Role of Procurement Management on Performance of State Institutions in Kenya: A Case of Kenya Prisons Services

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ABSTRACT
The emergence of world competitors in domestic and international business has created the need for organizations to revamp their processes in order to remain competitive. This study was focused on analyzing the role of procurement management on performance of State Institutions in Kenya. The specific objectives of the study were: To establish the role of information technology, procurement planning, procurement policies, and contract management on organization Performance in the public Sector in Kenya; The study applied a descriptive research design. The target populations of the study were the 360 managerial level employees of Kamiti prisons, Langata prisons and Kamiti prisons. Data was collected by Stratified Random Sampling of the Kenya Prison Services workforce by the answering of questionnaires both quantitatively and qualitatively. The findings were analyzed using Statistical Package for Social Sciences (SPSS Version 21). From the correlation analysis, the study found that there is a strong positive relationship between the independent and dependent variable. At 5% level of significance and 95% level of confidence; information technology showed a 0.06 level of significant; procurement planning showed a 0.09 level of significant; procurement policies showed a 0.004 level of significant and contract management showed a 0.002 level of significant. The study established that e-procurement has significantly resulted to enhanced performance of State institutions and recommended for continued investment in modern technology. The study further established the lower level employees were not involved in procurement planning, lack of adequate ICT skills; non-compliance to the procurement policy negatively affected the performance of the state institutions.

Keywords: procurement management, contract management, prisons services

INTRODUCTION
In today’s dynamic business environment there is global competition that calls for organizations to focus on areas that have great potential to enhance their competitive advantage. The emergence of world competitors in domestic and international business creates need for organizations to revamp their processes in order to remain competitive. According to Cousins, (2005) the area of procurement and its management is very critical in ensuring organizations remain competitive in the stiff global market. Hoskisson & Ireland, (2007) argues that, the fundamental goal of organizations corporate and functional level strategies is the development of sustainable competitive advantage which can only be achieved when there is great focus on management of key organizations functional components like procurement management. Globally there has been a shift in conventional line of thought on procurement as one of the critical element of organization competitive weapon which needs to be properly utilized to guarantee organization good performance (Giunipero et al, 2006).
According to Monczka et al (2004) Organization can no longer avoid the importance of purchasing function as every business striving hard to reduce its cost of delivering most unique products and services to their customers and at meantime to protect the interest of stake holders on current uncertainty and volatile business environment. Carter & Ellram, (2003) considers procurement management as the competition focus of the 21st Century which will play a great pat in creating more value for organizations.
through purchase of inputs, services and facilities needed to produce a firm’s product. Without great focus on ensuring value addition in procurement, the organizations will still lag behind and eventually it will have very adverse effect in the organizations future operations.

There is a very significant role of procurement function which spreads not only on obtaining the right material, but also covering acquisition of product in the right quantities, with right delivery time and place, from the right source and at the right market place, contract management procurement planning, inventory management and logistics management. On average manufacturing companies account for more than 50% of their expenditure on acquisition of raw materials, components, supplies and services (Janda & Seshadri, 2001). This gives purchasing function tremendous potential to increase profits either by reducing the total costs or ensuring value for money is achieved in every purchase (Arnold & Chapman, 2004). Giuniper et al (2006) points out that purchasing function in an organization is very critical to organizational performance but its importance also goes beyond the organization to other stakeholders such as shareholders, suppliers, government, creditor’s debtors and customers.

A well-functioning procurement system based on transparency, competition, economy, efficiency and accountability is critical for good economic management and addressing leakages of government funds. The failure to properly manage the procurement process and systems can lead to wasted effort and poor development results consequently increased poverty and deprivation of social and economic rights of the citizenry (Makabira, 2014).

World Bank to improve performance of the procurement function, public procurement is still marred by shoddy works, poor quality goods and services (Basheka, 2009). Failure to implement or delayed implementation of recommended performance standards has resulted in unnecessarily high operation costs, uncoordinated business activities, and failure to attract and retain experienced and skilled personnel in the procurement positions, thus affecting the function’s performance. The organizational success of any organization is dependent on the appropriate procurement planning, supplier selections and contract management (Baily, 2008). Procurement is an increasingly important activity within most organization and severe financial and operational consequences can result from the failure to optimize the procurement function. Specifically, adherence to the procurement policies 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.

**Kenya Prisons Service**

Kenya Prisons System was introduced in Kenya by the British East Africa protectorate with the enactment of East Africa Prisons regulations in April, 1902. Towards independence, the prisons legislation that was passed in 1960 became effective on 1st February 1963 and has been revised only once. It derives its mandate from the Prisons Act (Cap 90) and Borstal Act (Cap 92) laws of Kenya. KPS is a department within the ministry of interior and coordination of national government and it’s headed by the Commissioner General of Prisons (CGP). The institutions main responsibility include and not limited to; Contain and keep the inmates in safe custody, Rehabilitation and reformation of offenders, Facilitate administration of justice and Promote prisoners opportunity for social re-integration . Its vision is to be a correctional service of excellence in Africa and beyond whereas its mission is to contain offenders in humane and safe conditions in order to facilitate responsive administration of justice, rehabilitation, social reintegration and community protection. Their motto is’Kurekebisha na Haki (Rehabilitation and Justice)

The core values of this important government department in relation to productivity are: Universal Justice where by the service is meant to apply the rule of Law in conducting its business and in so doing; it will always strive to be firm and fair, the service will always uphold its loyalty to the state and to humanity by giving dedicated service to all and it shall always uphold the virtue of discipline as key to its success. It is also, committed to promote honesty, transparency, accountability and professionalism; it shall uphold equity in service delivery and it shall respect and promote the unity of purpose and exchange of ideas and openness (Strategic plan ministry of Home Affairs 2008/09-2012/13)

Being an institution in the public sector, its procurement function and management are governed by the ‘Public Procurement and Asset Disposal Act, 2015’. Without mechanisms to monitor local performance
and to ensure adherence to good procurement practice in developing countries, public service objectives may not be met and scarce funds may be wasted on inappropriate purchases. In response to an increasingly competitive market place, the public service must not be left behind and in this case the Kenya Prisons Service which aims at improving service delivery to be in line with government policies, reforms and performance improvement measures. All this will depend on the efficiency of the procurement function therefore the reason why it is necessary to carry out a research on the role of procurement management on performance of public sector. The main purpose of this study was to establish or identify the role of procurement management at Kenya Prisons Service performance.

**Statement of the Problem**

According to Roodhooft & Abbeele (2006), Public organizations spends significant amount of funds allocated through the budget on procurement and therefore there is always a need to manage procurement in order to achieve value for money. According to OECD (2010) in average, public procurement account to12% of GDP and 29% of government expenditure in most of the countries in Africa. The costs associated to fraud in public procurement process cannot be underestimated. Research estimates on damages caused by corruption in procurement indicate that an average of between 10 to 25% of contract value is lost in dire process (Transparency international, 2015). Due to the highest value of public procurement expenditure the greatest challenge in management is usually issues of accountability and transparency (Hui et al, 2011).

The enactment of PPDA, 2005 and subsequent enactment of public procurement and asset disposal Act, 2015 was meant to ensure the best practices in procurement are instilled to the profession which would eventually result to best procurement practices. Adherence to the requirements of the act would constitute some of the best practices in procurement. However, there are cases of deviation from the regulations of the Act, which have resulted to great losses for organizations (Amayi & Ngugi, 2013). Study by Molkori (2015) point out that the long procurement process courtesy of the current public procurement system is likely to cause weaknesses to the whole system such as delayed deliveries, inadequate time to evaluate tenders and as well as contract management issue in case of a petition on the procurement process.

According to Ndungu, (2013) Kenya prisons services has been one of the organization in public sector which has been affected by corruption issues in the procurement function but the institution has endeavored to initiates strategies that are focused in enhancing efficiency in its services including the establishment of anti-corruption committee in all its branches. Also the organization has enacted corruption prevention policy and code of conduct and ethics in its entire department so as to ensure efficiency in procurement practices. The study by Mireri (2011) on internal factors affecting efficiency of procurement at Kenya Prisons Service shows that the institution has encountered lots of inefficiencies in procurement function which had affected its overall performance. The research study also found that accountability was affecting procurement processes at Kenya Prisons Service to a great extent and lack of accountability had created opportunities for corruption. It is therefore against this background that the study we are going to examine the role of Procurement Management on organization Performance in public sector in Kenya. Therefore the study was focused on evaluating various aspects of procurement management (technology, procurement planning, procurement policies and contract management) and their role on performance of State Institutions in Kenya.

**Objectives of the Study**

The general objective of the study was to examine the role of procurement management on performance of state institutions in Kenya

i. To determine the role of Information communication & Technology on performance of state institutions in Kenya

ii. To assess the role of procurement planning on performance of state institutions in Kenya

iii. To examine the role of procurement policy on performance of state institutions in Kenya

iv. To determine the role of contract management on performance of state institutions in Kenya

**Research Questions**

i. How does information communication and technology influence performance of state institutions in Kenya?
LITERATURE REVIEW
Theoretical Review
This section examines relevant theories to the study variables. Theory is a set of interrelated concepts, definitions and propositions, which provide systematic view of a phenomenon. Theory therefore guides practice and research, which then enables testing of the postulated theory. Through theory, a study is also able to generate questions for research. The theoretical framework attempts to answer the following questions such as what is the problem and why is the study’s approach the feasible solution to the problem (Abd El-Razek, Bassioni, & Mobarak, 2008). This section reviews theories related to the study. A Theory is a set of statements or principles devised to explain a group of facts or phenomena especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about natural phenomena. A formal theory is only meaningful when facts and relationships of the actual world match as they unfold (Kothari, 2006).

Transaction Cost Theory
Transaction cost theory grew out of the theory of the firm, and recently it has been used to explain the interaction in public sector and how they should observe value for money in all their procurement practices (Bartle and Korosec, 2000). Transaction costs are the price that market participants have to pay in order to reach an agreement, develop rules to implement this agreement, and establish the appropriate delivery system as part of the agreement (Rajeh, 2014). It explains why all the organization should work hard enough to enhance efficiency which would directly influence the organization performance (Bartle, 2002).

Transaction costs in public sector are connected with organization and administration of public, competitions, compensation of independent experts, legal knowhow of contracts, public tender reestablishing, costs arising from the delay in the implementation of public contracts, and lawsuit. In private sector, we can define processing applications, obtaining a qualification requirement, security deposit, and lawsuit (Boerner and Macher, 2002). Transaction costs regarding to the public procurement in public sector are estimated around 1.8% of the contract value (Rajeh, 2014). Therefore the procurement managers need to ensure there is efficiency in all their operation on first attempt since a repeat will increase the cost of administration and therefore affecting organization performance negatively.

In public procurement the transaction costs goes beyond the cost of acquisition but it involves also the cost of contract management such as contract administration, contract enforcement costs conflicts resolution, and decision-making (Solino & Gago, 2010). Therefore the consequences of enforcing the contract are tangible forms of transaction costs. Therefore there is a need for procurement personnel to manage these cost effectively so as to avoid impacting negatively on the overall costs of the organization. This theory explains the variable of technology and it advocates for its implementation of modern technology to reduce the transaction costs. Implementation of e-procurement therefore has an effect on the transaction costs that an organization is operating at. Potential savings could be made with the implementation of the e-procurement (Lee, 2004).

Resource Based View (RBV) Theory
Resource based view (RBV) focuses on the achievement of a competitive advantage through internal resources. Its focus is on optimum utilization of the organizational resources to achieve a competitive advantage over other organization. According to Barney (1991) the resource based view examines the link between a firm’s internal characteristics and performance. This theory recognizes that there is a
positive relationship between organization internal characteristics and the level of performance. Therefore organizations need to invest on their internal strengths in order to achieve positive performance. Resource based view is applicable in explaining the role of procurement planning in organization performance. The application of resource based theory will be applied in procurement planning to make key decisions which are likely to impact on the organization performance. The organizations need to make key decisions such as Make or buy, buy or outsource, hire or lease amongst others (Das, 2000). If an organization is lacking the resources and capabilities needed to perform these activities internally, they can be outsourced to external suppliers of the firm (McIvor, 2009). In procurement planning the organizations are able to evaluate the existing capabilities against the existing constraints which eventually will impact on the strategy applied by the organization.

Institutional Theory

Institutional theory views organization as an institution that is dependent on external pressures. The organization cannot operate on its own but it is influenced by external pressures such as regulatory structures, government agencies, laws, courts, and professions, as well as interest groups and public opinion (Brammer & Walker, 2007). An organization doesn’t have total freedom to act in a certain way but it has to highly rely on what is acceptable and permissible by the environment in which it’s operating from (Makau, 2014). This theory would relate well with the specific objective to establish the role of procurement policies on organization Performance in public sector. The public institutions in Kenya must operate under the laws of the land. Public procurement is usually regulated by the PPAD, 2015 which outlines how all procurement functions should be undertaken and outlines the responsibilities of various bodies in the procurement process. The organization must comply with all the procurement policies, rules and regulation outlined by the national government. On normative pillar, the procurement personnel are required by nature to exercise due diligence and observe professionalism in all their operations. On a cultural pillar the procurement personnel must operate within the organizational accepted code of conduct and within the organizational accepted behavior and culture (PPOA 2009).

The Principal-Agent Theory

The principal agent theory as advocated by Donahue, (1989) explains that procurement managers in public sector play a relationship role. According to Eyaa et al, (2011) an agency relationship is a contract under which one or more persons (principals) engages another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. Procurement managers take on the role of agent for elected representatives (Emaya,2013). Njiraini et al (2006) states that the proponents of this theory argue for increasing participation of the publics in the procurement processes in order to enhance efficiency and effectiveness in operation. Such participation is likely to enhance the scope of monitoring and enforcement of procurement policy by public agents and shift the responsibility from the elected representatives to the taxpayers, who are the main principals. This would result to enhanced profitability and service delivery (Soundry ,2007)

This theory is applicable in this study to explain the role of contract management on organization performance in public sector. The procurement department plays a key role to ensure the terms of contract are fully enforced and the best interest of the organization stakeholders are exercised Thai (2004). The management is the agents who should safeguard the interest of the owners of business or citizens in procurement. This theory will ensure the quality service is given by the suppliers and any term especially that may interfere with the wellbeing of the citizens is strictly enforced.

Conceptual Framework

Mugenda and Mugenda (2008), advances that a conceptual framework is a graphical or diagrammatic presentation of the relationship between variables in a study. In this study, the conceptual framework is based on variables that have been critically derived from the specific objectives. Figure 2.1 as illustrated shows how the independent variables affect organization performance in the public Sector in Kenya. The independent variables include procurement planning, technology, contract management and procurement policy while organization performance is the dependent variable.
RESEARCH METHODOLOGY
Research Design
This study applied a descriptive research design. This design allowed the researcher to study the elements in their natural form without making any alterations to them. The design also enabled the researcher to come up with descriptive statistics that assisted in explaining the relationship between independent
variables and the dependent variable. Descriptive design method provided both quantitative and qualitative data from cross section of the chosen population (Cooper and Schindler, 2003).

Study Population
Burns and Grove (2003) and Mugenda and Mugenda (2008) describe population as all the elements that meet the criteria for inclusion in a study. The study population was employees of Kenya prisons in Kenya while the target population was the 360 employees in the managerial level at Kamiti prisons, Langata Women prisons and industrial area prison. The target population for the purpose of this study comprised all managerial level employees since they were affected directly by the procurement function (Mereri, 2011). The reason the Kenya Prisons services had been selected for this study was because the study by Ndungu (2013) and Mereri (2011) had clearly outlined that procurement function at Kenya prisons services had been adversely affected by inappropriate procurement practices. Corruption had been mentioned as one of the key challenges affecting the procurement processes and therefore has affected the operations performance.

Table 3.1: Study Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Target population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kamiti Prisons</td>
<td>190</td>
</tr>
<tr>
<td>Langata Prisons</td>
<td>80</td>
</tr>
<tr>
<td>Industrial area prisons</td>
<td>90</td>
</tr>
<tr>
<td>Total</td>
<td>360</td>
</tr>
</tbody>
</table>

Sample and Sampling Technique
The sampling frame consisted of all departments managerial personnel both top management and lower level management. Personnel from all the department are involved in the procurement activities either as internal customers or user department and also they are used in offering services to final customers either directly or indirectly According to Saunders et al., (2012) sample size is defined as the number of respondents that a researcher uses to collect data that represents the entire population. Yamane’s formula was used to determine a sample size for a finite population;

\[
n = \frac{N}{1 + Ne^2}
\]

Where \( n \) = sample size required, \( N \) = population size, and \( e \) = alpha level, i.e. \( e = 0.05 \) when the confidence interval is 95%.

\[n=\frac{360}{(1+360*0.05^2)}\]

\[n=189\]

The sample size comprised of 189 managerial level employees at selected prisons. This study used simple random sampling to select the sample size of 189 respondents involved in the study. Simple random sampling was used for the study since the population is uniform and all elements for the study have equal chances of being selected.

Data Collection Method
This research applied both primary and secondary data. According to Maxwell (2013), primary data refers to data collected afresh and for the first time, and happen to be in its original character. This includes collection of data through a population study by the use of qualitative and quantitative techniques during the study. The primary data collection instrument used was questionnaire which was designed using the variables identified as important for meeting the survey objectives. According to Mugenda and Mugenda (2008), the open ended or unstructured questions permit greater depth of response from the respondents while the closed or structure questions are usually easier to analyze.

The data for the research was sourced mainly from both primary and secondary data. The study relied on primary data collected through administering a structured questionnaire comprising closed and open-ended questions, developed in line with the objectives of the study (Kothari 2004). The researcher sought permission from the head of human resources and administration in the organization. The questionnaires was administered through drop and pick system. Ample time was allowed for the respondent to fill the questionnaire. Secondary data was collected from websites, Newspapers, books, journals, university
library, and financial documents of the company, bulletins and magazine. One hundred and eighty nine (189) questionnaires were distributed to the managerial level employees working at Kamiti prisons, Langata Women prisons and industrial area prison. Out of the 189 questionnaires sent, 176 were fully filled contributing to a response rate of 93.12%.

Pilot Test
Pilot testing is a small-scale trial, where a few examinees take the test and comment on the mechanics of the test. They point out any problems with the test instructions, instances where items are not clear and formatting and other typographical errors and/or issues (Glesne, 2012). The questionnaires were pre-tested to establish the reliability and validity of the data collection instrument (Mugenda et al, 2008). This was done by providing the questionnaires to 10% of the sample size. The population involved in the pilot study was not included in the sample. The necessary correction or adjustments to the questionnaire were carried out where it’s deemed necessary based on the results from the pilot study. Regular cross checking and follow ups was done to ensure accuracy, relevance, completeness, consistency and uniformity of the data collected.

Reliability of Research Instrument
Creswell et al (2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. This study used the Cronbach’s’ Alpha (α) to examine the data reliability. Alpha was developed by Lee Cronbach in 1951 to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. The alpha values ranges between 0 and 1 with reliability increasing with the increase in value. Reliability scale describing the variables of the study was found to be sufficient because all the items and composite reliability coefficients were above 0.6 set as the acceptable minimum (Joppe, 2010). This study took an alpha value of 0.7 as the standard for testing the reliability of its questionnaires; meaning the questionnaires reliability score should have been be above 0.7. According to Mugenda & Mugenda, (2008) coefficient of 0.6-0.7 is a commonly accepted rule of thumb that indicates acceptable reliability. The findings show that there is a moderate correlation among the items. Results of the variables showed values above 0.7 as indicated : tested Information Technology (0.746), Procurement Planning (0.732), Procurement Policy (0.867) and contract management (0.776). The data collection instrument was reliable and the data collected from the respondents was reliable to drive a conclusion.

Validity of the Research Instrument
Patton (2002) states that validity determines whether the research truly measures what is really intended to measure or truthfulness of the research results. Tabulation of the results of a pretest helps determine whether the questionnaire will meet the objectives of the research (Winter 2010). All assessments of validity are subjective opinions based on the judgment of the researcher (Joppe, 2010). This study used the pilot study to help improve face validity of instruments.

Data Analysis and Presentation
The collected data was examined and checked for completeness and comprehensibility. The data was later be summarized, coded and tabulated. Descriptive statistics such as means, standard deviation and frequency distribution were analyzed statistically. Data presentation was done by the use of pie charts, bar charts and graphs, percentages and frequency tables. This ensured that the gathered information was clearly understood by describing what the respondents indicated. This study was expected to produce both quantitative and qualitative data. Quantitative data was analyzed by employing descriptive statistics and inferential analysis using Statistical Package for Social Science (SPSS Version 21). This technique gave simple summaries about the sample data and present quantitative descriptions in a manageable form, Gupta (2004). Together with simple graphics analysis, descriptive statistics form the basis of virtually every quantitative analysis to data, Kothari (2004). Correlation analysis was used to establish the relationship between the independent and dependent variables. The purpose of doing correlation was to help make a prediction on how the variables deviated from the normal. The hypothesis testing was done at 5% level of significance and SPSS was used for this
purpose. The data was presented using frequency distribution tables, bar charts and pie charts for easier understanding.

A regression model was also used to analyze relationships and predictions among variables under the study. Multiple regression analysis was used to determine the relationship between dependent (organization performance) and independent variables (information technology, procurement planning, procurement policy and Contract management). The regression model used was  

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \Sigma \]

Whereby: \( \beta_0 \) was the regression intercept; \( \beta_1-\beta_4 \) were the regression coefficients; \( Y \) was the dependent variable (organization performance); \( X_1 \) was the information technology; \( X_2 \) was procurement planning; \( X_3 \) procurement policy and \( X_4 \) contract management. Analysis of variance (ANOVA) was also be used to test the significance of the overall model at 95% level of significance.

RESULTS AND DISCUSSIONS

Background Information

The study did explore background information from the respondents where data on departmental sections, gender, age, highest level of education, and years of experience and job designation and is presented below.

Gender of the Respondent

The study sought to find out the gender of the respondents. From the findings, 71% of the respondents were female while only 29% of the respondents were male. This findings show that majority of the management level employees are male which is contrary to the affirmative action roles that require at least 30% of either gender in the management level of every sector. The results indicate that the two genders were adequately represented in the study since there is none which was more than the two-thirds. In addition the findings show that both genders have been involved in the study and therefore there was no gender bias on the study though there was no equal distribution of the gender.

![Gender of the Respondent](image)

Figure 4.1: Gender of the Respondent

Years of Service/Working period

The study sought to find out the years of experience of the respondents have worked for Kenya prisons services and the analysis has been presented in figure 4.2. Majority (45%) of the respondent had worked in the organization for a period of 11-15 years, 31% had worked for 6-11 years, 15% for a period above 15 years and 5% had worked less than 5 years. In most disciplinary Organizations like Prison services, the promotion to managerial level of management is highly based on the number of year of service as well as the managerial skills of the employees. It is for this reason the majority of people in the managerial level which is the target population for this study have been in this services for over 10 years. This implies that the majority of respondents have wide range of experience and therefore they understand the role procurement has had on the performance of the service. These findings were in line with Braxton (2008) that respondents with a high working experience assist in providing reliable data on the study problem since they have technical experience on the problem being investigated by the study.
Figure 4.2: Years of experience

Level of Education

Education is paramount in enabling the respondents to conceptualize issues related to performance of the service. It was established from the study that 62% of the respondents had bachelors, 28% had diplomas and 10% had post graduate degrees and above. The findings shows that majority of respondents working at KPS have bachelor degree qualifications contributing to 62% of the respondents. This implies that the majority of the respondents had the capability to accurately respond to the questionnaires since they have the knowledge and ability to conceptualize issues affecting the performance of the institution. This concurs with Joppe (2000) that during research process, respondents with technical knowledge on the study problem assist in gathering reliable and accurate data on the problem under investigation. This demonstrated that most of the organization employees were qualified professionals with technical knowledge and skills on the study problem. This is also a good sign that those people charged with responsibility of management have adequate skills to manage and provide leadership to the institution. This is shown in Figure 4.3 below.

Figure 4.3: Level of Education

Descriptive Analysis

The study set out to examine the role of procurement management on performance of state institutions in Kenya. To this end, four variables were conceptualized as components of procurement management thereof. These include: technology, procurement planning, procurement policy and contract management.

Information Communication & Technology

This section presents the findings on effects of information technology on performance of state institutions in Kenya. The respondents were further requested to indicate to which extent the e-procurement system has been implemented in the procurement management. Majority (65%) of the respondent indicated that the organization has moderately implemented e-procurement, 20% indicated to a little extent, 10% to great extent and 5% to a great extent. This implies that the organization has not fully implemented e-procurement in its procurement processes and therefore the organization has not fully benefited from technology. These findings are contrary to the findings of Kishor (2006) which indicated that organizations had fully embraced e-Procurement in its procurement processes and this had
resulted to enhance efficiency. The finding however is in agreement with Dai and Kauffman (2001) how argues that organizations are slowly implementing e procurement in order to enhance the efficiency in procurement

![Figure 4.4: The Extent of E-Procurement Implementation](image)

**Figure 4.4: The Extent of E-Procurement Implementation**

The study sought to find out the extent to which organization is using internet to undertake supplier sourcing and evaluation processes at Kenya Prison services. According to the findings, respondents strongly agree the organization is yet to automate and fully use online platforms to undertake sourcing and supplier evaluation. Figure 4.5 shows that 70% of the respondent agrees that the organization is using internet to source for suppliers to little extent while 25% to moderate extent and 5% to a great. This implies that the organization is still using the traditional way of sourcing for suppliers which is costly and time consuming for the organization. The findings of this study are in agreement with the findings of Ngugi and Mugo, (2012) which indicate that implementation of technology in undertaking procurement process has the capability of ensure there is internal operations efficiency. Some of this internal efficiency includes reduction of paperwork, saving time and reduction of the traction cost while undertaking procurement processes. The finding are in agreement with According to Noor et al.(2013) that e-procurement has been integrated in the procurement system and this will impact positively to the ease and speed of undertaking major procurement functions.

![Figure 4.5: Application of Internet in Supplier Sourcing and Evaluation](image)

**Figure 4.5: Application of Internet in Supplier Sourcing and Evaluation**

The respondents were also requested to indicate their level of skills in applying the new technology in procurement practices. According to the findings, 67% of employees indicated they have technological skills to a great extent, 23%b moderate extent, 5% to little extent and 5% to a great extent. This findings
indicate that majority of employees have adequate skills in applying the modern technology in the procurement processes. Therefore organization is not in the implementation of technology since majority has the necessary skills. The findings are in agreement with Parida, (2010), since the implementation of technology is not enough but organization also needs to invest on advancing employees skill so as to realize value of technology in procurement.

![employees' technological skills](image)

**Figure 4.6: Employees’ Technological Skills**

The respondents were requested to indicate the extent to which technology has enhanced transparency in procurement. 76% of the respondent indicated to a great extent, 11% to moderate extent, 8 % to a very great extent and 5%to a small extent. These findings imply that technology has enhanced openness through procurement processes especially in evaluation and advertisement of the tenders through internet. The findings are in agreement with the Nepelski, (2006) and Parida, (2010) who indicate that that technology is a tool used to ensure transparency is achieved throughout the procurement process by keeping traceable online electronic record of transactions. These findings are shown on Table 4.3.

**Table 4.3: Impact of Technology on Enhancing Transparency**

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>8</td>
</tr>
<tr>
<td>Great extent</td>
<td>76</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>11</td>
</tr>
<tr>
<td>Small extent</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

**4.5.2 Procurement Policy**

The respondents were asked to indicate to what extent the procurement policy has impacted on procurement performance using the Likert scale of very great extent, great extent, moderate extent, small extent and very small extent. The respondent indicated that the organization strictly adhere to the procurement Act and regulations with of a mean of 3.94. This indicating the organization is following PPDA (2015) as the guiding principle in all its procurement activities. PPOA (2009) indicates that all the public institution must adhere to the public procurement Act and regulation. Therefore the organization is applying the laid down rules and regulation on procurement.

The respondents indicated the organization apply the procurement manuals and notices as a guide to procurement activities to a moderate extent represented by a mean of 2.95. This is an indication that the employees are not fully aware of the manuals and the notices being issued regularly by the regulatory bodies and the ministry of finance. These findings are in agreement with Thai & Grimm (2009) findings which indicate that procurement rules and regulation are subject to lot of changes and continuous update of applicable laws is of essence in any organization.

The respondent indicated that they are fully aware of the requirements of the procurement regulations with a mean of 4.45 representing the awareness is to a great extent. This implies that the procurement personnel are fully aware of the procurement law and what is expected of them when undertaking the
Procurement processes. PPOA (2012) indicated that the first step to enhancing procurement efficiency is by enhancing awareness of the procurement policies to both the suppliers and the procuring entity. The respondent indicated that the PPDA (2015) has played a very minimal role to eliminate corruption in the organization. The mean was 2.46 which implied that PPDA (2015) helps to reduce corruption to a small extent. These imply that the organizations need to put more effort and measures which will assist to reduce the corruption in the organization. The findings are contrary to Thuo (2014) findings which indicated that public procurement policies had helped to reduce corruption and enhance fair treatment for suppliers.

Respondents indicated that public procurement policies had helped to enhance transparency significantly. The result showed a mean of 3.58 which implied that the policies helped to enhance transparency to a great extent. These shows the role of rules governing publication, evaluation and documentation have had a great impact in enhancing transparency in organizations. These findings are in agreement with the findings of Thai (2011), Thai & Grimm (2009), PPOA (2013) and Thuo (2014) which indicate transparency as the main achievement in implementing procurement laws and regulations.

**Procurement Planning**

**Table 4.4: Role of Procurement Policy in Procurement Performance**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adherence to Procurement Act and Regulations</td>
<td>3.94</td>
<td>.729</td>
</tr>
<tr>
<td>Application of Manuals and Legal Notices</td>
<td>2.95</td>
<td>.698</td>
</tr>
<tr>
<td>Procurement policies awareness</td>
<td>4.45</td>
<td>.079</td>
</tr>
<tr>
<td>The PPAD(2015) role in reduction of corruption</td>
<td>2.46</td>
<td>.632</td>
</tr>
<tr>
<td>The PPAD(2015) role in enhancing transparency</td>
<td>3.58</td>
<td>.766</td>
</tr>
</tbody>
</table>

The respondents were asked to indicate the extent to which they agreed with specific aspects of procurement planning has impacted on performance of State institutions. The research findings indicated that the organizations was applying budget as the basis of procurement planning where 54% of the respondent indicated it was being used to a great extent. This implies that the organization procurement process involves the formulation of procurement plans, which has to be consistent with the provident budget for the department. 66% of the respondent indicated that annul budgets are prepared and applied to a great extent while 56% of the respondent indicated that the plans are adhered to a great extent. This shows that the organization has realized the role of budgeting in ensuring there is efficiency in the organization. The findings are consistent with Chepkoech (2013) and Aladejebi and Adedeji(2015) study which considered procurement planning and budgeting as the most important activities in achieving all the laid down goals in the organization.

The findings indicated that 45% of the respondents were less involved in the formulation of the procurement plans. Therefore the employees are only given the plans to implement rather than being involved in formulation. This implies that the top management is not consultative enough and the interests of the subordinates are less considered while formulating the plan. This can result to poor working relationship between the top management and other employees in the organization. The findings are contrary to the Byokusheka (2010) and Basheka (2004) argued that employees involvement is very critical in formulation of procurement plans and the top management need to have necessary leadership skill which would enable them involve all employees in decision making.

The study finally indicated that the procurement thresholds are being observed to a small extent especially in the deciding which procurement method should be applied. This implies that the organization is not fully adhering to the procurement rules relating to procurement threshold. The findings are contrary to PPOA(2015) which indicates that the organizations must fully comply to the laid down procurement rules and regulation.
Table 4.5: Role of procurement Planning on Procurement Performance

<table>
<thead>
<tr>
<th></th>
<th>Very great extent (%)</th>
<th>Great extent (%)</th>
<th>Moderate extent (%)</th>
<th>Small extent (%)</th>
<th>Very small extent (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeting is basis of planning</td>
<td>3</td>
<td>54</td>
<td>33</td>
<td>7</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>Preparation of annual budgets</td>
<td>2</td>
<td>66</td>
<td>23</td>
<td>8</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Adherence to procurement plans</td>
<td>5</td>
<td>56</td>
<td>29</td>
<td>7</td>
<td>3</td>
<td>100</td>
</tr>
<tr>
<td>Employee involvement in planning</td>
<td>2</td>
<td>11</td>
<td>26</td>
<td>45</td>
<td>16</td>
<td>100</td>
</tr>
<tr>
<td>Adherence to Procurement thresholds</td>
<td>8</td>
<td>23</td>
<td>37</td>
<td>27</td>
<td>5</td>
<td>100</td>
</tr>
</tbody>
</table>

**Contract management**

Table 4.5 indicates the finding in relation to the extent to which contract management influenced performance of State institutions. The study indicated that the contracts were competitively awarded and therefore played a key role in ensuring there is cost efficiency in its operations. 45% of the respondent indicated that the contracts were awarded competitively and this can be attributed to the strict adherence to the procurement rules and regulation. The findings indicated that less effort was made to monitor the contract execution by the suppliers. 39% of the respondent indicated there is less focus on contract execution. This can be the main reason why most of the contract can end up partially complete or even delivery being made late.

The study indicates that 51% of the respondent agreed that there is a very close relationship between the buyer and the suppliers. This show the level of collaboration between the two parties which is very positive in ensuring that the suppliers are able to meet the buyers need and on time. The study also indicated that 47% of respondent agreed to a moderate extent that the organization has undertaken measures to analyze risks associated with engaging with a specific supplier. This finding implies that the organization is able to analyze potential risks of engaging a supplier and eventually being able to mitigate or make corrective measures to reduce the risk. The findings of this study are concurrent with the observations of Rogers (2005), Thuo (2014) and Gelderman et al., 2006) who have recognized the need of having strong contract management measures which eventually would result to efficiency in procurement and organization at large.

Table 4.6: Extent to which Contract Management Enhances Performance

<table>
<thead>
<tr>
<th></th>
<th>Very great extent (%)</th>
<th>Great extent (%)</th>
<th>Moderate extent (%)</th>
<th>Small extent (%)</th>
<th>Very small extent (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive award of contract</td>
<td>10</td>
<td>45</td>
<td>38</td>
<td>5</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Monitoring contract execution</td>
<td>7</td>
<td>15</td>
<td>39</td>
<td>38</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Close buyer-supplier relationship</td>
<td>4</td>
<td>26</td>
<td>51</td>
<td>18</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Supplier Risk analysis</td>
<td>8</td>
<td>15</td>
<td>47</td>
<td>24</td>
<td>6</td>
<td>100</td>
</tr>
<tr>
<td>Use of Contract management plan</td>
<td>0</td>
<td>9</td>
<td>22</td>
<td>48</td>
<td>21</td>
<td>100</td>
</tr>
</tbody>
</table>
Performance of State Institutions
The study sought to determine role of procurement management on performance of state institutions attributed to the adoption of the ICT, procurement planning, contract management and procurement policy. Findings in Table 4.7 below reveal improved performance of state institutions across the 5 year period running from the year 2012 to 2016. In the cost reduction, a majority of respondents affirmed having reduced from 0%-20% in 2012 (41.9%), to cost reduction by 0%-20% in 2013 (37.9%), 21%-40% in 2014 (34.80%), cost reduction by 21%-40% in 2015 and 21%-40% in 2016. Compliance index also recorded positive with a majority affirming having improved incrementally from 0%-20% in 2012 (42.30%), to compliance by 0%-20% in 2013 (37.7%), 21%-40% in 2014 (3.10%), compliance index improved by more than 40% in 2015 and reduced by more than 40% in 2016(37.50%). A similar trend was recorded in timely delivery, from improvement of 0%-20% in 2012 (44.10%), 0%-20% in 2013 (35.20%), 21%-40% in 2014 (36.40%), timely delivery improved by more than 40% in 2015(41.10%) and improved by more than 40% in 2016(37.30%). It can be deduced from the findings that performance of state institutions have considerable improved with the adoption of the ICT, procurement planning, contract management and procurement policy. The findings of this study are concurrent with the observations of Rogers (2005), Thuo (2014) recognized there is need of having strong cost reduction, compliance with rules and regulations measures which eventually would result to efficiency in procurement and organization at large.

Table 4.8: Performance of State Institutions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Reduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced by 0%-20%</td>
<td>41.9</td>
<td>37.9</td>
<td>33.8</td>
<td>29.7</td>
<td>29.1</td>
</tr>
<tr>
<td>Reduced by 21%-40%</td>
<td>33.2</td>
<td>29.6</td>
<td>34.8</td>
<td>31.3</td>
<td>34.7</td>
</tr>
<tr>
<td>Reduced by more than 40%</td>
<td>24.9</td>
<td>31.5</td>
<td>31.4</td>
<td>39.0</td>
<td>36.2</td>
</tr>
<tr>
<td>Compliance Index</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved by 0%-20%</td>
<td>42.3</td>
<td>37.7</td>
<td>31.6</td>
<td>30.7</td>
<td>29.5</td>
</tr>
<tr>
<td>Improved by 21%-40%</td>
<td>31.8</td>
<td>32.9</td>
<td>36.1</td>
<td>28.2</td>
<td>33</td>
</tr>
<tr>
<td>Improved by more than 40%</td>
<td>25.9</td>
<td>29.4</td>
<td>32.3</td>
<td>41.1</td>
<td>37.5</td>
</tr>
<tr>
<td>Timely Delivery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved by 0%-20%</td>
<td>44.1</td>
<td>35.2</td>
<td>33.4</td>
<td>25.7</td>
<td>27.1</td>
</tr>
<tr>
<td>Improved by 21%-40%</td>
<td>31.7</td>
<td>32.6</td>
<td>30.2</td>
<td>33.9</td>
<td>35.6</td>
</tr>
<tr>
<td>Improved by more than 40%</td>
<td>23.5</td>
<td>32.2</td>
<td>36.4</td>
<td>40.4</td>
<td>37.3</td>
</tr>
</tbody>
</table>

4.6 Multiple Regression Analysis Model
The study adopted a multiple regression analysis so as to establish the relationship of independent variables and dependent variables. The study applied SPSS to compute the measurements of the multiple regression analysis. According to the model summary Table 4.9, the coefficient of determination ($R^2$) is used to measure how far the regression model’s ability to explain the variation of the independent variables. $R$ is the correlation coefficient which shows the relationship between the independent variables and depedent variable. It is notable that there exists strong positive relationship between the independent variables and dependent variable as shown by $R$ value (0.861). The coefficient of determination is between zero and one (Robinson, 2010). The data showed that the high $R$ square is 0.741. It shows that the independent variables in the study were able to explain 74.10% variation in the performance of the state institutions while the remaining 25.90% is explained by the variables or other aspects outside the model. The standard error is minimal with a value of 0.01 meaning the model used in the study would have minimal effects of errors associated with performance of state institutions. This shows that the model has a good fit since the value is 60%. This concurs with Graham (2012) that $R$-squared is always between 0 and 100%; 0% indicates that the model explains none of the variability of the response data around its mean and 100% indicates that the model explains the variability of the response data around its mean. In general, the higher the $R$-squared, the better the model fits the data. This indicates that information communication and technology, procurement policy, procurement planning and contract management need to be well implemented to enhance performance of the state institutions in Kenya.
F-test was done to test the effect of independent variables on the dependent variable simultaneously. According to Brymann and Cramer (2011), F-statistic test basically shows whether all the independent variables included in the model jointly influence the dependent variable. Based on the study results of the ANOVA Test or F-test in Table 4.9, obtained F-count (calculated) value was 10.319 greater the F-critical (table) value 2.345 with significance of 0.000. Since the significance level of 0.000 < 0.05 we conclude that the set of independent variables affect the performance of state institutions (Y-dependent variable) and this shows that the overall model was significant. The study conducted a multiple regression analysis so as to determine the relationship between the dependent variable and independent variables. With the aid of model \( Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon \); \( Y \) = Dependent variable (implementation of procurement outsourcing practices in state institutions); \( \alpha \) = Constant (The intercept of the model), \( \beta \) = Coefficient of the X variables (independent variables); \( X_1 \) = ICT; \( X_2 \) = Procurement Policy; \( X_3 \) = Procurement Planning; \( X_4 \) = Contract Management; \( \epsilon \) = was the error. Therefore, the general form of the equation was to predict performance of state institutions from \( X_1 \) = ICT; \( X_2 \) = Procurement Policy; \( X_3 \) = Procurement Planning; \( X_4 \) = Contract Management is: \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon \) becomes: \( Y = 10.864 + 0.820X_1 + 0.788X_2 + 0.652X_3 + 0.570X_4 + 1.136 \). This indicates that Performance of state institutions = 10.864 + 0.820*Procurement Planning + 0.7788*Contract Management + 0.652*ICT + 0.570*Procurement Policy + 1.136. From the study findings on the regression equation established, taking all factors into account (independent variables) constant at zero performance of state institutions would be 10.864. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in procurement planning would lead to a 0.820 increase in performance of state institutions. Based at 5% level of significance, procurement planning was found to have a calculated \( t = 7.008 \) (greater than the tabulated value of \( t > 1.96 \)) and a significance level of 0.000. This indicates that procurement planning influenced performance of state institutions in Kenya. The study results corroborates with the findings by Deloitte Consulting (2014) in their survey on the performance in the public sector concluded that was claiming an inordinate amount of procurement planning time and attention greatly affected the implementation and performance of the government operations.

A unit increase in contract management would lead to a 0.7889 increase in performance of state institutions, contract management show a calculated \( t = 6.406 \) (greater than the tabulated value of \( t > 1.96 \)) and a significance level of 0.002 thus the value of less than 0.05. This indicates that contract management influence performance of state institutions in Kenya. This provides the contract management capacity to focus on the activity, performance standards, and results achieved in respect to the work involved in the planning for, the establishment and subsequent management and use of supply arrangements in the public sector. This helps to ensure the organization achieves maximum spending leverage in supply negotiations. It also ensures consistent and thorough market analysis, costing measures, and compliance methods are applied to each expenditure category (SDPC, 2009).

A unit increase in ICT would lead to 0.652 increases in performance of state institutions. The ICT was found to have a calculated \( t = 5.927 \) (greater than the tabulated value of \( t > 1.96 \)) and significance level of 0.003 thus the value of less than 0.05. This indicates that ICT influenced performance of state institutions in Kenya. Mahmoodzadeh, Jalalinia, and Yidzi (2009) suggest that ICT enhancement has been among the most significant transformations occurring in the public organization of work across all industrialized world.

A unit increase procurement policy would lead to 0.570 increases in performance of state institutions. Based at 5% level of significance procurement policy was found to have a calculated \( t = 5.000 \) (greater than the tabulated value of \( t > 1.96 \)) and significance level of 0.005 thus the value of less than 0.05. This shows that procurement policy influenced performance of state institutions in Kenya. This is in line with Kakwezi and Nyeko (2010) who emphasize the need to make appropriate mid to longer-term policies in procurement process capabilities. The rules and regulations should be used to improve strategies, policies, practices, as well as the organizational tools and technological upgrades needed to achieve the targeted level in the procurement management process and control.
Table 4.9: Model Summary (Overall)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.861</td>
<td>.741</td>
<td>.719</td>
<td>.001</td>
</tr>
</tbody>
</table>

**ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>d.f</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>15.908</td>
<td>4</td>
<td>3.977</td>
<td>10.319</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>65.908</td>
<td>171</td>
<td>.3854</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81.816</td>
<td>175</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NB: F-critical value = 2.345

**Coefficient Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>10.864</td>
<td>1.136</td>
</tr>
<tr>
<td>X₁-PP</td>
<td>.820</td>
<td>.117</td>
</tr>
<tr>
<td>X₃-ICT</td>
<td>.652</td>
<td>.110</td>
</tr>
<tr>
<td>X₄-PrP</td>
<td>.570</td>
<td>.114</td>
</tr>
</tbody>
</table>

**CONCLUSION**

From the foregoing findings, the study concludes that there is a positive relationship between application of Information technology in procurement and the performance of State Institutions in Kenya. The application of E-procurement has proved to enhance transparency and competitiveness in the process of sourcing for suppliers in the organization. It has enhanced competition which eventually results to reduce cost of materials, enhanced quality of products, and enhanced customer satisfaction. E-procurement has also resulted to reduced use of paper works and therefore saving on cost and enhancing speed of operations which is very critical in ensuring customer needs are met on time. The employees technological skills has identified as acritical factor in ensuring the e-procurement is able to enhance effectiveness and efficiency in the performance of the organization. Technology would add no value if the employees lack the necessary skills to use such technology. The study has established a positive relationship between procurement policies and performance of State Institutions in Kenya. The laid down policies have been established to ensure that organizations are able to obtain value for money in all procurement activities. The organization employees need to be aware of the laid down regulations and they should fully comply in order to ensure the organizational goals are achieved. The PPDA (2015) has the underlying regulations in public procurement and it’s aimed to ensure competition, fair treatment, transparency and value for money is achieved in all procurement activities. Open tendering system has been applied to ensure there is cost efficiency and quality products are obtained. Though the procurement rules and regulations have been largely complied with, the problem of corruption is still rampant in public procurement. The findings of this study indicate that procurement planning is very critical in performance of State Institutions. Annul procurement plans have largely been applied in the organization resulting to accomplishment of laid down organizational or departmental objectives. Despite the used of budgeting principles in formulation of the procurement plans, all the employees have not been fully involved in the
formulation and preparation of the plans. The organization is not fully compliant with the laid down procurement thresholds which may result to wrong procurement method being applied to acquire given class of goods or services.

The study has established a positive relationship between contract management and performance of State Institutions. KPS has established close buyer-supplier relationship which positively enhances the performance of the organization in terms of quality and delivery time. The procurement department has been less involved in monitoring the execution of the contract which can be attributed to the close supplier relationship. The risk assessment on suppliers has also been applied as a tool of assessing the supplier’s capability to supply quality product and delivery on time. Finally, the study has revealed that KPS contract award are purely based on competitive process which results to the best and most capable supplier being awarded the contract.

It can finally be deduced from the findings that procurement management has a direct impact on the performance of State Institutions in Kenya. Products quality, delivery time and level of customer satisfactions are significantly determined by the way procurement activities are undertaken and managed within an organization. As evidenced by inferential statistics, Procurement planning, information technology, procurement policies and contract management significantly impacts on the performance of State Institutions.

RECOMMENDATIONS

- Implementation of Information technology in procurement is very critical in determining the level of organization performance. The organization should provide more training on their staff on the application of different systems and technologies applicable in procuring goods and services.
- Procurement rules and regulations are very important in ensuring the organization is able to achieve its overall goals. The government should review the existing procurement laws with an intention of sealing all the loopholes which are being applied by employees to advance unethical practices such as corruptions.
- Procurement planning is usually the first stage of procurement process and therefore organizations need to develop the skills of the employees on developing quality procurement plans based on the approved budgets. The procurement personnel’s in State Institutions need to carefully study and understand the applicable procurement thresholds in different situations and relevant procurement method applicable.
- The State Institutions need to establish close buyer-supplier relationship which enables the two parties to collectively share necessary information without jeopardizing on the performance of either party. The organizations need to continuously award contracts based on competitive vetting which ensures that the best, most capable and cost effective suppliers are awarded the contracts.

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