

ROLE OF STRATEGIC PROCUREMENT PRACTICES ON PERFORMANCE OF NYANDARUA COUNTY GOVERNMENT

Wachira Shelmith Wanjiru

School of Business Management and Economics,
Dedan Kimathi University of Technology, Kenya

Dr. David Kiarie

School of Business Management and Economics,
Dedan Kimathi University of Technology, Kenya

Dr. Pamela Marendi

School of Business Management and Economics,
Dedan Kimathi University of Technology, Kenya

CITATION: Wanjiru, W., S., Kiarie, D., Marendi, P. (2018) Role of Strategic Procurement Practices On Performance of Nyandarua County Government. *International Journal of Human Resources and Procurement*. Vol. 7 (4) pp 64 – 74.

ABSTRACT

The main objective of this study was to establish the role of strategic procurement practices on the performance of Nyandarua County Government. More specifically the study examined the influence of buyer supplier relationship on the performance of the County. Theory used in the study was Agency Theory. Descriptive survey research design was adopted. Target population includes 65 employees; 30 working in the headquarters, 20 distributed across the sub-county offices in the county and 15 chief officer. Census method was adopted and all employees were taken as respondents. The study used interviews and structured questionnaires to collect data from the respondents. The collected data was analyzed using statistical package for social sciences (IBM SPSS). Data was analyzed using descriptive statistics including frequency, percentages, mean and standard deviation, and inferential statistics which includes regression and correlation analysis and was presented in tables and figures. The study established that buyer supplier relationship had weak positive but significant relationship with the performance of the county government. The study concluded that buyer supplier relationship is important determinant of the performance of the county government. The study recommended that, county should embrace the use of strategic procurement practices to ensure improved performance in the county government.

Keywords– Buyer supplier relationship, Nyandarua County, performance, Procurement, Strategic Procurement Practices

I. INTRODUCTION

Organizations are run in an environment that comprises of innumerable economic and political interference to their sources of supplies and services; therefore to thrive in this tumultuous environment, these organizations must keep on monitoring their competitive situation together with their internally controllable processes, particularly the procurement process (Isaac & Robert, 2015). Giunipero and Sawchuck (2013) observed that procurement involves the measures adopted by the purchasing organization to incorporate supply chain so as to reduce on costs and time and increase the output. Strategic procurement sets out the means by which procurement policy objectives will be achieved through prioritised ‘action plans’. Makabila (2014) further noted that procurement is rather an essential and pricey business activity for organizations. The author noted that the reason for this is that organizations mostly splurge huge portions of their incomes and operational financial plan on buying goods and services in addition to hiring contractors and consultants to execute works and services. Thai (2005) observed that any organization which purchases wares or services must ensure they have in place effective standard procurement measures, methods they employ in acquiring those stuffs necessary for an organization to provide goods/services to its customers. These procedures should put into considerations all aspects of the procurement cycle, comprising of supplier selection, negotiations of contract, placement of orders and payment and should make certain that appropriate service delivery is observed. In the view of Callender and

Matthews (2012) strategic procurement management is an information area that entails vendors' selection, negotiation of their terms over and above working towards optimizing the ongoing relationships with them. To improve the performance of an organization, focus should be directed on factors domestic to the organization besides the organization's structure.

Isaac and Robert (2015) observed that strategic procurement is perhaps the main noteworthy feature characterizing an organization's transformation to supply management. On the other hand, it is the aspect of supply management that provides a number of the most pronounced benefits to the organization. The two authors observed that sourcing being among major steps in the procurement process, involves the recognition and selection of the suppliers whose overheads, qualities, technologies, aptness, steadfastness, and service best addresses the organization's requirements.

According to Maryam, Malarvizhi, Abdullah and Sreenivasan (2014) procurement has emerged as a strategy for reducing cost in addition to enhancing the quality so as to augment the effectiveness of the procurement role and lessen the production costs. Timothy (2015) adds that strategic procurement can be viewed from three focal dimensions that include development and management of important suppliers, in-house functioning of the procurement function and synchronization of purchasing and other functions in the firm, as well as efforts to accomplish or surpass customer expectations. Strategic procurement is therefore looked at as one of the focal function of an organization with the prospective of saving costs, enhance operational effectiveness, access to trusted suppliers, and enhance the quality of product or service, sharing of best practices and many more.

II. GLOBAL PERSPECTIVE ON STRATEGIC PROCUREMENT

According to Robson (2013), companies that have adopted globalization react to the impediments of organizational performance by implementing better procurement practices. Further Karanja and Kiarie (2015) observed that procurement procedures gives the right measures and key performance indicators that play a significant role in helping the global firm when juggling performance, capital, costs and operational logistics from rearranged departments and manufacturing amenities. Procurement processes present assimilation to globalizing companies but they hardly provide interim solutions to all market penetration and other business infrastructure (Karanja & Kiarie, 2015).

Innovative public procurement has been discussed worldwide to understand how governments can help in coming up with new technologies and encourage the growth of businesses, research and, in addition, the economy. Even though the issue has been a subject of focus in Europe, there is hardly any research papers on this matter in the US as well as US examples of public procurement that might have triggered innovation beyond the national defense and security areas. Though the United States has a strategic orientation in their public procurement, it is not linked to innovation as such (Fraunhofer Report, 2005).

According to Ivalua Procurement Executives Survey of 2013, a majority of procurement executives (73%) stated that the objectives of their procurement department are linked to the global objectives of their companies. Among the companies that have not yet followed their corporate procurement strategy, 11% believe that a shift is in their near future. A strong correlation exists between the level of maturity of procurement departments and if procurement objectives mirror corporate objectives. The wide majority of organizations qualified as mature by the procurement executives stating that their corporate and procurement objectives are linked.

In the context of increased competition on the telecommunications market, the Group's management of Nokia Networks Solutions stressed the need to accelerate the pace of innovation and to create radically different business models to maintain its leading position on the market. The procurement department plays a key role in the deployment of this strategy. Process standardization at global level, suppliers' performance improvement and cost optimization are among the concrete actions implemented by the procurement department which are directly linked to global corporate achievements (IVALUA, 2013).

In Iran, Maryam, Malarvizhi, Abdullah & Sreenivasan (2014) noted that procurement is a dominant work for organizations to master due to issues such as amplified global scale of operations, improved practice of outsourcing, and the buyers' inclined dependence on suppliers' capabilities. Consequently, the transformation of procurement practices has arisen from the lowly, back-end processes into a strategic resource during the last decade. They asserted that the principal expense item for every business is mostly indicated by the purchase of goods and services. It is estimated that for every dollar a company acquires from the sale of a product it expends over fifty percent of this one dollar (from \$0.50 to \$0.60) on buying goods and services. In just about all manufacturing organizations, the procurement area is the largest single category of spend, ranging from fifty to eighty five percent of revenue. Therefore, the function of procurement is very important for companies especially manufacturing organizations because purchasing materials and services cover the highest proportion of the cost of goods sold (Maryam et.al, 2014).

Procurement departments have deployed strategies to reduce purchasing costs at a global level using many methods such as centralization, standardization needs, and reducing the number of suppliers. Procurement departments are given free rein to reinvent their role and participate in the creation of value beyond cost-killing through many new performance procedures: risk management, suppliers' innovation management, and CSR.

Procurement departments can no longer stand alone in the company infrastructure; they must now integrate themselves with other divisions to optimize procurement. One option available is supplier clusters. The idea of supplier groupings is not novel and was brought to light by the Japanese automotive industry, where the preference has been for producers to invest in the supply base rather than rationalize it, in order to find more efficient and effective ways of sourcing strategically important component parts or services (Chesire & Geoffrey, 2015).

III. REGIONAL PERSPECTIVE ON STRATEGIC PROCUREMENT

In a research conducted in Ghana, Justin (2014) observed that due to the scarce revenue base of the country which is worsened by the dwindling tax input as a result of SME businesses folding up, it stands to reason that the personnel tasked to oversee and administer local governance, develop management practices for strategic procurement which will guarantee that the worth of the money invested is always attained in all procurement undertakings. He noted that across the world, the practice of purchasing in both corporate and governmental procurement has transitioned from a contained, operational activity to one that is more consolidated and strategic in practice and in nature.

Maurice (2014) in his study on procurement practices influencing service delivery in KPLC noted that in less developed countries, public procurement is progressively more acknowledged as indispensable in service delivery and accounts for colossal proportion of total expenditures. Nevertheless, there is a rising appreciation that, despite noteworthy increases in resources, public service delivery is declining in many emerging economies. Justin (2014) observes that organizations which recognize procurement as an entirely administrative function, may not have experienced the advantages of new procurement technologies that provide the ability to improve efficiency, costs reduction over and above building healthy associations with supply chain associates.

Jonathan, Odukoya, Aderemi, and Olowookere (2013) in his study of West African Examinations Council (WAEC), Ghana National Office asserted that improved organizational performance is determined by how an entity strategically trade-off cost (efficiency) and responsiveness at all levels. Incorporating procurement practices into existing structures has the potential of yielding positive returns for the organization.

According to Justin (2014), few years ago, Ghana Government realized the enormous amounts of money that went down the drain because of uncoordinated and unregulated procurement activities of ministries departments and agencies. Consequently, Public Procurement Act (Act 663) was promulgated in 2003 to introduce some sanity into the procurement functions of public institutions. This was also aimed at enhancing government procurement services to avoid the subsequent wastage of public resources.

IV. LOCAL PERSPECTIVE ON STRATEGIC PROCUREMENT

Many researchers have studied the influence of procurement on organizational performance in Kenya. David and Geoffrey (2015) noted that the function of procurement in Kenya has been engrossed with enormous scandals and mortification, which have been blamed on pitiable handling of information relating to procurement hence leading to unwarranted corruption. They observed that in today's dynamic globalized competitive business environment, hi-tech based service no longer becomes an addendum; rather it is essential for all kinds of organizations. It has emerged that it is crucial for organizations to present their clientele with favorable total cost solution and superior customer satisfaction with novel ideas and methods. According to David and Geoffrey (2015) it is necessary to have a robust computerized procurement structure that is interlinked which eventually leads to improved competitiveness and reduced costs.

According to Kiarie and Karanja (2015), despite the attempts by the private industries in emerging economies, like Kenya and growth associates like World Bank to develop performance of the procurement function, procurement is still stained by sloppy works, poor quality goods and services. This persistent predicament has occasioned a decline of procurement/supply performance of many private companies. Failure to put into practice or overdue execution of the recommended procurement processes has resulted in unreasonably high operation costs, poor inventory control, intolerable supplier appraisals standards, clumsy business activities, and failure to have skilled employees in the procurement positions, consequently upsetting the procurement function's performance (Kiarie & Karanja, 2015).

A study by Elijah (2013) on "challenges of implementing procurement strategy in Kenya Power and Lighting Company (KPLC)" noted that some of the challenges the organization faced included customer dissatisfaction, delay in acquisition of goods and services and setback in compensation of service providers/suppliers. He noted that the performance of this organization in terms of procurement strategy of goods and services in the recent past has been below expectation and this has raised anxiety among the stakeholders. According to KPLC Customer satisfaction survey of 2010, 2011 and 2012, carried out by m/s Consumer Options Limited, it was notable that the percentage index had been fluctuating; 69%, 70% and 66% respectively (Elijah, 2013).

V. COUNTY GOVERNMENT OF NYANDARUA

Nyandarua is one of the county governments envisioned by the 2010 Constitution of Kenya as the units of devolved government. It is divided into five sub-counties namely, Kinangop, Kipipiri, Oljoroorok, Ndaragwa and Ol'Kalou. The sub-counties are further divided into twenty-five wards where a Member of County Assembly heads each. Nyandarua County has ten ministries which are all headed by Ministers who are appointed by the Governor, they include: Youth and Sports, Education, Health Services, Agriculture and Livestock, Water and Environment, Land and Housing, Transport and Public Works, Public administration and I.C.T, Finance and Economic Planning and Trade and Industrialization. Each ministry has procurement officials who carry out the procurement activities of their respective ministry.

VI. STATEMENT OF THE PROBLEM

In most public institutions, procurement departments are characterized by various inefficiencies like poor record keeping, delays in paying suppliers, increased procurement cycle time among others (Ombaka, 2013). The author further averred that if procurement practices are occasioned by inefficiencies, then they would be moved to other sections in an organization which ultimately hampers the potential of good performance. Oyuke and Shale (2014) observed that most of what has been documented on the connection between firm strategy and procurement appears in the trendy press and remains practically uncharted in the scholarly literature. According to Porter (2006), if a procurement tool is solely used by a firm to keep tempo with its competitors, without the consideration as to how it fits into its corporate strategy; the outcome may be lower than optimal. He further states that professionals dealing with purchasing must acknowledge that these tools embody a means for the function to achieve its goals and not a substitute for well-developed and implemented strategies. Oyuke and Shale (2014), note that failure by purchasing/supply management professionals to acknowledge this fact, may in due course lead to wastage of valuable financial and human resources and fall short in contributing fully to the general goals and objectives of the firm.

A number of studies have been conducted on the link between strategic procurement and organizational performance. For instance, studies by Oyuke and Shale (2014) on strategic procurement practices on organizational performance, Kwasira and Muiga (2016) on role of strategic procurement practices in realization of corporate goals in public secondary schools and Mairura (2015) on the effects of procurement practices on the performance of commercial state owned enterprises. However, it is notable that there is no research in Kenya that has linked strategic procurement practices on the performance of devolved governments and more so in Nyandarua County Government. This study therefore examines the role of strategic procurement practices on the performance of Nyandarua County Government in Kenya.

VII. OBJECTIVE OF THE STUDY

The purpose of this study is to determine the role of strategic procurement practices on the performance of Nyandarua County Government.

VIII. RESEARCH QUESTIONNAIRE

How does supplier relationship management affect the performance of Nyandarua County Government?

IX. THEORETICAL REVIEW

Agency Theory

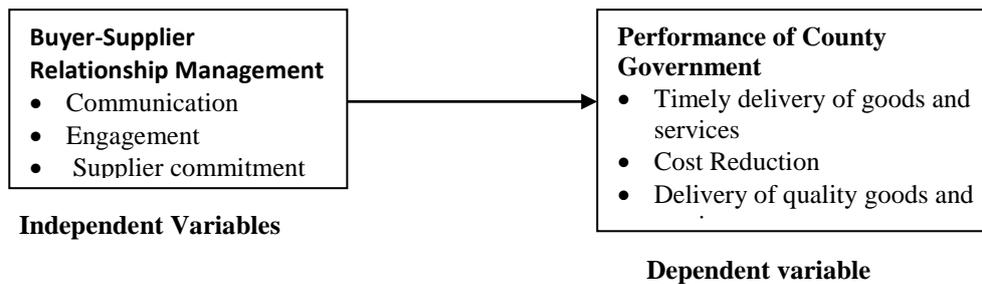
In the Agency Theory, a contractual relationship is entered by two persons; that is; the principal and the agent to perform some service. This involves delegating some decision-making authority to the agent by the principal (Kimeria & Ngugi, 2013). At the same time, an agent is a person employed for bringing his principal into a contractual relationship with a third party. He does not make a contract on his own behalf. The legal doctrine that applies is *quifacit per aliumfacit per se* (he who does something through another does it himself) (Kanbur, 2009). Agency Theory is concerned with agency relationships. The two parties have an agency relationship where they cooperate and engage in an association wherein one party (the principal) delegates decisions and/or work to another (an agent) to act on its behalf (Eisenhardt, 2009).

The principal agent theory as advocated by Donahue, (1989) explains that procurement managers play a relationship role. However, his findings are based on the buyer/supplier relationship and the need of the buyer, as the principal, to minimize the risks posed by the agent. The author argued that procurement managers including all civil servants concerned with private procurement must play the agent role. Therefore, procurement managers take on the role of agent for elected representatives. The principal-agency theory holds that sabotage is likely to occur when there is some disagreement between policy makers and the bureaucracy. The democratic perspective focuses on responsiveness to citizens and their representatives (Lupia 2003).

As agent of the government, procurement officers are supposed to perform in the best interest of the stakeholders (Kwasira & Mbuchi, 2016). This is exhibited through maintenance of proper records for

accountability purposes. On the other hand, the procurement officers are required to exercise due diligence in supplier selection to ensure they get value for money. This goes further to maintaining good supplier relationships to ensure sustainable supply of resources in the county government. Therefore, this theory helps in understanding how the procurement officers manage these procurement functions strategically to enhance performance in the county government of Nyandarua.

X. CONCEPTUAL FRAMEWORK



XI. BUYER-SUPPLIER RELATIONSHIP MANAGEMENT

The strategic relationship with suppliers begins long before the first order is placed and continues well beyond the receipt of goods (Carr and Pearson, 2002). Supplier relationship management goes beyond procuring products and services. It seeks to maximize the benefit for both supplier and customer, identify, and implement mutual successes that will benefit both parties (Dalpe, 2005). According to Maramet.al, (2015) supplier relationship management (SRM) creates trust and commitment that motivates suppliers to share their manufacturing, engineering, transport expertise with the organization. By gaining access to this intellectual capital, the firm will be able to design better products and implement leaner and more efficient manufacturing processes. Supplier expertise on transport economics can also be employed by the firm to cut distribution costs and get to market quicker. Cost reductions can be passed onto consumers as decreased prices and this, together with increased speed to market, increases the organization's profitability and strategic competitive position.

Van weele (2009) cited in Maramet.al (2015) observes that organizations may actively engage suppliers in research and development (R&D) projects to secure the capabilities of suppliers, or develop other competencies of suppliers such as speedy delivery, high quality and high reliability. The key is to identify what the end consumer values, and thereafter secure or develop the needed competencies required of suppliers. If organizations are not able to maintain the needed level of competency at their upstream counterpart, organizations may conduct a related diversification into the business of their counterparts.

Bart and Akkermans (2009) carried out a study on collaboration in buyer supplier relationships. The study concluded that, that there are five relationship variables (commitment, conflict, economic & non-economic satisfaction, and trust) that are important in developing and maintaining good buyer supplier relationships. However, the research did not look at the effect of these collaborations on organizational performance. Supplier relationship management recognizes that different relationships will be required with different suppliers/providers. Kai, (2006) stated that this type of relationship will depend largely on the criticality and/or value of the goods or services the supply, and factors such as the number of suppliers in the market, and the global availability of a requirement. It allows procurement function to develop strategies for dealing with suppliers to achieve value for money and reduce risk of poor performance or non-delivery or non-availability.

Plane and Green (2011) conducted a study on Buyer-supplier collaboration and the aim of Facilities Management procurement. The study established that there emerged a general consensus that a more relational procurement process has a positive influence on the relationship established and also that the perceived benefits of relational approaches included clarity of service requirements, value delivery, and cultural alignment. This study however did not show how buyer – supplier relationships affect organizational performance.

A study was carried out by Calorine Charles and Luke (2015) on the effect of supplier relationship management practices on performance of manufacturing firms in Kisumu County. The study used both descriptive and inferential statistics in the analysis. The researcher established that supplier development and supplier segmentation were not significant in determining the performance of organizations. The study concluded that increasing information sharing with suppliers would significantly improve performance in manufacturing firms that accounted for 37.8% on performance. It recommended that enhancement of supplier development programs, strategic management of supply base and increased information sharing would aid in improving

organizational performance. Krause et al. (2007) found that commitment of the buying firm to long-term relationships with major suppliers, shared goals and values with suppliers, and the involvement in supplier development initiatives were positively associated with the buying firm competitive performance in US automotive and electronics industries.

Mettler and Rohner (2009) established that hospitals, which exchanged supplier information within their procurement departments, enhanced creation of SRM. Wachira (2013) established that early supplier involvement in product specification could enhance the negotiating power of the hospital's procurement department. Hospitals with ICT-supported procurement had justifiable reduction in costs. He further established that trust, communication, risk assessment and management as well as strategic supplier partnership were the fundamental supplier relationship features and had a helpful relationship on procurement performance. Kamau (2013) reviewed key relationship models in supplier management and concluded that trust, communication, commitment, cooperation and mutual goals are key ingredients in successful relationship, which in turn affect performance positively.

XII. RESEARCH METHODOLOGY

The study employed descriptive survey research design. According to Cooper and Schindler (2003) a descriptive study is concerned with finding out the what, where and how of a phenomenon. The design enabled the researcher describe the characteristics of the variables under study in relation to the practices in the County government operations. In addition, a descriptive survey enables the researcher obtain quantitative data which he can analyze using descriptive and inferential statistics (Saunders, 2002). The target population for the study includes the employees of Nyandarua county government who include procurement officers and chief officers of the various departments. There are 50 procurement employees in the Nyandarua County Government; 30 working in the headquarters and 20 distributed across the sub-county offices in the county. In addition to the 50 employees, there is an addition of the 15 chief officers to make up a total population of 65 persons. Given the small population, the researcher adopted a census approach where all the employees were taken as respondents. The study employed use of a structured questionnaire to collect data from the respondents. Structured questionnaires are data collection forms that comprises of a list of close-ended questions (Mugenda & Mugenda, 2003). According to Kothari (2008), the information obtained from questionnaires is free from bias and researchers' influence and thus accurate and valid data will be gathered. The instrument was preferred since it gives respondents freedom to express their views or opinions more objectively. The questionnaire consists of statements constructed in form of a 5 point Likert scale (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree). The questionnaires facilitated the collection of data within a short period of time. A pilot study was conducted to authenticate the study instruments. The pilot testing was done using 10% (7 respondents) of the sample population who were excluded during the data collection stage. The questionnaire was tested for validity and reliability. The Cronbach's Coefficient Alpha for reliability tests was used to determine how items correlate. The primary data collected in this study was coded and tested for completeness and then analyzed using descriptive statistics and inferential statistics and presented using tables. Descriptive statistical techniques (frequencies, percentages, means and standard deviation) were employed to analyze field data from questionnaires to assist the interpretation and analysis of data using Statistical Package for Social Sciences (IBM SPSS Version 22). Inferential statistics, in form of Pearson correlation coefficient were used to check the relationship between the variables. Analysis of variance was then used to check the overall significance of the independent variable in determining the performance of the County Government of Nyandarua.

XIII. FINDINGS AND ANALYSIS

Fifty eight questionnaires were distributed to be filled by the respondents for data collection. 12 questionnaires were not returned. 46 questionnaires were completely filled up and returned for data analysis. This represented a response rate of 79.3 % which was characterized as very good (Mugenda & Mugenda, 2003).

Buyer-Supplier Relationship Management

Respondents' views regarding buyer supplier relationship management were sought. The findings from the analysis were as shown in table 4.5.

Table 4. 1: Descriptive Statistics on Buyer -Supplier Relationship Management

Sub-variables	Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	Std. Dev
	There is constant information sharing between the county government and the suppliers	10.9	54.3	17.4	15.2	2.2	3.57	.958

Communication	Through constant communication with the suppliers the county government is able to get technical expertise from the suppliers	6.5	60.9	19.6	13.0	0	3.61	.802
	Through exchange of supplier information within procurement departments there is enhanced strategic resources management	2.2	50.0	39.1	4.3	4.3	3.41	.805
Engagement	The county government engages suppliers in project specifications	10.9	43.5	28.3	10.9	6.5	3.41	1.045
	Collaboration of the county government and the supplier ensures that the county government gets its supplies in the right time	21.7	47.8	19.6	4.3	6.5	3.74	1.063
	Through proper engagements with suppliers, the county acquires intellectual capital from suppliers enabling it to implement its development agenda	23.9	37.0	30.4	6.5	2.2	3.74	.976
Supplier Commitment	The county has acquired suppliers commitment through greater collaborations	17.4	56.5	19.6	4.3	2.2	3.83	.851
	Engagement of suppliers in project specifications enhances their commitment to project completion	19.6	52.2	21.7	2.2	4.3	3.80	.934
	Valid N (listwise)	46						

Findings from the table demonstrated that in regard to communication, 65.2% of the respondents agreed that there is constant information sharing between the county government and the suppliers registering a mean of 3.57 and a standard deviation of .958. 67.4% of the respondents agreed that through constant communication with the suppliers the county government is able to get technical expertise from the suppliers with a mean of 3.61 and a standard deviation of .802. On the other hand, 50.0% and 2.2% of the respondents agreed and strongly agreed that through exchange of supplier information within procurement departments there is enhanced strategic resources management which had a mean of 3.41 and a standard deviation of .805. As such, the study notes that there is no communication problem between the county government and county suppliers. Consequently, in regard to supplier engagement respondents were in agreement that county government engages suppliers in project specifications where 54.4% of the respondents agreed with a mean of 3.41 and a standard deviation of 1.045. Further majority of the respondents agreed that collaboration of the county government and the supplier ensures that the county government gets its supplies in the right time. 47.8% and 21.7% of the respondents agreed registering a mean of 3.74 and a standard deviation of 1.063. The researcher also observed that 60.9% of the respondents agreed that through proper engagements with suppliers, the county acquires intellectual capital from suppliers enabling it to implement its development agenda. The aspect had a mean of 3.74 and a standard deviation of .976. The study therefore observed that there was proper engagement of the county suppliers by the county government. As such, this is indicative that the county is able to acquire stable suppliers throughout the seasons. In addition, regarding supplier commitment, 73.9% of the respondents agreed that the county has acquired suppliers' commitment through greater collaborations which registered a mean of 3.83 and a standard deviation of .851. On the other hand 71.8% of the respondents agreed that engagement of suppliers in project specifications enhances their commitment to project completion registering a mean of 3.80 and a standard deviation of .934. These findings agreed with the literature with other researchers. Maram, Merihan, Sarah, Sara, and Lobna (2015) observed that supplier relationship management creates trust and commitment that motivates suppliers to share their manufacturing, engineering, transport expertise with the organization. By gaining access to this intellectual capital, the firm will be able to design better products and implement leaner and more efficient manufacturing processes. Supplier expertise on transport economics can also be employed by the firm to cut distribution costs and get to market quicker. Cost reductions can be passed onto consumers as decreased prices and this, together with increased speed to market, increases the organization's profitability and strategic competitive position.

Performance of the County Government

Finally the researcher sought to examine the trends in the performance of the county government. This involved consideration of the procurement transaction costs, quality of goods and services delivered and the timely delivery of goods and services. The findings of the analysis were as presented in table 4.8.

Table 4. 2: Performance of the County Government

Sub-variable	N	Mean	Std. Dev	
Procurement Transaction Cost	2014% Increase	46	27.76	21.762
	2014 % Decrease	46	7.54	18.325
	2015 % Increase	46	3.80	13.711
	2015 % Decrease	46	44.37	24.360
	2016 % Increase	46	4.39	16.164
	2016 % Decrease	46	55.59	29.445
	2017 % Increase	46	5.11	18.634
	2017% Decrease	46	65.76	37.636
Quality of delivered goods/services	% of quality goods/services in 2014	46	47.83	19.007
	% of Sub-standard goods/services in 2014	46	49.80	18.679
	% of quality goods/services in 2015	46	60.85	19.227
	% of Sub-standard goods in 2015	46	39.17	22.659
	% of quality goods/services in 2016	46	72.43	22.088
	% of sub-standard goods/services in 2016	46	26.26	20.594
	% of quality goods/services in 2017	46	83.59	22.838
	% of Sub-standard goods/services in 2017	46	15.76	22.179
Timely Delivery of Goods/services	% of contracts delivered on time in 2014	46	47.33	18.072
	% of contracts delivered on time in 2015	46	62.09	18.093
	% of contracts delivered on time in 2016	46	72.48	19.466
	% of contracts delivered on time in 2017	46	86.50	17.246
Valid N (list wise)	46			

From the table, the findings indicated that there was an increase in the procurement transaction cost in 2014 by an average of 27.76 percent. However a standard deviation of 21.762 was recorded indicating that the increase in transaction cost was in the range of 27.76 ± 21.762 . In the subsequent years, transaction costs took a downward trend with 2015 registering an average decrease in the transaction cost by 44.37%. In 2016, the transaction cost reduced by an average of 55.59% while in 2017, procurement transaction cost reduced by an average of 65.76.

In regard to the quality of delivered goods and services, the year 2014 registered the highest percentage of sub-standard goods delivered with an average of 49.80% of the sub-standard goods delivered. The subsequent years registered a decline in the number of sub-standard goods delivered. In 2015, an average of 60.85% of quality goods were delivered in comparison to 39.17% of sub-standard goods delivered in the same year. In 2016, 72.43% of goods and services delivered were of good quality while 26.26% were sub-standard. In 2017, 83.59% of goods and services delivered were of good quality whereas only an average of 15.76% was of bad quality. Therefore the quality of goods and services delivered to the county increase in each subsequent year.

In consideration of the timely delivery of goods and services, 47.33% of contracts were delivered on time in 2014. This indicates that 52.67% of 2014 contracts were delivered late. On the other hand, 62.09% of contracts in 2015 were delivered on time with only 37.91% delivered late. In 2016, 72.48% of the contracts awarded in the county government were delivered on time while in 2017, 86.50% of the contracts were delivered in time. Thus, there was notable improvement in timely delivery of contracts on time in the county government.

Influence of Buyer Supplier Relationship on Performance

Further, correlation analysis was undertaken to establish the relationship between buyer supplier relationship and performance of Nyandarua County. The findings from the analysis were as shown in table 4.11.

Table 4. 3: Correlation between Buyer Supplier Relationship and Performance

		Performance	Buyer Supplier Relationship
Performance	Pearson Correlation	1	.237**
	Sig. (2-tailed)		.000
	N	46	46
Buyer Supplier Relationship	Pearson Correlation	.237**	1
	Sig. (2-tailed)	.000	
	N	46	46

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

The table established that there was a very weak positive significant ($r=.237$, $p=.000$) relationship between buyer supplier relationship and performance of the county at $p<0.05$ level of significance. As such, buyer supplier relationship and institutional performance relationship is reliably significant. Therefore, the study observed that buyer supplier relationship plays a significant role in determining the performance of the county government of Nyandarua

XIV. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Buyer Supplier Relationship Management and Performance of County Government

Respondents in regard to communication agreed that there is sharing of information between the county government and the suppliers which leads to enhancement of strategic resources management and that through constant communication with the suppliers the county is able to get technical expertise from the suppliers. On the other hand, in regard to supplier engagement respondents agreed that the county engages suppliers in project specifications where through proper engagement the county acquires intellectual capital from supplies enabling it to implement its development agenda. In addition to supplier commitment, the researcher observed that the respondents were in agreement that engagement of suppliers in project specifications enhances their commitment to project completion.

On the other hand, correlation analysis indicated that buyer supplier relationship had a very weak positive significant relationship with the performance of the county government of Nyandarua. Thus, buyer supplier relationship with the performance of the county was significant implying that buyer supplier relationship is relied upon in determination of the performance of the county government of Nyandarua. This was also affirmed in the regression analysis were model coefficients indicated that buyer supplier relationship was significant in influencing the performance of the county government of Nyandarua.

Performance of the County Government

From the findings, in regard to transaction cost there was an increase in the procurement transaction cost in the county government in year 2014 while the subsequent years that is 2015, 2016 and 2017 there was decrease in procurement transaction cost in the county. Further, in regard to quality of delivered goods and services the researcher observed that year 2014 registered the highest percentage of sub-standard goods while year 2015 had highest number of quality goods delivered compared to sub-standard goods delivered in the same year as well as year 2016. Also in year 2017 goods and services delivered were of good quality. In regard to timely delivery of goods and services, in year 2014 the highest percentage (52.67%) of goods and services were delivered late. On contrast, the subsequent years (2015, 2016 & 2017) goods and services were delivered on time. Regression analysis indicated that when all the independent variables are taken together, they significantly account for up to 52.6% of the total variation in the performance of the county government of Nyandarua. As such, record management, buyer, supplier relationship, supplier selection criteria and technology adoption taken together significantly influences the performance of the county government of Nyandarua.

The researcher concluded that the performance of the county government of Nyandarua have adopted an upward trend in improvement. The study further observed that the improvement in performance could not have happened without improvement in the procurement practices. As such the study concluded that strategic procurement practices have an important role in determining the performance of the county government. In this regard the study concluded that record buyer supplier relationship is an important determinants of the performance of the county government. The study recommended that the county should maintain their relationship with suppliers by engaging them in project specifications which lead to acquiring of expert suppliers. Thus, the county government should take the advantage of the benefits that come with maintaining positive relationship with its suppliers.

XV. SUGGESTION FOR FURTHER STUDIES

The study focused on the role of strategic procurement practices on performance of Nyandarua county

government. There is need for similar studies to be conducted in other county governments to enable the generalization of these findings. There is need that future scholars undertake studies to establish other strategic procurement practices that influence the performance of county governments. This study only found proper record management and buyer supplier relationship to significantly influence the performance of the county government of Nyandarua. Thus it is important for further study to be conducted to examine other factors that contribute to the performance of the county governments.

REFERENCES

- [1] Isaac, R., & Robert, O., (2015). Role of Strategic Sourcing on Public Procurement Performance in Kenya. *European Journal of Logistics, Purchasing and Supply Chain Management*, 3(4), 1-8.
- [2] Giunipero, L., & Sawchuck, C., (2013). *Epurchasing plus: Changing the way corporations buy*, JGS Enterprise.
- [3] Makabira, K., & Waiganjo, E., (2014). Role of Procurement Practices on the Performance of Corporate Organizations in Kenya: A Case Study of Kenya National Police Service. *International Journal of Academic Research in Business and Social Sciences*, 4(10): 369-384.
- [4] Thai, V., (2005). Challenges in public procurement. United Nations Procurement Capacity Development Centre. August, 2014, Retrieved from: <http://unpcdc.org/media/4899/challenges%20in%20public%20procurement.pdf>
- [5] Callender, G., & Matthews, L., (2012). Government purchasing. An evolving profession. *Journal of Public Budgeting Accounting and Financial Management*, 12(2), 272-290.
- [6] Maryam, S., Malarvizhi, A., Abdullah, A., & Sreenivasan, J., (2014). Strategic Procurement and Financial Performance of Iranian Manufacturing Companies. *Asian Social Science* 10(1), 250-256.
- [7] Timothy, T., (2015). Effects of Strategic Procurement on Competitiveness of Commercial Banks Operating In Kenya A Case Study Of Standard Chartered Bank Limited Kenya, *IOSR Journal of Business and Management (IOSR-JBM)* 17(2), 77-89
- [8] Robson, S., (2013). *Modeling information behavior: linking information seeking and communication*; City University, London
- [9] Karanja, M., & Kiarie, D., (2015). Influence of Procurement Practices on Organization Performance In Private Sector In Kenya. A Case Study Of Guaranty Trust Bank Kenya Ltd. *International Journal of Business & Law Research* 3(2):44-60
- [10] Fraunhofer, R., (2005). Innovation and public procurement: review of issues at stake, final report. European Commission, DG Enterprise and Industry, ENTR/03/24. *Public Procurement for Innovation (PDF Download Available)*. Available from: https://www.researchgate.net/publication/269929143_Public_Procurement_for_Innovation [accessed Sep 25, 2017].
- [11] Justin, G., (2014). *Procurement Management as a Strategic Tool for Achieving Organizational Goals: A Case Study of Ga East Municipal Assembly*. Unpublished Thesis submitted to Kwame Nkrumah University of Science and Technology, Kumasi College of Architecture and Planning Department of Building Technology.
- [12] Maurice, D., (2014). Procurement Practices Influencing Services Delivery. A Case of Kenya Power. *European Journal of Logistics Purchasing and Supply Chain Management*, 2(3), 79-137.
- [13] Jonathan A., Aderemi, A., & Olowookere, E., (2013). *Development-Oriented Testing Model: Case Study of the West African Examinations Council and Cambridge School Certificate Examinations*. Covenant University, Ota, Nigeria
- [14] David, C., & Geoffrey, K., (2015). Effects of E-Procurement on Supply Chain Management Performance in Elgeyo-Marakwet County. *International Academic Journal of Procurement and Supply Chain Management* 1(5), 99-120
- [15] Elijah, O., (2013). *Challenges Of Implementing Procurement Strategy at the Kenya Power and Lighting Company Limited*. Unpublished Thesis from University of Nairobi.
- [16] Oyuke, H., & Shale, N., (2014). Role of Strategic Procurement Practices on Organizational Performance; A Case Study of Kenya National Audit Office County. *European Journal of Business Management*, 2 (1), 336-341.
- [17] Porter, B., (2006). *Applying Electronic Records Management in the Document Management Environment: Xerox DocuShare Business Unit 3400 Hill view Avenue Palo Alto, California 94304 USA (800) 735-774*
- [18] Kwasira, J., & Muiga, P., (2016). Role of Strategic Procurement Practice in Realization of Corporate Goals in Public Secondary Schools in Molo Sub-County, Nakuru, Kenya. *International Journal of Economics, Commerce and Management*, 4(5), 1035-1049.
- [19] Mairura, C., Mokongi, N., & Ombui, K. (2015). 'Effects of Procurement Practices on the Performance of Commercial State Owned Enterprises in a Nairobi County, *International Journal of Scientific and Research Publications*, 5(6), 1-3.
- [20] Kimeria, G. & Ngugi, K. (2013). Factors affecting customer loyalty in third party logistics in Kenya: A case of Roy Hauliers Limited. *International Journal of Social Sciences and Entrepreneurship*, 1 (5), 812-832.
- [21] Kanbur, R. (2009). Conceptualizing Informality: Regulation and Enforcement, Department of Applied Economics and Management, Cornell University,
- [22] Donahue, E., (1989). *The Privatization Decision: Private Ends, Private Means*, Basic Books, New York, NY
- [23] Lupia, A., (2003). Delegation and its perils', in: K. Strom et al. (eds.), *Delegation and Accountability in Parliamentary Democracies*, Oxford: OUP: 33-54.
- [24] kwasira, J., & Mbuchi M. (2016). Influence of Supplier Prequalification Criteria on Procurement Performance at Kenya Rural Roads Authority in the County Government of Nyamira. *Journal of Business and Management*, 18(8), 85-100.
- [25] Carr, S. & Pearson, N. (2002). The impact of purchasing and supplier involvement on strategic purchasing and its impact on firm's performance.
- [26] Van, W., (2009) *Purchasing and supply chain management*, 5th edition, Cengage.
- [27] Bart, V., & Henk, A., (2009). "Collaboration in buyer-supplier relationships", Middelburg.
- [28] Plane, C., & Green, A., (2011). "Buyer-supplier collaboration: the aim of FM procurement?" *Facilities*, 30(3/4), pp. 152-163.
- [29] Calolyne, T., Luke, A., & Charles, R., (2015). Effect of supplier relationship management practices on performance of manufacturing firms in Kisumu County, Kenya. *International Journal of Economics, Commerce and Management*, 3(11), 499-512.
- [30] Krause, R., Handfield, B., & Tyler, B., (2007). The relationships between supplier development, commitment, social capital accumulation and performance improvement. *Journal of Operations Management*, 25(2), 528-545.
- [31] Mettler, T., & Rohner, P., (2009). Supplier relationship management: a case study in the context of health care. *Journal of theoretical and applied electronic commerce research*, 4(3), 58-71.

- [32] Wachira, R., (2013). Supplier Relationship Management and Supply Chain Performance In Alcoholic Beverage Industry in Kenya, University of Nairobi
- [33] Kamau, N (2013). *Buyer-supplier relationships and organizational performance among large manufacturing firms in Nairobi, Kenya*, University of Nairobi, unpublished
- [34] Cooper, D., & Schindler, P., (2003). Business Research Methods. Third Edition. New York:McGraw- Hill.
- [35] Saunders, S., & Clark, S., (2002). EDI adoption and implementation: A focus on interorganizational linkages. *Information Resources Management Journal (IRMJ)*, 5(1), 9-20.
- [36] Mugenda, O. & Mugenda, A. (2003) *Research Methods: Acts Press*, Nairobi. Enon, J.C (1998) Educational Research, Statistics and Measurement. Nairobi: Makerere University Press
- [37] Maram, R., Merihan, M., Sarah, H., Sara, E., & Lobna. H., (2015). Investigating the Impact of Suppliers Relationship Management on Firms' Performance: A Multiple Case Study Approach on Manufacturing Companies in Egypt. *Proceedings of the 2015 International Conference on Operations Excellence and Service Engineering Orlando, Florida, USA, September 10-11,*