

East African Journal of Business and Economics

ejbe.eanso.org

Volume 6, Issue 1, 2023

Print ISSN: 2707-4250 | Online ISSN: 2707-4269

Title DOI: <https://doi.org/10.37284/2707-4269>

ENSO
EAST AFRICAN
NATURE &
SCIENCE
ORGANIZATION

Original Article

Supplier's Past Performance Criteria and its Effect on Procurement Performance in County Governments in Kenya

Mogere Alicent Ondieki^{1*}, Oteki Evans Biraori¹ & Muhoro Priscilla¹

¹ Muranga University of Technology, P. O. Box 75-10200. Muranga, Kenya

* Correspondence ORCID ID: <https://orcid.org/0009-0003-4444-5079>; email: alicentondieki@gmail.com

Article DOI: <https://doi.org/10.37284/eajbe.6.1.1287>

Date Published: ABSTRACT

04 July 2023

Keywords:

*Supplier Selection,
Supplier's Past Performance,
Procurement Performance,
Supplier Reliability*

The major focus of the study is to investigate the supplier selection criteria and its effect on procurement performance in county governments. The specific objective was to examine the effect of supplier's past performance on procurement performance in county governments. Descriptive research design was applied in the study. The study population was 168 that included professional employees working in the county government departments of Murang'a and Kirinyaga counties. Purposive sampling was preferred in selection of the sample size of 60 respondents who were the heads of the departments. Data collection tool was self-administered questionnaires. Both descriptive and inferential statistics were used to perform data analysis. The results of the model summary indicated that R² equals 0.642, thus revealing that 64.2% of the procurement performance in county governments can be attributed to supplier's past performance. The study concludes that there is a positive strong effect between supplier's past performance and procurement performance. The study recommends an effective scrutiny on supplier's past performance before awarding contracts by carrying out due diligence to minimize uncertainties arising from supplier failure to execute complex contracts that require a given level of expertise.

APA CITATION

Ondieki, M. A., Biraori, O. E. & Priscilla, M. (2023). Supplier's Past Performance Criteria and its Effect on Procurement Performance in County Governments in Kenya. *East African Journal of Business and Economics*, 6(1), 162-174. <https://doi.org/10.37284/eajbe.6.1.1287>

CHICAGO CITATION

Ondieki, Mogere Alicent, Oteki Evans Biraori and Muhoro Priscilla. 2023. "Supplier's Past Performance Criteria and its Effect on Procurement Performance in County Governments in Kenya". *East African Journal of Business and Economics* 6 (1), 162-174. <https://doi.org/10.37284/eajbe.6.1.1287>.

HARVARD CITATION

Ondieki, M. A., Biraori, O. E. & Priscilla, M. (2023) "Supplier's Past Performance Criteria and its Effect on Procurement Performance in County Governments in Kenya", *East African Journal of Business and Economics*, 6(1), pp. 162-174. doi: 10.37284/eajbe.6.1.1287.

IEEE CITATION

M. A. Ondieki, O. E. Biraori & M. Priscilla "Supplier's Past Performance Criteria and its Effect on Procurement Performance in County Governments in Kenya", *EAJBE*, vol. 6, no. 1, pp. 162-174, Jul. 2023.

MLA CITATION

Ondieki, Mogere Alicent, Oteki Evans Biraori & Muhoro Priscilla. "Supplier's Past Performance Criteria and its Effect on Procurement Performance in County Governments in Kenya". *East African Journal of Business and Economics*, Vol. 6, no. 1, Jul. 2023, pp. 162-174, doi:10.37284/eajbe.6.1.1287.

INTRODUCTION

Since it directly affects the competitiveness of any industry, supplier selection as a function of the procurement department has grown to be one of the most crucial responsibilities of procurement managers. As a consequence, choosing the right suppliers helps firms significantly while also raising customer satisfaction (Masemola et al., 202). Failure to use the right procedure when choosing the best possible supplier might lead to supplier risks, which could halt business operations. The competency of potential vendors is assessed using a variety of methods during the selection process. Firms can save money by evaluating potential suppliers against pre-determined criteria while also enhancing customer service quality. Therefore, selecting suppliers on the basis of the past records of similar contracts executed is fundamental in building the confidence of the user departments in terms of successful execution of contracts.

The demand on procurement departments to select the most economically advantageous offer in order to ensure cost-effective and efficient procurement is increasing. To choose a bidder, a thorough analysis of potential candidates should be conducted whose historical performance could have an impact on the effectiveness of any procurement function or process (Mutai, 2016). During the tender stage, a supplier's capabilities in terms of capacity, financial stability, quality standards, performance, and organizational and process structures may be evaluated by a questionnaire, interview, or site visit. In order to be included to the list of approved

suppliers, existing and potential suppliers are evaluated for suitability and either accepted or rejected (CIPS, 2018).

When selecting the best offer to purchase the commodities, services, and labour needed for an organization to achieve its objectives, a supplier is assessed based on past performance (Oteki, 2021). The evaluation criteria also take into consideration other factors such as personnel (key managers, technical staff), competency and capacity (tools and equipment, process quality systems, certification), Experience (clients served for last three years of similar tender), financial capability (audited financial statements). The lowest responding evaluated proposal is what is referred to as the best offer after bid evaluation (Oteki, 2021). The most advantageous bid is another name for it. Nevertheless, inefficiencies in supplier evaluation continue, ranging from partial contract delivery to early contract termination, notwithstanding the passage of the Public Procurement and Asset Disposals Act (PPAD) of 2015 and the Public Procurement and Asset Disposal Reform Act (PPADR) of 2020.

It is vital to assess the procurement performance and how it can be accrued from proper assessment of supplier's past performance. This is because of its contribution to the advantages that results from an effective selection process such as increase in efficiency and productivity and boosted customer confidence on supplier's ability and reliability to execute contracts of similar nature. The choice and retention of competent employees is crucial in

procurement. To choose the best bidder, a corporation must take into account additional aspects.

Statement of the Problem

Most entities in Kenya are affected negatively by delayed deliveries of goods, works and services due to the inability of suppliers to deliver contracts as agreed. This is attributed to poor selection of suitable suppliers from a common pool of suppliers. This results on constant project delays considering that most non-performing contracts are terminated and hence have to be started again (Kibet & Njeru, 2014). It also causes further delays in completion of projects and timely delivery of goods and services. Delayed project delivery is mostly attributed to challenges of the procurement department to select suppliers with impressive past performance records (Beil, 2010). According to a report by Ethics and Anti-corruption Commission 2015, an evaluation of corruption and procurement performance in public procurement asserts that termination of contracts is a common challenge in public sector procurement (Kakwezi & Nyeko, 2019).

Further, the report attributes 25% of contract terminations to supplier failure, 15% results from non-adherence to timeline by suppliers, 14% results from changes in prices of goods, while 9% is attributed to poor quality of goods and services. Procurement is perceived to experience challenges in terms of waste and low quality of service (Mukarumongi, 2018). The 2018 Auditor General's Report claims that county governments in Kenya lost Ksh. 2 billion in the 2016–2017 fiscal year as a result of paying bidders for work that was subpar, incomplete, and didn't meet requirements, as well as those who provided poor quality goods and services (Masemola *et al.*, 2022). It is evident that most procurement challenges are attributed to termination of procurement contracts, incomplete orders, delivery of substandard works, products, and services, supplier failure, and non-adherence to delivery timelines.

General Objective

To assess the effect of supplier's past performance on procurement performance in the county governments.

Specific objective

- To examine the effect of supplier reliability on procurement performance in the county governments.
- To investigate the effect of quality expectation on procurement performance in the county governments.

Hypothesis

H₀₁: There is no statistically significant effect of supplier reliability on procurement performance in the county governments.

H₀₂: There is no statistically significant effect of quality expectation on procurement performance in the county governments.

LITERATURE REVIEW

The section provides analysis of supplier's past performance and procurement performance in the county governments. It outlines the theoretical framework, empirical review, and conceptual framework.

Game Theory

In the 1940s, mathematician John Von Neumann and economist Oskar Morgenstern laid the groundwork for the development of game theory. The study of strategic interactions between players is known as game theory. Several academics and industry experts contributed to the theory. They studied and developed the notion extensively in the 1950s about the theory. Many sectors, including economics, politics, computer technology, psychology, and even biology, employ game theory extensively (Fargetta & Scrimali, 2019). The theory states that, while developing the strategy or action in a game, it is your responsibility as a player to

consider the decisions made by other players. In procurement procedures, the parties participating are referred to as "Players," and the negotiation process is "The Game." The phrase "Knowledge Set" relates to each side's previous data, whereas "Strategy" refers to the specific course of action that a player would take in any particular situation.

When both parties reach an agreement at the end of a game, the words Pay Off and Equilibrium are employed. The prevalence of zero-sum games, in which only one participant benefits from the outcome, stimulated game theory's development. Businesses use game theory to deal with complex events, including mergers, product launches, negotiations, and pricing wars (Mwikali & Kavale, 2012). In procurement, buyers and sellers frequently negotiate, and these interactions may be challenging for both parties. Using Game Theory during procurement discussions can help in getting better results and make better judgments (Fargetta & Scrimali, 2019). Although the procurement sector is fully aware of the advantages of employing Game Theory during negotiations, it has only just begun to do so. Participants in a game are seen as rational decision-makers who are willing to apply their knowledge and collaborate to achieve equilibrium (Reza-Gharehbagh *et al.*, 2019). By providing their compromise possibilities, the parties concerned may be able to build confidence and establish a mutually beneficial solution using game theory.

The study is anchored in game theory considering that some of the concepts provide a language to formulate, structure, and analyse with the objective of selecting the best supplier from numerous suppliers with respect to understanding strategic scenarios (Kamotho, 2014). The theory also helps buyers to maintain their current suppliers without paying hefty additional costs. Makabira and Waiganjo (2014) claim that the study's main objective is consistent with the supplier selection theory's overall objective, which is to improve the outcomes of all decision-making procurement circumstances, including complex and cross-

functional sourcing. In order to comprehend county government actions throughout the development of supplier selection criteria and their cumulative impact on procurement performance, the study additionally utilised theoretical frameworks.

The contacts between buyers and sellers, which are frequent in procurement, can be challenging for both parties. This makes the problem crucial to game theory. Game Theory use in procurement conversations can result in efficient decisions and strategic assessments of possible suppliers. Although game theory's benefits in negotiations are well known in the procurement industry, its application is still in its infancy.

Empirical Literature Review

The study focused on analysis of empirical papers related to supplier selection and procurement performance. Supplier selection in today's fast-paced business environment is not just based on technical and operational considerations; instead, it is a strategic decision requiring a cross-functional approach, including procurement, accounting, operations, and information technology (IT). The final decision on the listed supplier must consider more than just price. Competitive supplier selection activities can help to increase procurement efficiency and effectiveness (Waweru, 2015). Therefore, this is an option worth considering. There are several advantages to choosing one's suppliers. Clients may get a range of benefits from suppliers, including improved process performance and ongoing reductions in costs. According to CIPS, supplier selection is one of the most important aspects of strategic sourcing, supplier management, and competitive advantage building (Aseka, 2010).

Supplier's Past Performance and Procurement Performance

Organizations consider various factors when making purchase decisions. The promptness of product and service delivery is one factor to take into account while evaluating and choosing offers.

It is essential to build a reliable relationship with the clientele of the company. The prompt and reliable delivery of a product is a delivery criterion. Johnson and Flynn (2015) assert that the method of administration can change efficacy. Successful bids will have the flexibility to quickly adapt to shifting production and order requirements while still satisfying the buyer's expectations. Shipping expenses are decreased and product delivery times are shortened. With the rise of JIT production planning, manufacturers must operate with less inventory. As a result, timely and accurate delivery is now more crucial than ever in the majority of procurement businesses.

Businesses may monitor the efforts made by their current suppliers to suit their needs through supplier performance monitoring. An essential part of supply chain management is assessing suppliers' performance in fulfilling expectations from procurement organizations (Maestrini et al., 2018). Supplier monitoring has been connected to performance in a variety of areas of the literature (Subramaniam et al., 2020; Yang & Zhang, 2017). While some studies found no connection between supplier monitoring and performance others found a strong one (Maestrini et al., 2018). Therefore, it is essential to evaluate the effectiveness of one's providers. Efficiency in procurement has been examined as a means of cost reduction. Kakwezi and Nyeko (2019) define "procurement operational efficiency" as the capacity to provide goods and services at the most reasonable cost.

A corporation's necessary safety stock may be reduced, according Baily et al. (2015), if it can depend on its vendors to deliver on time. The appropriate time period should be stated together with the considerations to be taken into account for evaluating this criteria. Early deliveries into a vacant warehouse incur no additional cost, whereas delivery delays or early deliveries into a full warehouse may incur greater expenses (Barla, 2018). Quantitative data is necessary to offer a reliable evaluation based on this criterion, and this

data must be continually preserved for each bidder. This criterion is quantitative since its evaluation is based on data (Monczka et al., 2016).

The precision with which quantities are given must be quantified in order to evaluate delivery reliability. This criterion and the previously mentioned "Delivery reliability based on time" criterion are fairly comparable. The amount reliability and real accuracy of the bidder should be considered while applying this criterion. Barla (2018) suggests retaining adequate order amounts as criteria, which is defined as putting the proper number of orders. This statistic assesses the efficiency and accuracy with which a provider can execute an order and serves as a quality indicator for the logistics industry. Through a workshop and interviews, this criterion was created and selected. Delivery reliability, order lead time, and total order fulfilment, as previously mentioned, were the initial three criteria that were employed. These three requirements were reduced to two during the model's development, taking quantity and timeliness into account. This being a numerical criterion, the choice must be based on specific figures.

Procurement Performance

Since bids may affect the price, quality, dependability, and availability of a company's goods and services, bid review is generally regarded as the most crucial step in the procurement process (Monczka et al., 2016). Organizations believe that rigorous bid evaluation will help cut product and material prices while assuring a high level of quality and after-sales services, according to Kakwezi and Nyeko (2019). This emphasizes the necessity of creating a suitable review process to guarantee the acquisition's success. Selecting acceptable bidders is a crucial strategy for raising the caliber of the company's production since unsuitable bidders have a negative impact on the organization's performance and can indirectly affect its reputation.

Since the supply chain's procurement function is so crucial, its performance needs to be evaluated and tracked. One can assess progress toward goal attainment by setting quantitative criteria that performance can be measured against on a regular basis (CIPS, 2018). This makes it possible to gauge how close a company is to achieving its objectives. Johnson and Flynn (2015) contend that in order to improve the procurement process, it must first be precisely mapped. By setting goals and conducting performance evaluations, the procurement process may be controlled effectively. One method to achieve this aim is by using KPIs. KPIs are necessary because they provide a definition of performance objectives in a way that enables direct, exhaustive, and consistent operational monitoring using data collection techniques that are now accessible. According to Lyson and Farrington (2016), key performance indicators (KPIs) are monitored, evaluated, and reported on on a regular basis to ensure that the organization's project is on track in terms of its most crucial success criteria. A good procurement process includes cost savings, improved product quality, on-time service delivery, and the deployment of suitable resources of a certain grade (CIPS, 2018).

Despite having a procurement system in place, Makori and Muturi (2018) found that companies still experience delivery problems as a result of inadequate vendor selection criteria. Despite the presence of a system to regulate economic activity, this was shown to be true. Numerous studies on the factors that influence supplier selection have created a wealth of knowledge about the numerous problems that arise from poor supplier selection, leading to ineffective project execution and publicly apparent outcomes. According to the results of several empirical studies investigating supplier selection factors, poor performance, for instance, is related to difficulties encountered throughout the supplier selection process (Wachiuri, 2018). After conducting several empirical analyses of supplier selection criteria, this conclusion was established. According to Odhiambo (2015), ineffective and

inefficient rules and procedures—which are the end result of supplier selection criteria processes—are the cause of poor or inadequate service or product delivery. The audience's expectations are violated by this.

Procurement performance can be termed as the efficiency and efficacy of the procurement function in procuring goods and services. A corporation must move from a reactive to a proactive attitude to fulfil its performance goals. Some of the accrued benefits include improved procurement performance which can lead to cost savings, greater policy compliance, faster lead times, and increased adherence to procurement standards (Waweru, 2015). Procurement practices and financial success have a relationship, shown in decreased spending. Turnover, gross profit, efficiency, total expenses, and equity are all factors. There is a significant relationship or connection between how supplier ratings are regulated and used to benefit the business in these categories.

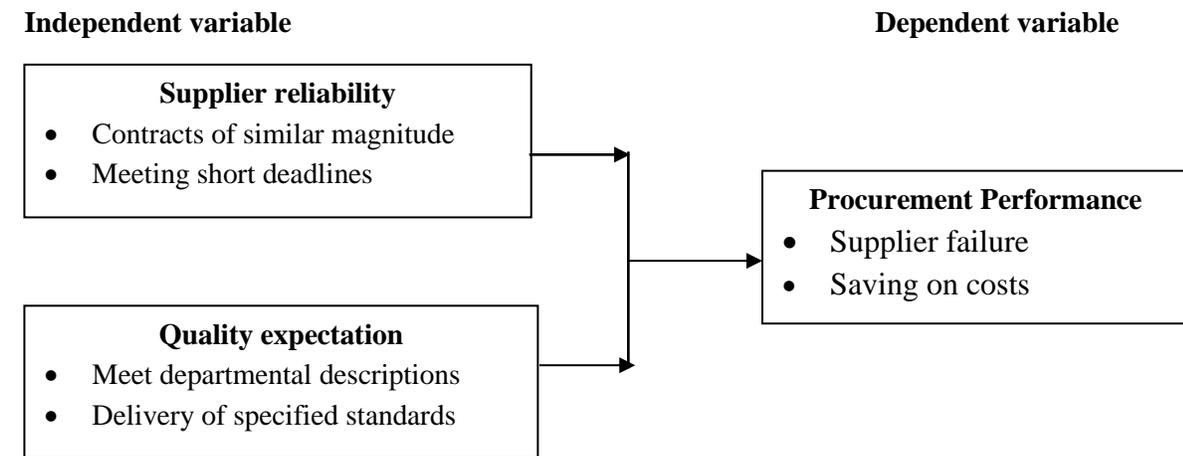
A metric that assesses how successfully the procurement department is accomplishing goals while spending the least amount of money is procurement performance (Naibor & Moronge, 2018). Effectiveness and efficiency are the two most important aspects of procurement success. A successful procurement plan depends on the extent to which the basic aims and objectives are realized. This phrase refers to any human action's actual and intentional outcomes. Procurement efficiency is described as the link between the anticipated and real resources needed to meet established goals and objectives and the duties that go along with them. The discrepancy between expected and actual spending is being looked into. As a result, the most critical aspect impacting procurement performance is the quality of the vendors with whom you do business.

Conceptual Framework

In addition to the literature review, the following conceptual model was developed. The framework is

made up of two constructs. Suppliers' past performance as the independent variable and procurement performance as the dependent variable.

Figure 1: Conceptual Framework



Supplier's Past Performance

A company or individual that has performed well on previous contracts and has shown proven results in using Supply Chain Management business practices is likely to do the same on similar contracts in the future. Including past performance as an evaluation factor helps to ensure quality suppliers can be relied upon in executing contracts that require short deadlines. All past performance evaluations should consider the following factors: Quality, timeliness of performance, business relations, and cost control. When evaluating past performance, emphasis should be placed on similar contracts executed previously.

Overall performance for private and public sector customers should also be reviewed. The selection process takes into consideration supplier reliability and quality expectations. This can be assessed through determining supplier's ability to execute contracts of similar magnitude from past records, ability to meet short deadlines and urgent orders, their capacity to meet the specified prescriptions and expectations, assuring the delivery of quality goods and services, and finally ability to meet the departmental quantity requirements. The review of past performance should generally be limited to

contracts completed within the last three years. However, longer periods may be reviewed when the purchase/SCM team deems them appropriate.

The study conceptualized that supplier's past performance, it is important to consider both quantitative and qualitative data. Quantitative data may include metrics such as on-time delivery rate, defect rate, and customer satisfaction ratings. Qualitative data may include feedback from customers on the supplier's responsiveness, communication, and ability to resolve issues (Wachiuri, 2018). By analyzing both types of data, it is possible to develop a comprehensive understanding of a supplier's past performance, which can help inform decisions on whether to continue doing business with them or to seek out other suppliers who may be better able to meet the needs of the organization. Additionally, this information can be used to identify areas where the supplier may need to improve their performance and to establish performance benchmarks for future performance evaluations.

Procurement Performance

The performance of a Procurement function can be conceptualized in several ways, but some common

measures include cost saving, which provides a measure on the Procurement department's ability to negotiate favourable prices and terms with suppliers. It is often expressed as a percentage of the total spend incurred by the department. The other key consideration is supplier performance that entails the quality and timeliness of deliveries from suppliers. It can include metrics such as on-time delivery, defect rates, and lead times. Another component to determine procurement performance is compliance that addresses the department's adherence to internal policies and external regulations. It can include metrics such as contract compliance, supplier diversity, and sustainability.

For purposes of assessing procurement performance in the departments, the key determinants include achieving reduction in product and material costs, reduction in supplier quality, efficiency in supply chain management, delivery of goods and services within a short time, reduced supplier defect rates, reduction in supplier lead time, and less complaints from the user department. Overall, the performance of a Procurement function can be evaluated using a combination of these metrics, depending on the organization's goals and priorities. Therefore, a high-performing Procurement department can help an organization achieve cost savings, mitigate risks, and drive innovation through effective supplier relationships.

METHODOLOGY

A descriptive research design was used in this study since it helped to demonstrate the effect that exist between supplier selection criteria and procurement performance in the county governments. The study targeted a population of 168 professionals working in the county departments and who actively participate in the day-to-day operations. The study adopted purposive sampling to identify 60 heads of departments to provide expert knowledge and experience on the required study area. The selection of Murang'a and Kirinyaga sites was appropriate for this study to provide a clear picture of the current of procurement performance in Kenyan counties.

Murang'a county and Kirinyaga county governments are also characterized by increased economic growth through resource mobilization and policy harmonization. Data collection was done using self-administered questionnaires on a drop and pick basis. Descriptive and inferential statistics was used in analysis of the results. Regression analysis assisted to assess the effect of supplier's past performance on procurement performance in county governments. The regression analysis model formula was as follows; $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon$ whereby: Y = Procurement performance, β_0 = Constant of the model, X_1 =supplier reliability, X_2 =quality expectation, β_1 = Coefficients for the determination and ε = Error term.

FINDINGS AND DISCUSSIONS

Effect of Supplier's Past Performance on Procurement Performance

The objective of the study was to examine the effect of supplier's past performance on procurement performance in the county governments. To accomplish this, a five-point Likert scale comprising of five items was used. The scale rating ranged from 1 to 5 with 1 denoting strongly disagree, 2 representing disagree, 3 representing neutral, 4 agree and 5 strongly agree. The midpoint of the scale was a score of 3. *Table 1* shows the frequencies and percentages obtained from the items on supplier's past performance. As shown, the mean scores obtained by the respondents on the scale measuring supplier's past performance ranged from 3.55 to 4.47.

The highest ranked items on the scale were "Supplier's ability to execute contracts of similar magnitude (4.47)" and "Capacity to meet the specified prescription and departmental features (4.03)". On the other hand, the lowest ranked items were "Meeting the specified prescription and departmental features (3.55)" and "Delivering particular quality of goods and services (3.64)". The findings presented in *Table 1* show that most of the

respondents obtained mean scores above 3, meaning majority of them were in agreement with the statements on the scale. This clearly indicates that supplier’s past performance is an important

consideration in procurement performance as supported by the study by Aseka (2010) that indicates supplier’s past performance influences performance of manufacturing companies in NSE.

Table 1: Supplier's Past Performance

Supplier’s past performance	N	Mean	Std. D
Supplier reliability			
Supplier’s ability to execute contracts of similar magnitude	58	4.47	0.995
Ability of meeting short deadlines and urgent orders	58	3.81	0.963
Capacity to meet the specified prescription and departmental features	58	4.03	0.772
Quality expectation			
Delivering particular quality of goods and services	58	3.64	0.583
Meeting the specified prescription and departmental features	58	3.55	0.567

Procurement Performance

The study also sought to determine the respondents’ views on their departments’ views in their organization and the respondents were asked to indicate their level of agreements on a Likert scale of 1 to 5 where 1= strongly disagree 2=Disagree 3=Neutral 4= Agree 5= strongly agree. Table 2 indicates frequencies and percentages for the responses given. the mean scores obtained by the respondents on the scale measuring procurement

performance ranged from 3.71 to 4.33. The highest ranked items on the scale were “Reduced supplier defect rates (4.33)” and “Delivery of goods and services within a short time (4.24)”. On the other hand, the lowest ranked items were “Reduction in production and material costs (3.71)” and “Reduction in supplier lead time (3.91)”. The findings presented in *Table 2* shows that most of respondents obtained mean scores above 3, meaning majority of them were in agreement with the statements on the scale.

Table 2: Procurement performance

Procurement Performance	N	Mean	Std. D
Reduction in product and material costs	58	4.03	0.794
Reduction in product and material costs	58	3.71	0.899
Efficiency in supply chain management	58	3.98	0.827
Delivery of goods and services within a short time	58	4.24	0.709
Reduced supplier defect rates	58	4.33	0.711
Reduction in supplier lead time	58	3.91	1.031
Less complaints from the user department	58	4.05	0.981

Model Summary for Supplier’s Past Performance on Procurement Performance

Table 3 indicates the results obtained through testing the model from the coefficient of determination. The results showed that R Square = 0.642 at 0.05 significance level. Therefore, the coefficient of determination (R square) postulates

that 64.2% of the procurement performance in the public sector can be attributed to the consideration of supplier’s past performance in supplier selection. This indicates that there exists a strong positive effect of supplier’s past performance on procurement performance. The findings are as shown in the *Table 3*.

Table 3: Model Summary Supplier's Past Performance on Procurement Performance

Model	R	R Square	Adjusted R Square	Std. Error
1	.801 ^a	.642	.629	.161

Predictors: (Constant), Supplier reliability, Quality expectations

Dependent variable: Procurement performance

ANOVA Supplier's Past Performance on Procurement Performance

The probability value of 0.000 indicates that the regression relationship is highly significant in predicting how supplier's past performance affects

procurement performance in the county governments. The F calculated at 5% level of significance was 49.283 and since F calculated is greater than the F critical (value = 4.01), this shows that the overall model is significant. Findings are shown in *Table 4*.

Table 4: ANOVA Supplier's Past Performance on Procurement Performance

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	2.57	2	1.285	49.283	.000 ^b
Residual	1.434	55	.026		
Total	4.004	57			

a. Dependent Variable: Procurement performance

b. Predictors: (Constant), Supplier reliability, Quality expectations

Table 4 indicated that the p-value were (p = 0.012 and 0.000) for supplier reliability and quality expectations respectively. This shows that the constant and independent variables (Supplier reliability and quality expectations) contribute significantly to the model. The regression model is presented as follows; Procurement Performance = 2.435 +0.323 (Supplier reliability) +0.410 (Quality expectations). The regression model has established that procurement performance will equal to 2.435 when the supplier reliability and quality expectations equal to zero. Procurement performance is predicted to improve by 0.733 when both supplier reliability and quality expectations goes up by one unit.

At 5% level of significance and 95% level of confidence, supplier reliability had p-value of 0.012 while quality expectations had a p-value of 0.000 indicating that both supplier reliability and quality expectations are statistically significant (p< 0.05). The *Table 5* provides the information of supplier reliability and quality expectations. This equation is a multiple regression model that relates the procurement performance of a company to the past performance of its suppliers. The equation states that the expected procurement performance (the dependent variable) is equal to a constant term of 2.435 plus 0.323 times supplier reliability plus 0.410 times quality expectations, where supplier reliability and quality expectations are the independent variables.

Table 5: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.435	.165		14.722	.000
Supplier reliability	.323	.044	.561	3.511	.012
Quality expectations	.410	.065	.755	6.322	.000

The Hypothesis postulated that,

H₀₁: There is no statistically significant effect of supplier reliability on procurement performance in the county governments. The results of multiple regressions, revealed that supplier reliability has a $p = 0.012$. Since the p -value is less than < 0.05 , the null hypothesis was rejected. It was then concluded that there is significant effect of supplier reliability on procurement performance in the county governments.

H₀₂: There is no statistically significant effect of quality expectation on procurement performance in the county governments. The results of multiple regressions, revealed that quality expectation has a $p = 0.000$. Since the p -value is less than < 0.05 , the null hypothesis was rejected. It was then concluded that there is significant effect of quality expectations on procurement performance in the county governments.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The objective was to examine the effect of supplier's past performance on procurement performance in Kirinyaga and Muranga County Governments. To accomplish this, a five-point Likert scale comprising of five items was used. The highest ranked item on the scale was "Supplier's ability to execute contracts of similar magnitude (4.47)". The lowest ranked item was "Meeting the specified prescription and departmental features (3.55)". Most of the heads of procurement were in agreement that supplier's past performance had a significant influence on procurement performance in the public sector. The results of the model summary indicated that $R^2=0.642$ at 0.05 significance level, thus revealing that 64.2% of the procurement performance in county governments can be attributed to supplier's past performance.

Conclusion

The study concluded that there is enough evidence to conclude that there is an effect of supplier's past

performance on procurement performance in the county governments as evident from p -values of 0.012 and 0.000 for supplier reliability and quality expectations respectively. Since p values are < 0.05 , the null hypothesis was rejected for both. Clearly supplier's past performance had an effect on procurement performance by guaranteeing execution of contracts of similar magnitude, assessing the supplier's ability to complete contracts within the deadlines, meeting departmental features, and delivering the right quality of goods and services.

Recommendation

The study recommended that the procuring departments need to ensure that their suppliers are possess records that provide information on past contracts and orders. In order to leverage maximum benefits such as execution of complex contracts, meeting short deadlines, quality outcomes, and meeting departmental expectations, the study recommended effective scrutiny on supplier's performance records before awarding them contracts. This will help to sort uncertainties arising from supplier failure or lack of capacity to execute complex tasks that require a given level of expertise.

REFERENCES

- Aseka, J. T. (2010). *Supplier selection criteria and performance of manufacturing firms listed in the Nairobi Stock Exchange* (Doctoral dissertation, University of Nairobi, Kenya).
- Barla, B. (2018). A case study of supplier selection for lean supply by using a mathematical model. *Journal of logistics Information Management*, 16(6), 451-459.
- Beil, D. R. (2010). *Supplier selection*. Wiley encyclopedia of operations research and management science.
- Casteel, A., & Bridier, N. L. (2021). Describing populations and samples in doctoral student

- research. *International Journal of Doctoral Studies*, 16(1).
- Chartered Institute of Procurement and Supply (2018). *Scope and Influence of Procurement and Supply*. (1st Ed.). Pretoria, UK: Profex Publishing.
- Fargetta, G., & Scrimali, L. (2019). A game theory model of online content competition. In *Advances in Optimization and Decision Science for Society, Services and Enterprises* (pp. 173-184). Springer, Cham.
- Johnson, P. & Flynn, E. (2015). *Purchasing and supply management*, (15th Ed.). USA: McGraw-Hill Education.
- Kakwezi, P., & Nyeko, S. (2019). Procurement processes and performance: Efficiency and effectiveness of the procurement function. *International Journal of Social Sciences Management and Entrepreneurship (IJSSME)*, 3(1), 172-182.
- Kamotho, D. K. (2014). *E-Procurement and Procurement Performance among State Corporations in Kenya*. University of Nairobi.
- Kibet, W., & Njeru, A. (2014). Effects Of procurement planning on procurement performance: A case study of agricultural development corporation, Nairobi. *International Journal of Business and Commerce*, 3(312), 58–68.
- Lysons, K., & Farrington, B. (2016). *Procurement and Supply Chain Management*, (9th Ed.). London: UK. Cengage Learning EMEA.
- Maestrini, V., Luzzini, D., Caniato, F., & Ronchi, S. (2018). Effects of monitoring and incentives on supplier performance: An agency theory perspective. *International Journal of Production Economics*, 203, 322-332.
- Makabira, D. K., & Waiganjo, E. (2014). Role of procurement practices on the performance of corporate organizations in Kenya: A Case Study of Kenya National Police Service. *International Journal of Academic Research in Business and Social Sciences*, 4(10), 369.
- Makori, J. K., & Muturi, W. (2018). Influence of Inventory Management Practices on Performance of Procurement Function in Health Institutions in Kenya. A Survey of Selected Public Health Institutions in Western Kenya. *International Journal of Social Sciences and Information Technology*, 4(10).
- Masemola, S., Omoruyi, O., & van der Westhuizen, J. (2022). Antecedent Factors of Procurement Performance in the Public Health Sector in the Gauteng Province. *African Journal of Inter/Multidisciplinary Studies*, 4(1), 250-263.
- Masiko, D. M. (2013). *Strategic procurement practices and procurement performance among commercial banks in Kenya* (Doctoral dissertation, University of Nairobi).
- Monczka, R., Handfield, R., Giunipero, L., & Patterson, J. (2016). *Purchasing & supply chain management* (6th Ed.). South-Western Cengage Learning.
- Mukarumongi, B. (2018). Effect of supplier evaluation on procurement performance in government ministries in Rwanda. *International Journal of Research in Management, Economics and Commerce*, 8(5), 138-151.
- Murigi, P. M. (2014). Influence of supplier appraisal on procurement performance in the real estate industry in Kenya: A case study of international house ltd. *International Journal of Operations and Logistics Management*, 3(3), 250-262.
- Mutai, K. (2016). Effects of supplier evaluation on procurement performance of public universities in Kenya. *International Journal of Economics*,

- Finance and Management Sciences*, 4(3), 98-106.
- Mwikali R, & Kavale, S., (2012). Factors affecting the selection of optimal suppliers in procurement management. *International Journal of Humanities and Social sciences*, 12(14): 189-193.
- Naibor, G. S., & Moronge, M. (2018). Influence of Supplier Selection Criteria on Performance of Manufacturing Companies in Kenya. *The Strategic Journal of Business & Change Management*, 5(1), 355-377.
- Odhiambo, V. A. (2015). *Supplier selection practices and procurement performance in Nairobi City County*. Doctoral dissertation, University of Nairobi.
- Oteki E. B, (2021). *Public Procurement Practice*. White Falcon Publishing.
- Reza-Gharehbagh, R., Hafezalkotob, A., Makui, A., & Sayadi, M. K. (2020). Government intervention policies in competition of financial chains: A game theory approach. *Kybernetes*, 49(3), 960-981.
- Subramaniam, P. L., Iranmanesh, M., Kumar, K. M., & Foroughi, B. (2020). The impact of multinational corporations' socially responsible supplier development practices on their corporate reputation and financial performance. *International Journal of Physical Distribution & Logistics Management*, 50(1), 3-25.
- Wachiuri, E. W. (2018). *Influence of supplier evaluation criteria on the performance of state corporations in Kenya*. Doctoral dissertation, JKUAT-COHRED.
- Waweru, L. (2015). Supplier selection criteria and supply chain performance in non-governmental organisations in Kenya. *European Journal of Business and Management*, 7, 18.
- Yang, F., & Zhang, X. (2017). The impact of sustainable supplier management practices on buyer-supplier performance: An empirical study in China. *Review of International Business and Strategy*, 27(1), 112-132.