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EFFECTS OF SUPPLIER SELECTION ON SUPPLY CHAIN PERFORMANCE; CASE OF NAIROBI CITY COUNTY

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Abstract

Purpose: *The study aimed at evaluating the effects of supplier selection on supply chain performance in Nairobi City County.*

Materials and methods: *In order to clearly analyse the effect of Supplier selection on supply chain performance, descriptive research design will be used. The population consists of eleven departments that the county government. The quantitative data generated was analyzed by use of descriptive statistics feature in SPSS to generate information which was presented using tables, charts, frequency distribution table and percentages and inferential statistics to make predictions or inferences about the population from observations and analyses of sample. The regression model was used to show the relationship between the dependent variable and the independent variables. This study confined itself to procurement functions the sample population included all 237 employees assigned to procurement responsibilities in Nairobi City County.*

Results: *The study also established that communication between procurement personnel on supplier selection and Supplier selection and poor channels of communication affects efficiency in the procurement department and communication ensures that the right supplier is selected to meet emerging and planned need.*

Recommendations: *The efficiency of the procurement department in public entities depends on communication between procurement personnel on supplier selection, communication between procurement and user departments on quality control of goods.*

Keywords: *Procurement Compliance, Competitive Bidding, Supplier Evaluation, Nairobi City County*

1.0 INTRODUCTION

1.1 Background to the Study

Public procurement involves the process that leads to large amounts of public funds being utilized by public entities to purchase goods and services from the private sector to run public functions. Global statistics indicate that public procurement accounts for 4.5 per cent of developing countries' Gross

Domestic Product (GDP) as governments tend to be the largest single consumers of goods and services in most countries. Therefore, unless the procurement process is monitored, public institutions would lose huge sums of resources to fraudulent deals leading to loss of public resources. The Public Procurement and Disposal Act (PPDA) of 2005 and Regulation of 2006 were enacted to introduce procedures for efficient public

procurement, promote competition, integrity and fairness of procurement procedures, enhance Supply chain competency and Supplier selection, and restore public confidence in procurement process and to facilitate the promotion of local industries and economic development (PPOA, 2012). This was a result of a 2005 Independent Procurement Review, conducted jointly by the Government of Kenya (GoK) and the European Union that identified several critical problems with Kenya's procurement system. Reforms in the public procurement system of a nation plays a key role in promoting integrity, Supplier selection, efficiency and supply chain technological system in the manner in which the procurement functions are handled.

Ambe and Badenhorst Weiss (2012) acknowledges that implementation of Public Procurement (PP) plays a key role in the management of public resources. Implementation of PP ensures that public institutions enjoy the benefits of quality, timeliness, cost, minimized risks, maximized competition, and integrity. Kiama (2014) notes that irregular procurement activities in public institutions provide the biggest loophole through which public resources are misappropriated. According to Marendi (2015), the basic principles of good procurement practice include Supplier selection, 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.

1.1.1 Global Perspective of implementation of public procurement

On the global perspective, a number of studies have reviewed challenges facing implementation of Public Procurement Acts. For instance, Oppong

(2013) examined the impact of the implementation of Public Procurement Act 2003 (Act 663), on the timely delivery of goods and services using a case study of Ghana Water Company Limited (GWCL) and established that the Act on its own is carefully crafted to enhance the timely delivery of goods and services for Public Institutions. The main problem is that the human factor in the implementation does not complement it. Regarding the objective of finding out the exact issues which impede or otherwise aid the timely acquisition of goods and services during implementation of the Public Procurement Act 2003 (Act 663) by procurement practitioners at the GWCL, it was realized that the poor human efforts within certain stages of the implementation of the Act was the cause.

In another study, Philipps, Espert and Eichhorst (2011) examined sustainable public procurement (SPP) in urban administrations in China and established that for the successful integration of social and ecological criteria in the procurement process and widespread implementation thereof, an adequate policy framework is of utmost importance. Based on the practical experiences gained in the SuPP-Urb project, potential policy approaches for the enhancement of the national and local regulatory framework of SPP in urban China were developed.

1.1.2 Regional Perspective of implementation of public procurement

The Public Procurement Law, 2003 (Act 663) is a comprehensive legislation designed to eliminate the shortcomings and organizational weaknesses which were inherent in public procurement in Ghana. The government of Ghana, in consultation with its development partners had identified the public procurement system as an area that required urgent attention in view of the widespread perception of corrupt practices and inefficiencies, and to build trust in the procurement system. A study by the World Bank (2003a) reported that about 50-70% of the national budget (after personal emoluments) is procurement related. Therefore, an efficient public

procurement system could ensure value for money in government expenditure, which is essential to a country facing enormous developmental challenges. To ensure sanity and value for money in the public procurement landscape, the government of Ghana in 1996 launched the Public Financial Management Reform Programme (PUFMARP). The purpose of the program was to improve financial management in Ghana. PUFMARP identified weaknesses in the procurement system. Some of these weaknesses included: lack of comprehensive public procurement policy, lack of central body with technical expertise, absence of clearly defined roles and responsibilities for procurement entities, absence of comprehensive legal regime to safeguard public procurement, lack of rules and regulations to guide, direct, train and monitor public procurement. The program also identified that there was no independent appeals process to address complaints from tenderers

These findings led to the establishment of the Public Procurement Oversight Group in 1999. The aim of this group was to steer the design of a comprehensive public procurement reform program which led to the drafting of a public procurement bill in September 2002 that was passed into law on 31 December 2003. This paper outlines the events leading to the public procurement reforms in Ghana and discusses challenges that confront the smooth implementation of the law. Some pragmatic ways, which if adopted, could improve the effectiveness of the law and reduce the operational challenges are suggested. Substantial evidence in literature suggests that procurement problems relating to Ghana are similar to the situations in many African and some Asian countries (Aniekwu & Okpala, 1988; Kumaraswamy, 1994; Rwelamila, Talukhaba & Ngowi, 1999). The challenges observed and the remedial steps suggested are therefore of wider importance to many developing economies. A number of authors have investigated the factors that militate against procurement reforms around the

globe (Thai, 2004; Wittig & Jeng, 2004; NPPA Annual Report, 2005). However, these previous studies have not reported on obstacles to the procurement reforms in Ghana. There is therefore the need to undertake a rigorous analysis of factors that have prevented the law in Ghana from achieving the purpose for which it was enacted. The object of this paper is to identify the specific challenges, in the case of Ghana, that militate against the smooth implementation of the Public Procurement Law and to proffer some solutions to address the issues that confront the successful implementation of the law. Further this study aims at promoting discussion and reflection on steps needed to promote procurement reforms.

1.1.3 Local Perspective of implementation of public procurement

A number of studies have been conducted in Kenya on implementation of public procurement. For instance, Apiyo and Mburu (2014) examined factors affecting procurement planning in county governments in Kenya using a case study of Nairobi City County. The findings indicate that inadequate competencies of procurement staff, lack of management support, Information Communication and Technology (ICT) tools and budgeting procedures affect procurement planning. Finally, the study recommends a further research to be carried out in other counties to find out if the same results can be obtained. In another study, Mwangi and Moronge (2016) examined the influence of procurement practices on performance of logistics firms in Kenya using a case of Nairobi City County and established that supplier management, inventory management, and ICT affected performance of logistic firms.

Rotich, Muma and Waruguru (2015) explored the relationship between e-tendering and Supply chain performance among county governments in Kenya. The findings indicate that e-tendering is positively related with performance of supply chain function of County Governments in Kenya. Mbae (2014) studied public procurement law and Supply chain

performance of county governments in Kenya using case of Machakos County Government and established that the public procurement regulation law had reduced the speed with which goods and services are procured, increased the level of Supply chain competency among Government offices, improved utilization of funds in the County Government operations, improved the capacity of the staff involved in procurement processes, improved the quality of projects undertaken by the County Government and provided room for procurement dispute resolution at the County.

Nairobi City County was founded in 2013 on the same boundaries as Nairobi Province, after Kenya's 8 provinces were subdivided into 47 counties. It is one of County governments envisioned by the 2010 Constitution of Kenya as the units of devolved government. It is governed by the County Government of Nairobi, under the leadership of the governor. The county is composed of 17 Parliamentary constituencies (NCC, 2013).

1.1.4 Nairobi City County

Nairobi City County was founded in 2013 on the same boundaries as Nairobi Province, after Kenya's 8 provinces were subdivided into 47 counties. It is one of County governments envisioned by the 2010 Constitution of Kenya as the units of devolved government. It is governed by the County Government of Nairobi, under the leadership of the governor. The county is composed of 17 Parliamentary constituencies (NCC,2013). The promulgation of the 2010 Kenyan Constitution paved way for the enactment of the devolved system of governance that birthed the genesis of County Governments that exist with the National Government. This system was meant to decentralize authority by bringing power to the people and promote self-governance through effective capacity building. In essence the whole idea was to address the challenges of poor service delivery, unaccountability and lack of transparency in public procurement.

Procurement Process in Kenya: Public procurement in Kenya is governed by the Public Procurement and Asset Disposal Act 2015. The Act provides procedures for efficient public procurement and for assets disposal by public entities. (Apiyo, 2014).

This legislation came into effect on 7 January 2016, repealing the previous Public Procurement and Disposal Act of 2005, and all state organs and public entities within Kenya are required to comply with this law in regard to planning and undertaking procurement, inventory management, asset disposal and contract management, except where the provisions of the Public Private Partnership Act, 2013 already apply to procurement and disposal of assets, or where procurement and disposal of assets takes place under bilateral or multilateral agreements between the Government of Kenya and any other foreign government or multilateral agency(Apiyo, 2014).

Operationalization of the Public Procurement and Disposal Act, 2005 and its attendant regulations of 2006 in 2007, set a legal framework that enabled the finance minister to make and gazette the Public Procurement and Disposal (County Governments) Regulations, 2013 through a Legal Notice No. 60 whose sole intention was to operationalize the application of the Procurement Act, 2005 in Nairobi city county so as to promote local industry and support socio-economic development in the Counties. The Regulation requires Nairobi city county to appoint a tender committee consisting of The Chairperson, Deputy Chairperson, 5 chief officers (head of departments) appoint chief county secretary and the County Secretary who is a procurement Professional heading the Procurement unit of the County Government (PPOA, 2012).

1.2 Statement of the problem

Sound public procurement policies and practice are among the essential elements of good governance (KIPPRA, 2006). In order to ensure good governance in the procurement functions in public offices, the government has put in place provisions to ensure realization of her long term objective of

improving the quality of life of its citizens. The implementation of these interventions would be incomplete without proper procurement planning (KNBS, 2008).

County Governments have faced a number of challenges in their procurement function. For instance, related to “air supplies” where payments for items purportedly procured are made. Poor implementation of public procurement laws affect utilization of public resources which if not well monitored would lead to misappropriation of public funds. For instance, there have been cases where employees had to be interdicted because they were purportedly involved in dubious procurement scams.

Several studies have examined the challenges faced by organizations in relation to delayed implementation of public procurement. Ackah et al., (2013) looked at competitive tendering, an effective tool in ensuring value for money in public sector procurement a case study at “Ahanta West District Assembly” a district in the western part of Ghana and established that the processes involved are seen to be complex more especially for some contractors and those employees who have little knowledge in procurement when it comes to works and also the problem of political interference. Cook (2015) looked at beyond accession by examining the challenges to implementing the World Trade Organization government procurement agreement in China.

Adusei and Awunyo-Vitor (2015) examined implementation challenges of the public procurement act by selected Metropolitan, Municipal and District Assemblies in the Ashanti Region, Ghana and established that a large proportion of the procurement committee members could not explain key sections of the Act. Opong (2013) examined the impact of the implementation of Public Procurement Act 2003 (Act 663), on the timely delivery of goods and services using a case study of Ghana Water Company Limited (GWCL) and established that implementation of the Public

Procurement Act 2003; (Act 663) had negatively impacted the timely delivery of goods and services at Ghana Water Company Limited.

Locally, Apiyo and Mburu (2014) examined factors affecting procurement planning in county governments in Kenya using a case study of Nairobi City County. Mwangi and Mwangi (2016) examined the influence of procurement practices on performance of logistics firms in Kenya using a case of Nairobi City County. Rotich et al. (2015) explored the relationship between e-tendering and Supply chain performance among county governments in Kenya. Mbae (2014) studied public procurement law and Supply chain performance of county governments in Kenya using case of Machakos County Government. From the review of the studies above, it can be noted that the existing studies have concentrated on other aspects of procurement implementation other than its effects on the devolved system on the implementation of public procurement at Nairobi City County.

1.3 Study objective

To determine the effects of supplier selection on supply chain performance in Nairobi City County

1.3.1 Specific Objective

- i. To examine the effect of Procurement Compliance on supplier selection in Nairobi City County
- ii. To evaluate the effect of Competitive bidding on supplier selection in Nairobi City County
- iii. To establish the of influence supplier Evaluation on supplier selection in Nairobi City County

2.1 Theoretical foundation and Literature

A theory refers to a contemplative and rational type of abstract or generalizing thinking, or the results of such thinking. It provides an explanatory framework for some observation and from the assumptions of the explanation follows a number of possible hypotheses that can be tested in order to

provide support for, or challenge, the theory Upper Echelon Theory.

2.2.4 Upper Echelon Theory

The study was based on Theory of Upper Echelon Theory in establishing influence of Supplier selection on public supply chain performance. Hambrick and Mason (1984) developed the upper echelon theory that suggests that top management support as one of the determinants of strategic choices. Usually organizations are run through strategic decisions and if these are affected by the top level management support, then the support can be taken to influence the running of the organizations. Hence as Hambrick and Mason (1984) argue, top management support is key for the underlying traits and cognitive processes of the top management team. Upper echelon theory is deeply rooted in the behavioral theory of the firm. Its main underlying assumption is that human limitations influence the perception. Evaluation and decisions about organizational problems and hence influence firm's choices and behavior.

Jackson (1992) states that top management support has a positive impact on the resolution of complex problems, however, difficulties of communication and understanding may exist in these teams and for this reason, some of the advantages of both diversity and homogeneity may be reflected in the team's performance. The central premise of upper echelons theory is that top executives view their situations - opportunities, threats, alternatives and likelihoods of various outcomes - through their own highly personalized lenses.

Hambrick (2007) postulated that top managers who face a high level of challenges will have less time to contemplate decisions and therefore take mental shortcuts and rely more on their personal backgrounds. Thus, he predicts that the relationship between managerial characteristics and organizational outcomes will be stronger when the level of managerial challenges is high. In situations where managers face a lower level of challenges, in contrast, their decision making will be more

thorough and rely less on their personal characteristics. Hence, the link between upper echelon characteristics and organizational outcomes should be weaker in such situations.

This theory is relevant in this study as it shows the value of the fifth variable – Supplier selection especially from the top management at the county in their quest of implementing public procurement in the county. The top management equally communicates the procurement policies and support junior employees in implementing the public procurement.

2.3.4 Supplier selection

Supplier selection is the process by which firms identify, evaluate, and contract

With suppliers. The supplier selection process deploys a tremendous amount of a firm's financial resources. Astbrink & Tibben (2013). In return, firms expect significant benefits from contracting with suppliers offering high value. This describes the typical steps of supplier selection processes, identifying suppliers, soliciting information from suppliers, setting contract terms, negotiating with suppliers, and evaluating suppliers (Kiama, 2014). Each step is important, how the steps are interrelated, and how the resulting complexity provides fertile ground for research.

To avoid the dire outcomes of supplier non-performance, buyers typically take proactive steps to verify a supplier's qualifications prior to awarding them a contract. The primary goal of supplier qualification screening is to reduce the likelihood of supplier non-performance, such as late delivery, non-delivery, or delivery of non-conforming faulty goods. (Kiplagat, 2010). A secondary goal is simply to ensure that the supplier will be a responsible and responsive partner in the day-to-day business relationship with the buyer. Supplier qualification screening involves many aspects. (Philipps 2011).

2.4.4 Supplier selection

The old way of doing business consists of buyers managing forecasts and communicating requirements to suppliers via phone, fax and email. Spreadsheets and manual reports are passed between the trading partners. These manual processes are slow and cumbersome. They cannot support today's demand-driven enterprises. Procurement professionals spend too much time "putting out fires" and reacting to daily problems (Thomson and Jackson, 2007). They cannot seem to find the time to develop strategic relationships with suppliers and deploy improved business processes that eliminate shortages.

Kiplagat (2010) assesses the impact of strategic procurement in communications commission of Kenya. The research employed a census method due to the small size of the population. Study findings indicated that strategic procurement at CCK has brought with it benefits such as reduced costs, continuous and meaningful engagement with procurement professionals and partners to inform strategy and drive quality, promoted and specified continuous improvements in quality and outcomes through provider innovation and configuration and has stimulated coordination of the sourcing and other departments of the organization.

Amemba, Nyaboke, Osoro and Mburu (2013) conducted a study on the challenges affecting public Supply chain performance process in Kenya. The study found that the most prevalent challenges in the public procurement process is the selection of the is the selection of the most suitable procurement methods, with appropriate justifications, record keeping is also a major challenge in the sense that very few public entities have designated records management officers; therefore public procurement entities in Kenya need to improve on record keeping, data and documentation controls and contract management processes and follow up mechanism have to be established by the oversight authority to ensure that firms are conforming to the existing procurement laws.

Barasa (2014) conducted a study on procurement practices affecting effective public projects implementation in Kenya: a case study of Kenya Civil Aviation. The study found that procurement was planning; contract monitoring and control, choice of procurement procedure and communication are important procurement practices in project implementation. Consequently, for public entities to achieve successful or effective implementation of projects, it is imperative for them to manage the processes of procurement planning, contract monitoring, choice of procurement procedure and communication more effectively.

Ngugi and Mugo (2014) assessed the internal factors affecting procurement process of supplies in the public sector; a survey of Kenya government ministries. The study adopted a descriptive research design to analyze the purchasing process in the Health-Care industry. The findings revealed that Supplier selection and poor channels of communication affected the procurement process of health care supplies in the public sector to a great extent. The study therefore recommends that adequate controls should be put in place reducing opportunities for corruption.

2.2 Conceptual Framework

A conceptual framework is a scheme of concepts or variable which the researcher will use in order to achieve set objectives (Oso and Onen, 2008). Basically, it is a diagrammatic presentation of a theory. The effects of the devolved system are influenced by various factors: procurement practices and technology infrastructure. These factors were the study's independent variables and their relationship with the study's dependent variable which is Effective implementation of public procurement is as illustrated in Figure 1.1.

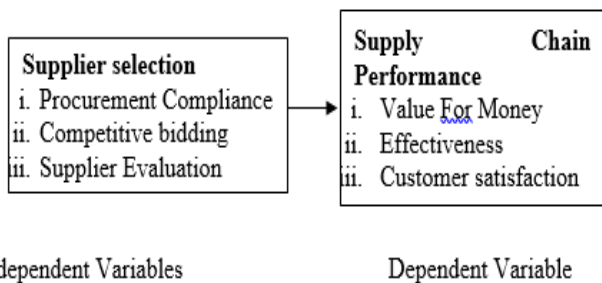


Figure 1.1. Conceptual Framework

3.0 METHODOLOGY

In order to clearly analyse the effect of Supplier selection on supply chain performance, descriptive research design will be used. The population consists of eleven departments that the county government. The quantitative data generated was analyzed by use of descriptive statistics feature in SPSS to generate information which was presented using tables, charts, frequency distribution table and percentages and inferential statistics to make predictions or inferences about the population from observations and analyses of sample. The regression model was used to show the relationship between the dependent variable and the independent variables. This study confined itself to procurement functions the sample population included all 237 employees assigned to procurement responsibilities in Nairobi City County.

4.0 RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The study sought to determine the factors affecting implementation of public procurement in Nairobi City County. The data was gathered exclusively from questionnaire as the research instrument designed in line with the objectives of the study.

4.2 Response Rate

The study targeted a sample of 237 staff in procurement in all 47 Nairobi City County. Out of the 237 distributed questionnaires, 175 were filled and returned. This translated to a response rate of 73.8%. This response was good enough and

representative of the population and conforms with Mugenda and Mugenda (2003) that a response rate of 70% and above is excellent.

Table 4.1: Response Rate

| Response | Frequency | Percentage |
|---------------------------|------------|------------|
| Returned questionnaires | 175 | 73.8 |
| Unreturned questionnaires | 62 | 26.16 |
| Total | 237 | 100 |

4.3 Demographic information

The study sought to determine the background of the respondents in order to have an understanding of their suitability to undertake the study. The findings are in the subsequent sections.

4.3.1 Gender Distribution

The respondents were asked to indicate their gender. The finding is shown in Figure 4.1. The finding shows that 46% of the respondents were females while 54% were male. This shows that all genders were included thus provided a good representation for the study. Therefore, information sought by the study was diverse.

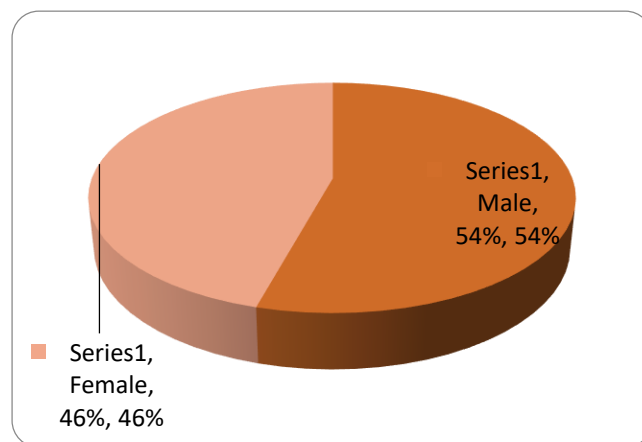


Figure 4.1: Gender Distribution

4.3.2 Age of the Respondents

The respondents were asked to indicate their age distribution. The finding is shown in Table 4.2. The finding shows that 7.4% of the respondents were between 18-25 years, 16% were between 26-30 years, and 32% were between 31-35 years while 44.6% were over 35 years. This indicates that all the

respondents were drawn from all the age groups thus provided reliable data for the study.

Table 4.2: Age of the Respondents

| age | Frequency | Percent |
|---------------|------------|--------------|
| 18-25 years | 13 | 7.4 |
| 26- 30 years | 28 | 16.0 |
| 31-35 years | 56 | 32.0 |
| Over 35 years | 78 | 44.6 |
| Total | 175 | 100.0 |

4.3.3 Departments

The respondents were requested to indicate their respective departments they are work in the Nairobi County government. The findings are shown in Table 4.3. From the finding, 10.9% of the respondents were in general administration, accounts & procurement department, 11.8.9% were in roads and transport department, 9.7% were in Land and Physical planning, 12% were in Urban renewal and housing, 9.7 were in education, youth and social services, 10.3% public service management, 5.7% were in trade and industrialization, 9.1% were in health services, 5.1% were in ICT and E-government and 8.6% were in security compliance and disaster management. This shows that all the departments in Nairobi County government were well represented thus the information collected was more reflective of the operations of the entire organization set.

Table 4.3: Departments

| Department | Frequency | Percent |
|--|------------|--------------|
| General administration, accounts & procurement | 19 | 10.9 |
| Roads and Transport | 33 | 18.9 |
| Land and Physical planning | 17 | 9.7 |
| Urban renewal and Housing | 21 | 12.0 |
| Education, Youth and Social services | 17 | 9.7 |
| Public Service Management | 18 | 10.3 |
| Trade & Industrialization | 10 | 5.7 |
| Health Services | 16 | 9.1 |
| ICT & E-government | 9 | 5.1 |
| Security compliance & Disaster Management | 15 | 8.6 |
| Total | 175 | 100.0 |

4.3.4 Work Experience in Procurement Department

The respondents were required to indicate the number of years they have been working in their respective procurement department. The finding is shown in Figure 4.4. From the finding, 2.9% of the respondents had worked for less than years, 22.3% for between 5-10, 26.9% for between 11-20 years, 26.9% for between 21-30 years and 21.1% for 31years and above. This is an indication that the respondent had been working long enough thus provided credible information.

Table 4.4: Work Experience in Procurement Department

| Work Experience | Frequency | Percent |
|--------------------|------------|--------------|
| Less than 5 years | 5 | 2.9 |
| 5 – 10 years | 39 | 22.3 |
| 11 – 20 years | 47 | 26.9 |
| 21 – 30 years | 47 | 26.9 |
| 31 years and above | 37 | 21.1 |
| Total | 175 | 100.0 |

4.3.5 Period Working at the County Government

The respondents were requested to indicate the number of years they had been working at the county government. The finding is presented in Figure 4.2. The finding show that 54% of the

respondents had been working for a period of less than 5 years and 46% for 5-10 years. This indicates that the respondents had been working long enough thus provided reliable information for the study.

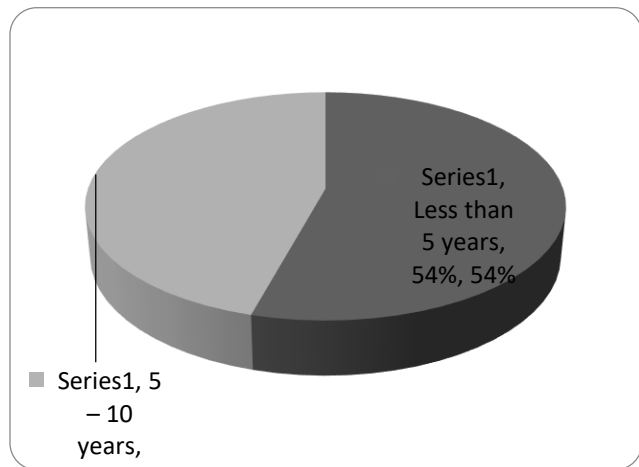


Figure 4.2: Period Working at the County Government

4.4 Supplier selection

The respondents were required to indicate to which Supplier selection affect the implementation of public procurement at the Nairobi City County. A scale of 1 to 5 where; 1= SD - Strongly Disagree 2=D - Disagree, 3=N - Neutral, 4=A - Agree and 5= SA - Strongly Agree. Mean and standard deviation were calculated for ease of comparison and generalization of findings. The finding is shown in Table 4.5.

From the finding, the respondents indicated to a great extent that communication between procurement personnel on supplier selection affects efficiency in the procurement department which had a mean of 3.51 with a standard deviation of 0.836 an indication that 57% of respondents agreed on the statement; communication ensures that the right supplier is selected to meet emerging and planned needs had a mean of 3.50 with a standard deviation of 0.837 which means that 60% of respondents agreed on the statement;

There is Supplier selection among employees and management had a mean of 3.54 with a standard deviation of 0.821 indicating that 62% of

respondents agreed on the statement and Supplier selection and poor channels of communication affect the procurement process had a mean of 3.57 with a standard deviation of 0.812 which indicates that 69% of respondents agreed on the statement. This finding is consistent with that of Ngugi and Mugo (2014) that Supplier selection and poor channels of communication affected the procurement process of health care supplies in the public sector to a great extent.

Table 4.5: Supplier selection

| Statements | SA | A | N | D | SD | M | StD |
|--|-----|-----|-----|-----|-----|------|------|
| Communication between procurement personnel on supplier selection affects efficiency in the procurement department | 30% | 27% | 3% | 35% | 15% | 3.51 | .836 |
| Communication ensures that the right supplier is selected to meet emerging and planned needs | 23% | 37% | 10% | 17% | 13% | 3.50 | .837 |
| There is Supplier selection among employees and management | 37% | 25% | 8% | 21% | 9% | 3.54 | .821 |
| Supplier selection and poor channels of communication affect the procurement process | 29% | 40% | 1% | 23% | 7% | 3.57 | .812 |

4.5 Supply chain performance

The respondents were asked to indicate the extent to which the various factors affect implementation of public procurement. The finding is shown in Table 4.6. The respondents indicated to a great extent that affect the implementation of public procurement to a great extent having a mean of 3.58 with a standard deviation of 0.767 and this means that 64% of respondents agreed on the statement; procurement polices affect the implementation of public procurement to a great extent with a mean of 3.65 and standard deviation of 0.718 which indicates that 71% of respondents agreed on the statement; Supply chain Technological system affect the implementation of public procurement to a great extent with a mean of 3.66 with a standard deviation of 0.722 which means that 75% of respondents agreed on the statement; Supply chain competency affect the implementation of public procurement to a great extent with a mean of 3.60 with a standard deviation of 0.772 implying that 69% of respondents agreed on the statement and communication affect the implementation of public

procurement to a great extent with a mean of 3.64 with a standard deviation of 0.781 which means that 73% of respondents agreed on the statement.

Table 4.6: supply chain performance

| Statements | SA | A | N | D | SD | M | Std |
|---|-----|-----|----|-----|-----|------|------|
| To what extent does staff competence affect the implementation of public procurement | 23 | 41 | 6 | 21 | 9 | 3.58 | .767 |
| To what extent does procurement polices affect the implementation of public procurement | 31% | 40% | 9% | 10% | 10% | 3.65 | .718 |
| To what extent does Supply chain Technological system affect the implementation of public procurement | 30% | 45% | 5% | 17% | 3% | 3.66 | .722 |
| To what extent does Supply chain competency affect the implementation of public procurement | 29% | 40% | 1% | 17% | 13% | 3.60 | .772 |
| To what extent does communication affect the implementation of public procurement | 33% | 40% | 7% | 14% | 6% | 3.64 | .781 |

4.6 Regression Analysis model

The R2 is the coefficient of determination. This value explains how supplier selection varied, supplier Evaluation, Procurement Compliance and Competitive bidding the model summary table shows that three predictors can explain 80.6 % of change in supplier selection namely: supplier Evaluation, Procurement Compliance and Competitive bidding an implication that the remaining 19.4 % of the variation in supply chain performance could be accounted for by other factors.

Table 4.7: Regression Analysis model

| Model | R | R Square | Adjusted R Square | Std. Error |
|-------|-------------------|----------|-------------------|------------|
| 1 | .898 ^a | .806 | .803 | .340 |

a. Predictors: (Constant), supplier Evaluation, Procurement Compliance, Competitive bid

b. Dependent Variable: Supply chain performance

4.6.2 Beta coefficients

The constant 1.869 represented the constant which predicted value of supply chain performance in County Government when all effects of supplier selection remain constant at zero (0). This implied that Supply Chain Performance in Nairobi City County would be at 1.681 holding Procurement

Compliance, Competitive bidding and supplier Evaluation at zero (0).

Regression results revealed that Procurement Compliance has positive influence in Supply Chain Performance in Nairobi City County as indicated by $\beta_1 = 0.293, p=0.000 < 0.05, t=3.534$ The implication is that an increase in personal gains leads to decrease procurement performance

Regression results revealed that competitive bidding has positive influence in Supply Chain Performance in Nairobi City County as indicated by $\beta_2 = 0.293, p=0.000 < 0.05, t= 3.116$. The implication is that an increase in Nepotism leads to decrease procurement performance.

Regression results revealed that Political or supplier Evaluation has positive influence in Supply Chain Performance in Nairobi City County as indicated by $\beta_3 = 0.63, p=0.022 < 0.05, t= 2.824$ The implication is that an increase in Political or outside influence lead to decrease procurement performance.

Table 4.8 Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Beta | t | Sig. |
|------------------------|-----------------------------|------------|-------------------|--------|------|
| | B | Std. Error | | | |
| 1 (Constant) | 1.869 | .126 | | 14.791 | .000 |
| Procurement Compliance | .293 | .083 | .407 | 3.534 | .001 |
| competitive bidding | .293 | .094 | .427 | 3.116 | .002 |
| supplier Evaluation | .063 | .077 | .378 | 2.824 | .000 |

a Dependent Variable: Supply chain performance

b Predictors: (Constant), Procurement Compliance, Competitive bidding and supplier Evaluation

$$Y = 1.869 + -0.293 X_1 + 0.293 X_2 + 0.063 X_3 + e$$

Where:

Y= Supply chain performance

β_0 =Constant of Regression

X1= Procurement Compliance

X2= Competitive bidding

X3 = supplier Evaluation

ε = Error of Regression

5.0 SUMMARY OF RESULTS, CONCLUSION AND RECOMMENDATION

5.1 Introduction - This chapter presents the summary of key data findings and draws conclusions from the findings based on the objectives. The chapter also presents the recommendations made from the findings

5.2 Supplier selection

The study also established that communication between procurement personnel on supplier selection and Supplier selection and poor channels of communication affects efficiency in the procurement department and communication ensures that the right supplier is selected to meet emerging and planned need.

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5.3 Conclusions

The study concludes that the public procurement policies had a great impact on the Supply Selection at the Nairobi City County. The selection increased the speed with which goods and services are procured, increased the level of Supply chain competency among county departments and improved utilization of funds in the County Government operations.

5.4 Recommendations

The study recommends that the Nairobi City County should appoint a procurement oversight committee that will supervise the implementation of the law and policies on procurement. This will increase the level of Supplier selection, efficiency and efficient management in county government resources.

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