

INFLUENCE OF SERVICE FRAMEWORK AGREEMENT ON SUPPLY CHAIN PERFORMANCE OF LEVEL FOUR AND FIVE HOSPITALS IN KENYA

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Abstract: *The main objective of this study was to Determine Influence of Service Framework Agreement on Supply Chain Performance of Level Four and Five Hospitals in Kenya. the study adopted the descriptive research design. Research design is defined as a plan, structure and strategy of investigation conceived to obtain answers to research questions and control variance. The research philosophy for this study was positivism Research philosophy relates to the foundation of knowledge upon which important assumptions and predispositions of a study are based. There are two main research philosophies, namely; positivism scientific and phenomenology interpretivist which may also be viewed in terms of two perspectives, namely quantitative and qualitative approaches Positivist philosophy premises that knowledge is based on facts and that no abstractions or subjective status of individuals is considered. The study found out that Performance analysis assigns a performance requirement to each task for the Level Four and Five Hospitals in Kenya, which involves determining how a product/service can be measured and what performance standards and quality levels apply. The performance standard establishes the performance level required by the Level Four and Five Hospitals in Kenya. The study recommends that Service Framework Agreement for Level Four and Five Hospitals in Kenya, the real performance of the supplier must be estimated against explicit norms set up by the organization before the requesting is issued with the goal that suppliers can propose such that will satisfy the guidelines. There are two kinds of performance measures: hits the expense and performance dangers from the client to suppliers, while giving suppliers more scope for deciding the techniques for performance and greater obligation regarding the nature of performance.*

Keywords: *Service Framework Agreement, Contract terms, Payment terms, Contract Performance review*

1. Background of the Study

According to MO hit (2015), defines that framework agreement as an instrument by which a procuring entity commits to procuring goods and services from a vendor or service provider at the agreed unit price and quality through the issuance of purchase orders depending on the entity's needs and funding availability (Nicolás et al., 2015). The vendor or service provider, for its part, commits to supply the goods or provide the services in the quantity requested on the purchase orders. These commitments are made and upheld by the parties throughout the life of the framework agreement in a framework agreement; no financial commitment is made until a purchase order is issued by the procuring entity and honored by the vendor or service provider (Petroni, 2010). The agreement is merely an instrument to facilitate the conduct of early procurement activities to avoid

the bottlenecks associated with budget approval delays and mitigate the inefficient use of public funds that results from these bottlenecks (Saffu and Mamman, 2010).

2. Supply chain contract Framework Agreements

The Kenya Medical Supply Agency (KEMSA) is a parastatal organization mandated to manage the forecasting, procurement, warehousing, and distribution of essential medicines and health commodities to the population of Kenya (Government of Kenya, 2011). The government agency creation of a contract management department within the organization has recently begun using framework agreements for the procurement of all health commodities funded by the government. These 2-year framework contracts with domestic suppliers are of indefinite quantity at fixed prices. Each quarter, the government agency issues forecasts and orders for the estimated quantities needed; payment is made on delivery (KEMSA, 2014).

According to Johnston and Kerwood (2014), it is the role of the purchasing and supply management contract management government agency to determine the type of framework arrangement to support the organization's needs according to circumstances (Gichuru, 2015). The framework arrangement is put in place that is not used, and then this too will damage the buying organization's credibility (KEMSA, 2014). A deed is another legal device that can be used to tie the supplier into the terms and conditions offered, as it is a means of creating a contract without consideration (Johnston and Kerwood, 2014). Suppliers who are awarded framework arrangements are sometimes termed 'approved suppliers' or 'preferred suppliers' as they have been subject to a supplier appraisal process and therefore considered to offer value for money from a relatively secure source. The expression qualified list of suppliers is also used when referring to suppliers who have been awarded framework arrangements. (KEMSA, 2014).

3. Supply Chain Performance Management

Smith and Smith, (2013, provides that the impact of strategic sourcing practices and framework agreements on supply chain performance depend upon how the agreement and the strategies are designed and operated. Framework agreements promote organization participation, (Hernandez, 2013). Good performance of Service Framework Agreements and fines and flexibilities entrenched in the long-term agreement are critical to guaranteeing that there are no undesirable impacts for procurers. Contrivances to increase application of supply chain joint strategies to administrations can help improve the appropriateness of deliveries and supply security and diminish adverse impacts for SMEs (Hernandez, 2013).

In the current world, supply chain management (SCM) is an important strategic factor for increasing a firm's effectiveness and for better realization of Public Hospital's al goals like as enhanced competitiveness, better customer care, and increased profitability. And to develop an efficient and effective supply chain, SCM needs to be assessed for its performance (Shiati & Kibet, 2014). A purchasing and supply chain performance system represents a formal, systematic approach to monitor and evaluate performance. The measures fall into two categories: effectiveness and efficiency. Effectiveness is the extent to which by choosing a certain course of action, management can meet a previously established goal or standard and efficiency to the variance between the planned and the actual sacrifice made to realize an established goal (Hernandez, 2013). There several performance measures which include: price performance, cost-effectiveness, revenue, quality, time responsiveness, innovation, physical environment and safety, administration efficiency, internal customer satisfaction, supplier performance and strategic performance (Odhiambo, 2014).

4. Level Four and Five Hospitals in Kenya

The government of Kenya (2011). Referral services level comprises facilities that provide highly specialized services and includes all tertiary referral facilities. With the current decentralization in health service sector, the national government and County Government have Level Four and Five Hospitals in Kenya provide complex curative tertiary care at different segregated levels with the highest level been referral Hospitals, level five, level four, health centers and dispensaries. They also provide preventive care and participate in public health programs for the local community and the total primary health care system.

Referrals from the districts and provinces are ultimately received and managed at the Level Four and Five Hospitals in Kenya. The Level Four and Five Hospitals in Kenya have a specific role in providing information on various health problems and diseases. They provide extra-mural treatment alternatives to hospitalization, such as day surgery, home care, home hospitalization and outreach services Established county hospitals which are the referral point for the district Hospitals. (Odhiambo, 2014).

Level four and Five Hospitals in Kenya the referral and teaching Hospitals in Kenya. They are centers of excellence and provide complex health care requiring more complex technology and highly skilled personnel. They have a high concentration of resources and are relatively expensive to run. They also support the training of health workers at both pre-service and in-service levels (KHF, 2016).

5. Statement of the Problem

The long procuring and tendering process method by the Level Four and Five Hospitals in Kenya resulted to 25% increase in operating cost of the public funded facilities, 18 % poor delivery experience of emergency medical commodities due to forecasted demand, of which, 17% late delivery, 3% not delivered 2% quantity mismatch (Odhiambo, 2014). Due to lack of essential drugs, there is insurgence in incidence of malaria experienced, estimated that more than 40% of all out-patients and 60% of cases in hospital pediatric wards are suffering from malaria. It is also estimated that malaria is responsible for almost 30% of all hospital deaths. The proportion of children who are underweight is 0.32% (CIDP, 2014). These bureaucracies procedure been used by the public hospitals are unsuitable for effective supply chain performance management. This can only be achieved by the hospital through proper contract framework agreement for the hospital to get value for money, transparent and accountable procurement process as Public in Procurement and Assets Disposal Act 2015 and the Regulation of 2006.

According to Nyongesa and Munguti (2015) the majority of the identified problems in the public health procurement sector that poor service delivery are found in the bid evaluation and contract stages due to lack of regulated framework agreement. Strong framework agreements are not put in place to negotiate amendments to the contract in line with trusts needs and to seek continuous improvement in performance and cost efficiency (Wieland *et al.*, 2013). Hence the study filled this gap by establishing the effects of framework agreement on supply chain performance of the public health facilities.

6. Study Objectives

The general objective of the study was to establish the Influence of Service Framework Agreement on Supply Chain Performance of Level Four and Five Hospitals in Kenya. The specific objectives were to;

- i. establish the effect of Contract Reference terms on supply chain performance of Level Four and Five Hospitals in Kenya.

- ii. determine the influence of Payment terms on supply chain performance of Level Four and Five Hospitals in Kenya.
- iii. find out the effect of Contract Performance review on supply chain performance of Level Four and Five Hospitals in Kenya.

7. Research Hypotheses

H₀₁: Contract Reference terms have influences on supply chain performance of Level Four and Five Hospitals in Kenya.

H₀₂: Payment terms improve on supply chain performance of Level Four and Five Hospitals in Kenya.

H₀₃: Contract Performance review improves on supply chain performance of Level Four and Five Hospitals in Kenya.

8. Theoretical Review

Theoretical frameworks are explanations about the phenomenon and provide the researcher with the lens to view the world. A theory is a set of statements or principles devised to explain a group of facts or phenomena especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about natural phenomena (Zaefarian *et al.*, 2015). Theories are analytical tools for understanding, explaining, and making predictions about a given subject matter (Peteraf, 2013) formal theory is syntactic in nature and is only meaningful when given a semantic component by applying it to some content, that is, facts and relationships of the actual historical world as it is unfolding (Pine, 2013).

Social Economic Theory

The study was based on Social economic theory in establishing the influence of Service Agreement on supply chain performance of Level Four and Five Hospitals in Kenya. Palmer and Butt, (2005) proposed the social economic theory which integrates economic theory with psychology and sociology theories to account for social influence on individual's decision. Schapper *et al.*, (2016) identifies key components of accountability i.e. measurement of goals, justification of results and punishment for non-performance. (Petersen and Ragatz, 2013) noted each individual service should be defined there should be a description of what the service is, where it is to be provided, to whom it is to be provided and when it is required. The services of delivery of specific report, the relevant provision of the SLA should describe the report, state what it should include, state its format (Mohit Tyagi, 2015).

According to Sutinen and Kuperan, (1999) accountability is a key requirement of modern public procurement system since it gives access to laws, regulations, policies and practices of procurement by government agencies to the public. Lack of it is a major impediment to sustain economic growth, sources of unwholesome activities such as corruption, scandal and abuse of public resource (Shu *et al.*, 2011). In facilities management agreements and other agreements for the provision of services. This is primarily aimed at customers and provides effective service delivery.

According to Schapper *et al.*, (2006) report access to key procurement information in a civil society, media and other stakeholders directly affects accountability. The report noted that technology increases transparency and competence among suppliers through clear and comprehensive bidding procurements and contracts in the procurement process. Public Derek and Eyaa (2012). Establishing what constitutes 'good service' is likely to vary and, therefore, gaining agreement and commitment between the parties is essential. Commitment means

a willingness to spend time on reviewing service provision with a view to improving it, being open to feedback and willing to challenge traditional or established ways of working (Kraljic, 2013).

9. Service Framework Agreement

A service-level agreement is an agreement between buyer and seller, where one is the customer and the others are service providers (Prajogo and Olhager, 2012). This is a legally binding formal or an informal contract internal department relationship. The agreement involves separate organizations, or different teams within one organization (Petroni, 2010).

SLAs are essentially informal contracts between the provider of a service and the user of that service (Philippart, 2016). Their purpose is to define the performance required of the service and to put in place measurement mechanisms whereby actual performance against targets can be monitored. Typical features which are included in an SLA are hours of service availability; response time punctuality targets; maximum acceptable service down time in a given period; reliability targets and distribution management (Prajogo and Olhager, 2012).

Key supply chain performance pointers describe a set of standards in contradiction of which to quantity. These raw sets of standards, which can be fed to systems that cumulative the data, are called indicators. There are two classifications of measurements for KPIs (Saffu and Mamman, 2010). Key performance indicators (KPIs). It's imperative to collect, quantify and examines statistics that demonstrate whether the anticipated results and objectives were accomplished, such as proportion delivered on time, fraction fixed first time, percentage call outs achieved within target time (Pine, 2013)

Key performance indicators (KPIs) are ways to occasionally measure the performances of administrations, commercial units, and their division, subdivisions and employees. Accordingly, KPIs are most commonly defined in a way that is comprehensible, important, and quantifiable (Pine, 2013). They are rarely defined in such a way such that their fulfillment would be hampered by factors seen as non-controllable by the organizations or individuals responsible. Such KPIs are usually ignored by organizations an Operational Level Agreement (OLA) is a contract between an IT service provider and any other section of the same organisation. The OLA supports the IT service provider’s delivery of IT services to customers and outlines the commodities or services to be supplied and the obligations of both groups (Philippart, 2016).

An internal document, owned by the Service Management Team, that defines the working relationship between different functional areas within an organization. (Prajogo and Olhager, 2012). The OLA sets out the responsibilities for the support and delivery of vendor to Customers. Between a Service Desk and 2nd level support/software maintenance/network management it may be mainly concerned with activities that must take place should a service fail (Saffu and Mamman, 2010).

10. Conceptual Framework

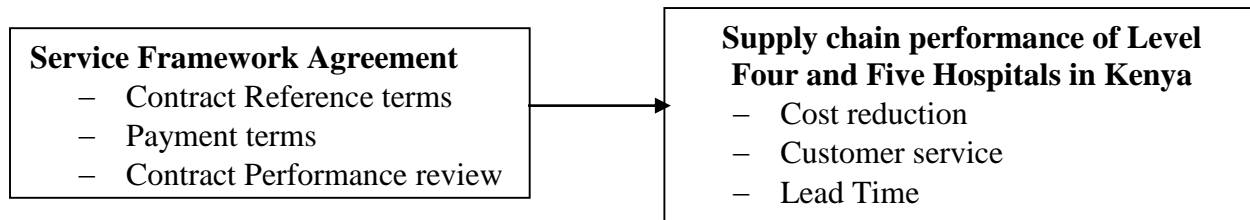


Figure 1: Conceptual Framework

Independent Variables

Dependent Variable

11. Methodology

This research used descriptive research design. In research, a descriptive research design refers to the collection and presentation of detailed information about a particular participant or small group, frequently including the accounts of subjects themselves. The descriptive research design is normally used because it places more emphasis on a full contextual analysis of a few elements and conditions and their interrelations, which relies on qualitative data. Primary research data was gathered using questionnaires. The questionnaires containing both open-ended and close-ended questions were administered. The research philosophy for this study was positivism. Research philosophy relates to the foundation of knowledge upon which important assumptions and predispositions of a study are based. There are two main research philosophies, namely; positivism scientific and phenomenology interpretivist which may also be viewed in terms of two perspectives, namely quantitative and qualitative approaches. Positivist philosophy premises that knowledge is based on facts and that no abstractions or subjective status of individuals is considered. Positivism thus derives a quantitative perspective which holds that there is an objective reality that can be expressed numerically, with explanatory and predictive power. The research data was analysed using qualitative techniques. This was done using descriptive statistics with the help of the Statistical Package for Social Sciences (SPSS) version 23. The responses in the questionnaire were coded into common themes to facilitate analysis. The coded data was then entered into the SPSS program to generate measures of central tendency (mode and mean) and measures of dispersion such as percentages and ranks. Presentation of the quantitative analysis results was done in form of pie charts and bar graphs. Multiple regression analysis was used to establish the relations between the independent and dependent variables.

12. Response Rate

As indicated in Table 1, the findings indicated that out of the 270 respondents of the target the population, where 210 respondents responded and returned the questionnaires fully answered for analysis. This constitute to 80% of the response rate. This commendable response rate was made a reality after the researcher made personal calls and visits to remind the respondent to fill-in and return the questionnaires. This was a sufficient response rate for the study. Mugenda and Mugenda (2012) indicated that a response rate of 50%, 60% or 70% of the response rate is sufficient for a study.

Table 1: Response Rate

Category	Frequency	Percentage
Questionnaires Completed	210	80
Uncompleted Questionnaires	60	20
Questionnaires Distributed	270	100

13. Reliability and Validity Results

Table 2 illustrates the findings of the study concerning the reliability analysis. In this study, Reliability was ensured through pilot testing on a sample of 27 respondents. This represents 10% of the sample as recommended by (Mugenda and Mugenda, 2012). These were however not included in the study. The 27 respondents were selected from 270 Level Four and Five Hospitals in Kenya. From the findings, the overall coefficient was 0.78143 as shown in table 2; the coefficient was higher than 0.70 threshold, showing that the

instruments were reliable, the Cronbach’s alpha coefficients for Service Framework Agreement was 0.79142. Validity shows the degree to which a test measures what it purports to measure. The validity of the instrument was established by expert input.

Table 2: Reliability and Validity Results

Variable	Cronbach’s	No of Item
Service Framework Agreement	.76742	5

14. Descriptive Statistics on Service Framework Agreement

Contract process

The respondents were required to indicate to which level Service Framework Agreement effects on supply chain performance of Level Four and Five Hospitals in Kenya. The finding is shown in Table 3. the study provided that KPIs evaluate the success of an organization or of a particular activity , products and contract in which it engages which had a mean score of 4.14 and standard deviation of 0.98, where 24.29% of the respondents agreed and 48.10% of the respondents strongly agreed to the statement .the study established that identification of potential improvements, so performance indicators are routinely associated with services level agreement which was supported by a mean score of 4.18 and standard deviation of 0.98 with 50.48% of the respondents strongly agreeing. The evaluated, KPIs are linked to target values, so that the value of the measure can be assessed as meeting expectations which had a mean of 3.55 and standard deviation of 0.83 with 70.00% of the respondents agreeing and 5.71% of the respondents strongly agreeing to the statement.

The use of Capacity management involves planning and controlling that meets the minimum performance expectations in the SLA where 66.19% of the respondents agreeing and 24.76% of the respondents strongly agreeing with the statement which had a mean of 4.07 and standard deviation of 0.82 .the study provided that moderately the respondents health facilities were Managing Service Delivery To ensure that the products are delivered as and when they are ordered with a mean score of 3.70 and standard deviation of 0.46 with 80.95% of the respondents agreeing and 3.81% of the respondents strongly agreeing to the statement .the findings indicated that the public hospitals Contract administration ensured that the day-to-day procurement activities follow the spirit and sections of the contract as stated on contract performance agreement, which had a mean of 3.99 and standard deviation of 0.95 with 35.71% of the respondents agreeing and 35.71% of the respondents strongly agreeing to the statement. This implies that ensuring that concise Service Framework Agreements (SLA) is obtained products is crucial to seamless operation and support. The finding concurred with those of Cardenas (2017) that A Service Framework Agreement is a formal negotiated agreement which helps to identify expectations, clarify responsibilities, and facilitate communication between two parties, typically a service provider and its customers. Therefore, the SLA serves an important purpose as a communication and conflict-reduction tool, as well as an overall expectation management document.

Table 3: Contract process

Statement	1	2	3	4	5	Mean	StD
KPIs evaluate the success of an organization or of a particular activity , products and contract in which it engages	0.95%	4.76%	21.90%	24.29%	48.10%	4.14	0.98
identification of potential improvements, so performance indicators are routinely associated with	0.95%	5.24%	19.52%	23.81%	50.48%	4.18	0.98
evaluated, KPIs are linked to target values, so that the value of the measure can be assessed as meeting expectations	0.48%	4.29%	19.52%	70.00%	5.71%	3.55	0.83
transactions according to the level agreed on in the SLA As with capacity management,	4.76%	5.71%	23.33%	18.10%	48.10%	3.99	1.17
Capacity management involves planning and controlling that meets the minimum performance expectations in the SLA	3.81%	0.95%	4.29%	66.19%	24.76%	4.07	0.82
The specifying review and approval route depends on the type and value of the contract at issue	5.71%	1.90%	21.43%	17.62%	53.33%	4.11	1.15
Managing Service Delivery To ensure that the products are delivered as and when they are ordered.	0.95%	0.95%	16.95%	80.95%	3.81%	3.70	0.46
Contract administration to ensure that the day-to-day procurement activities follow the spirit and sections of the contract.	0.48%	7.14%	20.95%	35.71%	35.71%	3.99	0.95
On-going and regular monitoring of each vendor should be instigated and maintained.	2.38%	2.38%	16.67%	24.29%	54.29%	4.26	0.98

15. Statistical Modelling

Hypothesis Testing

Service Framework Agreement and Supply Chain Performance

H₀: Service Framework Agreement has negative or no effect on Supply Chain Performance Of Level Four and Five Hospitals

H₁: Service Framework Agreement has a positive effect on Supply Chain Performance Of Level Four and Five Hospitals

From the table above, a significance value, $p= 0.003$ was obtained. This value is less than the set alpha value, $\alpha =0.05$. Therefore, the null hypothesis is rejected and consequently, the alternate hypothesis is approved. It can be concluded that Service Framework Agreement has a positive effect on supply chain performance.

From the symmetric measures table regarding the strength of the relationship between the two variables, the Cramer’s V value obtained is 0.209. This value shows that the relationship between the two variables is very strong. Further, the Cramer’s V value is also positive, which indicates that the relationship is as well positive

Table 4: Service Framework Agreement and Supply Chain Performance Of Level Four and Five Hospitals

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	61.551	35	1.759	.943	.041
Within Groups	324.373	174	1.864		
Total	385.924	209			

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.817	.478
	Cramer's V	.209	.478
N of Valid Cases		210	

16. Diagnostic Test

Coefficients Service Framework Agreement vs Supply Chain Performance

Again, A VIF value of 1.000 and tolerance of 1.000 were obtained in the linear regression between Service Framework Agreement (predictor variable) and Supply Chain Performance (dependent variable). This VIF value is less than 10 and tolerance value is 1; hence, there exists no collinearity between the two variables.

Table 5: Service Framework Agreement and Supply Chain Performance Of Level Four and Five Hospitals

Model	t	Sig.	Collinearity Statistics	
			Tolerance	VIF
1 (Constant)	5.661	.000		
Service Framework Agreement	1.268	.206	1.000	1.000

a. Dependent Variable: Supply Chain Performance of Level Four and Five Hospitals

17. Autocorrelation

Service Framework Agreement

In the table presented above, a Durbin-Watson value of 1.871 was obtained, which is approximately 2. Owing to the fact that the value obtained in the current study is approximately 2, the regression model produced by Service Framework Agreement and Supply Chain Performance, is therefore reliable and credible as the predictor and predictor variables are not subject to autocorrelation.

Table 6: Service Framework Agreement

Model Summary^b

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.088 ^a	.008	.003	0.057	1.871

a. Predictors: (Constant), Service Framework Agreement

b. Dependent Variable: Supply Chain Performance

18. Normality Test

K-S Test Service Framework Agreement

The significance value obtained ($p=0.023$) is less than the set alpha level ($\alpha =0.05$). As such, there exists little or no substantial deviation from normality. Thus the data for both the Service Framework Agreement and Supply Chain Performance comes from a normal distribution. This is well depicted in the Q-Q Plot below

Table 7: K-S Test Service Framework Agreement

Service Framework Agreement	Kolmogorov-Smirnov ^a		
	Statistic	df	Sig.
Supply Chain Performance	.412	6	.023

**Normal Q-Q Plot of SupplyChainPerformanceOfLevelFourandFiveHospitals
 for ServiceFrameworkAgreement= 1**

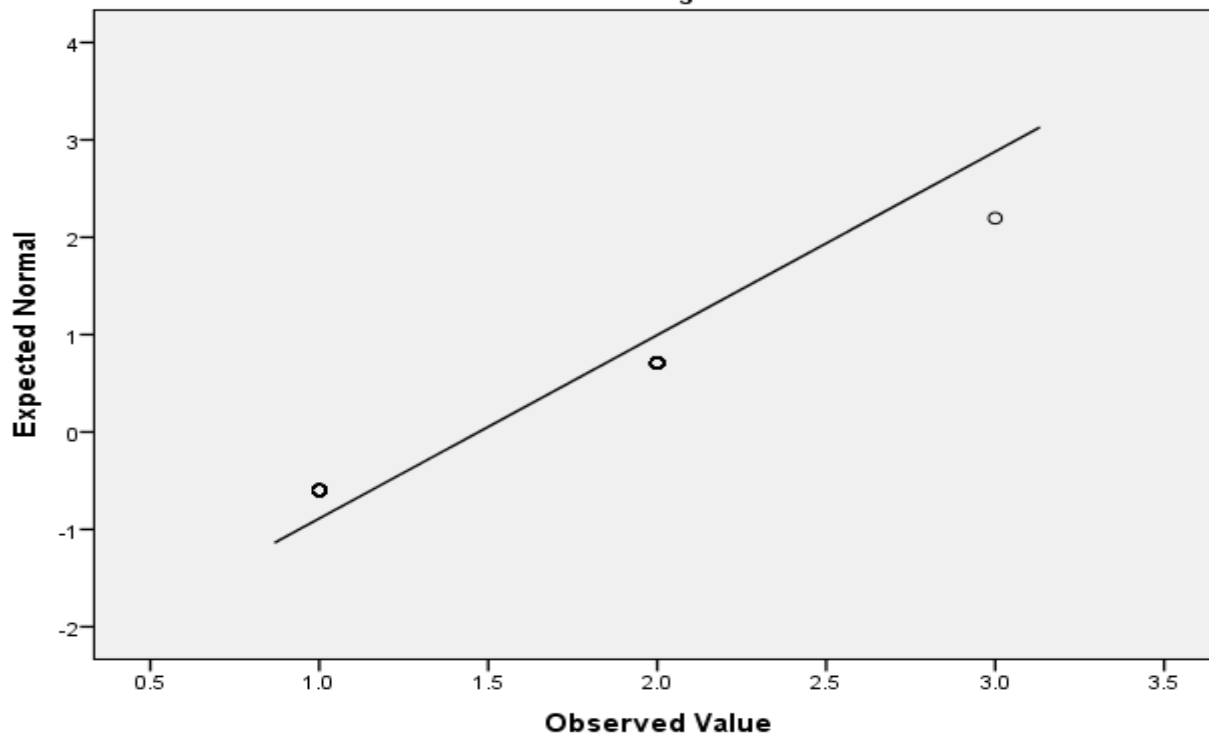


Figure 2: Normal Q-Q Plot of Service Framework Agreement

19. Linear regression

Model Summary Service Framework Agreement

A multiple linear regression analysis was done to examine the relationship of the independent variables with the dependent variable. The R² is the coefficient of determination. This value explains how supply chain performance of Level Four and Five Hospitals in Kenya varied with Service Framework Agreement. The model summary table shows that the predictors can explain 41.5% of change supply chain performance of Level Four and Five Hospitals in Kenya namely Service Framework Agreement an implication that the remaining 58.5 % of the variation in supply chain performance could be accounted for by other factors not involved in this study. This shows that the variables are very significant therefore need to be considered in any effort to boost supply chain performance of Level Four and Five Hospitals in Kenya.

ANOVA^b

F Test was done through One Way Anova to test the effect of all the independent variables on the dependent variable in a simultaneous manner. From a statistical perspective, the F-Test is done to show whether there is a joint effect of independent variable on the dependent variable. The results of the test are presented in the tables below. The critical value for the analysis is 1.7367, and was computed through the use of k-1 numerator (4) and N-k denominator (209) degrees of freedom. The F value obtained (147.362) is greater than the F Critical Value (1.7367). Additionally, the significance value obtained is 0.000, which is less than the set value of 0.05. The study established that there existed a significant goodness of fit of the model $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$. Based on the findings, in Table 4.21 the results indicate the $F_{Cal} = 147.362 > F_{Cri} = 1.7367$ at confidence level 95 % and sig is $0.000 < 0.05$. This implies that there was a goodness of fit of the model fitted for this study: $Y = 649 + 0.744X_1 + 0.682X_2 + 0.417X_3 + 0.130X_4 + e$. Owing to the fact that the F value is greater than the critical value, and the significance level is lower than the set level, it can be concluded that Service Framework Agreement factor have a insignificant effect on supply chain performance of Level Four and Five Hospitals in Kenya.

Coefficients

The Multiple regression analysis ($y = B_0 + B_4X_4 + \varepsilon$) was run with on supply chain performance of Level Four and Five Hospitals in Kenya as the dependent factor and Service Framework Agreement as the predictor variable. From regression results in Table 4.35, the 1.560 represented the constant which predicted value of productivity (supply chain performance of Level Four and Five Hospitals) when all Service Framework Agreement effects remain constant at zero (0). This implied that supply chain performance of Level Four and Five Hospitals in Kenya. Would be at 1.560 holding Relationship framework agreement at zero (0).

Regression results revealed that Service Framework Agreement has significance influence on supply chain performance of Level Four and Five Hospitals in Kenya. as indicated by $\beta_3 = 0.567$, $p = 0.001 < 0.05$, $t = 12.139$. The implication is that as increase in Service Framework Agreement to lead to increase in on supply chain performance of Level Four and Five Hospitals in Kenya. By $\beta_3 = 0.151$ this implied that an increase in Service Framework Agreement would lead increase in Level Four and Five Hospitals performance. The regression model based on the findings in Table 8 from the SPSS is given by: SC performance of level 4 & 5 hospitals $= 1.560 + 0.567X$ SFA.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.644 ^a	.415	.412	.697

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.649	1	71.649	147.362	.000 ^b
	Residual	101.132	208	.486		
	Total	172.781	209			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	1.560	.098		15.980	.000
	Service Framework Agreement	.567	.047	.644	12.139	.000

a. Dependent Variable: Supply Chain Performance of Level Four and Five Hospitals

b. Predictors: (Constant), Service Framework Agreement

20. Summary of the Finding

The study found out that Performance analysis assigns a performance requirement to each task for the Level Four and Five Hospitals in Kenya, which involves determining how a product/service can be measured and what performance standards and quality levels apply. The performance standard establishes the performance level required by the Level Four and Five Hospitals in Kenya. Correspondingly, the model developed establishes a maximum allowable error rate or variation from the standard. Level four and Five Hospitals in Kenya insure that each standard is necessary, is carefully chosen and not unduly burdensome. Failure to do so can result in unnecessarily increased contract costs. There are often established industry performance standards for repeatable services, uptime/downtime reliability, hardware and packaged software that the market providers publish online or with their documentation. Level four and Five Hospitals in Kenya carefully and methodically establish the quality level at which performance standards are set. Level four and Five Hospitals in Kenya provide specific performance standard or allow the supplier the option to propose different target levels of standards of service along with the appropriate price adjustment.

21. Conclusion of the study

The study concluded that Service Framework Agreement for Level Four and Five Hospitals in Kenya definition of what is considered acceptable performance to determine whether performance outcomes are met. Quality control plan: a written document describing how the supplier’s actual performance will be monitored and measured against the contractually established performance standards. Incentive plan: written procedures addressing how met and unmet contractual performance standards will be resolved, escalated, remediated

and/or remunerated. Incentives may be linked to price or fee adjustments. While not mandatory, incentives can be used, where appropriate, to encourage performance that will exceed the established performance standards.

22. Recommendation of the study

The study recommends that Service Framework Agreement for Level Four and Five Hospitals in Kenya, the real performance of the supplier must be estimated against explicit norms set up by the organization before the requesting is issued with the goal that suppliers can propose such that will satisfy the guidelines. There are two kinds of performance measures: hits the expense and performance dangers from the client to suppliers, while giving suppliers more scope for deciding the techniques for performance and greater obligation regarding the nature of performance. Offices that use Level Four and Five Hospitals in Kenya performance audit locate that numerous territories of agreement debates are wiped out. Since the supplier is in charge of strategies and results, disagreements about ambiguities in particulars and responsibility for performance disappointments will probably be limited. Level Four and Five Hospitals in Kenya create quality control plans (QCPs) that enable the supplier to decide how the work will be done may fundamentally diminish the requirement for office oversight of supplier performance.

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