are positively and significantly related. Any company that does procurement and comes up with right policies and procedures to follow while conducting its activities is guaranteed to offer quality services. High quality goods and services, transparency accountability, integrity and professionalism are important components of procurement policies.

Moreover, the study concluded that logistics management and service delivery were positively and significantly related. Efficient scheduling of products delivery, using the right communication channel as well as timely delivery of products and coordinated order shipping lead to better procurement services. Finally, the study concluded that procurement budgeting procedures and service delivery are positively and significantly related. Without proper budgeting procedure, it is difficult to come up with procurement plan. A good budgeting leads to better services thus enhancing service delivery in a company.

Recommendations

The study recommends the procurement officials to always develop a full and comprehensive procurement portfolio of the procurement needs of the organisation before embarking onto any procurement activity. The portfolio should include among many other things, spend analysis, risk analysis and procurement strategies. Further, for the organization to achieve a truly socially responsible supply chain, they need to first analyse past and projected procurement expenditure or spend for goods, services and works. Secondly, they should analyse the difficulty and risk associated with securing these goods, services and works. They should further develop a procurement profile that identifies past and projected procurement expenditure and associated levels of risk in form of a matrix. Finally, appropriate strategies should be developed for each of the categories of this procurement profile.

The study also recommends that the management should come up with procurement policies and procedures that will guide how the activities are conducted. Such a policy should include aspects of transparency, accountability, integrity and professionalism in carrying out the procurement. The management of state corporations are

recommended to develop procurement procedure and policies that first ensure that all individuals involved in the procurement of goods services and works have a clear understanding of their role and what is required of them. Secondly it should protect the staff involved from the risks associated with procurement not being properly conducted and finally it should ensure the goals and objectives and efficient service delivery are achieved.

The study further recommends that the flow of procurement project materials be managed from its origin to the consumption destination. Robust planning and best delivery process should be considered. The study also recommends that logistics management should be conducted in such a way that it decreases the expenses and at the same time, it can ensure for faster delivery of the products. It should also adapt the latest technology and innovative approach. Regular training workshops to keep the employees updated with the latest trends in the logistics industry should also be carried out.

Lastly, the study recommends that the management should always do a timely procurement budgeting. Adequate finances

should be allocated to procurement activity and also the funds be presented to the procurement project managers in the right time for planning. The management is recommended further budget for staff, expenses, and purchases for each year. Each and every department should be responsible for drafting their procurement budgets and presenting them to the procurement department so that similar needs for different departments are merged together and bulk purchases are made which would mean cost savings in the form of a bulk purchase discount. The procurement team need to ensure that budgets and cost estimates are actually reduced in accordance with financial management practices of the business or according to the financial resources available.

Suggestions for Further Studies

The current study was conducted to determine the effects of procurement planning on service delivery in state corporations in Kenya. Future studies could consider doing the study in other sectors such as the private sector since state corporations are in the public sector. The studies could also incorporate other components of procurement variables such as evaluation, timing, defining roles and responsibilities.

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