

INFLUENCE OF PROCUREMENT PRINCIPLES ON PERFORMANCE OF STATE OWNED COMMERCIAL AND MANUFACTURING FIRMS IN NAIROBI CITY COUNTY, KENYA.

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ABSTRACT

This study sought to establish the Influence of Procurement principles on Performance of State Owned Commercial and Manufacturing Firms in Nairobi City County, Kenya. The independent variables of the study were; Maximization of Value for money, Transparency and Accountability, Integrity and Professionalism. The study was guided by Institutional, Legitimacy and Agency Theories. A Cross-sectional research design was adopted, the target population was drawn from state owned commercial and manufacturing firms in Kenya. It comprised 25 state owned commercial and manufacturing firms. The study used a semi structured questionnaire. The response rate of this study was 94%. The findings indicates that maximization of value for money influences performance by 70.3%, Transparency and Accountability by 55%, Integrity by 32.8%, Professionalism by 83.5%. The four variables jointly influence performance by 89.1%. all the variables were significant since they had P Value less than 5%. In conclusion professionalism plays a crucial role in the performance of state-owned commercial and manufacturing firms.

Keyword: *Accountability, Conflict of Interest, Integrity, Lifecycle cost, Professionalism, Value for Money*

1. Introduction

Public procurement has evolved from an amorphous state and from simple purchasing that was a back-office activity domiciled in the accounting function and handled by clerks to a strategic activity inclusive of multiplicity of stakeholders, a function that is managed and supervised by qualified, and competent procurement professionals with a strategic and a vantage point of view. Taxpayers are closely scrutinizing the governments national government and devolved governments alike for purposes of ensuring that the government delivers services that are of quality, cost efficient and in a timely manner. It is against this backdrop that the national government is duty bound to institute public procurement reforms through legislative and regulatory framework, enhancement of oversight, accountability and innovative public procurement practices such as e-procurement, public-private partnership, and framework agreements (Bakir, Khan, Ahsan, & Rahman, 2018).

In Kenya, the Public Procurement and Asset Disposal Act 2015 outlined procurement principles that should be used to guide decisions to achieve sound procurement principles. Procurement principles include legal compliance, economics and efficiency, monetary value, impartiality, indiscriminateness, transparency and accountability, comprehensive record management, ethics and prevention of corruption, security and environmental protection, separation of powers (PPADA, 2015). Public procurement and asset disposal system faces ethical challenges occasioned by weak governance that impede Maximization of value for money, Transparency and accountability,

integrity and professionalism principles with the ultimate result being wastage of resources and loss of public funds.

1.1 Statement of Problem

According to World Trade organization, (WTO, 2018), public procurement accounts for about 10%-15% of Gross Domestic Product (GDP) of any given economy. Correspondingly, Transparency International, (2020), indicated that the government expenditure on public procurement amounts to about 15%-30% of the GDP of the respective countries. Given these statistics, it is obligatory upon governments to ensure prudence in public procurement in strict adherence to the seven fundamental principles of public procurement performance as contended by the World Bank; Maximization of Value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness (WB, 2017). The Public Procurement and Asset Disposal System in Kenya has evolved from an unregulated system to a legally regulated system that is in line with international standards. However, over the years it has contributed to loss of Government funds and subsequently led to underdevelopment. Notwithstanding notable existence of well documented principles of public procurement, a robust legal and regulatory framework governing public procurement such as Public Procurement and Asset Disposal Act, PPADA, 2015, Public Procurement Assets and Disposal Regulations 2020, County Governments Procurement Regulations, 2013 and National Public Procurement and Assets Disposal Policy 2020, among others. (PPADR, 2020). Similarly, the public procurement and asset disposal system faces ethical challenges occasioned by weak governance that impede Maximization of value for money, Transparency and accountability, integrity and professionalism principles with the ultimate result being wastage of resources and loss of public funds. (NPPADP, 2020). The government needs to turnaround its procurement process failure to which inefficiencies and government wastages shall persist and tax payers and citizens in general shall not get value for their taxes (OAG, 2019).

The aforementioned challenges and the emerging issues in the dynamic business environment necessitate research interventions on public procurement and asset disposal system. The study facilitates a sustainable, organized and well-regulated environment that upholds the guiding principles and objectives as outlined in the Constitution of Kenya, 2010. It is against this backdrop that the study aims at reexamining the Influence of Procurement Principles on Performance of State Owned Commercial and Manufacturing Firms in Nairobi City County, Kenya.

1.2 Research objectives

- i. To examine the Influence of Maximization of Value for money on performance of state owned commercial and manufacturing firms in Nairobi city county, Kenya
- ii. To determine the Influence of Transparency and Accountability on performance of state owned commercial and manufacturing firms in Nairobi city county, Kenya
- iii. To assess the Influence of Integrity on performance of state owned commercial and manufacturing firms in Nairobi city county, Kenya
- iv. To evaluate the Influence of professionalism on performance of state owned commercial and manufacturing firms in Nairobi city county, Kenya

1.3 Research Questions

- i. What is the Influence of Maximization of Value for money on performance of state owned commercial and manufacturing firms in Nairobi city county, Kenya?
- ii. What is the e Influence of Transparency and accountability on performance of state owned commercial and manufacturing firms in Nairobi city county, Kenya?
- iii. What is the Influence of Integrity on performance of state owned commercial and manufacturing firms in Nairobi city county, Kenya?

- iv. What is the Influence of professionalism on performance of state owned commercial and manufacturing firms in Nairobi city county, Kenya?

2.1 Theoretical Review

2.1.1 Institutional Theory

Institutional theory focuses on the more complex and durable facets of social organization. It addresses about how trustworthy norms for social behavior are developed through the establishment of frameworks like schemas, rules, norms, and routines. It enquires into the creation, dissemination, adoption, and adaptation of these components over time and space and how things break down and stop being useful. The main theme is the stability and order of social life, but inevitably students in institutions need to pay attention not only to consensus and suitability, but also to conflicts and changes in social structure (Scott, 2004).

Scott (2004) defines the institution as "a multifaceted and lasting social structure consisting of symbolic elements, social activities, and material resources." Institutions as rules devised by humans in the society that shapes human interactions-"Rules of the Game" (North1990). Political, economic, and contractual regulations are examples of formal rules, whereas taboos, customs, and traditions are examples of informal rules (Jepperson 1991).

By facilitating and limiting activities, institutions, both formal and informal, aid in the patterning of human behavior. This idea proposes the existence of both formal and informal institutions. Formal institutions include constitutions, laws and regulations. Informal institutions or restrictions include labor practices, religions, clubs, and societies. Organizations are seen through the lens of the system as being entangled in a web of values, conventions, beliefs, and common presumptions (Barley and Tolbert, 1997). Over time, it directs and limits their conduct. These standards, conventions, presumptions, and beliefs are a result of the system's existence. Institutions are social frameworks that manage and constrain people and organizations while allowing them room for action.

2.1.2 Legitimacy Theory

Suchman (1995) defined legitimacy as the belief that a certain entity's behavior is preferable, proper, and appropriate within a framework of socially formed norms, values, beliefs, and definitions. However, these restrictions and norms are not fixed, but change from time to time. This requires working on the legal, ethical, and moral environment in which the organization operates. According to (Cormier and Gordon 2001), legitimacy theory seeks to establish that organizations operate within the boundaries and norms of their respective societies. In this regard, the various entities that have adopted the perspective of legitimacy theory actively and voluntarily report their activities as being accepted by the society or community in which they operate. The legitimacy thesis, in particular, is predicated on the idea that there exists a social contract between an organization and the society in which it functions.

According to Shocker and Sethi (1973), all institutions of society operate through social contracts, either express or implicit, and their survival and growth is socially generally more desirable than distribution. It is also determined by providing goals. Of economic, social and political interests to the group it draws its power. From this perspective, social contracts represent a certain level of expectation about how an organization should do its business. In fact, the survival of an organization is threatened if it is perceived to be in breach of its social contract (Deegan, 2002). The theory of legitimacy emphasizes that organizations must consider the rights of the general public as well as the rights of investors. By society if it does not meet the expectations of society, for example, in the form of legal restrictions on the operation of the organization, or as part of society with limited resources such as investor refusal or employee investment refusal or reduction. Sanctions may be taken. The demand for that product. The legitimacy of an organization can be established by: Legal requirements. Social expectations that are not fixed by law and are activated through the organization.

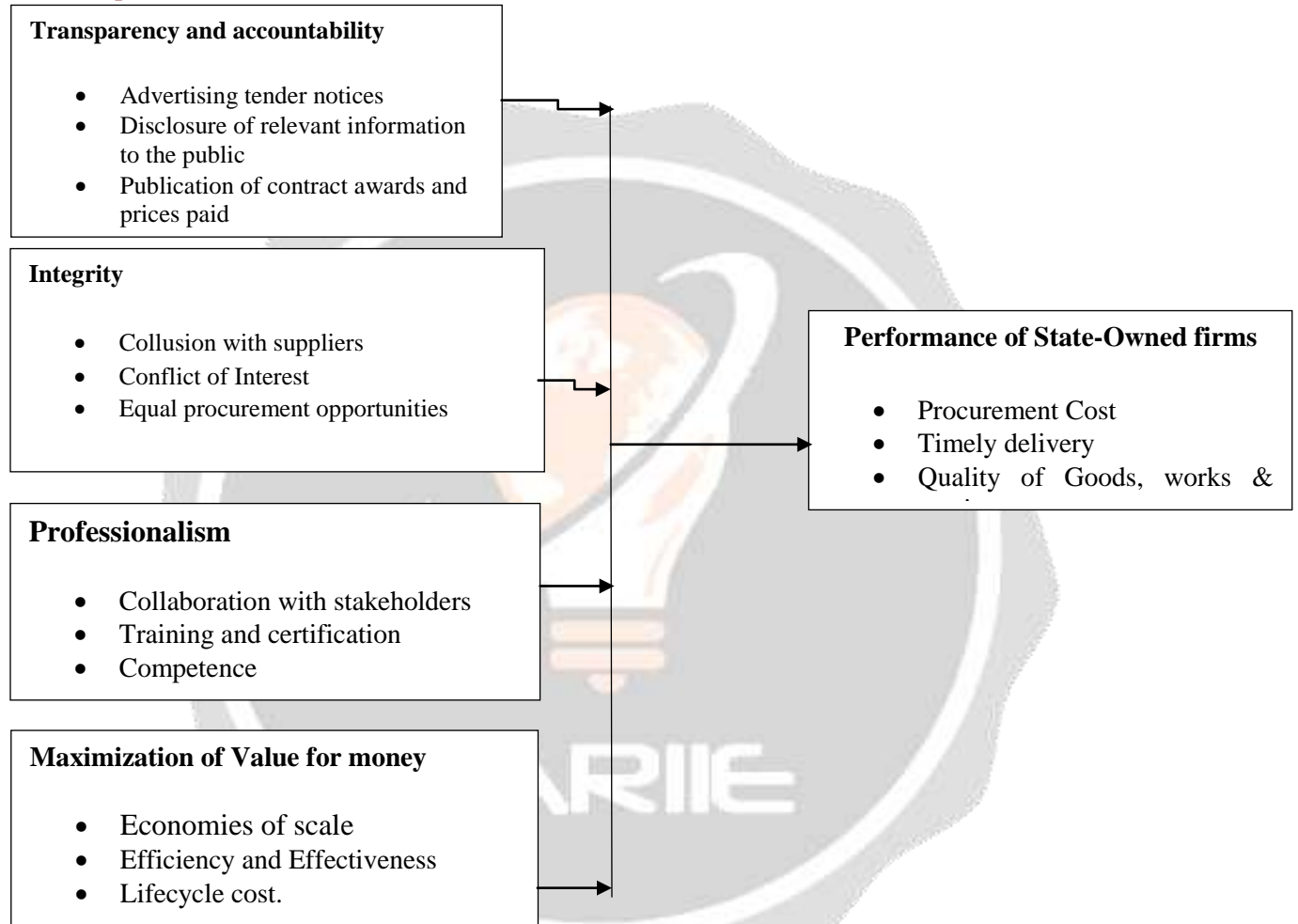
2.1.3 Agency Theory

This theory deals with the relationship between an agent (a person who acts on behalf of a principal) and a principal. Agents can act on behalf of clients. Various agents and major issues can occur, including conflicting goals. Differences in risk aversion, result uncertainty, self-interested behavior, and bounded rationality. Therefore, the contract between the principal and the agent governs the relationship between the parties, as it clearly outlines the

obligations and responsibilities of each party. The goal of principal-agent theory is to design contracts that can prevent potential agency problems (Cavanagh, Freeman, Kalfadellis, and Herbert, 2017).

The "most efficient contract" combines the right number of behavior- and result-based rewards to encourage agents to behave in their clients' best interests. Conflicts can be avoided by drafting agreements with supply chain participants and local governments that strike a balance between rewards and punishments (Narayanan & Raman, 2004).

2.2 Conceptual Framework



2.3 Empirical Review Literature

Luke and Shale (2014), in their study on the role of strategic procurement principles on Organizational Performance; A Case Study of Kenya National Audit Office County using descriptive survey research design, established that majority of the employees were not well trained on records management, the firm had a cost management programme in place, management was committed to supplier relationship and management made some efforts to encourage adherence to legislative procurement procedures.

Ogutu and Were (2014) studied the perception of regulation on the procurement process of devolved county governments in Kenya: a case study of Kajiado county. The study adopted a descriptive research design to gather quantitative and qualitative data. The study also adopted the target population of 595 employees of the Kajiado County Government, and a sample size of 119 was drawn from all cadres of staff. The populations were regarded as homogeneous. Descriptive and regression analyses were used to establish the relationship between the study variables. The study found that accountability, ICT adoption, and operating procedures affect the procurement process and ethics of devolved county governments in Kenya to a great extent.

Insufficient confidentiality during the tendering process, conflicts of interest between public officials on public tenders, a lack of competitive bidding, and a lack of openness and transparency in outsourcing, according to Muhia et al. (2017), had a negative impact on the purchase of pharmaceutical drugs by county governments in Kenya. Simiyu et al. (2017) evaluated the impact of supplier assessment ethical practice on supply chain performance among G4s transport and logistics enterprises in western Kenya. They concluded that the topic of procurement ethics has not been sufficiently explored. The study found that ethical practice issues have a detrimental influence on the efficiency of the supply chain and the company's overall profitability. In addition, the research revealed that a larger proportion of the populace was ignorant of the 2015 public procurement and disposal act.

Mbae (2014) concentrated on establishing a connection between Kenya's public procurement law and the county governments' procurement performance. The study indicated that the present procurement laws significantly slowed down the pace at which both products and services were bought.

White et al. (2016) assessed the procurement processes used by various corporate and public entities. More than 20 procurement managers and 15 financial officers from state-versus-private entities participated in the study after being specifically chosen for it. The investigation aimed to identify procurement scams and other ethical problems in these institutions. According to the survey, fraud primarily occurs during the phases of contract administration and supplier selection. In this public sector, incomplete projects, wasteful spending, and loss of public monies were all connected to fraudulent acts throughout the procurement process.

Olusegun, Akinsiku, and Akinbode (2018) evaluated the variables affecting professionalism in the procurement procedure and processes. 36 procurement officers from tertiary institutions in Lagos, Nigeria participated in the survey and used both descriptive and inferential analyses. The correlation between professionalism, ethical conduct, and professionalism knowledge was shown to be positive and statistically significant. Ensuring that public procurement regulations are adhered to strictly entails professionalism in public procurement (Mwangi, 2017). Studies from the past show that despite the adoption of procurement legislation, insufficient compliance still results in inefficiencies in the use of public funds in procurement (Onchweri & Muturi, 2015). Corruption, according to EACC, has led to County underdevelopment, subpar service delivery, subpar road construction, budget shortfalls, refusal of public participation in project, and unfair hiring practices (EACC, 2015).

(Noor & Andika 2022) investigated the influence of public procurement principles on the performance of county governments in Kenya. The study findings revealed that most county governments had promoted transparency through keeping appropriate procurement records, promoted transparency through the publication of contracts awarded and constant communication between procuring entity and the bidders. Also, the study established that the majority of the county governments promoted transparency through the use of technology and technology-assisted procuring entities in disseminating the required information to bidders and other stakeholders. Further, the study found out that the county governments enhanced accountability and high levels of integrity, enhanced efficient communication between procuring entities and bidders, ensured that all procurement contractors were above board, ensured that their water air dealings between parties and crates-built confidence in the public domain.

2.4 Critique of Existing Literature

Numerous domestic and foreign research on public procurement have been carried out. However, the majority of investigations were carried out in industrialized nations. For instance, (Ntayi, Byabashaija & Eyaa, 2010) performed research in Uganda on the variables influencing public procurement ethical standards in Africa and other areas of the world. The goal of the study was to use Bandura's moral disengagement variables and Durkheim's idea of anomie to understand the causal elements for the immoral principles among public procurement officials in Uganda. But this study failed to address public procurement principles which key issues in for inculcating morals to the procurement officers.

The study conducted by Mohamed, (2017) on ethics in public Procurement in Tanzania noted that the ethical standard in public procurement to be achieved require those who are involved in procurement process to possess technical and ethical skills. But this study only focused on procurement ethic which is one of public procurement principle and also did not look at the possible outcome in terms of procurement performance in case of lapse in ethical principles by procurement professionals. The study also focused on different sector and not county governments and therefore the study limits generalization of its findings.

2.5 Research Gaps

Public procurement has been the subject of extensive national and international studies. However, the majority of research is done in wealthy nations. For instance, a survey on the variables influencing ethical standards in public procurement in Africa and other regions of the world was undertaken in Uganda by Gumisiriza (2018).

A study by Gumisiriza, (2018) on ethical standards in public procurement in Uganda found that organizational culture contributed statistically to the causes of corruption in public procurement. An organizational structure that does not consider accountability and transparency contributes to organizational corruption. Therefore, the study concluded that the organizational structure determines and takes into account the increasing trend of procurement corruption. However, this study did not address how organizational structure contributes to corruption. Therefore, the results of this study cannot be generalized as poorly structured organizations contributing to the corruption of public institutions. Corruption can also permeate organizations with good governance structures.

3. Research Methodology

3.1 Research Design

The study adopted a cross sectional survey research design. Cross-sectional research design allows the researcher to collect data just once at a particular point in foreseeable future (Cooper & Schindler, 2009). The choice of this design was appropriate for this study since it utilized a questionnaire as a tool of data collection.

3.2 Target Population

Kombo and Tromp (2009) refer target population as the group of individuals, objects or items from which a sample is taken for measurement. This study focused on the state owned commercial and manufacturing firms in Nairobi City County, Kenya. Target population for this study encompassed employees working in Procurement, Production, Accounting & Finance and User Departments across the 25-state owned commercial and manufacturing firms in Nairobi City County, Kenya (SCAC, 2022).

3.3 Sample Size and Sampling Technique

The unit of observation was 100 employees working in Procurement department, Production department, Accounting & Finance department and User Departments across the 25-state owned commercial and manufacturing firms in Nairobi County, Kenya. Since the population was heterogeneous, stratified random sampling was used to select the respondents from the state owned commercial and manufacturing firms in Nairobi County. Where the concerned strata constituted various departments which included Procurement department, production department, Accounting & finance department and User Department. The study involved all the 25-state owned commercial and manufacturing firms in Nairobi County. Therefore, this was a census study. The study purposively selected 1 respondent from each department and therefore the total number of respondents was 100 respondents.

3.4 Research Instrument

According to Mugenda and Mugenda (2003), a questionnaire is appropriate data collection instrument when collecting data over a large sample and there are limited chances for response and observer bias as long as confidentiality is guaranteed. Primary data was collected by use of questionnaires that contained both open ended and closed ended questions.

3.5 Data collection Procedure

The researcher first obtained permission from the university before beginning data collecting, after which an introduction letter was granted. The questionnaires were then hand delivered to respondents with the help of research assistants who were briefed on the subject matter of the questionnaire. The respondents were assured of confidentiality and anonymity to ensure that they were free enough to give unbiased information.

3.6 Data Processing and Analysis

Quantitative data was analyzed using descriptive statistics i.e., mean, standard deviation, median and mode by the help of Statistical Package for Social Science (SPSS) Version 24. Data analysis involved inferential statistics such as Correlations analysis to determine the direction and strength of relationship between study variables, fitting regression model, multiple regression analysis to test hypotheses, and F tests.

Linear regression model was used to determine whether predictor variables under study collectively predict the criterion variable (Mugenda & Mugenda, 2008). The following multiple linear regression models was used:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:

Y= Dependent Variable (performance of state owned commercial and manufacturing firms)

β_0 = Constant

β_i is coefficient for X_i ($i = 1, 2, 3, 4$)

X_1 =Maximization of Value for money

X_2 =Transparency and accountability

X_3 = Integrity

X_4 = Professionalism

ε = error term

In the model, β_0 = the constant term while the coefficient β_i , $i = 1 \dots 4$ was used to measure the sensitivity of the dependent variables to unit change in the predictor variables. ε is the error term which captures the unexplained variations in the model.

4.0. Research Findings and Discussions

4.1 Response Rate

For this study, 100 questionnaires were distributed out of which 94 were completed and returned. The questionnaires that were used for the analysis were therefore 94. This translated to a response rate of 94%.

4.2 Demographic Information

Table: Departments from where respondents were drawn

| Department | Frequency | Percent (%) |
|---------------------------|-----------|-------------|
| Procurement/ supply chain | 41 | 43.61 |
| Production | 4 | 4.26 |
| Accounting /Finance | 39 | 41.49 |
| User Department | 10 | 10.64 |
| Total | 94 | 100 |

Table: Education Level of Respondents

| Level of Education | Frequency | Percent |
|----------------------------|-----------|---------|
| Certificate | 2 | 2.13 |
| Diploma | 6 | 6.38 |
| Bachelors | 44 | 46.82 |
| Masters | 33 | 35.10 |
| PHD | 9 | 9.57 |
| Professional Qualification | 0 | 0.0 |
| Total | 94 | 100 |

Table :Year of Service of the respondents

| Experience | Frequency | Percent (%) |
|-------------------|-----------|-------------|
| Less than 5 years | 24 | 25.53 |
| 5-10 years | 56 | 59.57 |
| 10- 15 years | 6 | 6.38 |
| Above 15 years | 8 | 8.52 |
| Total | 94 | 100 |

4.3. Descriptive Statistics of the study variables

Table: overall Descriptive results per the research objectives

| STATEMENTS | Mean | SD |
|---|------|-------|
| Influence of Maximization of Value | 3.85 | 0.827 |
| Influence of Transparency and Accountability | 3.53 | 0.826 |
| Influence of Integrity | 3.80 | 1.026 |
| Influence of professionalism | 3.69 | 1.008 |
| performance of state owned commercial and manufacturing firms | 3.33 | 1.153 |

The participants agreed that the procurement principles have a positive impact on procurement performance. The Standard deviations range between 0.827 and 1.153 indicating that there were minimal variations in the responses.

4.4 Correlation Analysis

Correlations

| | | PF | MVM | TA | INT | IP |
|-----|---------------------|--------|--------|--------|--------|--------|
| | Pearson Correlation | 1 | .839** | .742** | .572** | .914** |
| PF | Sig. (2-tailed) | | .000 | .000 | .000 | .000 |
| | N | 100 | 100 | 100 | 100 | 100 |
| | Pearson Correlation | .839** | 1 | .784** | .546** | .799** |
| MVM | Sig. (2-tailed) | .000 | | .000 | .000 | .000 |
| | N | 100 | 100 | 100 | 100 | 100 |
| | Pearson Correlation | .742** | .784** | 1 | .228* | .754** |
| TA | Sig. (2-tailed) | .000 | .000 | | .023 | .000 |
| | N | 100 | 100 | 100 | 100 | 100 |
| | Pearson Correlation | .572** | .546** | .228* | 1 | .432** |
| INT | Sig. (2-tailed) | .000 | .000 | .023 | | .000 |
| | N | 100 | 100 | 100 | 100 | 100 |
| | Pearson Correlation | .914** | .799** | .754** | .432** | 1 |
| IP | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |

N 100 100 100 100 100

The findings reveal that there are strong positive correlations between the variables. Maximization of value for money is strongly positively correlated with performance ($r = .839$) and also with transparency and accountability ($r = .784$) and influence of professionalism ($r = .799$). Transparency and accountability are also strongly positively correlated with performance ($r = .742$) and with influence of professionalism ($r = .754$). Influence of professionalism is also strongly positively correlated with performance ($r = .914$). On the other hand, the influence of integrity is weakly positively correlated with performance ($r = .572$) and has a weak correlation with transparency and accountability ($r = .228$) and influence of professionalism ($r = .432$). In general, these correlations suggest that there are strong positive relationships between these variables, with maximization of value for money, transparency and accountability, and influence of professionalism having the strongest correlations with performance. The weak correlation between influence of integrity and performance suggests that integrity may not be as important a factor in determining the performance of these firms as the other variables measured

4.5 Joint relationship of the independent variables on performance

Table: Model fit

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|------|----------|-------------------|----------------------------|
| 1 | .944 | .891 | .886 | .31644 |

Table: summary of Results

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-----------------------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .437 | .088 | | 4.957 | .000 |
| Maximization of Value for money | .110 | .061 | .133 | 1.809 | .044 |
| 1 Transparency and Accountability | .078 | .044 | .111 | 1.752 | .003 |
| Integrity | .170 | .038 | .199 | 4.495 | .000 |
| Professionalism | .549 | .052 | .637 | 10.518 | .000 |

The multiple regression analysis shows that the joint effect of maximization of value for money, transparency and accountability, integrity, and professionalism has a significant impact on the performance of state-owned commercial and manufacturing firms in Nairobi City County, Kenya. The model is statistically significant ($F=193.705$, $p<.001$) and accounts for 89.1% of the variance in performance. Among the predictors, influence of professionalism had the strongest positive impact ($B=.549$, $p<.001$), followed by influence of integrity ($B=.170$, $p<.001$), transparency and accountability ($B=.078$, $p=.003$), and maximization of time value of money ($B=.110$, $p=.074$). While the impact of maximization of time value of money was not statistically significant at the 0.05 level, it approached significance at the 0.05 level. The findings suggest that professionalism, integrity, and transparency and accountability are crucial for improving the performance of state-owned commercial and manufacturing firms. These results are consistent with prior research that has highlighted the importance of these factors in enhancing organizational performance (For instance, Kimani et al., 2021; Ombati et al., 2020)

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter highlights summary of key findings, conclusions and recommendations. Conclusions and recommendations are derived from the research questions and the identified variables supporting the study.

5.1 Summary of Findings

Based on the findings of the study on the influence of procurement principles on the performance of state-owned commercial and manufacturing firms, the following conclusion can be drawn: The results indicate that professionalism, maximization of value for money, transparency, and integrity have varying degrees of impact on the performance of state-owned commercial and manufacturing firms.

5.1.1 Summary of Findings for Professionalism

Professionalism emerged as the most influential variable, with a significant positive impact on performance. This suggests that when procurement processes are executed with a high level of professionalism, including adherence to ethical standards, expertise, and competence, it positively contributes to the overall performance of these firms.

5.1.2 Summary of Findings for Maximization of value for money

Maximization of value for money was found to have a considerable impact on performance. This implies that when state-owned commercial and manufacturing firms prioritize obtaining the best value for the resources invested in procurement activities, it leads to improved performance.

5.1.3 Summary of Findings for Transparency and Accountability

Transparency was identified as a moderately influential factor. This suggests that when transparency is ensured in procurement processes, such as through open and fair competition, clear communication, and disclosure of information, it has a positive effect on the performance of these firms.

5.1.4 Summary of Findings for Integrity

Integrity was found to have a relatively lower impact on performance. This indicates that while maintaining ethical standards and integrity in procurement practices is important, it may have a less pronounced influence on overall performance compared to the other variables examined.

5.2 Conclusions

The study reveals that professionalism plays a crucial role in the performance of state-owned commercial and manufacturing firms. A high level of professionalism, including adherence to ethical standards, expertise, and competence in procurement processes, positively contributes to overall performance outcomes. Prioritizing the maximization of value for money in procurement activities significantly impacts the performance of state-owned commercial and manufacturing firms. By focusing on obtaining the best value for the resources invested, firms can improve their performance outcomes. The study highlights the importance of transparency in procurement processes for state-owned commercial and manufacturing firms. When transparency is ensured through open and fair competition, clear communication, and the disclosure of information, it positively affects performance outcomes. While integrity is recognized as an essential aspect of procurement practices, the study indicates that its impact on the performance of state-owned commercial and manufacturing firms is relatively lower compared to other variables. Maintaining ethical standards and integrity remains important; however, it may have a less pronounced influence on overall performance.

The study concludes that Professionalism was the most significant influential variable, with a positive impact on performance. This was followed by maximization of value for money, transparency, and integrity on the

performance of state-owned commercial and manufacturing firms in Nairobi City County, Kenya. The study highlights the significance of professionalism, maximization of value for money, transparency, and integrity in procurement practices within state-owned commercial and manufacturing firms. Valuable insights can be drawn from this study for policymakers and managers in these organizations to enhance their procurement processes and ultimately improve performance.

5.3 Recommendations

Based on the findings of this study the following recommendations are suggested

5.3.1 Professionalism

Implement comprehensive training programs to enhance the professionalism and expertise of procurement personnel. Establish clear ethical guidelines and ensure strict adherence to ethical standards in all procurement processes. Foster a culture of professionalism and continuous improvement within the procurement department.

5.3.2 Maximization of Value for Money

Conduct regular cost-benefit analyses and evaluations to identify opportunities for maximizing value for money. Foster strategic partnerships with suppliers to negotiate favorable terms and obtain competitive pricing. Implement robust monitoring and evaluation mechanisms to ensure that the procurement process consistently achieves the best value for money.

5.3.3 Transparency

Develop and implement transparent procurement policies and procedures that promote fair and open competition. Enhance transparency by providing clear communication channels for stakeholders involved in procurement processes. Establish mechanisms for public scrutiny and oversight to ensure transparency and accountability in procurement activities.

5.3.4 Integrity

Strengthen anti-corruption measures and enforce strict penalties for unethical behavior in procurement processes. Implement robust internal controls and audits to detect and prevent fraudulent practices. Foster a culture of integrity by promoting ethical behavior, transparency, and accountability at all levels of the organization.

These recommendations aim to improve the effectiveness and efficiency of procurement practices within state-owned commercial and manufacturing firms. By implementing these measures, organizations can enhance professionalism, maximize value for money, promote transparency, and uphold integrity, ultimately leading to improved performance and better utilization of resources.

5.4 Areas for further research

The study targeted population was drawn from 25 state owned commercial and manufacturing firms in Nairobi city County, Kenya. This research is in no way exhaustive and due the emerging issues in the dynamic business environment that necessitate policy interventions on various fronts including; the other public procurement principles, public procurement operational standards and governance also which facilitate an effective and efficient public procurement and asset disposal system. Future studies should examine the validity of the findings in all public entities.

Therefore, caution should be taken in the generalization of the study result to other public entities and across the industry. This is because of the data collected was only from the 25-state owned commercial and manufacturing firms in Nairobi city County, Kenya. Since the study adopted a cross-sectional survey design, it does not capture the dynamic nature of factors determining the relationship between variables. This means that even if relationships are significant, other factors not included in the current study may also play an important role. Thus, future studies

should be conducted using different research designs, such as longitudinal.

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