

# Influence of Supplier Selection on Procurement Performance in Technical Institutions in Trans-Nzoia County in Kenya

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**Abstract:** This study sought to determine the influence of supplier selection on performance of procurement function of technical institutes in Trans Nzoia County. The technical institutes were involved in the survey. To achieve the objective of the study was to determine the influence of Supplier's quality commitment on procurement performance in technical institutes in Trans Nzoia County. The study was a survey type where data was collected in technical institutes in Trans Nzoia County at a single point in time. The population of the study was 210 employees in the technical institutes in Trans Nzoia County. Data was collected through structured questionnaires that were administered by the researcher personally. The collected data was analysed through SPSS version 21. Correlation analysis was used to describe the variables in the study while regression analysis was conducted to determine the influence of supplier evaluation on performance of procurement function of the public institutions in Trans Nzoia County in Kenya. The responses to the questions was interpreted and put into different specific and relevant categories. Being a descriptive research the data was analyzed and tabulated using descriptive methods which illustrated the diverse findings of the study. The descriptive methods involved; frequencies, percentages and presentations of tables. The study found out that Supplier's quality commitment has a significant influence on procurement performance in technical institutes in Trans Nzoia County. The study therefore recommended the following; the county government of Trans Nzoia should ensure that supplier's quality commitment is taken into consideration when making supplier selection decisions in different public institutions within the county. The institution should ensure that measures are put to determine supplier financial capability in the organization since it is the key to good procurement performance. The institution should provide proper and clear channels for suppliers to communicate their problems. The county government of Trans Nzoia should enable a commitment environment between Suppliers and work in relation to quality performance in procurement. The county government of Trans Nzoia should ensure that suppliers are trained to be competent enough in their dealings. The county government of Trans Nzoia should come up with procurement training programmes to enable the supplier's aware quality.

**Keywords:** Supplier Selection, Supplier's Quality Commitmen.

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## 1. INTRODUCTION

Supply chain management is going to be an essential line of track to enhance the business key performance of the companies as well as the competitive advantage in the international and domestic market (Li et al., 2006). In today's competitive business environment companies have to enhance quality of services, delivery performance of their products and mean while remain cost effective. To meet this challenge most of the companies are exploring way to improve buyer supplier alliance. Some prior studies discussed that the business key performance of vendors always having an influential impact on the key performance indicators of the buying companies. The purchasing of products and services to run the

company's operations has become most essential subject for the supply chain management managers (Coase et al, 1937). In many cases top management and supply chain managers think what should be the model and framework to select the trustworthy supplier.

Supplier selection is an important dimension of procurement management (Cebi and Bayraktar, 2003; Huang and Keskar, 2007; Gosling et al., 2010; Khorramshahgol, 2012). In a context that is prompting manufacturing and retailing firms to increasingly concentrate on a few key competencies (new product design, marketing and communication policies, etc.), the use of external resources owned by effective suppliers directly influences the likelihood of gaining a sustainable competitive advantage. The profitability and efficiency imperatives that increasingly surface in the public sector also intensify the need to select the best suppliers. In a context of deep public spending cuts and efforts to improve services for taxpayers, specifically regarding hospitals, public education and aid for people in difficulty, the importance of choosing the best suppliers can no longer be ignored. Suppliers are actively participating in applying the lean approach, for instance at British hospitals (Radnor et al., 2012). Hawkins et al. (2011) argue that the difference in procurement strategy (how suppliers are treated) between private and public sectors is not great. A number of works explicitly assert that strategies for managing supplier relationships can be borrowed from the private sector to enhance the performance of public sector procurement (Boyne, 2002; Loader, 2010). Numerous examples illustrate how the supplier selection process has become an essential element of the governance of many components of the public sector, one which fuels the dissemination of many innovations (Hommen and Rolfstam, 2009; Rolfstam et al., 2011). For several years, the French Air Force has outsourced security control at the entry to its bases, for several years. The choice of companies providing this control has clearly generated a long and costly process to choose the company that is best qualified to protect the bases from terrorist attacks; as Glas et al. (2013) underline, supply selection needs to satisfy military demand in terms of required effectiveness (robustness) and efficiency (supply risk).

Organization's ability to offer consistent quality and compete largely depends on its access to quality products and services (CIPS, 2013). As market factors change, organizations also need to change. This is particularly true in competitive and globalized markets. Organizations are constantly under pressure to find ways to cut material and production costs through engaging in strategic supplier selection process and evaluation (Weber, 2008). According to Nadir (2012), supplier evaluation is perceived as a tool which provides the buying firm with a better understanding of "which suppliers are performing well and which suppliers are not performing well" but studies reveal that even after having carried out an in-depth supplier evaluation plus appraisal coupled with the enactment of Public Procurement and Disposals Act (PPDA) of 2005 and other policies on supplier evaluation, inefficiencies still exist ranging from supplies being made halfway or even termination of contracts before conclusion.

Any organizational success often hinges on the most appropriate selection of its partners and suppliers. Procurement is an increasingly important activity within most Public entities, and severe financial and operational consequences can result from the failure to optimize the procurement function. Specifically, appropriate suppliers selection is one of the fundamental strategies for enhancing the quality of output of any organization, which has a direct influence on the company's competitiveness and reputation (Adamyan, 2002). One of the techniques used by organization to select best suppliers is supplier evaluation. Supplier evaluation is the quantitative and qualitative assessment of suppliers to ensure a portfolio of best in class suppliers is available for use (Kemunto, 2014). To sustain effective and reliable sources of supplies, buyers should select their suppliers carefully and evaluate them regularly (Humphreys, 2003).

Public procurement is the purchasing and logistics operations in the public sector or in public institutions (Osuga et al., 2015). In many countries, the public sector is the major source of market for suppliers sometimes demanding up to 40 percent of national demand. For instance, in the UK, the public sector demand per year stands at £150 billion. For this reason, the government of UK has formulated public contracts regulations 2015 aimed at enhancing transparency and efficiency in public procurement operations in the country (UK Legislation, 2015). The concept of supplier evaluation has gained popularity among practitioners and even scholars (Humphreys, 2003). In Malaysia, for instance, Junli (2008) conducted a study to assess the impact of supplier evaluation on business performance among private hospitals.

Internationally, purchasing is a major exercise. In USA, the total dollar magnitude of all purchases by businesses exceeded the gross national product in 1995. Purchasing transactions take 55% of the organization's revenue. Supplier selection becomes important thus because it involves large cash flows (Cheraghi, Dadashzadeh & Subramanian, 2007).

Supplier selection from a global point of view encompasses the myriad activities used to evaluate the capabilities of potential suppliers and then to select them to configure a buyer's supply chain for long-term competitive advantage (Choi and Hartley, 1996; Vonderembse and Tracey 1999). Supplier selection is critical (Lao, Hong and Rao 2010) as firms become more and more dependent on their suppliers; the capabilities of those suppliers serve as key resources in the development of the buyer's own capabilities and performance. For example, Gonzalez and Quesada (2004) found that supplier selection was the most influential supply management process for achieving product quality. However, a firm's ability to create or enhance its own capability in a strategically important domain such as quality by leveraging supplier capabilities in quality may depend not only on its ability to select a capable supplier in the quality domain but also on its ability to successfully integrate the supplier into the firm's operations and network. Successful supplier selection is a source for competitive advantage; they affect competitive performance of public institutions positively if effectively selected. Although scant empirical research has examined the performance effects of supplier selection (Petersen, Handfield and Ragatz 2005 is a notable exception), several studies have investigated the effects of supplier integration. In some studies supplier integration is modeled as a construct separate from customer integration or internal integration (e.g., Scannell et al. 2000; Petersen et al. 2005; Swink, Narasimhan and Wang 2007), whereas in others it is subsumed into other integration constructs (e.g., encompassing internal and supplier integration; Maloni and Benton 2000; Nairn and Lalwani 2008). The global construct "supply chain" integration encompasses supplier integration, customer integration and internal integration.

Globally, supplier selection decisions are intricate due to the fact that multiple criteria must be considered in the decision making process. Multi-criteria approach is used in selecting suppliers, (Weber & Current, 1991). Although there are numerous criteria used in selecting suppliers depending on organizations, literature suggests that the most important are price, delivery, and quality.

In Africa, owing to the importance of public procurement, conference on public procurement has been constituted to look at issues of integrity and transparency in public procurement (International Trade Centre, 1999). Similarly, scholars have developed interest on the subject of public procurement in the recent past conducting a number of studies on the subject. For instance, Quinot&Arrowsmith (2013) wrote a book that focused on the law governing public procurement in a number of African systems and looks at key themes relevant to all African states to provide a focused view of the African systems and bring a comparative perspective in understanding Public Procurement in Africa and other parts of the world. In Nigeria, the study conducted by Akenroye et al. (2012) on supply chain practices identified supplier evaluation and a critical supply chain activity that every organization must engage in.

In Kenya, the PPDA Act 2005 and procedure 2006 serves as a guide that provides guidelines and procurement procedure and supplier evaluation for public procurement entities to ensure judicious, economic and efficient use of state resources ensuring that public procurement is carried out in a fair, transparent and non-discriminatory manner. Among other criteria, the Act 2005 states that tenderers and other suppliers should possess the necessary professional and technical qualifications and competence, financial resources, equipment and other physical facilities, managerial capability, reliability, experience in the procurement object and reputation; and the personnel to perform the procurement contract. In spite of all these, public institutions such as Universities and Technical institutes have never realized the objective of supplier evaluation (PPOA, 2009).

Kakwezi and Nyeko (2014) associated procurement performance with effectiveness and efficiency procurement operations. On the other hand, Muma et al. (2014) and Osuga et al. (2015) pointed out that procurement operational performance is associated with reduced procurement costs and improved achievement of procurement organizational goals respectively. The concept of procurement performance has emerged strongly in the recent past in Kenyan Public sector (Chemoiywo, 2014). This is due to the malpractices and inefficiencies experienced in the sector in the past. Similarly, the public procurement functions in Kenya have been characterized with inadequate funding from the government (Ikumu, 2014).

Expert Group Meeting discussed by Rotich et al. (2015) pointed out that procurement performance is concerned with effectiveness and efficiency in procurement operations. They came up with eight indicators for measurement of procurement operational performance. The indicators include; the level of price variance, level of contract utilization, expiration management, supplier performance, procurement cycle time and variability, payment processing time, procurement cost and staff training. Procurement performance is associated with cost reduction, enhanced profitability,

assured supplies, quality improvements and competitive advantage (Kamotho, 2014). This study intended to study how procurement operational performance can be enhanced through supplier evaluation.

In Kenya, the Public Procurement and Disposal Act 2005 outlined the process through which the government operates and spends public money (Rotich, 2015). It is estimated that in Kenya public procurement accounts for over 10% of the Gross Domestic Product (GDP), making it a large market for suppliers and contractors (Cousins, 2008). With this amount of resource, public procurement tops the list of sectors with high opportunities for corruption (International Transparency, 2010). This therefore means that every effort should be made to erect safeguards to check against corrupt malpractices in public procurement (PPOA, 2009). It is for this reason that there is a need to assess both the potential and current suppliers on one on one basis to improve their performance and capabilities for the benefit of buying organization (CIPS Knowledge, 2014).

After the prequalification of suppliers through supplier evaluation, improvement in procurement performance is expected. However, it is puzzling to note that buyer supplier relationship does not last any longer, suppliers are in most cases conventionally selected on the basis of low price and less importance is given to the suppliers who give assurance of on time delivery and long term relationships (OECD, 2007). The question arises in this case as to what criteria Public institutions use in selecting and evaluating its suppliers for better procurement performance.

There have been reported concerns that procurement performance of the public institutions including public universities and technical institutions have a lot of gray areas in the procurement operations ranging from suppliers failure to meet delivery dates, delivery of inferior materials and even at times failing to furnish the orders completely (OECD, 2007). At the same time there is an increasing trend of a number of suppliers even those within the approved list of suppliers demanding payment before the deliveries are made (The star, 2014). The aim of this research proposal therefore is to find out the determinants of supplier evaluation on the performance of procurement function in Public Institutions especially Technical institutions in Trans-Nzoia county.

Supplier selection is an important dimension of procurement management (Cebi and Bayraktar, 2003; Huang and Keskar, 2007; Gosling et al., 2010; Khorramshahgol, 2012). In a context that is prompting manufacturing and retailing firms to increasingly concentrate on a few key competencies (new product design, marketing and communication policies, etc.), the use of external resources owned by effective suppliers directly influences the likelihood of gaining a sustainable competitive advantage. The profitability and efficiency imperatives that increasingly surface in the public sector also intensify the need to select the best suppliers. In a context of deep public spending cuts and efforts to improve services for taxpayers, specifically regarding hospitals, public education and aid for people in difficulty, the importance of choosing the best suppliers can no longer be ignored. Suppliers are actively participating in applying the lean approach, for instance at British hospitals (Radnor et al., 2012). Hawkins et al. (2011) argue that the difference in procurement strategy (how suppliers are treated) between private and public sectors is not great. A number of works explicitly assert that strategies for managing supplier relationships can be borrowed from the private sector to enhance the performance of public sector procurement (Boyne, 2002; Loader, 2010). Numerous examples illustrate how the supplier selection process has become an essential element of the governance of many components of the public sector, one which fuels the dissemination of many innovations (Hommen and Rolfstam, 2009; Rolfstam et al., 2011). For several years, the French Air Force has outsourced security control at the entry to its bases, for several years. The choice of companies providing this control has clearly generated a long and costly process to choose the company that is best qualified to protect the bases from terrorist attacks; as Glas et al. (2013) underline, supply selection needs to satisfy military demand in terms of required effectiveness (robustness) and efficiency (supply risk)

Report by PPOA indicates that up to 30% of procurement inefficiencies in the public sector in Kenya are attributed to supplier's performance issues. There is therefore concern as to what can be done to reduce supplier related procurement issues. One of the ways through which organizations strive to reduce supplier related inefficiencies is through evaluation of suppliers. In ideal situations, supplier evaluation is expected to positively influence procurement performance. However it is puzzling to note that the relation has not been the case as studies reveal mixed findings with some indicating significant positive relationship while others indicate insignificant relationship.

As reported by PPOA, in the public sector in Kenya, suppliers are in most cases conventionally selected on the basis of low price and less importance is given to the suppliers who give assurance of on time delivery and long term

relationships. The question arises in this case as to what criteria the Public entities and institutions should use in selecting their suppliers for better procurement performance. Supplier evaluation is arguably one of the popularly used approaches of ensuring the right suppliers are awarded contracts. It is for this reason that this study focuses on the determinants of supplier selection on procurement performance in public institutions.

The influence of supplier selection by public institutions has been quite a mystery among local suppliers. Few know the attributes the institutions look out for in suppliers and consequently fail to bid for contracts from government. All through, the procurement process, supplier selection is perceived to be riddled with secrecy and favoritism, (Bonhestaut, 2008). Certainly, this not only complicates the realization of the government's stated objective of seeing increased participation of local suppliers and vendors in doing business with it hence spurring growth and employment opportunities across the country, but also raises concern over the social justice in the spending of taxpayers' funds given the massive amounts of money involved, (ibid, 2008). The study focused on determining the influence of Supplier's quality commitment on procurement performance in technical institutes in Trans Nzoia County.

## 2. SUPPLIER QUALITY COMMITMENT

Lysons and Gilligan (2003) define quality as the totality of features and characteristics of a product that bears on the ability to satisfy stated or implied needs define quality. All procurement entities struggle to ensure that the desired level of quality is reached in both products and services to get value for money spent as well as avoid rework, returns and rejects. Total quality management is a new concept being embraced by businesses entities to ensure that work is done correctly in all stages of production so that quality is in built and therefore avoid relying on specification as well as continuous monitoring and communication with user departments during evaluation. Quality is one of the key requirements of today's life. The main issue of quality might be outlined by customers' satisfaction. A customer requires and expects a product or service according to their own understanding of it and, as a result, this product or service can be either found by its perception or not. Thus, quality should be managed and controlled through all processes within an organization. To establish and maintain quality, companies and organizations are adopting quality management into their strategies. Quality management is defined in ISO 9000 as coordinated activities to guide and control an organization about quality (Finnish Standards Association SFS 2012). Therefore, to achieve this management of quality, companies have to establish quality management systems that supplement quality management.

The area of applying quality management systems is quite wide that can vary through all processes of purchasing, manufacturing and delivering of a product or service. All stages are equally significant in the scope of quality management. However, this study is focused on the purchasing department of a company. Thus, quality management and its application will be examined in the thesis only within the functions of the purchasing part of an organization. The purchasing department was chosen because of the wide scope of functions and its operation both in internal and external environments of a company. The purchasing department is responsible for sufficient processes within an organization e.g. procuring materials, supplier selection, etc. Thus, to ensure all these processes and maximize efficiency, a company has to implement a well-organized quality management system. Today quality is much more important than before. Quality of products and services has to be accepted by customers; thus, quality can be called as one of the main demanding parts in the whole bargaining process. Undoubtedly, globalization influences the development of quality meaning. Therefore, nowadays quality management includes four main activities of the managing of quality, which can be identified as follows: quality planning, quality control, quality improvement and quality assurance. All these four activities are essential pillars of quality management that are related to each other and could not function separately (Hoyle 2007.)

A study by Tracey (2008) on analysis of supplier and procurement issues in UK established that quality commitment is a determining factor for qualified supplier and is a key element and a good resource to cut production and material costs in order to survive or sustain competitive position in respective markets, hence development of an effective and rational supplier evaluation and selection is desirable. In the study, she observed that in South Korea for example, the supplier quality evaluation function's role has dramatically increased as companies sought to gain competitive advantage in the global market place. The effects of supplier quality evaluation were seen as a strategic resource for reaching high quality levels, fast delivery and cost savings. Companies such as General Motors, Mark & Spencer have been able to gain an improved competitive position through a better management of their purchasing activities (Amelia & John, 2003). A study conducted by Kithika et al (2013) on supplier evaluation practices established that supplier performance measurement, supplier audits, supplier development and supplier integration are the most used supplier quality

management practices. The study also established that from supplier quality management, an organization may enjoy among other benefits reduced lead times, increased responsiveness to customers', orders and enquiries, customer loyalty, increased profitability, reduced opportunity cost from lost sales and effective communication between the organization suppliers as well as customers. The study further recommended that suppliers should maintain reliable records so as to avoid the problem of poor visibility and traceability and that the organizations must build into their systems quality measures and continuous inspections so that disappointments of customers through discontinuous supply or supply of poor quality products.

According to report produced by EU (2008) in their survey on supplier evaluation in Germany, a competitive supplier sourcing process should be carried out in an open, objective and transparent manner can achieve best value for money in public procurement. Essential principles that should be observed in conducting the procurement function include supplier financial capacity, capability and readiness to embrace new technology among other factors. In addition to the above indicators, the findings of study conducted by Mwikali&Kavale (2012) revealed that cost factors, technical capability, quality assessment, organizational profile, service levels and risk factors, in that order of relative importance, are key factors affecting supplier selection in procurement management. The findings further indicated that supplier selection should be done by experts who are knowledgeable and have expertise to conduct the exercise professionally since supplier selection is a process vulnerable to personal and political interference especially in the public sector.

According Pamela (2013) in her study on the determinants of supplier selection and evaluation in Pakistan Telecom industry, supplier financial capacity expertise is one of the key factors which determine the eventual performance of both the supplier and procurement performance, the study depicted high correlation between the financial capacity of supplier and ability of supplier to deliver which in turn enhances procurement performance indicating a need for a strategic alliances for improved performance of the parties. Similarly, a study on the evaluation of procurement process in public institutions of Uganda, conducted in Makerere University established that reduction in purchasing cost through effective supplier evaluations is one of the most significant purposes of procurement. On average, public Universities in Uganda spent 80% of their budgets on activities related to the purchase of materials, hence cost reductions as a result of effective supplier evaluation allow the firm to pursue price competition strategies in downstream markets and sustain growth throughout the entire supply chain stream (Pontious, 2008). A Financial viability assessment evaluates the risk that, over the life of a proposed contract, a tenderer may not be able to deliver the goods and services which are specified in the contract or may not be able to fulfill guarantees or warranties provided for in the contract. As conducting financial viability assessments impose a cost on tenderers and the entity, assessments should be commensurate with the scale, scope and relative risk of the proposed project. The process for viability assessments should be conducted at an appropriate time in the tender process to minimize costs and time for both the entity and the tenderers. Consequently, the timing within a procurement process and the extent of financial viability assessments should be determined on a case by case basis and not mandated on an entity-wide basis (Australian Government- Department of finance)

Pamela (2013) stresses on the importance of supplier financial stability in determination of procurement performance. According to the Australian department of finance, the following factors should be considered when assessing project financial viability risk: The nature of the goods or services: level of complexity, Projects involving a complex procurement, such as payroll services and centralized information technology services, are higher risk than simple supplies procurements. More complex, high value and relatively important projects will normally be subject to a formal risk management process. This should include consideration of the need for and scope of financial viability assessment, Value of the procurement, Projects involving large value procurement are generally more risky than those involving small value procurement. However, procurement value should not be used as the sole indicator of project risk, In assessing financial viability risk, the value of a procurement within a project should be considered both in the context of relative value to the entity, and in the context of relative value to the likely tenderers or potential suppliers. Other factors; general economic factors, the tightness of the labour market, levels of demand for the required service, understanding of profit margins in the relevant industry, maturity of the relevant industry and the capacity of businesses to supply.

(Dobler and Burt 1996) mentioned that purchasing and procurement are often used interchangeably, and (Van Weele 2000) added that sometimes the term supply management or logistics management is also used. The definitions of purchasing are different, but they have something in common (Scheuing, 1989; Fearon *et al.*, 1992; Lysons, 1996). For example, obtaining external products or services is something that they all have in common, as is the fact that

“procurement should help the organization to reach its objectives” (Knudsen, 1999). Van Weele (2000) attempts to sort out the confusion by drawing the differences. Procurement includes all activities required in order to get the product from the supplier to its final destination, whereas purchasing covers all activities for which the company receives an invoice from outside parties (Knudsen, 1999). As can be seen from the definitions of performance measurement, in order for an organization to achieve its goals to satisfy its customer, the two most fundamental dimensions of performance are efficiency and effectiveness (Kotter, 1978; Neely, 1999). Efficiency measures how successfully the inputs have been transformed into outputs. Effectiveness measures how successfully the system achieves its desired output. The performance measurement system must span the same part of the supply chain that the purchasing department has control over. This part of the supply chain, spanning from suppliers to internal customers, is labelled the supply link. The supply link consists of three main actors: suppliers, the purchasing department and internal customers

The supply link must be measured in a way that lets the decision-maker understand how the efforts affect the results. The performance measurement system is supposed to provide the purchasing department with unbiased and objective information regarding performance in the supply link. The information analyzed constitutes a powerful source for improving the purchasing department's operations. In order to measure procurement performance, three main areas are proposed: representation of the supply link, efficiency of the supply link and effectiveness of the supply link

The representation of the supply link is described in terms of its environment and structure, and what activities and flows take place in the supply link. Finally, generic performance indicators of the supply link in terms of time, quality, flexibility and cost are used to measure efficiency and effectiveness. The efficiency in the supply link explains how well the resources are utilized. Since resources are scarce, it is in everyone's interest to maximize the utilization of the resources. The effectiveness of the supply link explains how well the objectives are achieved. Cavinato and Kauffman (1999) have discussed ten different purchasing performance measurement areas in their handbook. Van Weele(2000) and Knudsen (1999) recommended measurement areas that are derived from purchasing effectiveness. Purchasing effectiveness is defined as the extent to which, by choosing a certain course of action, a previously established goal or standard is being met. Further, purchasing efficiency is defined as the relationship between planned and actual sacrifices made in order to be able to realize a goal previously agreed upon.

As a consequence of these two definitions mentioned above, purchasing performance can be considered as the extent to which the purchasing function is able to realize its predetermined goals at the sacrifice of a minimum of the organization's resources. Hence, the four dimensions which measurement and evaluation of purchasing activities can be based on are a price/cost dimension, a product/quality dimension, a logistics dimension and an organization dimension.

The spectrum about procurement performance measurement begins with regards to the efficiency and effectiveness of the procurement process. Therefore, it leads to the development of a sound measurement system. The design of a reliable and effective measurement system has to include some kind of business model or mental model of the system as a whole. As there is an extensive list available in this field, a list of the possible measurement areas provided serve as the fundamentals. The most important factor that determines the type of measurement for assessment of performance is the status of the purchasing department in the organisation. Organisations where purchasing departments have a low, clerical status seems to focus only on operational efficiency measures, while in organisations where the purchasing department has a higher status, combinations of both the operational efficiency measures and effectiveness-related measures are used. Procurement involves numerous activities, consisting of many material and information flows. It is not as simple as to just convey a need from an internal customer to a supplier and then deliver the item to the internal customer. Instead, this process consists of activities that are continuously changing in intensity, duration and quality, thus producing variations in performance, efficiency and effectiveness of the purchasing department's work (Knudsen, 1999).

Since acquiring external sources in order to satisfy internal needs is a job with many varieties and options, it is important to consider the conditions and environment for procurement in order to produce good results. This also implies that a strategic plan for acquiring external sources has to exist, operating procedures have to be designed, customer needs have to be fulfilled and supplier markets have to be surveyed in advance. Likewise, there is a need to have a clear understanding of the environment and the structure of the purchasing department, which mainly consists of the purchasing department, internal customers and suppliers, in order to achieve customer satisfaction with a high level of efficiency and effectiveness (Knudsen, 1999).

At a tactical level, the operating procedure consists of numerous workflows as the purchasing department processes orders from internal customers. While carrying out the procedures, resources are being consumed and efficiency can be measured. The main objective of the purchasing department is to fulfil internal customers' needs. This gives rise to measurement of the effectiveness of the process to ensure that information about the extent to which the objective set at the strategic level has been reached or not. The key elements that should be investigated in the procurement performance measurement system are resources, procedures and output (Knudsen, 1999). In this system, the resources are dependent on what the purchasing department can provide, for example man-hours, cost of operation, and office and warehouse space. The procedures are the material and information flows of the department with the other components in the supply link, internal customers and suppliers. The outputs are the objectives of the department and the degree of customer satisfaction.

### 3. METHOD

This study adopted a survey design with a target population comprised 210 staff employees across the eight technical and vocational institutes in Trans Nzoia County; and a sample size of 100 employees population through stratified sampling technique. A questionnaire was used to collect data. Pilot was done to test the validity and reliability of data collection instrument. Data collected using the questionnaire was analyzed through SPSS (Statistical Packages of Social Sciences) version 21. Data was coded for analysis. Descriptive statistics such as mean and standard deviation was used to describe determinants of supplier selection and procurement performance. Correlation analysis with one tailed significant test was used to test the correlation between individual determinants of supplier evaluation and procurement performance while a multiple regression was used to test the overall effect of supplier evaluation on procurement performance. ANOVA test was conducted to test the statistical significance of the overall effect of supplier evaluation on procurement performance.

### 4. DISCUSSION

Quality is one of the key requirements of today's life. The main issue of quality might be outlined by customers' satisfaction. A customer requires and expects a product or service according to their own understanding of it and, as a result, this product or service can be either found by its perception or not. Thus, quality should be managed and controlled through all processes within an organization. To establish and maintain quality, companies and organizations are adopting quality management into their strategies. The first objective of the study aimed at determining the effect of Supplier's quality commitment on procurement performance in public institutions. The objective was assessed by use of statements in the questionnaire in which the respondents were required to state their position on the basis of a likert scale that was provided. In this part the study shows the effect of Supplier's quality commitment on procurement performance in public institutions. The objective was assessed by use of statements in the questionnaire that respondents were required to state their position on the basis of likert scales. The results according to the respondent's views are shown in Table 4.1

**Table 4.1 Influence of Supplier's quality commitment on procurement performance in public institutions**

statement	SA	A	N	D	SD	Total
the institution's staff is aware of quality standards	35.7	44.3	18.6	1.4	0	100
supplier's quality commitment is taken into consideration when making supplier selection decisions	35.7	41.4	5.7	11.4	5.8	100
supplier quality commitment is the key supplier selection decision criteria	31.4	45.7	5.7	7.2	10	100
measures are put to determine quality standards in the institute	11.4	47.1	7.2	28.6	5.7	100

The findings showed that majority 44.3 percent of the respondents agreed while 35.7percent strongly agreed that the institution's staff is aware of quality standards. 18.6percent were neutral and 1.4percent disagreed that the institution's staff is aware of quality standards. This means that in majority 80percent of the institution's staff is aware of quality standards.



The findings obtained data on whether supplier's quality commitment is taken into consideration when making supplier selection decisions. The results of data analysis results shows that majority 41.4percent of respondents agreed while 35.7percent strongly agreed that supplier's quality commitment is taken into consideration when making supplier selection decisions, totaling 77.1percent. But 5.7percent were neutral, 11.4percent disagreed while 5.8percent strongly disagreed to the statement that supplier's quality commitment is taken into consideration when making supplier selection decisions. This implies that majority of the respondents agreed that supplier's quality commitment is taken into consideration when making supplier selection decisions. Finding the right supplier can bring cost efficiency in to both goods and service purchasing, which often leads to that a company increases their competitiveness (Wu, 2007) (Bo van der Rhee, 2008) (Ng, 2008). According to Ramanathan (2007), the selection of the right suppliers also has a significant role regarding quality assurance of a corporate organization outputs.

Further, respondents when asked whether supplier quality commitment is the key supplier selection decision criteria, the results of the study also showed that majority 45.7percent of the respondents agreed while 31.4percent strongly agreed that supplier quality commitment is the key supplier selection decision criteria. But 5.7percent were neutral, 7.2percent disagreed and 10percent strongly disagreed. This shows that majority 77.1percent agreed that supplier quality commitment is the key supplier selection decision criteria. A study conducted by Kitheka et al (2013) on supplier evaluation practices established that supplier performance measurement, supplier audits, supplier development and supplier integration are the most used supplier quality management practices. The study also established that from supplier quality management, an organization may enjoy among other benefits reduced lead times, increased responsiveness to customers', orders and enquiries, customer loyalty, increased profitability, reduced opportunity cost from lost sales and effective communication between the organization suppliers as well as customers

The findings also showed majority 47.1percent of respondents agreed while 11.4percent strongly agreed that measures are put to determine quality standards in the institute. While 7.2percent were neutral, 28.6percent disagreed and 5.7percent strongly disagreed. This shows that majority 58.5percent agreed that the measures are put to determine quality standards in the institute. Today quality is much more important than before. Quality of products and services has to be accepted by customers; thus, quality can be called as one of the main demanding parts in the whole bargaining process. Undoubtedly, globalization influences the development of quality meaning. Therefore, nowadays quality management includes four main activities of the managing of quality, which can be identified as follows: quality planning, quality control, quality improvement and quality assurance. All these four activities are essential pillars of quality management that are related to each other and could not function separately (Hoyle 2007.)

#### 4.1 Inferential Statistics

The researcher did inferential statistics on the quantitative data. The statistics done included: correlation, regression and ANOVA. The results are presented in the section below.

##### 4.1.1 Effect of Supplier's quality commitment on procurement performance in public institutions

###### a) Correlation results

The study analysed data on the influence of supplier's quality to obtain the Pearson correlation and presented the results in Table 4.2.

**Table 4.2 Pearson Correlation of Influence of supplier's quality commitment on procurement performance in public institution**

Variable	Test	Procurement performance
Influence of supplier's quality commitment	Pearson Correlation	.679
	Sig. (2-tailed)	.000
	N	200

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

The study shows that supplier's quality commitment has positive relationship on procurement performance. The r value is 0.679 which is relative strong at 2 tailed significance of 0.000 which is below 0.01 significant levels.

**b) Regression results**

The study did regression on quantitative data between supplier's quality commitment and procurement performance and presented the findings in the Table 4.3.

**Table 4.3 Coefficients Determination of Influence of supplier's quality commitment and procurement performance**

Model 1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.918	.182		10.525	.000
Influence of supplier's quality commitment	.437	.353	.307	.869	.388

a. Dependent Variable: procurement performance

Table 4.3 provides the information needed to procurement performance from influence of supplier's quality commitment. Both the constant and supplier's quality commitment contribute significantly to the model. The regression equation is presented as follows;  $\text{procurement performance} = 2.918 + 0.437 (\text{Influence of supplier's quality commitment})$ .

**c) Model Summary**

The model summary of the relationship of supplier's quality commitment against procurement performance is presented in Table 4.4.

**Table 4.4 Model Summary of supplier's quality commitment against procurement performance**

Model 1	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.380	.144	.075	.674

a. Predictors: (Constant), supplier's quality commitment

Table 4.4 provides the R and R<sup>2</sup> value. The R value is 0.38, which represents the simple correlation. It indicates an average degree of correlation. The R<sup>2</sup> value indicates how much of the dependent variable, "procurement performance", can be explained by the independent variable, "supplier's quality commitment". In this case, 14.4 percent can be explained, which is relatively significant.

In summary

(Y)  $\text{Procurement performance} = 2.918 + 0.437 (\text{Influence of supplier's quality commitment})$ .

Therefore the overall regression model is

(Y)  $\text{Procurement performance} = 2.6334 + 0.437 (\text{Influence of supplier's quality commitment})$  Statistical analysis shows that supplier's quality commitment has highest influence on procurement performance. Based on these findings:

The null hypothesis H<sub>01</sub>: Supplier's quality commitment does not have a significant influence on procurement performance in public institutions: *is rejected* Therefore, Supplier's quality commitment has a significant influence on procurement performance in public institutions.

**5. CONCLUSIONS AND RECOMMENDATIONS**

Finding the right supplier can bring cost efficiency in to both goods and service purchasing, which often leads to that a company increases their competitiveness (Wu, 2007) (Bo van der Rhee, 2008) (Ng, 2008). According to Ramanathan (2007), the selection of the right suppliers also has a significant role regarding quality assurance of a corporate organization outputs. Basing on the findings, the study concluded as followings; The null hypothesis H<sub>01</sub>: Supplier's quality commitment does not have a significant influence on procurement performance in public institutions: *is rejected* Therefore, Supplier's quality commitment has a significant influence on procurement performance in public institutions.

Based on the findings, the study recommends that the county government of Trans Nzoia should ensure that supplier's quality commitment is taken into consideration when making supplier selection decisions in different public institutions within the county. The institution should ensure that measures are put to determine supplier financial capability in the

organization since it is the key to good procurement performance. The institutions should also provide proper and clear channels for suppliers to communicate their problems. The county government of Trans Nzoia should enable a commitment environment between Suppliers and work in relation to quality performance in procurement. The county government of Trans Nzoia should also ensure that suppliers are trained to be competent enough in their dealings. They should also ensure that on selecting the suppliers, factor in the criterion of selecting suppliers who are stable financially.

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