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Abstract

Strategic procurement is the process of creating alignment and consistency of action that establishes the long range objectives and overall strategy by which procurement function fulfills its mission. Strategic procurement entails the transformation of an organization's mission, goals, and objectives into measurable activities to be used to plan, budget and manage the procurement function. As county governments responds to demands to become more efficient and effective, procurement professionals are expected to focus primarily on the strategic aspects of procurement and less on routine transactions. A company procurement strategy can be defined by its sourcing concepts, portfolio approaches, process approaches and task-focus. It crafts sourcing procedures for goods and services at right price, the time, the right source, the right quality and quantity for enhancement of business growth. The structured procedures for strategic procurement consult the market for the purchase of goods and services with the aim to guarantee the widest possible participation of economic operators, ensure the transparency of operations, and obtain the desired quality of services, supplies and works at the best possible price. In Kenya, County governments have been losing a lot of public funds through poor procurement practices which are as a result of the failure of the county governments to comply with the procurement policies in place (AG, 2018). This has resulted into poor performance recorded by the counties since 2013. The study was guided by three objectives; to establish the effect of adherence to strategic procurement policy on the performance of County governments in Kenya, to establish the influence of strategic acquisition procedures on the performance of County governments in Kenya and to recommend the best strategic procurement practices to the County governments in Kenya. The study was informed by institutional theory and the game theory. The paper used a desk study review methodology where relevant empirical literature was reviewed to

identify main themes. The study concluded that, strict adherence to procurement policies results into improved performance. The study recommended that in order to boost the performance of supply chains of County governments in Kenya, there is need to invest in various strategies.

Key words: *Strategic, Procurement, Policy, Acquisition & Performance.*

1.0 Introduction

1.1 Background of the study

Strategic procurement is the process of creating alignment and consistency of action that establishes the long range objectives and overall strategy by which procurement function fulfills its mission (Okong'o, 2016). Strategic procurement entails the transformation of an organization's mission, goals, and objectives into measurable activities to be used to plan, budget and manage the procurement function. As county governments responds to demands to become more efficient and effective, procurement professionals are expected to focus primarily on the strategic aspects of procurement and less on routine transactions (Matthews, 2015). In reality, public procurement masks the ability of government to transform taxes and other revenues into consumption by government institutions at federal, state and local levels, ostensibly for the public good. Public purchasers are told by their professional institutions and their private sector peers to be more proactive and less reactive in order to add greater value to their organization. A procurement policy is a document that translates the institution's aims and objectives, as outlined in its procurement strategy, into programmes and courses of action. It states how the institution will obtain the various goods, services and works needed to operate successfully, defining practical approaches and the circumstances in which each will be applied. The day-to-day implementation of the strategy and policy will be contained within, for example, a procurement procedures manual

Strategic procurement as a tool for a firms competitiveness has a positive effect on the overall performance of the organization (Mena, Hoek & Christopher, 2018). Unlike traditional procurement driven by the desire to cut costs of purchase, short-term profit improvement, transactional rather than relationship behavior, and emphasis on price reduction. According to Villena (2018), strategic procurement by contrast, looks at how the purchasing of goods and services, including outsourcing of entire processes, can deliver better long-term shareholder value. It involves reducing the supplier base, co-operative negotiation with suppliers, quality interaction with suppliers, and developing long-term relationships with the best suppliers.

A company procurement strategy can be defined by its sourcing concepts, portfolio approaches, process approaches and task-focus (De Coninck, Viaene & Leysen, 2018). It crafts sourcing procedures for goods and services at right price, the time, the right source, the right quality and quantity for enhancement of business growth. The structured procedures for strategic procurement consult the market for the purchase of goods and services with the aim to guarantee the widest possible participation of economic operators, ensure the transparency of operations, and obtain the desired quality of services, supplies and works at the best possible price (Masiko,

2013). Prier, Schwerin and McCue (2016) posit that every organization has its own procurement policies, procedures and structures that greatly influence the procurement process. These policies and procedures are built from the organizations paradigm that sometimes contradicts procurement goals and objectives.

Strategic procurement is essential for competitiveness of procurement function in any organization (Uttam & Roos, 2015). The overall procurement output depends on how it is strategically positioned to serve the organization. Procurement function is transitioning from a clerical non-strategic unit to an effective socio-economic unit that is able to influence decisions and add value (Lardenoije, Raaij & Weele, 2015). Lardenoije *et al.* (2015) argue that organizations that align their procurement at strategic level have a competitive edge. There is therefore need for continuous improvement for survival in the competitive business environment. According to Patrucco, Luzzini and Ronchi (2016), increasing the effectiveness, efficiency, and compliance of public procurement (PP) has become an ongoing concern for governments. Public administrations at different levels are realizing that in order for PP to fulfil its mission – appropriate control and diagnostic systems must be put in place. According to The purpose of the ISO Procurement Policy and the procedures Procurement Policy is to structure ISO's purchasing processes and sourcing strategies to ensure that the services and goods we acquire are the result of transparent, objective, time and cost-effective decision making and risk management.

Across the world, estimates of the financial activities of government procurement managers are believed to be in the order of 10% – 30 % of GNP (Calender & Mathews, 2012). In the United States, the public sector was procuring between \$1.4 and \$1.6 trillion annually by 2012. The Federal government alone procured \$231.08 billion and made 33.19 million procurement actions in fiscal year 2012. According to the Procurement Executives Council (2011), the federal government made a purchase card payment every .31 seconds, and issued a standard form 281 every 77 second and a standard form 279 every 13.91 seconds per each working day. According to Edquist, Vonortas, Zabala-Iturriagagoitia and Edler (2015), procurement objectives and policies are implemented either by non-legal means such as internal administrative circulars directing the activities of procurement officers (in the United Kingdom, and those countries under the U.K.'s influence such as Malaysia), or by formal statutes, rules or regulations (in France, many European countries and the U.S.). Over the last decade, a significant number of countries, particularly the transition countries, have adopted public procurement rules and regulations for the first time or have reformed their existing procurement legal provisions (Grandia & Meehan, 2017).

In developing countries, public procurement is increasingly recognized as essential in service delivery (Kipkorir, 2013). Public procurement accounts for a high proportion of total expenditure in developing countries. According to Kosgei and Kinoti (2018), public procurement accounts for 60% in Kenya, 58% in Angola, 40% in Malawi and 70% of Uganda's public spending. This is very high when compared with a global average of 12-20 % (Froystad, 2010). Due to the

colossal amount of money involved in government procurement and the fact that such money comes from the public, there is need for accountability and transparency (Adjei-Bamfo, Maloreh-Nyamekye & Ahenkan, 2019). Consequently, various countries both in developed and least developed countries (LDCs) have instituted procurement strategies to make the activity both efficient and effective. In 1996 the Government of Kenya through the Accountant General's Department undertook an in-depth analysis of financial management and audit, people management and organization and financial management information systems in the government, and established the way forward in addressing the financial management problems in government Otieno, Migiro & Mutambara (2017). The development of an IFMIS commenced with diagnostic reviews to identify issues and problems of finance and accounting in GoK.

According to General Economics Division (2010), significant weaknesses exist in the quality and efficiency of public expenditure, resulting in delayed low quality implementation of public investment projects, with some said to be inadequately appraised and of doubtful viability. Some of the challenges facing procurements in governments' procurement include; supplier related issues, strategy selection, reducing costs and achieving savings year after year, accurate demand forecasting, managing stakeholders, risk mitigation, finding the right tools, recruiting, retaining and training the talent, time, etc

Poor procurement performance contributes to rising inefficiency as well as costs and competitiveness of the procurement function (Cheptora, Osoro & Musau, 2018). According to Barsemoi, Mwangagi and Asienyo (2014), poor procurement performance contributes to decrease in profitability in any sector hence is a major hindrance to the realization of organizational growth as it leads to delays in delivery, low quality goods and services and increase in defects. In both private and public sectors, poor procurement performance results from inability to embrace new strategic procurement practices which includes e-procurement, use traditional procurement procedures and poor coordination of procurement activities between the requisitioning departments and the procurement department.

In Kenya, the Public Procurement and Disposal Act, of 2005 was assented to on 26th October 2005 and was revised in 2009 to establish procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities (Mwangi, & Kariuki, 2013). With the gazettelement of the subsidiary legislation, the PPDR of 2006, the law became operational on 1st January, 2007 (Kirugu, 2010). The Act established three independent bodies; an oversight body, the PPOA, Public Procurement Oversight Advisory Board (PPOAB) and the Public Procurement Administrative Review Board (PPARB). Public procurement needs a tight/waterproof system to be followed and adopted (Mbae, 2014). The adoption and implementation of the Procurement Act of 2005 and subsequent regulations and guidelines has affected public institutions performance in several ways including ensuring ethical standards are maintained in public procurement processes and promoting accountability (Onsongo, Okioga, Otieno & Mongara, 2012).

The Kenyan government strategic plan vision 2030 steered by the ministry of devolution and planning has singled out a Business Process Outsourcing (BPO) as one of the six pillars to drive the country to a medium developed economy (Vision 2030 GOK, 2007). In the short run, the government aims at achieving a top three position as a Business Process Outsourcing destination in Africa. The process of outsourcing in public entities of Kenya county governments being one of them is guided by the public procurement act 2005 and also it's anchored in the new constitution 2010 under article 227 with public procurement oversight authority (PPOA) and Public Procurement Complaints, Review and Appeals Board (PPCRAB) as monitory and oversight bodies. According to Commission for Revenue Allocation Kenya (CRA) fiscal report (CRA, 2014), county governments account for 34% of the total budget for shareable revenue allocation which translates to an amount of Kshs 231 billion.

1.2 Problem Statement

In Kenya, County governments have been losing a lot of public funds through poor procurement practices which are as a result of the failure of the county governments to comply with the procurement policies in place (AG, 2018). This has resulted into poor performance recorded by the counties since 2013. There has been a contributory factor to public procurement perpetually remaining vulnerable to all manner of irregularities with a spate of court cases and controversies continuing to plague procurement procedures for a number of public projects (Mwangi, Kiarie & Kiai, 2018). A report by the African Centre for Open Governance (Africog) in 2016, cited that the low absorption of development funds, compounded by slow procurement processes, was cited among the issues that affected the 2013/2014 budget implementation nationally. The Constitution of Kenya, 2010 in article 6 (1), created devolved units of government known as counties, divided into 47 counties as specified in the First Schedule. These counties are funded by the national government through the exchequer so as to carry out various functions and achieve various objectives as specified in the Constitution, among them is to promote social and economic development and the provision of proximate, easily accessible services throughout Kenya. The roll out of the IFMIS to the 47 counties began in 2013.

Procurement in county governments in Kenya is executed under the dictates of the Public Procurement Oversight Authority within the provisions of the 2005 Public Procurement and Disposal Act (Sang & Mugambi, 2014). It is government policy to allow free competition for procurement opportunities without bias in a clear, fair and accountable approach to 8 guarantee the attainment of value for cash in all procurement. Yet, by means of defective public procurement processes, large sums of taxpayers' money have been lost in Kenya in the past; the main reasons being low personal ethical standards by concerned parties and organizational culture and the environment (Kangogo & Kiptoo, 2013). There are loopholes in old procurement methods that leave room for exploitation and misuse

Loss of public funds and pilferage of public funds occur due to non -compliance with the public procurement law and regulations by the county governments in Kenya (Mbae, 2014). It is instructive to note that the scandals in the county governments arising from public procurement

noncompliance and has cost the country an upwards of Kenya shillings 800 billion (The Mars Group, 2018). This study therefore sought to investigate the Influence of Strategic Procurement Policies on Performance of County Government of Nairobi.

The Public Procurement and Disposal Act, 2005 and its Regulations of 2006 were aimed at promoting fairness, transparency and non -discrimination in procurement in public institutions so as to ensure efficient use of public funds and to contribute to the country's economic development by maximizing economy and efficiency. However studies reveal that public procurement is yet to achieve the above objectives due to policy non-compliance both in processes and outcomes of public procurement despite efforts by the Public Procurement Oversight Authority to put in place measures to improve compliance (PPOA, 2017).

1.3 Specific objectives

- i. To establish the effect of adherence to strategic procurement policy on the performance of Nairobi County government.
- ii. To establish the influence of strategic acquisition procedures on the performance of Nairobi County government.
- iii. To recommend the best strategic procurement practices to the Nairobi County government.

1.4 Research Questions

- i. Does adherence to strategic procurement policy affect the performance of Nairobi County government?
- ii. How do strategic acquisition procedures influence the performance of Nairobi County government?
- iii. What are the best strategic procurement policies that can be applied by the Nairobi County government to enhance Performance?

2.0 Literature Review

2.1 Theoretical Review

2.2.1 Institutional Theory

Institutional theory was developed proposed by Hall (1986). The theory adopts a sociological perspective to explain organizational structures and behavior (Scott, 2004). The institutional theory draws attention to the social and cultural factors that influence organizational decision-making and in particular how rationalized activities are adopted by organizations (Hennart, 2015). The institutional theory is the traditional approach that is used to examine elements of public procurement. Scott (2004) identifies three pillars of institutions as regulatory, normative and cultural cognitive. The regulatory pillar emphasizes the use of rules, policies and sanctions as enforcement mechanism, with expedience as basis for compliance. The normative pillar refers to norms and values with social obligation as the basis of compliance. The cultural-cognitive pillar rests on shared understanding on common beliefs, symbols, and shared understanding.

According to Scott (2004), institutions are composed of cultural-cognitive and regulative elements that, together with associated activities and resources give meaning to life. From the three pillars of institutions propounded by Scott (2004), organizational culture, social influence, organizational incentives and enforcement are identified as antecedents of compliance to strategic procurement policies. It is therefore crucial to strengthen institutions in order to attain high levels of performance.

Procurement and disposal processes in the public sector need a body that is not only focused but committed to attaining the set up goals and objectives. In Kenya, public procurement is guided by the Public Procurement and Asset Disposal Act (PPADA), 2015, regulations and guidelines which are from time to time issued by the Public Procurement Regulatory Authority (PPRA) and which must be complied by all the public entities. The Procurement and Disposal Act 2015 and Regulations 2006 clearly indicate the process that should be followed in obtaining material in County governments in Kenya. It indicates that in the identification of qualified persons a procuring entity may use a pre-qualification procedure or the results of a pre-qualification procedure used by another public entity. In addition, the regulations and the guidelines show how County governments should control stock. Stock levels should be maintained in accordance with the inventory management procedures set out in the Public Procurement and Disposal General Manual to ensure the best possible services to users at the lowest cost. Also, the regulatory framework indicates how records related to procurement and disposal of material or assets should be managed. According to Procurement and Disposal Act, 2015 and Regulations, 2006 of the Republic of Kenya, a procuring entity shall maintain a proper filing system with clear links between procurement and expenditure files. The regulations and guidelines should show how disposal of assets in public institutions should be carried out.

2.2.2 Game Theory

Game theory was put forward by John and Neumann (1942). The theory is concerned with the analysis of situations involving conflict and cooperation. Since its development, game theory has found many applications in diverse areas such as auction, business, economics, politics and philosophy (Fiestras-Janeiro et al., 2011). After the initial excitement generated by its potential applications, interest in game theory by operations research/inventory management specialist increased during 1960s and 1970s. Game theory provides mathematical tools to model strategic interactions in which there are several players (decision makers) that want to maximize their benefits by playing a certain strategy that considers the strategies of the other players (Qinan & Parlar, 2009). The games can be divided into two branches: non-corporative games and corporative games. In non-corporative games, players are unable to make binding commitments regarding which strategy they will choose. Therefore, decisions are made independently. In corporative games, groups of players can form coalitions. So they are able to make binding commitments with side-payments (Mahdavi Mazdeh & Karamouzian, 2014). Public institutions, which include government ministries, maximize their benefits by reducing cost of acquiring and storing inventory. However, decision makers in public institutions are guided by the Public

Procurement and Asset Disposal Act, 2015 on when and how to acquire or dispose materials or assets.

The Act provides guidelines on material acquisition, stock control management, records management, and disposal management. In a study on application of game theory on inventory level decision making, Vaziri and Sodhi (2014) applied the game theory to determine the sale price and stock level of Original Equipment Manufacturers (OEM). The study revealed that the OEM chooses the optimal level of inventory with respect to the probability of intensity factors that the market can produce. A comparison of the maximum attainable payoff and guaranteed payoff in the uncertain situation would justify the OEM's extra investment on improving the demand forecasting efforts. Chinchuluun, Karakitsiou and Mavrommati (2016) conducted a study on game theory models and their applications in inventory management and found that inventory problems are concerned with a single decision maker, who makes the decisions on the ordered or produced quantity under certain assumptions on the demand and the planning horizon.

2.2 Empirical Review

2.2.1 Adherence to Strategic Procurement Policy and Performance

Mutai and Chirchir (2015) conducted a study to establish the impact of adherence to procurement policies and procedures on supply chain performance of commercial banks in Kenya. The aim of the study was to determine the extent to which adherence to procurement policies and procedures affect Performance. The study research design involved a cross sectional survey of all commercial banks in Kenya. The study findings established that most of the commercial banks in Kenya had adhered to the procurement policies and procedures which enabled them achieve transparency, efficiency and accountability in their operations. The study also established that there was significant relationship between procurement policies and procedures and supply chain performance. The study indicated that, Procurement Policies and procedures are crucial in all procurement activities including leasing and hiring, and may where appropriate include other activities accompanying the life cycle of goods or service contracts and the end-of-life disposal of goods which have been procured (Bartik, 2009). Procurement policies applies to and binds all directors, managers and employees of the organization in any situation where they are involved in a purchasing process, whether as requisitioners or specifiers, purchasers or negotiators, or those who validate or authorize payment. Adherence to the Purchasing Policy is both an individual and a corporate responsibility. The study concluded that, strict adherence to procurement policies results into improved performance. It was recommended that, in order to boost the performance of supply chains of commercial banks in Kenya, there is need to invest in various strategies. This therefore calls upon the management of various banks to come up with a procurement policies and procedures which outlines the strategies and guidelines in detail and ways of operationalization. This should be done in a consultative approach so as to smoothen the process.

Owuoth and Mwangangi (2015) examined the effect of public procurement regulations on procurement performance in public sector in Kenya: A case of rural electrification authority. The study focused on analyzing the effect of public procurement regulations on procurement

performance. The study was concerned about establishing the effect of transparency in procurement process, competitive bidding, professionalism and quality sourcing on procurement performance. The study adopted descriptive research design. The study findings revealed that, there was lack of compliance with Public Procurement Regulation in public sector leading to poor performance. The results of the study were consistent to the conclusion made by Gelderman et al., (2006) that, procurement performance in public sector is greatly influenced by transparency, competitive bidding, professionalism and quality sourcing.

According to the study, formalizing the professionalism of procurement capability is inextricably linked to raising the profile and credibility of procurement practice and promoting the development of a common and transferable body of knowledge. The study concluded that, lack of compliance to Public Procurement Regulation in public sector is leading to poor procurement performance. Poor procurement performance in public sector can be reversed if the public procuring entities ensure that there is transparency in procurement procedures, application of competitive bidding in tendering process, use of professionals and ensuring quality sourcing. The procurement staff must also be willing to comply with Public Procurement Regulation to improve procurement performance. The study recommended that, since transparency and openness in procurement process, competitive bidding, use of professional procurement staff, quality sourcing and strict adherence to procurement strategic regulations can help improve performance in public sector, The government of Kenya, policy makers, Suppliers and other stakeholders should pay attention on measures that ensure proper implementation and strict adherence to public procurement regulation in public sector.

Lundu and Shale (2015) carried out a study to establish the effect of Integrated Financial Management Information System (IFMIS) implementation on supply chain management performance in the devolved government systems in Kenya: A case of Nairobi City County Government. The aim of the study was to identify the effects of IFMIS implementation on the performance of supply chain management in Nairobi City County Government (NCCG). Specifically, the study sought to assess the effect of IFMIS on staff competence and skills, organization policies, technological infrastructure and Top management support on supply chain management performance in NCCG. The study adopted descriptive research design. The study findings established that NCCG had both internal and external policies guiding IFMIS implementation and that the management support for IFMIS implementation in NCCG was strong. NCCG had the required and reliable infrastructure for IFMIS implementation process although it was yet to achieve a reasonable measure of e-readiness status to fully implement IFMIS. The study indicated that, the goals of implementing any IFMIS for Kenya included effectiveness, efficiency and improved outcomes in financial management processes. Specifically, IFMIS was geared towards achieving better fiscal management, more optimal resource allocation, improved management of resources, reduced fraud and corruption, improved transparency and accountability and lower transaction cost.

The study findings were similar to those of Kiilu and Ngugi (2014) which argued that, the adoption of IFMIS has led to effective management of public funds in Kenya National Treasury. IFMIS has enhanced automation of government processes, enhanced reporting, enhanced record keeping, and enhanced communication, customization of government processes and integration of government processes. According to Nzuve (2012), IFMIS enhances effectiveness and transparency of financial management system, offers a standardized integrated financial management reporting system, and provides timely and accurate financial information. The study concluded that, implementation of IFMIS affects the overall supply chain management (SCM) performance in the Nairobi City County Government where top management support and training/capacity building affect the SCM performance of Nairobi City County Government to moderate extents, whereas reporting accountability and employee commitment affect the SCM performance in Nairobi City County Government. It was therefore recommended that, the government reviews all prohibitive legislations relating to supply chain management and information management in order to make itself an open system where information can be accessed without restrictions. This will enable effective public participation in supply chain management decision making and assist in promoting positive performance, severe and punitive disciplinary measures should be meted to all supply chain management malpractices including the supply chain management ineffectiveness to reign in on all irregularities reported to them. This should include repossession of irregularly acquired assets, complete overhaul of supply chain management and stiffer penalties.

2.2.2 Strategic Acquisition Procedures and Performance

Ndeto (2018) conducted a study to establish the effect of material acquisition procedures on inventory management performance in government ministries in Kenya. The aim of the study was to determine the effect of material acquisition procedures on inventory management performance in government ministries in Kenya. The study adopted a cross sectional survey design with a target population of 680 supply chain management officers in all the 20 Government ministries in Kenya. The study findings indicated that, there was a positive and significant relationship between material acquisition procedures and inventory management performance in government ministries in Kenya. The study revealed that the challenges faced in the implementation of material acquisition procedures included; low budget allocation, changes in policies, poor specifications from users, poor planning, corrupt practices in providing goods, tedious tendering process, staff inadequacy (professionals or experts), price fluctuations and delayed payments.

Other challenges include complexity of acquisition procedures, lack of provision of all documents by suppliers, bureaucracy of various level of approval, lack of awareness of the velocity of updated legal framework, lack of good market surveys, conflict of interest by top management, suppliers collusion hence influencing prices, change of price after an order has already been issued, lack of automated systems to handle materials, lack of adequate knowledge of the procurement law from users and challenge in usage of (Information Communication &

Technology (ICT) (e-procurement). The study concluded that, there is a positive and significant relationship between material acquisition procedures and inventory management performance in government ministries in Kenya. The study established further that complexity of procurement procedures was negatively affecting the implementation of material acquisition procedures the study therefore recommended that, the policy makers/ the government of Kenya should come up with policies to enhance efficiency in the procurement process by reducing bureaucracy and time taken to pay the suppliers.

Hamza, Gerbi and Ali (2017) examined Factors Affecting Procurement Performance in the Case of Awassa Textile Share Company. The aim of the study was to examine the impact acquisition procedures on procurement performance. The study used a descriptive research design in executing the study. The study targeted top level managers, middle level managers and procurement staffs who were pertinent to the process, function and decision making of procurement. The study findings revealed a positive relationship between acquisition procedures and performance. The study indicated that, acquisition procedures provide guidance to staffs what to follow in the execution of activities put constraints on behavior and show how the procurement function should work to achieve strategic objectives. It was asserted that, Procedural acquisition ensures orderliness and efficiency in any procurement department. The findings were a good corroboration of the results obtained by Baily et al (2005) which indicated that, public acquisition procedures tend to be characterized by high levels of bureaucracy independent of order value; poor communications and focusing on unit price rather than long-term relations. Ineffective acquisition procedures would end up with failure of the objectives of government policy. The study concluded that, acquisition procedures have positive influence on the performance. The study thus recommended that, it is advisable that the company put in place the acquisition procedures in order to monitor the procurement process and improve performance.

Kakwezi and Nyeko (2010) conducted a study to establish the Effect of Acquisition Processes on Performance: Efficiency and Effectiveness of the Procurement Function. The target population of the study was made up of the staff members of the managerial level of the entity. The study used purposive sampling. The findings of the study indicated that, financial and non-financial measures are equally important in indicating the performance of the procurement function. The study revealed that, respondents' suggestions, quality of goods and services is delivered through the procurement process is the most important set target of the procurement function and safety of employees the least important of the non-financial measures. This suggests that quality goods and services create a safe working environment and understanding of safety to employees. Through this study, quality has been identified as a generic measure for purchasing performance. It was concluded that, organizations with established performance measures for their procedures, processes, and plans experience lower customer dissatisfaction and employee turnover than those which do not have. The issue is to ensure that measures are being implemented and measure what they were intended to measure. Implementing purchasing measures is not as easy as it may sound. It requires preparation, coordination, team work, constant communication and feedback.

The study hence recommended that, to ensure value for money, there should be continuous improvement in the efficiency of internal processes and systems and public entities should maintain structures that avoid unnecessary cost.

Čudanov, Jovanović and Jaško (2018) conducted a study to establish the influence of strategic acquisition procedures on the performance of government ministries. The study adopted a descriptive research design. The study analyzed the influence of the procedure type and a number of received bids on the duration of the public procedure process. It was revealed that, Efficiency and speed of public procurement process diminish inventory turnaround times, direct and indirect costs of procurement, hastens and improves manageability of core processes in the organizations obliged to the public procurement process. The study indicated also that, the goal of performance-based acquisition is relatively simple to obtain quality, timely services in both a legal and cost-effective manner, placing the responsibility for quality performance on the contractor. Nonetheless, accomplishing this goal can be extremely complex. The interdisciplinary nature of contract efforts means no single individual will likely have all the requisite knowledge and experience in most instances. Therefore, personnel such as the contracting officer, contracting officer's representative (COR), program manager, responsible fiscal officer, and legal counsel (among others) should form an integrated solutions team as soon as possible in order to develop and execute a procurement/acquisition master plan. The study pointed out that, the contracting officer serves as the principal business advisor and agent for the government responsible for developing the solicitation, conducting the source selection, and managing the contract. This individual also researches the marketplace to identify general business practices such contract type, and the use of incentives. The study recommended for improvement of commercial terms and conditions of efficiency of public procurement, as well as for data that needs to be tracked to develop more comprehensive, accurate and reliable prediction model of the duration of the public procurement process.

2.3 Conceptual Framework

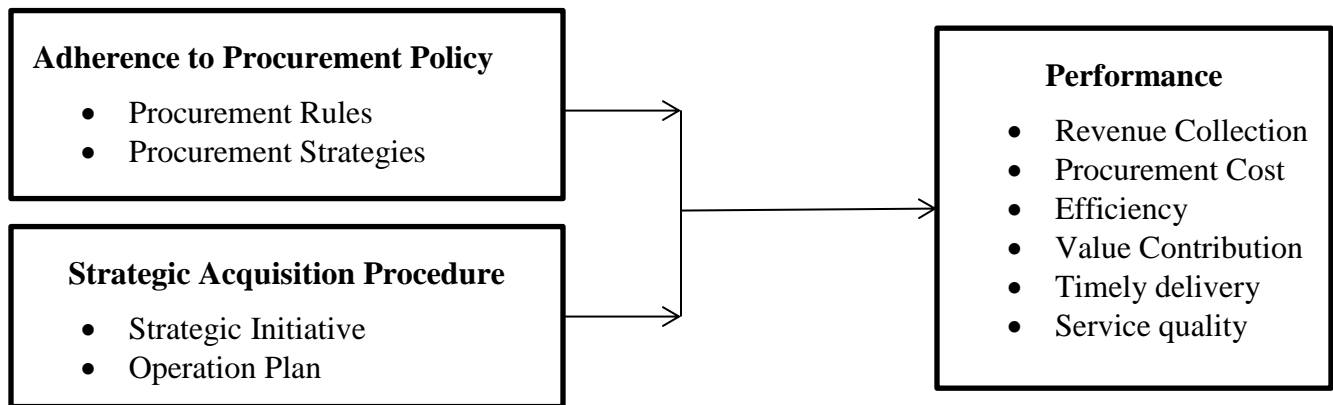


Figure 1.0: Conceptual Framework

3.0 Research Methodology

The study established the Influence of Strategic Procurement Policies on Performance of County Governments in Kenya. The paper used a desk study review methodology where relevant empirical literature was reviewed to identify main themes. A critical review of empirical literature was conducted to the Influence of Strategic Procurement Policies on Performance.

4.0 Results and Discussion of Findings

Based on the reviewed literature, the results indicated that there was significant relationship between procurement policies and procedures and supply chain performance. The findings also indicated that, most of counties in Kenya had adhered to the procurement policies and procedures which enabled them achieve transparency, efficiency and accountability in their operations. The results further revealed that, Strategic procurement as a tool for a firm's competitiveness has a positive effect on the overall performance of the organization. Unlike traditional procurement driven by the desire to cut costs of purchase, short-term profit improvement, transactional rather than relationship behavior, and emphasis on price reduction.

The reviewed literature showed that, Procurement Policies and procedures are crucial in all procurement activities including leasing and hiring, and may where appropriate include other activities accompanying the life cycle of goods or service contracts and the end-of-life disposal of goods which have been procured. Procurement policies applies to and binds all directors, managers and employees of the organization in any situation where they are involved in a purchasing process, whether as requisitioners or specifiers, purchasers or negotiators, or those who validate or authorize payment. Adherence to the Purchasing Policy is both an individual and a corporate responsibility. The reviewed literature pointed out that, every organization has its own procurement policies, procedures and structures that greatly influence the procurement

process. These policies and procedures are built from the organizations paradigm that sometimes contradicts procurement goals and objectives.

Based on the results obtained from the reviewed literature, lack of adherence to the Public Procurement Regulation in public sector leads to poor performance. The results of the reviewed literatures also indicted that, procurement performance in public sector is greatly influenced by transparency, competitive bidding, professionalism and quality sourcing. The reviewed literature further indicated that, formalizing the professionalism of procurement capability is inextricably linked to raising the profile and credibility of procurement practice and promoting the development of a common and transferable body of knowledge. The results pointed out that, increasing the effectiveness, efficiency, and adherence to public procurement policies has become an ongoing concern for governments. Public administrations at different levels are realizing that in order for PP to fulfil its mission appropriate control and diagnostic systems must be put in place.

As indicated by the results from the reviewed literatures, Nairobi City County Government (NCCG) had both internal and external policies guiding IFMIS implementation and that the management support for IFMIS implementation in NCCG was strong. NCCG had the required and reliable infrastructure for IFMIS implementation process although it was yet to achieve a reasonable measure of e-readiness status to fully implement IFMIS. It was pointed out by the results of the reviewed literature that, the goals of implementing any IFMIS for Kenya included effectiveness, efficiency and improved outcomes in financial management processes. Specifically, IFMIS was geared towards achieving better fiscal management, more optimal resource allocation, improved management of resources, reduced fraud and corruption, improved transparency and accountability and lower transaction cost.

The results from the reviewed literature revealed a positive and significant relationship between material acquisition procedures and inventory management performance in government ministries in Kenya. The results revealed that the challenges faced in the implementation of material acquisition procedures included; low budget allocation, changes in policies, poor specifications from users, poor planning, corrupt practices in providing goods, tedious tendering process, staff inadequacy (professionals or experts), price fluctuations and delayed payments. The findings from the reviewed literature indicated that other challenges include complexity of acquisition procedures, lack of provision of all documents by suppliers, bureaucracy of various level of approval, lack of awareness of the velocity of updated legal framework, lack of good market surveys, conflict of interest by top management, suppliers collusion hence influencing prices, change of price after an order has already been issued, lack of automated systems to handle materials, lack of adequate knowledge of the procurement law from users and challenge in usage of ICT (e-procurement).

Further the reviewed literature indicated that, there was a positive relationship between acquisition procedures and performance. The study indicated that, acquisition procedures provide guidance to staffs what to follow in the execution of activities put constraints on behavior and

show how the procurement function should work to achieve strategic objectives. It was asserted that, Procedural acquisition ensures orderliness and efficiency in any procurement department. Public acquisition procedures tend to be characterized by high levels of bureaucracy independent of order value; poor communications and focusing on unit price rather than long-term relations. Ineffective acquisition procedures would end up with failure of the objectives of government policy.

Finally, the findings of the reviewed literatures indicated that, financial and non-financial measures are equally important in indicating the performance of the procurement function. The study revealed that, respondents' suggestions, quality of goods and services is delivered through the procurement process is the most important set target of the procurement function and safety of employees the least important of the non-financial measures. This suggests that quality goods and services create a safe working environment and understanding of safety to employees. Through this study, quality has been identified as a generic measure for purchasing performance.

5.0 Conclusion

Based on the reviewed literature, it can be concluded that, strict adherence to procurement policies results into improved performance. This therefore calls upon the management of various institutions/organizations to come up with a procurement policies and procedures which outlines the strategies and guidelines in detail and ways of operationalization. This should be done in a consultative approach so as to smoothen the process. As government responds to demands to become more efficient and effective, procurement professionals are expected to focus primarily on the strategic aspects of procurement and less on routine transactions.

It can be concluded from the reviewed literatures that, lack of compliance to Public Procurement Regulation in public sector is leading to poor procurement performance. Poor procurement performance in public sector can be reversed if the public procuring entities ensure that there is transparency in procurement procedures, application of competitive bidding in tendering process, use of professionals and ensuring quality sourcing. The procurement staff must also be willing to comply with Public Procurement Regulation to improve procurement performance. Poor procurement performance contributes to rising inefficiency as well as costs and competitiveness of the procurement function.

Based on the reviewed literature, this study concludes that, implementation of IFMIS affects the overall SCM performance in the Nairobi City County Government where top management support and training/capacity building affect the SCM performance of Nairobi City County Government to moderate extents, whereas reporting accountability and employee commitment affect the SCM performance in Nairobi City County Government. Significant weaknesses exist in the quality and efficiency of public expenditure, resulting in delayed low quality implementation of public investment projects, with some said to be inadequately appraised and of doubtful viability. Some of the challenges facing procurements in governments' procurement include; supplier related issues, strategy selection, reducing costs and achieving savings year

after year, accurate demand forecasting, managing stakeholders, risk mitigation, finding the right tools, recruiting, retaining and training the talent, time, etc.

From the findings of the reviewed literature, it can be concluded that, there is a positive and significant relationship between material acquisition procedures and inventory management performance in government ministries in Kenya. Complexity of procurement procedures negatively affects the implementation of material acquisition procedures. It can further be concluded that, acquisition procedures have positive influence on the performance. Acquisition procedures provide guidance to staffs what to follow in the execution of activities put constraints on behavior and show how the procurement function should work to achieve strategic objectives. It was asserted that, Procedural acquisition ensures orderliness and efficiency in any procurement department.

Based on the reviewed literature, the study concludes that, Efficiency and speed of public procurement process diminish inventory turnaround times, direct and indirect costs of procurement, hastens and improves manageability of core processes in the organizations obliged to the public procurement process. The study indicated also that, the goal of performance-based acquisition is relatively simple to obtain quality, timely services in both a legal and cost-effective manner, placing the responsibility for quality performance on the contractor. The contracting officer serves as the principal business advisor and agent for the government responsible for developing the solicitation, conducting the source selection, and managing the contract. This individual also researches the marketplace to identify general business practices such contract type, and the use of incentives.

6.0 Recommendation

Based on the findings of the reviewed literature, the study recommends that, in order to boost the performance of supply chains of Nairobi County government in Kenya, there is need to invest in various strategies. This therefore calls upon the Nairobi county government in Kenya to come up with a procurement policies and procedures which outlines the strategies and guidelines in detail and ways of operationalization. This should be done in a consultative approach so as to smoothen the process. The study also recommend that, since transparency and openness in procurement process, competitive bidding, use of professional procurement staff, quality sourcing and strict adherence to procurement strategic regulations can help improve performance in public sector, The county governments, policy makers, Suppliers and other stakeholders should pay attention on measures that ensure proper implementation and strict adherence to public procurement regulation in public sector.

Based on the results from the reviewed literature, the study recommends that, the county government of Nairobi should review all prohibitive legislations relating to supply chain management and information management in order to make itself an open system where information can be accessed without restrictions. This will enable effective public participation in supply chain management decision making and assist in promoting positive performance, severe and punitive disciplinary measures should be meted to all supply chain management

malpractices including the supply chain management ineffectiveness to reign in on all irregularities reported to them. This should include repossession of irregularly acquired assets, complete overhaul of supply chain management and stiffer penalties. It can also be recommended that, the policy makers/ the county government of Nairobi should come up with policies to enhance efficiency in the procurement process by reducing bureaucracy and time taken to pay the suppliers. Based on the results obtained from the reviewed literature, the study recommends that, the county governments in Kenya put in place the acquisition procedures in order to monitor the procurement process and improve performance.

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