Influence of Strategic Procurement Planning On Performance of Public Water Companies in Kenya

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Abstract
Coherent evaluation of procurement planning would involve identification of all needs, evaluations of alternative methods which would be adopted to amalgamate required resources and allocate as per organization policy. Consequently, the study examined the influence of strategic procurement planning and performance of public water companies in Kenya. Findings of the study indicate positive and significant influence of strategic procurement planning and performance of public water companies in Kenya.

Keywords: Public water Companies, Strategic Procurement Planning

Introduction
According to Chicksand, Watson, Walker, Radnor, & Johnston, (2012) proper procurement plans optimize achievement of organization goals. This can only be achieved through consolidation and amalgamation of data from heterogeneous sources with the ultimate goals of optimizing benefits gained from any input process. Successful planning calls for easier evaluation of organization strengths, opportunities, threats and weakness facing any opportunity for a firm (Chepngetich, 2018). It can be argued that optimal procurement process is not void of organization capacity to gather structured and unstructured data. This can be used to aid in annual procurement needs assessment, awareness and evaluation.

All departments within any corporation ought to prepare expenditure estimates in an accounting cycle. This will aid in examination, prioritization and evaluation of value contribution associated with each expense (Aketch & Karanja, 2013). Coherent evaluation of procurement planning would involve identification of all needs, evaluations of alternative methods which would be adopted to amalgamate required resources and allocate as per organization policy (Lysons, & Farrington, 2010). Adherence to procurement plans within an organization would aid in achievement of organization goals and objectives.

Procurement approval framework is procedural guideline on procurement control, monitoring and evaluation (Makau, 2014). Through, these framework procurement activities are stipulated and evaluation mechanisms documented. Coherent procurement framework should provide equal opportunity amongst all tender participants, address procurement queries in transparent and comprehensive approach and all applicants must be compliant with objective evaluation criterion. Total compliance with this trinity approach would improve organization information flow between supplier and seeker of goods and services. Also, it would aid in responding to newly available competitive advantages. Further, it will promote health financial management approaches due to its capacity to match orders, improve quality audit and better operationalize security measures which would be beneficial to a given organization (Oyuke & Shale, 2014).

Literature Review
In a study undertaken by Nzau and Njeru (2014) on factors affecting procurement performance of public universities in Nairobi by empirically examining the relationships between staff competence and top management as independent variables and procurement planning as dependent variable. By contrast their findings excluded ICT infrastructure and leadership management support, policy regulatory framework and organizational performance as variables. These study findings cannot be generalized in water sector since public universities are regulated by different regulatory framework.

Sharma (2013) examine the effect of leadership on organization commitment. Cross sectional research design was adopted and data gathered through questionnaire and analyzed using inferential and descriptive statistics.
Results found that on leadership management led to commitment for procurement planning issues from top management within an organization was inadequate. The study failed to capture internal procurement regulation, ICT infrastructure support, organizational performance and policy regulatory framework as variables. It was appropriate to blend quantitative data with qualitative data so as to bridge on shortcomings associated with gathering quantitative data.

Vanichchinchai (2014) examined the role of procurement planning in public procurement. Descriptive research design was adopted and primary data gathered using semi structured questionnaires. Inferential and descriptive statistics analyzed quantitative data. Positive impact of procurement planning on firm performance was reported. It was necessary to carry out regression modelling classical assumptions to eliminate possibilities of bias.

Anabah (2015) investigated the effect of procurement planning on organization performance on local state institutions in Nigeria. Cross sectional research design was adopted. Univariate and bivariate data analysis were adopted to analyse primary data gathered using questionnaires. It was appropriate to carry out classical regression diagnostic tests prior to fitting regression model. This would have aided in eliminating possibilities of drawing biased findings.

Figure 2.1: Conceptual Framework

Research Methodology

This study was based on descriptive research design since the study described strategic procurement strategies adopted by water companies in Kenya and how they are impacting on their organization performance. According to Saunders, Lewis, & Thornhill (2014) whenever the researcher seeks to describe when, what, how and why the situation as per the problem under exploration, then the biased research design is descriptive. The study target population comprised procurement personnel of 79 public water companies in Kenya. Target population is the complete count of all elements or individuals under examination (Sekaran & Bougie, 2013). Target population is constituted by individuals or elements who has homogeneous characteristics under examination (Saunders et al., 2014). Census of 79 procurement personnel in public water companies. Procurement managers, finance managers and Chief executive officers of water companies were respondents. Stratified sampling was adopted to select respondents from water service companies. According to Oso and Onen (2009) stratified sampling is appropriate when the researcher seeks to allocate respondents as per their proportionate sizes. Simple random sampling was adopted to give all respondents from the target population equal likelihood of participating in the study. Yamane (1968) sample size formula was adopted to determine the sample.

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

Where, n=sample size, N= population size, e= the error of sampling. This formula was used to calculate the sample size.

Thus \( n = \frac{237}{1 + 237(0.05)^2} = 150 \).

Primary data gathered through issue of questionnaires was coded and entered into SPSS version 22. Descriptive statistics which include mean, standard deviation, frequencies and percentage will be used to analyze the data. Findings were presented using tables. Inferential statistics will comprise of Pearson correlation and regression analysis. Multiple regression will be adopted to examine joint influence of strategic procurement management.
and moderating effect of information technology on procurement management. The general multiple regression models for this study will be:

\[ Y = \alpha + \beta_1 X_1 + \varepsilon \]

Where \( y \) = Performance;
\( X_1 \) is Strategic contract management, \( \alpha \) = the constant.

### Findings

#### 4.1 Descriptive Statistics on Strategic Procurement Planning

The objective established the influence of strategic procurement planning on performance of public water companies in Kenya. Findings in Table 4.1, indicates that majority 41% agreed and 22.3% strongly agreed that procurement is undertaken as per budgetary allocations. Secondly, majority 38.8% strongly agreed and 34.5% agreed that proper planning eliminates budgetary deficits. Majority 46.8% agreed and 38.8% strongly agreed that in public water companies in Kenya departmental needs are assessed continuously. It was agreed 43.2% and 37.4% strongly agreed that public water company’s procurement department executes market capacity assessment. Majority agreed mean = 4, that in public water companies in Kenya all departments are encouraged to prepare goods and services utilization matrix, they assess funds assessment prior to procurement and through planning all procurement activities are accounted for. On overall majority (mean = 4, standard deviation = 1) agreed that strategic procurement planning has influence on performance of public water companies in Kenya.

Nzau and Njeru (2014) study of factors influencing performance for the public universities hailing from Nairobi found that failure on procurement planning process was outright way that would lead to a decline in performance. Even so, the result of Nzau and Njeru cannot be generalized to water companies since they are in different regulatory framework, justifying why this research was necessary. In 2015, Baseka et al., also attempted to develop the role of procurement planning on firm performance. Their results were no different but went ahead to emphasis need for planning not only enhance performance but to be in position to explain how resources of the firm have been spent over time.

Further, in Nigeria a study by Anabaj (2015) posits that procurement planning forms the bottom line under which the assessment of the entire procurement department can be assessed. Anabah adds that without a plan it would be hard to gauge the performance of individuals firms since by comparing to others may be wrong since it’s tricky to have like with like comparison. Firm that look alike would in particular be having different level of assets and liabilities. This also bring out the reason why the result of any study would be interpreted with caution when judging the entire sector or industry.

#### Table 4.1 Descriptive Statistics on Strategic Procurement Planning

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement is undertaken as per budgetary allocations</td>
<td>5.8</td>
<td>11.5</td>
<td>19.4</td>
<td>41</td>
<td>22.3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Proper planning eliminates budgetary deficits</td>
<td>6.5</td>
<td>10.1</td>
<td>10.1</td>
<td>34.5</td>
<td>38.8</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Departmental needs and assessment are continuously evaluated</td>
<td>2.2</td>
<td>0.7</td>
<td>11.5</td>
<td>46.8</td>
<td>38.8</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Procurement department executes market capacity assessment</td>
<td>2.9</td>
<td>2.9</td>
<td>13.7</td>
<td>43.2</td>
<td>37.4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>All departments are encouraged to prepare goods and services utilization matrix</td>
<td>0.7</td>
<td>3.6</td>
<td>15.8</td>
<td>41</td>
<td>38.8</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Funds assessments are executed prior to procurement</td>
<td>2.2</td>
<td>10.8</td>
<td>12.2</td>
<td>37.4</td>
<td>37.4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>All purchases are accounted for through planning</td>
<td>2.9</td>
<td>7.9</td>
<td>11.5</td>
<td>36.7</td>
<td>41</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td><strong>Overall average</strong></td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>1</td>
</tr>
</tbody>
</table>

#### 4.2 Strategic Procurement Planning and Performance of Public Water Companies in Kenya

The hypothesis stated strategic procurement planning had no significant influence on performance of public water companies in Kenya. Results in Table 4.2, has an R squared of 0.625 that indicates that 62.5% of changes
in performance of public water companies can be explained by strategic procurement planning while the remaining percentage can be accounted by other factors excluded from the model.

ANOVA results has an F statistic of 228.534, p value <0.05, that indicates significant influence of strategic procurement planning and performance of public water companies in Kenya. Strategic procurement planning has positive and significant influence on performance of public water companies in Kenya ($\beta = 0.851, t=15.117, p \text{ value} < 0.05$). This implies that unit increase in strategic procurement planning increases performance of water companies by 0.851 units.

The fourth objective sought to establish the strategic procurement planning on performance of public water companies in Kenya. Procurement planning was indicated by checking availability of annual planning, procurement methods and approvals adopted by the water companies. Bivariate analysis between strategic procurement planning and water companies’ performance also had positive and significant influence. The statement of no significance was thus refuted. This agrees with what was postulated by Sharma in 2013 that good leadership will always come up with good plans that when implement they would direct lead to rewards for the firms in terms of performance. Also, Chengetich (2018) study of Kericho County government found that procurement planning as essential and basis on which all other expenditures are based.

Performance = -0.002 + 0.851*Strategic Procurement Planning ………………………... (4.1)

Table 4.2 Regression Analysis on Influence of Strategic Procurement Planning and Performance of Public Water Companies in Kenya

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.791</td>
<td>0.625</td>
<td>0.622</td>
<td>0.614435</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<tbody>
<tr>
<td>Regression</td>
<td>86.278</td>
<td>1</td>
<td>86.278</td>
<td>228.534</td>
<td>0.0000</td>
</tr>
<tr>
<td>Residual</td>
<td>51.722</td>
<td>137</td>
<td>0.378</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>138</td>
<td>138</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-0.002</td>
<td>0.052</td>
</tr>
<tr>
<td>Strategic Procurement Planning</td>
<td>0.851</td>
<td>0.056</td>
</tr>
</tbody>
</table>

**Conclusion and Recommendations**

Strategic procurement planning has positive and significant influence on performance of public water companies in Kenya. Hence, it can be concluded that budgetary planning of procurement needs, continuous departmental needs and assessment, preparation of department goods utilization matrix and accounting for all procurement activities enhances provision of services by public water companies and amplifies their customers’ satisfaction.

There is need for public water companies to embrace strategic procurement planning this would aid in provision of quality services. Strategic procurement planning would be achieved if employees are sensitized on the need to comply with budgetary allocations and estimates, training on development of organization budgets and execution of needs assessment at departmental levels and funds examination prior to procurement would minimize conflict among procurement stakeholders in the public sector.

**References**


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