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**ROLE OF STRATEGIC PROCUREMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE IN TECHNICAL VOCATIONAL EDUCATION TRAINING INSTITUTIONS IN KENYA: A CASE OF THIKA TECHNICAL TRAINING INSTITUTE**

<sup>1\*</sup> **Annabelle Wanja Kimandi**  
[anna.wanja@gmail.com](mailto:anna.wanja@gmail.com)

<sup>2\*\*</sup> **Dr. Anaya W. Senelwa**  
[wsenelwa@jkuat.ac.ke](mailto:wsenelwa@jkuat.ac.ke)

<sup>1\*</sup> *Student, Masters in Procurement and Contract Management*

<sup>2\*\*</sup> *Lecturer*

<sup>1,2</sup> *College of Human Resource Development, Jomo Kenyatta University of Agriculture and Technology*

**Abstract**

*The purpose of this study was primarily based on finding out the role of strategic procurement practices on organizational performance, in my case the performance of Thika Technical Training Institute. The agitation of the study on this particular institution was that for many years the Institution has been practicing traditional purchasing which led to purchases of high volume goods and services of low quality and incomplete projects. This study is significance since its main purpose is to fill the research gap in the empirical literature as it relates to role of strategic procurement practices on organizational performance in TVET institutions in Kenya. The research findings indicated that the records management practices had the highest percentage of 56.6% variation to the organizational performance compared to the other variables that were carried out in the study. From the research*

*findings, it was recommended that TVETs institutions should implement records management practices to ensure increased organizational performance as records management practices indicated the highest percentage variation on the organizational performance. This will enable the policy makers or the managers and the procurement unit professionals to make sound, smart procurement and management decisions in order to achieve value for money as well as provide credible information to the various groups of people in the human resource of TVETs institutions by enabling them to adopt the role of strategic procurement practices on organizational performance that can ensure customer satisfaction and for the benefit of the institution as a whole as it remains competitive in the market.*

Keywords: strategic procurement practices, organizational performance, records management

## Background of the Study

Strategic procurement practices is the process of creating alignment and consistency of action that establishes the long range objectives and overall strategy course of action by which procurement function fulfills its mission. It therefore involves the transformation of an organization's mission, goals and objectives into measurable activities to be used to plan budget and manage the procurement function (Kocabasoglu, 2002). Strategic procurement practices provide the right direction in understanding the amount of effort to be applied on the performance gap of an organization compared to its competitors (Lysons, 2006). Strategic procurement practices can be approached from three main dimensions; development and management of key suppliers, internal operation of procurement function and coordination of purchasing with other functions within the organization and efforts to meet or exceed customer expectations.

Strategic procurement practices is one of the critical function of an organization with the potential to save cost, improve operational efficiency, access to trusted suppliers and improve in quality of products or services and sharing of best practices among others (Magnus, 2006). Strategically motivated procurement practices, looks at how the purchasing of goods and services involving outsourcing of the entire process can deliver better long –term economic value. Strategically initiated procurement involves reducing the supplier base, co- operative negotiation with suppliers, quality interaction with suppliers and developing of long term relationships with the best suppliers. Integrating organization functions with the strategic initiated procurement practices leads to better procurement performance and in return enabling the organization to be more competitive at its

operations and at the market level as a whole (Ellam, 2003).

Organizational performance as a term is used in three time senses, the past, present and the future. Performance refers to something completed, something happening now or activities that prepares for new needs. Profitability is often regarded as the ultimate performance indicator but it's not the actual performance indicator. An organization's performance is the measure of standard or prescribed indicators of effectiveness, efficiency and environmental responsibility such as cycle time, productivity, waste reduction and regulatory compliance. Performance refers also to the metrics relating to how a particular request is handled, or the act of performing or doing something successfully using knowledge as distinguished from merely possessing it. It's also the outcome of all of the organization operations and strategies (Venkatraman & Ramanujam, 1986).

According Technical, vocational and education training is broadly defined as education which is mainly to lead participants to acquire the practical skills, knowhow and understanding necessary for employment in a particular occupation, trade or group of occupants (Atchaoarena & Delluc, 2001). Such practical skills or knowhow can be provided in a wide range of settings by multiple providers both in the public and private sector. The role of TVET in furnishing skills required to improve productivity, raise income levels and improve access to employment opportunities has been widely recognized (Bennell, 1999).

## Statement of the Problem

Financial Strategic procurement is essential for competitiveness of procurement function of any institution. The overall procurement practices are dependent on how well the procurement unit is

strategically positioned to serve the institution. If not well managed, the institution's value adoption process will be jeopardized and procurement unit as a whole will lose focus leading to inefficiencies that will expose the institution to risks (Van Weele, 2005). Strategic thinking enables the procurement managers aware of product to advise management to make or buy, core skills to be guarded within the company and the one to be openly outsourced, type of suppliers to deal with and the capabilities to be nurtured, type of procurement tasks to be prioritized and technologies to be required, what to be added to fill the gap between today and tomorrow's performance requirements not only in terms of immediate cost reductions but cumulative cost savings which could be achieved in the long term (Herbert, 2005).

In Kenya, the central government spends about Ksh. 234 billion per year on procurement. However, on annual bases, the government losses close to Ksh. 121 billion about 17% of the national budget due to inflated procurement quotations (KISM, 2010). The inefficiency and ineptness of overall use of strategic procurement practices on organizational performance in Technical institutions contributes to loss of over Ksh.50 million annually (Tom,2009). Therefore, procurement practices are changing from a clerical non – strategic unit to an effective socio-economic unit that is able to influence decisions and add value.

For many years Thika Technical Training Institute has been practicing traditional purchasing, up to late, about three years ago that it has changed into procurement practices. Traditional purchasing has caused the institution lot of waste on excess supplies bought, uncompleted projects and above all stagnated growth. Although Thika Technical Training

Institute has tried to practice procurement practices on their organizational performance for the last three years, the procurement function as whole is faced with a lot of resistance to change. Hence, it's against this background that this study will be undertaken to establish the factors that can enable to influence strategic procurement practices on organizational performance in Technical Vocational Education Training institutions in Kenya. The purpose of this study will be to find out the reason for resistance experienced in the procurement function of Thika Technical Training Institute.

### **Objectives of the Study**

The study seeks to find out the role of strategic procurement practices on organizational performance in TVET institutions in Kenya, with a **Specific Objective** of;

1. To establish how records management practices influence organizational performance in TVET institutions in Kenya.

**Theoretical Literature Review** – the underlying theory used on this study is the **Records Management Theory**. The mission of records management service is related to and supportive of the mission of the organization as a whole. The role of records management programs needs to be articulated with the roles of other departments in the organization. That is to say, the roles, needs and activities of the employees who need to access the records, the roles of other information related programs – Management Information Systems, data processing, the library and the archives. Records management theory is likely to be incomplete unless it is related to a view of the organization as a whole (Greenhalgh, 2008). Receipt of goods must strictly be controlled to ensure efficient stores management (Carter and

Price, 1993). Goods supplied to an organization must be properly looked after through a stores recording process that in its natural course forms the basis of stores accounting system (Morrison, 1994). Appropriate data records and documents should be used for receipts and inspection of goods (Saleemi, 2007). Supplies documents should be kept in a secure place where only the authorized staff can access them (GOK Supplies Manual, 2010). Therefore, lockable filing cabinets and desks with drawers should be provided to the staff in charge of stock records in order to ensure that stock records are protected from dust, direct sunlight and dampness by provision of appropriate facilities. Stock cards and forms should always be available to replace the completed ones. Stock records should be of correct design so as to ensure that the recorded data is legible (Bailey, 1979).

**Conceptual Framework**

A conceptual framework is a visual or written product that helps to explain, either graphically or in narrative form, the main things to be studied - the key factors, concepts, or variables -and the presumed relationships among them. The variables of the study will comprise one dependent variable (organizational performance) and independent variables on strategic procurement practices.

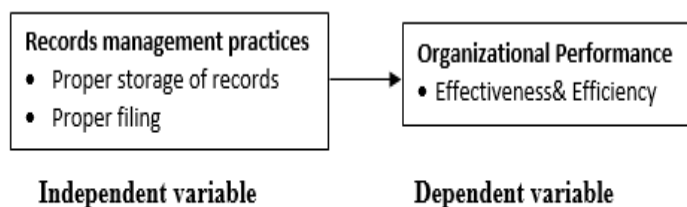


Figure 1 Conceptual framework

**Research Gaps**

A number of studies have been carried out to show the importance of strategic procurement practices on organizational performance. According to the studies carried out on importance of strategic

procurement practices on organizational performance, they drew much emphasis on strategic procurement practices in developed nations but failed to address the factors affecting the implementation of strategic procurement practices in developing nations. Literature clearly revealed that in many African government institutions, many procurement managers are not trained on strategic procurement practices since most African training institutions have not embraced strategic procurement practices in public procurement. Hence, there is a need to ensure that the procurement professionals are well trained and equipped for the procurement functions they are entrusted to carry out.

**Research Methodology**

The study used descriptive survey design. The target population of the study involved the employees of Thika Technical Training Institute: senior management, procurement staff, departmental heads, teachers/ lecturers, students’ council and non- teaching staff. The study used primary data that was collected through use of questionnaires. A five point Likert scale questionnaire was used. The Likert measures the level of agreement or disagreement. Likert scales are good in measuring perception, attitude, values and behavior. The data collected was analyzed using descriptive statistics and inferential statistics. The descriptive technique was generated using frequencies, mean and percentages while inferential statistics was generated using the fitness of the model and regression of coefficients. The data was presented using tables and charts

**Research Findings and Discussion on Records management practices**

According to the findings on Table 1 below, many of the respondents revealed that records management practices was on average good.

When they were asked whether records were well and safely kept in their organizations they agreed on average. Again they agreed that records were often audited internally and externally in their organizations, proper filing of records was done in their organization, hard copies are well filed and kept and that procurement personnel were well trained on records management. On the other questions concerning the records management practices many appeared neutral. The outcome would have been contributed to the fact that majority of the TVETs have adopted records management practices for the success of their organizations because there is ease with which such records can be searched, accessed and edited which allows large entities to manage information in a much more efficient way than in the past (Croom, 2005).

**Table 1 Records management practices**

(1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

Item	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	mean	SD dev
Records are well and safely kept in my organization	1 (0.7)	3 (2.1)	12 (8.4)	114 (79.7)	13 (9.1)	3.94	.566
Confidentiality of the records information is observed in my organization	9 (6.3)	55 (38.5)	19 (13.3)	54 (37.8)	6 (4.1)	2.95	1.090
Records books and reports can be easily retrieved when required for future reference	2 (1.4)	43 (30.1)	15 (10.5)	78 (54.5)	5 (3.5)	3.29	.983
Records are often audited internally and externally in my organization	2 (1.4)	19 (13.4)	14 (9.9)	98 (69.0)	9 (6.3)	3.65	.843
Records in my organization are digitized to ensure they are easily managed	5 (3.5)	56 (39.4)	36 (25.4)	43 (30.3)	2 (1.4)	2.87	.940
Proper filing of records is done in my organization	2 (1.4)	4 (2.8)	22 (15.4)	109 (76.2)	6 (4.2)	3.79	.626
Hard copies are well filed and kept in my organization	1 (0.7)	7 (5.0)	27 (19.1)	99 (70.2)	7 (5.0)	3.74	.662
Procurement personnel are well trained on records management	6 (4.3)	0 (0.0)	15 (10.8)	102 (73.4)	16 (11.5)	3.88	.775
<b>TOTAL</b>						<b>3.50</b>	<b>0.491</b>

**Organizational performance**

Table 1 shows descriptive statistics on organizational performance. The findings revealed that on organizational performance, the respondents were satisfied as they agreed on average that their respective organization performed well. The respondents agreed that their respective organization they were proud of their work and procedures that helped the respondents provide better services. They also agreed that the services offered in the institution could be improved. They agreed to know the core values of the organizations, that they understood what their organization needed to do to achieve its goals, that their organization placed enough emphasis to the quality of service it provided and also that the respondents colleagues were competent, qualified and well trained professionals. On the other questions, the respondents appeared neutral. The findings could have been attributed to the fact that the TVETs have adopted evaluation procedures and consistently performs self-evaluations on regular basis. Organizational performance is evaluated by quality services and products, customer- supplier satisfaction, market performance, service innovations and employee relationships within the organization (Delaney and Huselid, 2006).

**Table 2 Organizational performance**

(1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree

Item	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	mean	SD dev
I am proud of the work I do in my organization	2 (1.4)	0 (0.0)	11 (7.6)	110 (76.4)	21 (14.6)	4.03	.591
Promotions are based on performance in my organization	53 (37.1)	44 (30.8)	17 (11.9)	28 (19.6)	1 (0.7)	2.16	1.148
We have standard procedures that help me provide better services	3 (2.1)	8 (5.6)	23 (16.1)	98 (68.5)	11 (7.7)	3.74	.766
The service that we offer as an institution can be improved	1 (0.7)	2 (1.4)	12 (8.4)	45 (31.5)	83 (58.0)	4.45	.766
I know what my institution core values are	2 (1.4)	26 (18.6)	14 (10.0)	84 (60.0)	14 (10.0)	3.59	.952
I understand what my organization needs to do to achieve its goals	2 (1.4)	2 (2.4)	13 (9.0)	112 (77.8)	15 (10.4)	3.94	.612
My organization places enough emphasis to the quality of service it provides	3 (2.1)	6 (4.2)	23 (16.0)	105 (71.4)	7 (4.8)	3.74	.707
My colleagues are competent, qualified and well trained professionals	3 (2.1)	0 (0.0)	13 (9.0)	106 (73.6)	22 (15.3)	4.00	.658
<b>TOTAL</b>						<b>3.70</b>	<b>0.454</b>

**Respondent’s opinion on how the respondent would rate the organizational performance in their organizations**

Table 3 shows the respondent’s opinion on how the respondent would rate the organizational performance in their organizations. Majority said that the organizational performance was good, 33.3% said it was fair/ satisfactory, 1.8% said it was very good while 6.1% said it was excellent. Only 0.9% thought it was poor. This could be attributed to the fact that TVETs have adopted evaluation procedures and consistently performs self-evaluations on regular basis. Organizational performance is evaluated by quality services and products, customer- supplier satisfaction, market performance, service innovations and employee relationships within the organization (Delaney and Huselid, 2006).

**Table 3 Respondent's opinion on how the respondent would rate the organizational performance in their organizations**

	Frequency	Percent
Fair	38	33.3
Good	66	57.9
Very good	2	1.8
Excellent	7	6.1
Poor	1	.9
<b>Total</b>	<b>114</b>	<b>100.0</b>

**Table 4 Pearson's Correlation Analysis**

		O. performance	Technologica l practices	Customer Supplier Practices	-Compliance practices	Records Management practices
Organizational performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	138				
Records Management practices	Pearson Correlation	.755**	.528**	.634**	.743**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	131	133	128	135	137

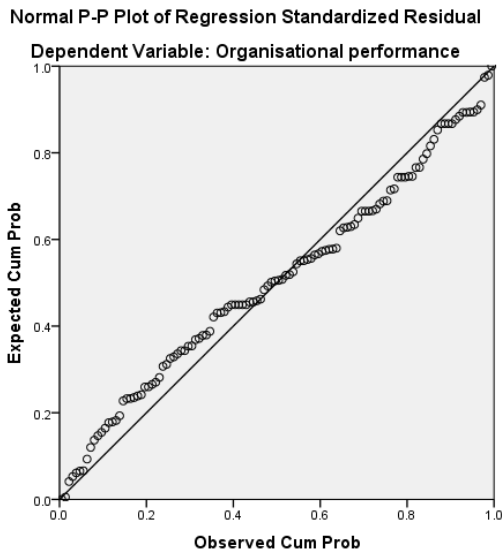
\*\* Correlation is significant at the 0.01 level (2-tailed).

**Test for Assumptions of parametric tests**

This section conducts tests for the assumptions made by parametric tests in which linear regression is part of. These assumptions include normality, linearity, homogeneity of variance and no multicollinearity.

**Normality assumption**

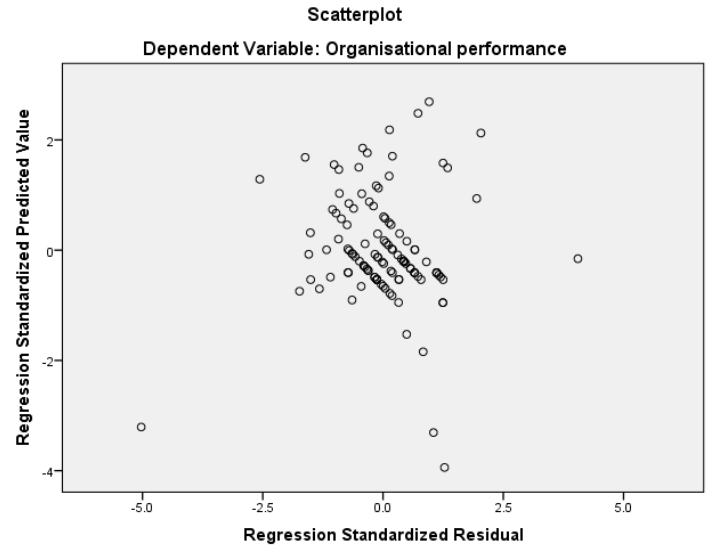
This section shows the normality test of the residuals. Linear regression analysis assumes that the residuals should assume normality. This assumption was tested using a normal probability plot. According to Pallant (2007), if all the values tend to lie on the straight line cutting across the diagonal, then the residuals are assumed to be normally distributed. Research findings in figure 2 show that the points tend to lie on the diagonal line indicating that there was no violation of normality assumption.



**Figure 2 Normal p - p plot of Regression standardized residual**

**Homoscedasticity**

Homoscedasticity is defined to be constancy of variance. In regression analysis, the error terms are assumed to be the same across all values of the independent variables (Long & Ervin, 1998). A residual scatter plot for predicted scores and standardized residual values also known as errors of prediction was used to test for homoscedasticity. This assumption is met if the scores are randomly scattered about a horizontal line along the zero value. According to the findings in figure 3, the scores appeared to be randomly scattered. This indicated that the homoscedasticity assumption was not violated.



**Figure 3 A scatter plot of the predicted values and residual values of organizational performance**

**Multicollinearity**

In parametric tests it is assumed that independent variables should not be highly correlated meaning that there multicollinearity should not exist. Variance Inflation Factor (VIF) was used to test for multicollinearity. A VIF value less than 5 indicates non-existence of multicollinearity while a VIF of more than 5 indicates existence of multicollinearity (Gujarati, 2007). The research findings in table 10 reveals that the no-multicollinearity assumption was not violated.

**Table 5 Multicollinearity test**

<b>Variable</b>	<b>VIF</b>
Records management practices	2.433

**Regression analysis**

**Simple linear regression analysis with Organizational performance as the dependent variables**

According to the research findings in table 6 Records Management practices explained 56.6% of the variation in the organizational performance as indicated by a coefficient of determination (R<sup>2</sup>) value of 0.566. The model significantly predicted organizational performance as indicated by an F-value of 170.79 and a significant p-value of <0.001. Finally, Records Management practices was found to be significant at 5% significance level indicating that it had an effect on the organizational performance as indicated by a p-value of <0.001. The outcome would have been contributed to the fact that majority of the TVETs have adopted records management practices for the success of their organizations because there is ease with which such records can be searched, accessed and edited which allows large entities to manage information in a much more efficient way than in the past (Croom, 2005).

**Table 6 Simple linear regression model Organizational performance and Records management practices**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	R <sup>2</sup>	F-value (p-value)
	B	Std. Error	Beta				
(Constant)	1.318	.183			7.212 .000	0.566 170.79 (<0.001)	
Records Management practices	.676	.052	.755		13.069 .000		

The regression equation can be written as:

$$Y = 1.318 + 0.676 X_1$$

Where Y = Organizational performance and X<sub>1</sub> = Records Management practices

**SUMMARY**

**Role of records management practices on organizational performance in TVET institutions in Kenya.**

Descriptively as shown in Table 2, the findings revealed that majority of the respondents did agree that records were often audited internally and externally in their organizations, proper filing of records was done in their organization, hard copies are well filed and kept and that procurement personnel were well trained on records management. The positive response contributed to the fact that majority of the TVETs have adopted records management practices for the success of their organizations.

The regression analysis in Table 6 revealed that the coefficient of determination was 0.566 implying that 56.6% of the organizational behavior is explained by records management practices. Again, the findings revealed that there was a positive and significant relationship between records management practices and the organizational behavior and that a unit change in records management practices increases organizational behavior by 0.676.

**Conclusion**

The research objective in the current study was to establish how records management practices influence organizational performance in TVET institutions in Kenya. Records management practices had a positive significant relationship with the Organizational performance and a unit change in records management practices increases organizational behavior by 0.676. Therefore, it was concluded that there was a positive and significant relationship between records management practices and Organizational



performance. The organization still operates on manual systems which are properly managed; the procurement staff are well trained on filing systems that are also audited accordingly. It can be concluded that their manual system properly works well.

### **Recommendations**

The organization record management systems were good but TVETs should look into coming up with effective policies and procedures for systematic control of their recorded information using modern technologies such as cloud technologies. Record management practices should be adopted on organizational performance of TVETs in order to enable the policy makers or the managers and the procurement unit professionals to make sound, smart procurement and management decisions in order to achieve value for money as well as ensuring customer satisfaction and benefit the institution as a whole as it remains competitive in the market.

In terms of organizational performance, it can be said that the overall performance was rated well.

Nevertheless, the TVETs should practice change management effectively. It should engage stakeholders in every process. The organization should also leverage high-impact leadership practices and use continuous training and development strategically to ensure it has well informed human resource. As indicated by the research findings TVETs institutions should implement records management practices to ensure increased organizational performance as records management practices indicated the highest percentage variation on the organizational performance. This will enable the policy makers or the managers and the procurement unit professionals to make sound, smart procurement and management decisions in order to achieve value for money as well as provide credible information to the various groups of people in the human resource of TVETs institutions by enabling them to adopt the role of strategic procurement practices on organizational performance that can ensure customer satisfaction and for the benefit of the institution as a whole as it remains competitive in the market.

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