

Effects of Pre- Qualification of Suppliers on Procurement Performance of the Judiciary in Kenya

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Abstract: The aim of this study was to examine the effect of prequalification of suppliers on procurement performance in Judiciary in Kenya. Prequalification procurement is a risk management strategy by procuring entities to reduce suppliers' related risks such as failure to deliver supplies on time and safety needs, litigation costs due to failure or cancelation of tender, suppliers' insolvency, technical competences as well as resource capabilities. The main objective of carrying out prequalification procurement is to remove potential bidders that are not capable of meeting contract requirements. The study was guided by the following objectives: - to ascertain how cycle time affects procurement performance of the Judiciary, to establish how quality of product/service affect procurement performance of the Judiciary and to determine the effects of overall cost on procurement performance of the Judiciary. The study used a descriptive research design, which was the most applicable for the study, as the study focused on describing the relationship between the independent variables and the dependent variable. The target population was 134 employees of the Judiciary who were working at various stations country wide. From the target population of 134, Taro Yamane sample size formula was used to select a sample size of 100 employees. The study used stratified sampling technique to select the employees where a respondent was picked from. This research used both primary and secondary methods of data collection. Descriptive analysis was employed to analyze section one that is, the bio-data. Regression analysis was used to identify the relationship between the variables. The overall contribution of the independent variables accounted for 83% ($R^2 = 0.832$) of the procurement performance in the judiciary. On the analysis of variance (ANOVA), with the $p = 0.000$, being less than 0.05, depicted a statistically significant model which was then used to analyze how the dependent variable was predicted by the independent variables. The findings reveals that the F-value of 39.96 with a p value of 0.00 is significant at 5% indicate that the overall regression model is significant, hence, the joint contribution of the independent variables was significant in predicting factors affecting procurement performance. Cycle time accounted for 41%, quality of goods/services accounted for 27% while cost accounted for 12%. Constant = 0.512. Prequalification is a useful method of gaining knowledge of specific groups of suppliers with the primary aim of minimizing cost and risk for both procuring entities and suppliers.

Keywords: Cost, Cycle Time, Quality, Procurement Performance & Procurement Regulations.

1. INTRODUCTION

The concept of pre-qualification of suppliers in the procurement function is a strategic activity in public institutions in Kenya; it fosters competition in contracting, acquisition and disposal of goods and services. The procurement function in the business industry has been associated with adverse practices such as corruption and escalation of costs. Weele (2010) defines procurement as the process of acquiring goods or services and further urges that for efficient running of an organization, there must be buying of goods from suppliers to the company such as raw materials to be used in technical department, stationery to be used in the office and finished good like furniture to be used in the offices. There is therefore need to carry out a study with a focus on the effect of supplier pre-qualification on supplier performance with the aim of establishing its contribution to the procurement function in terms of cost, cycle time and quality. In general, the

procurement function is one of the key pillars in any organization hence its contribution is significant. The procurement function has changed conventional purchase and suppliers' role in public institutions to strategic management to optimize returns while cutting costs, enhancing competition and accountability, fostering the culture of fair play in the business industry and eradication of corruption. The purpose of supplier prequalification is to allow a procuring entity to identify a shortlist of potential bidders who have the experience, technical, financial capacity as well as legal suitability to provide the product/service needed to be procured. Following this evaluation, the entity then invites the shortlisted bidders to tender.

Since other studies on procurement in Kenya have focussed on: challenges facing procurement systems in manufacturing industries (Migwe, 2004); total quality management for purchasing management (Gali 1993); the role of strategic purchasing in the efficiency of industries in Kenya (Mulwa, 2000); evaluation of the purchasing department in local authorities (Kimuyu, 2004) and factors influencing the implementation of E-procurement among firms listed in the Nairobi Stock Exchange in Kenya (Kiburi, 2010). The results of these studies do not explain the impact of pre-qualification of suppliers on organizational performance.

It's through pre-qualification of supplies that organizations are able to optimize returns while cutting costs, enhancing competition and accountability, fostering the culture of fair play in the business industry and eradication of corruption. In this regard, therefore, a study on the effect of supplier pre-qualification on organizational performance is important. In addition, the dearth of empirical evidence on effect of pre-qualification of suppliers on organizational performance explains to some extent, the necessity of conducting research in this area. Among other objectives, this study intends to fill the research gaps on effect of pre-qualification of suppliers on procurement performance.

In general, the procurement function is one of the key pillars in any organization hence its contribution is significant. The procurement function has changed conventional purchase and suppliers' role in public institutions to strategic management to optimize returns while cutting costs, enhancing competition and accountability, fostering the culture of fair play in the business industry and eradication of corruption. The purpose of supplier prequalification is to allow a procuring entity to identify a shortlist of potential bidders who have the experience, technical, financial capacity as well as legal suitability to provide the product/service needed to be procured. Following this evaluation, the entity then invites the shortlisted bidders to tender.

Research Objectives:

The general objective of this study is to assess the effects of supplier pre-qualification on procurement performance of the judiciary in Kenya.

Specific Objectives:

The study was guided by the following specific objectives: -

- i. To ascertain how cycle time affects procurement performance of the Judiciary.
- ii. To establish how quality of product/service affect procurement performance of the Judiciary.
- iii. To determine the effects of overall costs on procurement performance of the Judiciary.

Justification:

This research project was intended to provide new knowledge in the field of procurement more especially those organizations that have adopted pre-qualification of suppliers as spelled out in the Public Procurement and Disposal Act, 2005 and the Regulation 2006 since they would be in a position to identify with the enlisted benefits, challenges and recommendations on how to mitigate them.

It is also expected that it would be useful to the public institutions more especially the managers handling the procurement function and also a source of crucial information to stakeholders such as; scholars, consumers and suppliers.

The study could be useful to the legislative arm of the Kenyan government especially in formulating the Public Procurement Bill. Hence the Government will be able to identify areas of strategic intervention such as capacity building and support. The regulator, Public Procurement Oversight Authority (PPOA) shall also benefit greatly with the findings of this research through mapping of policies against the organization's performance and administer these research findings to all public procuring entities.

2. LITERATURE REVIEW

Theoretical Framework:

This study applied the stakeholder theory as the researcher found it fit to assess the effect of supplier pre-qualification on procurement performance in the Kenyan Judiciary.

Stakeholder Theory:

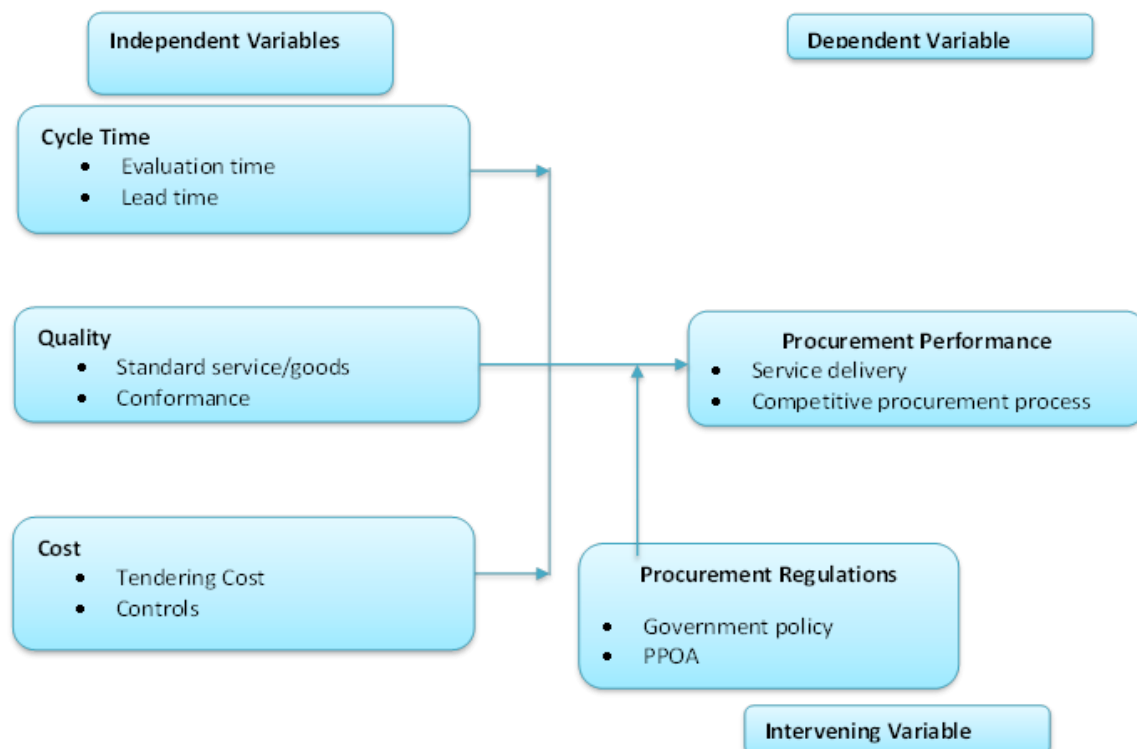
It is vital that supplier prequalification method be able to bring jointly all of the stakeholders into a common partnership that meets all stakeholders' needs and demands. The scenario for assessing suppliers and how they are going to deliver is complicated, consisting of large levels of uncertainty and ambiguity, complex relationships caused by several conflicting objectives and competing stakeholder values such as reducing costs while meeting the needs of the partners (Watt *et al.*, 2009).

Savage *et al.* (2004) precludes that the basic grounds of Stakeholder theory is the organization enters into relationships with numerous partners that influence each other either positively or negatively. The stakeholder theory center on the character of the relationships in terms of activities and results for the company and for stakeholders, the interests of all legitimate stakeholders are of intrinsic value and it is assumed that there is no particular existing set of interests. Through such partnerships the purchasing entity can maximize on quality and reduced cycle time while reducing unnecessary costs leading to increased savings and better service delivery to all stakeholders.

According to Baldwin (2002), the theory of stakeholder management was initiated so that organizations could distinguish and examine the character of stakeholders being influenced by organizational behavior. This involve the suppliers of an organization Thus, supplier selection is carried out over some considerations: the identification of suppliers, interpreting their needs and interests and the building of relationships with the entire course structured about the organization's specific objectives. Both in the short run and the long run the interest of the buying company should be upheld to yield better results.

Conceptual Framework:

The independent variables include cycle time, quality and cost while the dependent variable is procurement performance. Procurement regulations are the intervening variable.



Effect of Cycle Time on Procurement Performance:

This is an indicator that measures the average length of the procurement cycle and the percentage of procurements that are completed within a standard procurement cycle timelines (USAID, 2012). The procurement cycle time is measured for contracts and purchase orders using historical data. It measures the number of days required to complete the procurement cycle, beginning with the date a requisition is submitted until the date the contract or the purchase order is issued to the selected vendor. Prequalification as a commonly used pre-tender process for identifying a pool of competitive, competent and capable suppliers from who tenders may be sought (Lam *et al.*, 2000). It is a method of ensuring that a supplier is able to execute the assigned supplies in accordance with the client and project objectives.

The notion of pre-selection is to formulate a list of equally suitable and capable suppliers' from which invitation for submitting a bid for supply assignment can be founded on. The focus of pre-selection is primarily on evaluating suppliers' general capabilities that includes meeting timelines (HKSAR Government, 2001).

Effect of Quality on Procurement performance:

Quality is one of the determinants of performance in any perspective. Quality issues can arise at any level in the procurement phases. It is essential to identify quality challenges as early as possible in the early stages of procurement. The costs of unresolved supplier quality issues can be damaging if they are discovered after a product has been delivered. Therefore, it is critical to identify quality issues early in the supply chain to manage quality related costs and risk. Selecting capable suppliers is one of the most important tasks faced by a procuring entity who wishes to achieve successful project outcomes (Fong and Choi, 2000). This is because suppliers are one of the major players in the supply chain and the services they render are critical to the quality of the end product as well as meeting cost and time targets. A good supplier is expected to supply on time, within budgeted cost and to the desired level of quality. This is because the quality of a product to a large extent depends on the skills and experience as well as the competence of the producing agents. Thus, in the construction industry where many players are involved, the procedure and process of determining participants most especially the suppliers must be such that emphasize their skills (Mshelbwala, 2005). Kramer and White-McCurry (2002) suggest that one method of improving construction performance is to prequalify suppliers prior to the bidding process so as to ensure that suppliers are able to execute the assigned project in accordance with client and project objectives. Suppliers' prequalification is therefore a commonly used process for identifying a pool of competitive, competent and capable suppliers from which tenders may be sought (Lam *et al.*, 2000). In view of the foregoing, it is expedient to investigate the effect of suppliers prequalification on service delivery, more importantly at this time when supplies have become more sophisticated.

Effect of Cost on Procurement Performance:

To have diverse range of suppliers requires prequalification procurement. Carter et al. (2006) states that many suppliers may be advantageous to the firm as it open up positions for innovation or cost effectiveness solutions leading to strategic advantage through differentiations or cost leaderships. In order to achieve this, firms need to streamline their supplier network and enshrine prequalification and supplier diversity in their organization culture and procurement strategies (Baily et al., 2008; Slater et al., 2008)

Procurement Performance:

The target of every organization is to utilize scarce resources in the most efficient and effective manner so as to realize its objectives with minimal costs. This necessitates the evaluation of suppliers so as to ensure that an institution gets the best contracts in terms of quality, costs, flexibility and reliability. According to Walker and Rowlinson (2008), the measurement of procurement performance is the first step in being able to understand the weaknesses and strengths of a given system and put into place corrective actions. Developing an effective method for measuring the performance of procurement requires certain indicators to make evaluation possible. The indicators of procurement performance include efficiency in the procurement process measured in terms of the cost of transactions and time. Another indicator is transparency and openness of the procurement system with regards to fairness of participants. The workforce professionalism is also another indicator of procurement performance; a well trained and equipped workforce can enhance the performance of the process of procurement.

According to Musau (2015), the performance in procurement by State Corporations in Kenya is heavily influenced by the implementation of inventory optimization, especially where e-procurement systems are used. The evaluation of procurement performance takes into consideration of both the strategic and operational dimensions of the procurement function. From the operational dimension, procurement performance relates to the costs of purchasing, product and/ or service quality, delivery and flexibility in procurement (Nair, Jayaram & Das, 2015). According to Barsemoi, Mwangagi and Asienyo (2014), poor procurement performance contributes to decrease in profitability in the private sector hence is a major hindrance to the realization of organizational growth as it leads to delays in delivery, low quality goods and services and increase in defects.

3. RESEARCH DESIGN

The study used a descriptive research design, which was the most applicable for the study, as the study focused on describing the relationship between the independent variables and the dependent variable. This scientific method of investigation involves collection and analysis of data in order to describe a phenomena in its current condition or status, Kothari (2001) indicated that this design is preferred because it is time saving, it is possible and easy for the researcher to obtain current factual information from the employees in the organization and it is a cheaper method of studying the organization and coming up with accurate and deeper findings.

Target Population and Sampling:

This study intended to have the supply chain management officers of the Judiciary as the target population. The target population was 134 employees of the Judiciary who were working at various stations country wide. Since the population is non-homogeneous, the researcher has to arrange them in strata consisting of procurement officers and store keepers. The researcher used the target population to get the research samples that was used in the study as the respondents.

Table 1: Target Population

Category	Target Population	Percentage
Procurement officers	44	32.80%
Store Keepers	90	67.20%
Total	134	100%

From the target population of 134, Taro Yamane (1973) sample size formula was used to select a sample size of 100 employees as shown below:

$$n = \frac{N}{1 + N e^2}$$

Where:

n = Sample size

N = Population size

e = the error of Sampling

This study allowed the error of sampling on 0.05. Thus, sample size was as follows:

$$\begin{aligned} n &= 134/[1 + 134(0.05)^2] \\ &= 100 \end{aligned}$$

The study used stratified sampling technique to select the employees where a respondent was picked from. Therefore, employees were stratified into two strata's where the sample size was distributed according to Neyman allocation formula (1934). The purpose of the method is to maximize sample precision, given a fixed sample size. With Neyman allocation, the best sample size for stratum h would be:

$$n_h = \left(\frac{N_h}{N} \right) n$$

Where:

n_h : The sample size for stratum h,

n - Total sample size,

N_h -The population size for stratum h,

N - The total population

Table 2: Sample Size

Category	Target Population	Sample Size
Procurement officers	44	33
Store keepers	90	67
Total	134	100

Data Collection Instruments:

This research used both primary and secondary methods of data collection. For primary data, it was collected using questionnaires which were administered by the researcher with the help of a research assistant. The questionnaire comprised of questions which were related to the study objectives. For secondary data, books, journals, manuals, magazines and newspaper articles related to prequalification of suppliers and procurement performance was used.

Data Analysis and Presentation:

Descriptive analysis was employed to analyze section one that is, the bio-data. Regression analysis was used to identify the relationship between the variables. Sekaran, (2003) asserts that there are three objectives in data analysis; getting a feel for the data, testing the goodness of the data, and answering the research questions. After gathering data from questionnaire schedules, they were checked adequately for completeness and clarification. The data was analyzed using quantitative techniques, whereby the findings were presented in the form of frequency distribution tables and pie charts while qualitative techniques were incorporated in the study to facilitate description and explanation of the study findings. By so doing this created good understanding of the study findings.

The multiple regression model is specified as follows

$$y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \varepsilon$$

Where;

y = Procurement Performance

β_0 = Constant

x_1 = Cycle Time

x_2 = Quality

x_3 = Cost

ε Error term

4. STUDY FINDINGS AND DISCUSSIONS

Response Rate:

The target population for the study was 100 employees of the judiciary. Out of 100 employees 23 procurement officers responded to the questionnaire while 16 store keepers did not respond. This represents a response rate of 74%. Creswell (2009) considers a response rate of above 50% as adequate to give a positive view for a study. All the returned questionnaires were fit for data analysis. The response rate is shown on Figure 1

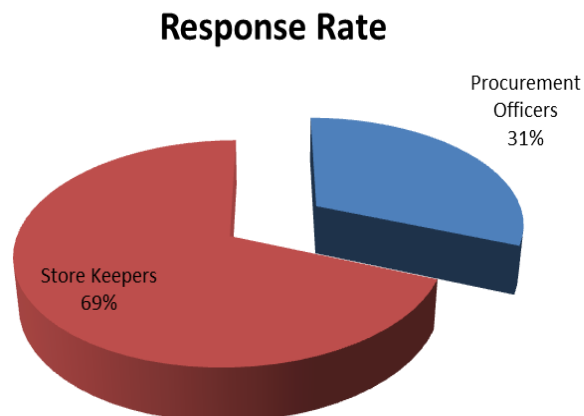


Figure 1: Response Rate

Training of employees on supplier evaluation and selection:

The employees have to be well versed to the best procedures and techniques of supplier evaluation and selection. Figure 2 shows if the employees have been trained on the subject matter.

Training on Supplier Evaluation & Selection

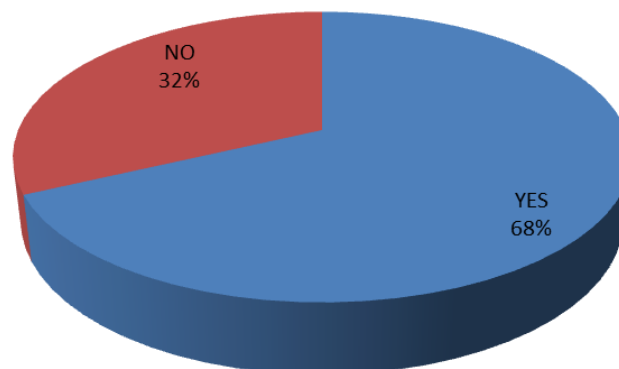


Figure 2: Training of employees

Most of the employees (68%) had been trained on supplier evaluation and selection while 32% had not been trained. Those trained employees acknowledged that they are normally trained on both best practices especially on cost saving approaches and regulation matters relating to government procurement regulations. Managing purchasing and supply function require a thorough understanding of the procurement process that takes place within the organization which requires competent staff (Weele, 2010). Kiplagat (2010) pointed out that lack of requisite skills in employees was one of the challenges facing communications commission of Kenya. Many of the challenges and concerns relate to the fact that the government institutions have not professionalized their procurement organization, systems and staff (Weele, 2010).

Analysis of Specific Objectives:

The purpose of this study was to determine the effect of prequalification of suppliers on procurement performance in the judiciary with the specific objectives of the study being; to examine the effect of cycle time on procurement performance, to analyze the effect of quality on procurement performance and to evaluate the effect of cost on procurement performance. The researcher adopted a descriptive research design method to analyze the results.

Effect of Cycle time on Procurement Performance:**Table 3: Cycle time**

Statement	N	Mean
Prequalification reduces operation risks such as failure to deliver or late deliveries	74	4.65
Prequalification allows unqualified bidders to be weeded out and thus speeds up the evaluation process	74	3.24
Prequalification is done on a periodic basis thus saving time of not repeating every now and then	74	3.68
Prequalification eliminates the need to evaluate unqualified contractors thus saving time	74	2.39
Prequalification promotes expedition of evaluation and award process	74	4.71
Valid N (listwise)	74	

Table 3 demonstrates that the respondents agreed (4.65) that prequalification reduces operation risks such as failure to deliver or late deliveries and (4.71) prequalification promote expedition of evaluation and award process. They were neutral (3.24) if prequalification allows unqualified bidders to be weeded out and thus speeds up the evaluation process and (3.68) prequalification is done on a periodic basis thus saving time of not repeating every now and then while they disagreed (2.39) if prequalification eliminates the need to evaluate unqualified contractors thus saving time. PPOA (2007), in their paper titled Assessment of the Procurement System in Kenya found out that among other weaknesses in the public procurement, procedures for pre-qualification lack clarity, there are inadequate procedures for registration of contractors, and there is lack of clear procedures for using technical capacity as a key criterion in the selection of suppliers.

Effect of Quality of goods/services on Procurement Performance:**Table 4: Quality of goods/services**

Statement	N	Mean
Prequalification lead to effective delivery of quality and innovative service/goods	74	2.43
Quality is the main criteria for measuring the overall success of supply thus there is need to emphasized during prequalification of suppliers	74	2.12
Suppliers are one of the major players in the Judiciary and the services they render are critical to the quality of the performance of the procurement	74	4.46
Prequalification is merely for companies to demonstrate that they have the ability to undertake the work	74	3.85
Prequalification protects suppliers from being awarded work they do not have capability to execute	74	4.44
Prequalification enhances competition and thus improved end product quality	74	4.09
Valid N (listwise)	74	

Table 4 shows that the respondents agreed (4.46) that suppliers are one of the major players in the Judiciary and the services they render are critical to the quality of the performance of the procurement, (4.44) prequalification protects suppliers from being awarded work they do not have capability to execute and (4.09) prequalification enhances competition and thus improved end product quality while they were neutral (3.85) if prequalification is merely for companies to demonstrate that they have the ability to undertake the work. The respondents disagreed (2.43) if prequalification lead to effective delivery of quality and innovative service/goods and (2.12) if quality is the main criteria for measuring the overall success of supply thus there is need to emphasized during prequalification of suppliers. Organization's ability to offer consistent quality and compete largely depends on its access to quality products and services (CIPS, 2013).

Effect of Cost on Procurement Performance:**Table 5: Cost**

Statement	N	Mean
Prequalification lead to strategic advantage through cost leadership of the suppliers	74	2.67
Open tendering is an expensive process especially when too many bidders are involved thus need for prequalification of suppliers	74	3.28
Prequalification of suppliers minimizes the cost incurred in screening and analyzing bids tendered	74	4.12
The aim of prequalification process is to ensure that clients obtain a number of competitive, reasonable and easy-to-evaluate bids and hence saving cost	74	4.63
Considerable goals is achieved by effective suppliers' selection through prequalification process including economic cost and value for money	74	3.05
Huge proportion of national resources could be salvaged through effective suppliers' selection especially using modalities of prequalification	74	4.82
Prequalification of suppliers has led to a trend away from a lowest price wins principle to a multi criteria selection approach during tendering	74	2.39
Valid N (listwise)	74	

Table 5 exhibits that the respondents disagreed (2.67) if prequalification lead to strategic advantage through cost leadership of the suppliers and (2.39) if prequalification of suppliers has led to a trend away from a lowest price wins principle to a multi criteria selection approach during tendering. They were neutral (3.28) if open tendering is an expensive process especially when too many bidders are involved thus need for prequalification of suppliers and (3.05) if considerable goals is achieved by effective suppliers' selection through prequalification process including economic cost and value for money. The respondents agreed (4.12) on prequalification of suppliers minimizes the cost incurred in screening and analyzing bids tendered, (4.63) on the aim of prequalification process is to ensure that clients obtain a number of competitive, reasonable and easy-to-evaluate bids and hence saving cost and (4.82) on huge proportion of national resources could be salvaged through effective suppliers' selection especially using modalities of prequalification. Prequalification of suppliers is a strategy best used when the buyer procures a particular type of good/service on a regular basis and the procurement tends to be complex and/or costly and/or there is a high degree of risk involved in the procurement.

Procurement Performance:**Table 6: Procurement Performance**

Statement	N	Mean
Prequalification enhances reduction in supplier quality problems	74	3.82
Prequalification contributes to less product and material costs in the supply chain.	74	4.62
Supplier flexibility is achieved through prequalification.	74	2.71
Transparency in procurement about winning bids and prices can be achieved through prequalification of suppliers.	74	4.05
The principle of value for money can be achieved through prequalification of suppliers	74	3.33
Valid N (listwise)	74	

Table 6 illustrates that the respondents agreed (4.62) that prequalification contributes to less product and material costs in the supply chain and (4.05) that transparency in procurement about winning bids and prices can be achieved through prequalification of suppliers while they disagreed (2.71) on supplier flexibility is achieved through prequalification. They were neutral (3.82) on prequalification enhances reduction in supplier quality problems and (3.33) on the principle of value for money can be achieved through prequalification of suppliers. Procurement performance involves allocation of sufficient resources and establishing a value chain. It involves assigning responsibility of specific tasks or processes to specific individuals or groups. It also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and

making adjustments to the process as necessary. Procurement performance is an on-going, never-ending, integrated process requiring continuous reassessment and reformation (Olson et al. 2005). Procurement performance is associated with cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage (Kamotho, 2014).

Reliability Analysis:

Reliability refers to the degree to which an assessment questionnaire produces reliable and consistent results. Cronbach's alpha reliability test was used to determine the internal consistency of the question items that measured the independent variables cycle time, quality of goods/services and cost. Sekeran (2000), a benchmark of Cronbach's coefficient value of greater than 0.7 indicates the tool is reliable to measure the variable was used. Table 4.8 presents the results of the reliability test.

Table 7: Cronbach's alpha Reliability

Variables	Items	Alpha Value
Cycle Time	5	0.852
Quality of goods/services	6	0.797
Cost	7	0.761
Procurement Performance	5	0.823

From the tabulated results in Table 7, the alpha value for all the variables were in the range .761 – .852. Hence the scales were reliable for measuring the variables.

Inferential Statistics:

In this study, regression was used to analyse the relationship between the independent variables and the dependent variable. Each variable was correlated and regressed at 95% confidence interval with procurement performance. Regressions of variables' findings were presented as follows:

Table 8: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.924 ^a	0.832	0.866	0.3862
a. Predictors: (Constant), Cycle time, Quality of goods/services, Cost				

The overall contribution of the independent variables accounted for 83% ($R^2 = 0.832$) of the procurement performance in the judiciary as depicted in table 4.9 above, the difference of 17% represents other variables causing variations in the dependent variable not accounted in this study.

The relationship between the variables (independent variables and the dependent variable) was tested using a regression equation. Regression analysis helps the researcher in making research predictions about data.

Table 9: ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	40.592	3	28.996	39.96	.000 ^b
	Residual	3.905	31	0.161		
	Total	47.699	34			
a. Dependent Variable: Procurement Performance						
b. Predictors: (Constant), Cycle time, Quality of goods/services, and Cost						

The results in table 4.10, with the $p = 0.000$, being less than 0.05, depicted a statistically significant model which was then used to analyze how the dependent variable was predicted by the independent variables. The F calculated ($F = 39.96$), greater than the 5% level of significance, reflected a significant model to this study.

Table 4.10 further reveals that the F-value of 39.96 with a p value of 0.00 significant at 5% indicate that the overall regression model is significant, hence, the joint contribution of the independent variables was significant in predicting factors affecting procurement performance.

Table 10: Multiple Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	0.512	0.097	0.626	0.000
	Cycle time	0.418	0.156	0.325	0.002
	Quality of goods/services	0.274	0.203	0.349	0.014
	Cost	0.126	0.433	0.269	0.005
	a. Dependent Variable - Procurement Performance				

Hence the estimated model takes the form of:-

$$y = 0.512 + 0.418X_1 + 0.274X_2 + 0.126X_3$$

Model : X_1 = Cycle time

X_2 = Quality of goods/services

X_3 = Cost

Cycle time accounted for 41%, quality of goods/services accounted for 27% while cost accounted for 12%. Constant = 0.512. According to Kiruri (2013), organizations have to select and identify the best suppliers for their business. Supplier evaluation is recognized as the most significant tool enhancing procurement performance.

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary of Findings:

The general objective of this study is to assess the effects of supplier pre-qualification on procurement performance of the judiciary in Kenya. From the findings the study established that pre-qualification is positively significant to influence procurement performance in the Judiciary. The specific objectives of the study were:- to ascertain how cycle time affects procurement performance of the Judiciary, to establish how quality of product/service affect procurement performance of the Judiciary and to determine the impacts of overall costs on procurement performance of the Judiciary.

It is clear that majority of the respondents, 55% per cent were male, while 45% were female. In terms of work experience, Nine (12%) of the employees had worked for less than one year; 15 (20%) of the employees had worked for a period between 1 to 2 years, 28 (38%) employees had worked for a period of 3 to 4 years while those employees who had worked for more than 5 years were 30%. Majority of the respondents had worked for more than two years hence they had experienced the whole procurement cycle. On academic qualification, 45% of the respondents have college education and they were the majority. The least (24%) had secondary level of education. Those with university level of education were 31%. This illustrates that 76% of the respondents had post secondary level of education. It can be concluded that the employees are well educated in the judiciary.

Most of the employees (68%) had been trained on supplier evaluation and selection while 32% had not been trained. Those trained employees acknowledged that they are normally trained on both best practices especially on cost saving approaches and regulation matters relating to government procurement regulations.

On the effect of cycle time on procurement performance, the respondents agreed (4.65) that prequalification reduces operation risks such as failure to deliver or late deliveries and (4.71) prequalification promote expedition of evaluation and award process. They were neutral (3.24) if prequalification allows unqualified bidders to be weeded out and thus speeds up the evaluation process and (3.68) prequalification is done on a periodic basis thus saving time of not repeating every now and then while they disagreed (2.39) if prequalification eliminates the need to evaluate unqualified contractors thus saving time.

On the effect of quality of goods/services on procurement performance, the respondents agreed (4.46) that suppliers are one of the major players in the Judiciary and the services they render are critical to the quality of the performance of the procurement, (4.44) prequalification protects suppliers from being awarded work they do not have capability to execute and (4.09) prequalification enhances competition and thus improved end product quality while they were neutral (3.85) if prequalification is merely for companies to demonstrate that they have the ability to undertake the work. The respondents disagreed (2.43) if prequalification lead to effective delivery of quality and innovative service/goods and (2.12) if quality is the main criteria for measuring the overall success of supply thus there is need to emphasized during prequalification of suppliers.

On the effect of cost on procurement performance, the respondents disagreed (2.67) if prequalification lead to strategic advantage through cost leadership of the suppliers and (2.39) if prequalification of suppliers has led to a trend away from a lowest price wins principle to a multi criteria selection approach during tendering. They were neutral (3.28) if open tendering is an expensive process especially when too many bidders are involved thus need for prequalification of suppliers and (3.05) if considerable goals is achieved by effective suppliers' selection through prequalification process including economic cost and value for money. The respondents agreed (4.12) on prequalification of suppliers minimizes the cost incurred in screening and analyzing bids tendered, (4.63) on the aim of prequalification process is to ensure that clients obtain a number of competitive, reasonable and easy-to-evaluate bids and hence saving cost and (4.82) on huge proportion of national resources could be salvaged through effective suppliers' selection especially using modalities of prequalification. Prequalification of suppliers is a strategy best used when the buyer procures a particular type of good/service on a regular basis and the procurement tends to be complex and/or costly and/or there is a high degree of risk involved in the procurement.

In relation to performance, the respondents agreed (4.62) that prequalification contributes to less product and material costs in the supply chain and (4.05) that transparency in procurement about winning bids and prices can be achieved through prequalification of suppliers while they disagreed (2.71) on supplier flexibility is achieved through prequalification. They were neutral (3.82) on prequalification enhances reduction in supplier quality problems and (3.33) on the principle of value for money can be achieved through prequalification of suppliers. Procurement performance involves allocation of sufficient resources financial, personnel, time, and establishing a chain of command or organizational structure. It involves assigning responsibility of specific tasks or processes to specific individuals or groups. It also involves managing the process. This includes monitoring results, comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary. Procurement performance is an on-going, never-ending, integrated process requiring continuous reassessment and reformation (Olson et al. 2005). Procurement performance is associated with cost reduction, enhanced profitability, assured supplies, quality improvements and competitive advantage (Kamotho, 2014).

Cronbach's alpha reliability test was used to determine the internal consistency of the question items that measured the independent variables resource availability, government procurement regulations and service delivery standards. Sekeran (2000) benchmark of Cronbach's coefficient value of greater than 0.7 indicates the tool is reliable to measure the variable was used. From the tabulated results, the alpha value for all the variables were in the range .761 – .852. Hence the scales were reliable for measuring the variables.

In this study, regression was used to analyse the relationship between the independent variables and the dependent variable. Each variable was correlated and regressed at 95% confidence interval with procurement performance. The overall contribution of the independent variables accounted for 83% ($R^2 = 0.832$) of the procurement performance in the judiciary. On the analysis of variance (ANOVA), with the $p = 0.000$, being less than 0.05, depicted a statistically significant model which was then used to analyze how the dependent variable was predicted by the independent variables. The F calculated ($F = 39.96$), greater than the 5% level of significance, reflected a significant model to this study. The findings reveals that the F-value of 39.96 with a p value of 0.00 is significant at 5% indicate that the overall regression model is significant, hence, the joint contribution of the independent variables was significant in predicting factors affecting procurement performance. Cycle time accounted for 41%, quality of goods/services accounted for 27% while cost accounted for 12%. Constant = 0.512.

Prequalification is a useful method of gaining knowledge of specific groups of suppliers with the primary aim of minimizing cost and risk for both procuring entities and suppliers. The cost to suppliers of preparing and submitting an offer and the cost to procuring entities of managing the tendering process and evaluating offers can be expensive.

Conclusions:

Prequalification provides procuring entities with added confidence that suppliers being listed have the capability to supply the goods/services. Prequalification does not necessarily reduce the risk of contract failure, but, if well utilized, is a method of minimizing the risk and contract management burden created by repeated approaches to the market.

The Kenyan Judiciary faces the challenge of not having adequate procurement professionals to run the procurement function effectively and efficiently (JTF, 2012).

Prequalification of suppliers is a strategy best used when the buyer procures a particular type of good/service on a regular basis and the procurement tends to be complex and/or costly and/or there is a high degree of risk involved in the procurement.

Recommendations:

The prequalification process should be continuous and should be as frequent as possible to enable elimination of unreliable suppliers in the list of potential suppliers of the judiciary. The PPOA acknowledges this by recommending those already pre-qualified are required to seek re-qualification annually (PPOA, 2009).

The commitment of the top management of resources to the purchasing function including the adoption of e-procurement, embracing Ethics, improving the internal processes and employment of qualified staff with a clear approach of procurement decision making and increased concern for negotiation leading to win-win relationships with suppliers will enhance the productivity of the procurement function in the judiciary.

There is need for further studies to be undertaken covering other public entities in Kenya to study the effect of supplier prequalification on procurement performance as well as the supplier selection and evaluation criteria used. A study also needs to be undertaken to evaluate the best practices that effectively lead to best performance in the procurement performance. Also, a study should be undertaken to investigate the supplier evaluation criteria and procurement performance.

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