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INFLUENCE OF PROCUREMENT MANAGEMENT ON PERFORMANCE OF RETAIL CHAIN STORES IN NAIROBI CITY COUNTY, KENYA

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Abstract: This study sought to establish the influence of procurement management on performance of retail chain stores in Nairobi City County. Specifically the study sought to examine the influence of procurement planning, order process management, supplier management and outsourcing on performance of retail chain stores in Nairobi City County, Kenya. A descriptive research design was used in the study. The study was confined to the 125 retail chain stores in Nairobi City County, Kenya. A census survey was conducted on the 125 licensed retail chain stores spread across Nairobi County. A questionnaire was used to collect primary data which was analyzed using Statistical Package for Social Sciences version 22. Descriptive and inferential statistics were used. The findings of this study indicated that procurement management in terms of procurement planning, order process management, supplier management and outsourcing positively and significantly influences performance of retail chain stores in Nairobi County, Kenya. The study concluded that an improvement in procurement planning practices results to significant improvement in performance of retail chain store in Nairobi County, Kenya.

Key Words: *Order Process Management, Supplier Management, Procurement Outsourcing, Procurement Planning, Retail Chain Stores*

Introduction

Large scale enterprises have adopted procurement management practices which mainly entail the strategies followed when making procurement decisions. According to Sollish and Semanik (2012), procurement management practice is described as the process of obtaining goods and services for a firm according to the set policies governing the selection of products, suppliers, and methods aiming to utilize sound business methods which maximize the value of the organization.

Procurement management is critical to organization. It not only benefits the organization by reducing costs but also focuses on managing lead time and enhancing quality sourcing (Sanders, 2007). Implementation of procurement management best practices in large scale enterprises improves the effectiveness of procurement decision-making. Procurement practices cut across all departments of large scale enterprises as it involves the putting into practice the knowledge of sound management. It requires good governance of relations as well as personal initiatives to comply with given rules and regulations. According to Christopher (2012), efficient procurement practices contribute highly to the competitive advantage of the organization by operating at a lower cost, hence maintaining profitability and improved performance. This study will look at the influence of the procurement management practices on the performance of large retail enterprises in Nairobi County, Kenya.

Statement of the Problem

The retail industry, both wholesale and retail, contributes up to 30% of the employment in formal and informal establishments in Kenya. However, the industry has of late faced serious operational challenges which have led to fluctuations in performance (Kiboro & Karanja, 2015). The retail sector is said to have a huge untapped potential where the population of retailers is only up to 30 percent of the entire market (PWC, 2014). A report by Cytons (2016) indicated that despite the growth potential in the industry, regional retail malls are able to yield up to only 11.7% returns. Similar statistics are reported by African Consumer Insights report (2016) that the market share / penetration rate of retail chains is still low at a figure between 25% - 30%.

Uchumi supermarket for instance, has experienced frequent stock outs and performance challenges (PWC, 2015). Others for instance, Tusky's Supermarket has often experienced operational inconsistencies (PWC, 2015). More recently, one of the biggest supermarkets that has dominated the Kenyan market for more than 10 years, Nakumatt, collapsed with debts estimated to be upwards of Sh15 billion. Some of the reasons cited for the failure were poor procurement management (PWC, 2015). However, it cannot conclusively be argued that there has been exhaustion in the studies focusing on the concept since a lot of gaps exist in the previous studies. This is because a lot has been researched on the developed economies (McKinnon, Edwards, Piecyk & Palmer, 2009; Sanchez-Rodrigues, Cowburn, Potter, Naim & Whiteing, 2009) with only a handful of studies focusing on the developing world such as Kenya.

The effort to provide generalizations and comparison therefore lied on this study to focus on finding out how various procurement management practices affect performance of retail chains with a focus on the Kenyan context. The specific focus was procurement planning, order management, supplier management and procurement outsourcing.

Objectives of the Study

- i. To examine the influence of procurement planning on performance of retail chain stores in Nairobi County, Kenya
- ii. To determine the influence of order process management on performance of retail chain stores in Nairobi County, Kenya.
- iii. To establish the influence of supplier management on performance of retail chain stores in Nairobi County, Kenya.
- iv. To assess the influence of procurement outsourcing on performance of retail chain stores in Nairobi County, Kenya.

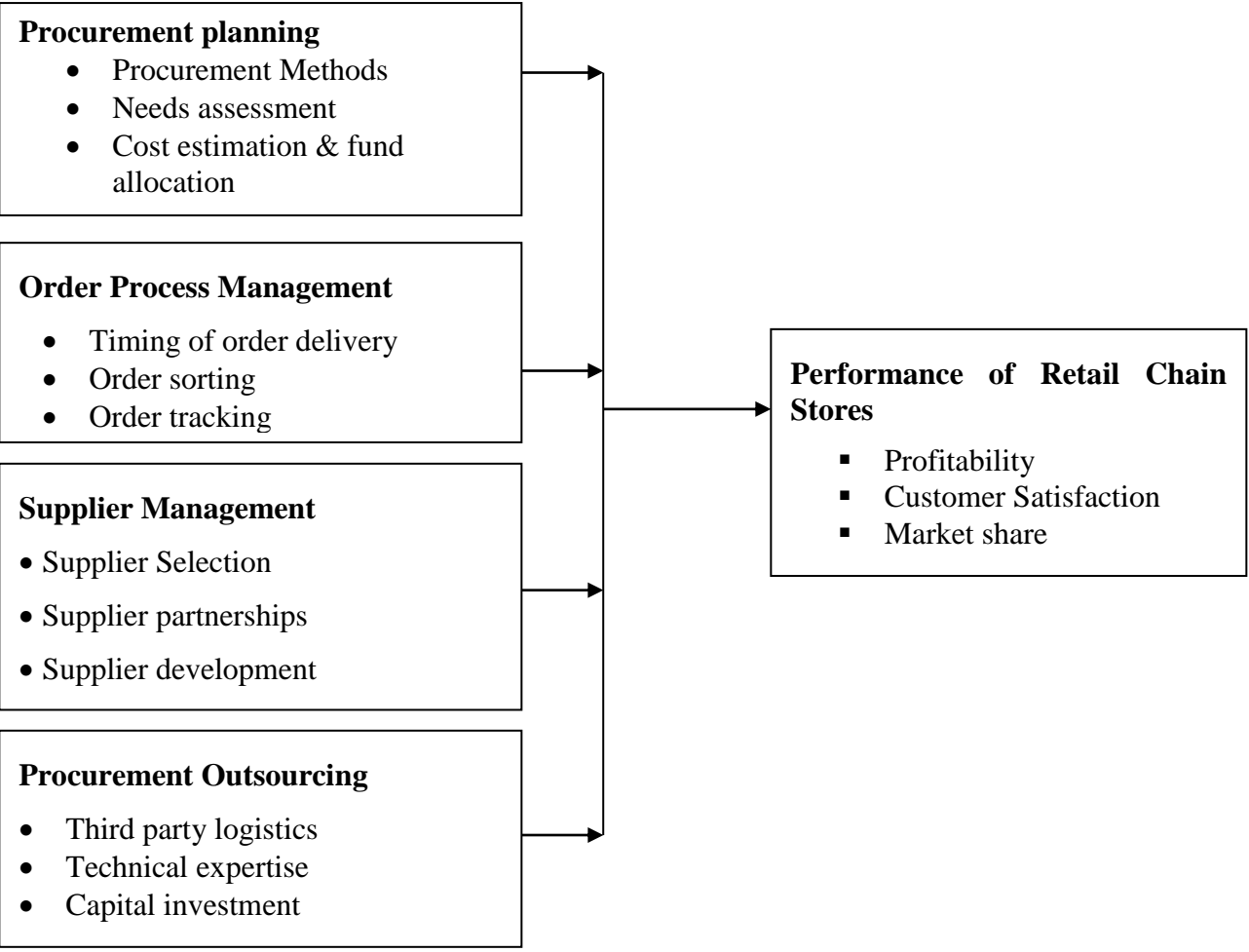
Theoretical Literature Review

The study was guided by the Agency theory, Classical Economic Order quantity theory, Resource Based Theory and Transaction cost Economics. The Agency theory proposed by Meckling (1930) explains the relationship between two parties called a principle and an agent where one does errands on behalf of the other. In the context of supply chain management and procurement as well as in this study, the theory presents an avenue for understanding how procurement outsourcing can enhance the performance of an organization especially when information asymmetry between the outsourced firm (agent) and the outsourcing firm (principle) is taken care of. Therefore the theory anchors on procurement outsourcing variable of the study. The Classical Economic Order Quantity theory proposed by the Aberdeen Group (2004) provides a balance between when to order and when not to order. The theory describes the potential points at which a firm needs to make orders and when they need to hold on to what they have. This is a way of managing the available inventory. In short, it has been argued that the theory provides a tradeoff between the ordering cost and the storage costs of a firm (Kotleba, 2006).

The Resource Based Theory originating from the idea of Penrose in 1959, places emphasis on the importance of a firm having rare resources which can only give it a competitive advantage over competitors and the same cannot be imitated by any chance by the competitors. Basically, the theory provides a basis for understanding the mechanisms of how competitive advantage, resources and performance of firms come in. In relation to this study, the theory presents an avenue of better understating whether and how supplier relationships relate to the performance of retail chain stores since as argued out, it provides a social resource. Therefore the theory links to supplier management variable of the study.

The Transaction Cost Theory attributed to Oliver Williamson working on works first originated by Ronald Coase (Emmanuel, 2013) argues that for any transaction, firms need to consider the costs of such an arrangement. This way the firm can justify the need and eventually realize the cost benefits achieved through the outsourcing process. Transaction Cost theory focuses on the reasons to firm's existence, most effective strategies for maximizing profits, the core function of firms and what should be acquired by firms in relation to the firm's goals. Through better procurement planning, an organization is able to manage procurement costs.

Conceptual Framework



Independent Variables

Dependent Variable

Figure 1: Conceptual Framework

Empirical Review

Caritas, Julius and Zenon (2016) researched on the impact of procurement practices on performance of Rwandan governmental construction project. They found out that procurement devising strengthens the performance of the construction of Bugesera District office. Makabira and Waiganjo (2014) researched the significance of procurement practices on the achievement of corporate firms in Kenya. The findings were that Kenya National Police employed procurement practices in its operations and that the organization has benefited from employing procurement control practices. Gadde's (2007) study revealed that many public training institutions in India employed poor supplier appraisal methods and this hindered implementation of effective procurement practices. A study by Mulwa (2009) revealed that the use of poor supplier appraisal methods and application of ineffective supplier selection process discourages implementation of effective procurement practices in many public training institutions in Kenya.

Duran and Yavuz (2015) carried a study on the impact of the supply chain strategies and the competitive strategies on the firm performance and if this changes according to the conditions of uncertainty. The study revealed that competitive strategies influenced the supply chain strategies positively and significantly. Ugur and Erman (2013) conducted a study on the effects of business process re-engineering and enterprise resource planning on supply chain management performance. Their findings indicated that using either BPR or ERP strategies has positive effects on SCMs overall performance where it has been found that successful implementation of ERP has more improvement chance on performance. Furthermore, the results indicated that the use of ERP systems in purchasing orders significantly improved the transaction time. Quinn (2010) sought to provide intuition in a study titled outsourcing innovation: and concluded that Strategic management of outsourcing is perhaps the most powerful tool in management, and further held that outsourcing is no longer a new phenomenon, and has been accepted and practiced by most firms in the third world countries. In a related study, (Vagadia, 2012) focused on the role of strategic sourcing in a changing world and clinched that organizations were now re-examining their business models and structures and outsourcing was recognized as a tool for business transformation.

Research Methodology

The study employed a descriptive research design. The study population was all the retail chain stores in Kenya. There are 125 licensed retail chain stores spread across Nairobi County. Due to the fact that the target population is small, 125 which is less than 200 as recommended by Blumberg, Cooper and Schindler (2014), this study used a census survey and therefore ruled out use of specific sampling technique. The research used questionnaires. The research perused completed questionnaires and documented analysis recording sheets. Quantitative data collected was analyzed using SPSS (Version 24). Descriptive statistics such as mean and frequencies were used to describe the population. On the other hand, inferential analysis such as correlation and regression were used to establish the relationship between the variables. The regression model was a multivariate regression analysis. The multiple regression equation was as shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Research Findings

In order to obtain the required data, 125 questionnaires were administered to the heads of procurement and logistics who were the respondents of this study. Out of the questionnaires administered, 92 of them were filled and returned representing a response rate of 73.6% with only 26.4% not filled and returned. This was in line with Orodho (2009) that a response rate above 50% suffices to collect data for analysis for the purpose of generalization of the results to the entire population. On the same note, the response rate is in agreement with the recommendations of Fincham (2008) that a response rate of above 70% is adequate to conduct statistical analysis.

Descriptive Findings

Procurement Planning

The study tested the relationship procurement planning and performance of retail chain stores in Nairobi City County. Accordingly, respondents rated various procurement planning statements based on the rating of 1-5 (5= strongly agree; 4 =agree; 3= neutral; 2= disagree and 1= strongly disagree). The average responses are as shown on Table 1. Majority of the respondents, 37% and mean value 3.96, strongly agreed that competitive methods of procurement are applied by the firm. A standard deviation value of 1.05 was an indication that the spread of the responses provided on this statement was low. The results also indicated that 52.2% of the respondents who were the majority in this case reinforced by 4.32 strongly agreed that non-competitive or negotiated methods request for quotations are used by the firm. On the same note, a standard deviation value of 0.86 was an indication of low variation with regard to this statement.

The results further showed that 60.9% of the heads of procurement and logistics functions of the supermarkets representing the majority in this case strongly agreed that needs assessment is done to establish the necessary goods to be procured before purchasing. This is supported by a mean value of 4.33 while a standard deviation value of 1.07 is and indication of low variation in the responses to the above statement. Majority of the heads of procurement and logistics functions who were the respondents of this study also strongly agreed that the inventory status, production schedules, work plans and operational requirements budgets are assessed to establish the goods to be procured. This is shown by 41.3% of the respondent and a mean value of 3.63.

The results of this study further indicated that 30.4% of the heads of procurement and logistics functions, majority in this case, strongly agreed that the quality of the products to be procured is specified in terms of minimum requirements of the end user and allowing inspection procedures. This is confirmed by a mean value of 3.68 while a standard deviation value of 1.19 indicates low variation in the responses to the above statement. Majority of the respondents, 37% and mean 3.83, also strongly agreed that the procurement plan is indicative of the procurement budget allocations. The lastly showed that 40.2% and mean value of 3.74 representing majority of the heads of procurement and logistics functions who were the study respondents strongly agreed that the procurement plan is based on realistic cost estimates of goods derived from market research. On average, the mean of 3.93 indicated that the supermarket conducts procurement planning with an aim to improve supply chain performance. The results of the study are consistent with argument of Caritas, Julius and Zenon (2016) that through procurement planning and practices, a positive performance is achieved.

Table 1 : Procurement Planning

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev.
Competitive methods of procurement are applied by the firm	2.20%	8.70%	17.40%	34.80%	37.00%	3.96	1.05
Negotiated methods are used when procuring	0.00%	5.40%	9.80%	32.60%	52.20%	4.32	0.86
There is identification of needs before procuring	5.40%	1.10%	9.80%	22.80%	60.90%	4.33	1.07
There is assessment of budgets before procuring	16.30%	3.30%	22.80%	16.30%	41.30%	3.63	1.46
There is specification of product quality before procuring	7.60%	6.50%	26.10%	29.30%	30.40%	3.68	1.19
The procurement plan is indicative of the procurement budget allocations	6.50%	5.40%	23.90%	27.20%	37.00%	3.83	1.18
There is realistic cost estimates of goods before procurement	12.00%	2.20%	26.10%	19.60%	40.20%	3.74	1.33
Average						3.93	1.16

Order Process Management

The study also tested the relationship between order pre order process management and performance of retail chain stores in Nairobi City County. Accordingly, respondents rated various order process management statements based on the rating of 1-5 (5= strongly agree; 4 =agree; 3= neutral; 2= disagree and 1= strongly disagree). The average responses are as shown on Table 2. Majority of the respondents, 66.3% and mean of 4.43 strongly agreed that appropriate time of delivery of the orders placed has been established in the supermarket. A standard deviation value of 0.92 is an indication of low spread of the responses on this statement. The results also showed that 76.1% of the heads of procurement and logistics functions of the supermarkets who were the respondents strongly agree that there is delivery, mix and volume flexibility of order processing. This is reinforced by a mean of 4.63 with a standard deviation of 0.74 signifying low variation in the responses.

Majority of the respondents as shown by 53.3% and mean of 3.95 strongly agreed that there is an efficient order picking system in the supermarket. On the same note, the results also indicated that 42.4% who were majority of

the respondents strongly agreed that order listing is being practiced to manage orders. This is confirmed by a mean value of 3.63 while the standard deviation value of 1.44 is an indication of low variation with regard to the responses. Majority of the respondents, 56.5% and mean 3.99, agreed that there is a well-established order shipping practice in the supermarket. The results further showed that 60.9% of the heads of procurement and logistics functions who were the majority respondents of this study strongly agreed that there is an effective system to manage order packaging in the supermarket supported by a mean of 4.28. Majority of the respondents also strongly agreed that the supermarket has invested in IT to manage order tracking. This is confirmed by 41.3% and mean of 3.6. On average, the mean of 4.07, indicated that the supermarket is involved in order process management in order to improve supply chain performance. The results of the study are consistent with the findings of Duran and Yavuz (2015) which indicated that order management strategy and lean supply chain strategy had a significant impact on the firm performance under the conditions of high uncertainty.

Table 2 : Order Process Management

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev.
The organization sets order processing time	2.20%	0.00%	16.30%	15.20%	66.30%	4.43	0.92
There is plan on the volume of and mix of orders	0.00%	2.20%	8.70%	13.00%	76.10%	4.63	0.74
There is an efficient order picking system	9.80%	10.90%	7.60%	18.50%	53.30%	3.95	1.39
Order listing is being practiced to manage orders	14.10%	6.50%	23.90%	13.00%	42.40%	3.63	1.44
There is a well-established order shipping practice	2.20%	1.10%	16.30%	56.50%	23.90%	3.99	0.81
There is an effective system to manage order packaging	4.30%	2.20%	15.20%	17.40%	60.90%	4.28	1.08
There is investment in IT to manage order tracking	16.30%	4.30%	23.90%	14.10%	41.30%	3.60	1.47
Average						4.07	1.12

Supplier Management

The study further tested the relationship between supplier management and performance of retail chain stores in Nairobi City County. Respondents were asked to rate various supplier management statements based on the rating of 1-5 (5= strongly agree; 4 =agree; 3= neutral; 2= disagree and 1= strongly disagree). The average responses are

as shown on Table 3. Majority of the respondents, 37% and mean 3.62 strongly agreed that the supplier's efficiency in service delivery is evaluated before short listing. A value of 1.43 for standard deviation is an indication of low spread in the responses to this statement.

The results also showed that 41.3% of the respondents who were the majority in this case as supported by a mean of 4.03 strongly agreed that the supplier's experience in offering certain services/ products is evaluated before short listing. Similarly, a standard deviation value of 0.94 signifies low variation in the responses on this statement. Majority of the respondents according to the results shown on Table 4.4 strongly agreed that the supplier's financial position is evaluated before short listing. This is shown by 42.4% and a mean of 4.28 while a standard deviation of 0.79 shows low variation. The results from the table also indicate that 54.3% of the heads of procurement and logistics functions of the supermarkets who the majority respondents in this case strongly agreed that the supermarket has partnered with suppliers to streamline procurement process. This is reinforced by a mean value of 4.32.

Majority of the respondents further strongly agreed that the supermarket has supplier committees who engage in developing the suppliers. This is confirmed by a 30.40% and a mean of 1.32. The results on this variable finally showed that 45.7% and mean of 4.13 representing the majority of the respondents of this study strongly agreed that the organization manages data base of supplier contracts and information sharing. A standard deviation value of 1 is an indication of low spread of the responses from the respondents. On average, the mean of 3.98 indicated that the supermarket is involved in supplier management in order to improve supply chain performance. The results of the study are consistent with the argument by Mulwa (2009) that the use of poor supplier appraisal methods and application of ineffective supplier selection process discourages implementation of effective procurement practices in many public training institutions in Kenya affecting their performance.

Table 3: Supplier Management

Statements	Strongly disagree	Dis agree	Neutral	Agree	Strongly agree	Mean	Std Dev
There is evaluation of supplier's efficiency in service delivery	15.20%	6.50%	16.30%	25.00%	37.00%	3.62	1.43
There is evaluation of supplier's production experience	0.00%	4.30%	29.30%	25.00%	41.30%	4.03	0.94
There is evaluation of supplier's financial position	1.10%	3.30%	4.30%	48.90%	42.40%	4.28	0.79
There is partnership with suppliers to streamline procurement process	2.20%	2.20%	12.00%	29.30%	54.30%	4.32	0.92
There exist supplier development	7.60%	20.70%	16.30%	25.00%	30.40%	3.50	1.32
There is management of supplier information data base	3.30%	1.10%	20.70%	29.30%	45.70%	4.13	1.00
Average						3.98	1.07

Procurement Outsourcing

The study also tested the relationship between procurement outsourcing and performance of retail chain stores in Nairobi City County. Respondents were asked to rate various outsourcing statements based on the rating of 1-5 (5= strongly agree; 4 =agree; 3= neutral; 2= disagree and 1= strongly disagree). The average responses are as shown on Table 4.5. Majority of the respondents as indicated by 46.7% and mean value of 4.21 strongly agreed that there is outsourcing of transport services in order to manage costs. Majority of the respondents also strongly agreed there is outsourcing of warehousing in order to manage costs as indicated by 66.3%. A standard deviation value of 1.33 is an indication of low variation on the responses to this statement. Majority of the respondents, 51.1% and mean 3.93 strongly agreed that the supermarket sometimes outsources technical experts to manage procurement IT systems.

Majority of the respondents according to the results shown on Table 4 strongly agreed that here is partnership with investors to enhance the capital base. This is shown by 42.4% and a mean of 4.07 while a standard deviation of 0.99 shows low variation. The results from the table also indicate that 38% of the heads of procurement and logistics functions of the supermarkets who the majority respondents in this case agreed that the supermarket sometimes outsources the purchasing functions from experts. This is reinforced by a mean value of 3.79.

On average, the mean of 4.11 indicated that the supermarket is involved in outsourcing in order to improve supply chain performance. The results of the study are consistent with the findings of Sigalia (2010) who pointed out that outsourcing can involve improves vendor management and overall performance of an organisation.

Table 4 : Procurement Outsourcing

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
There is outsourcing of transport services	0.00%	1.10%	23.90%	28.30%	46.70%	4.21	0.85
There is outsourcing of warehousing services	0.00%	3.30%	4.30%	26.10%	66.30%	4.55	0.73
There is outsourcing of technical expertise to manage procurement systems	10.90%	1.10%	22.80%	14.10%	51.10%	3.93	1.33
There is partnership with investors to enhance the capital base	3.30%	0.00%	26.10%	28.30%	42.40%	4.07	0.99
There is outsourcing of purchasing functions	7.60%	4.30%	19.60%	38.00%	30.40%	3.79	1.15
Average						4.11	1.01

Performance of Retail Chain Stores

The study finally established the performance of retail chain stores in Nairobi City County. Respondents were asked to rate various statements regarding the performance of the supermarket based on the rating of 1-5 (5= strongly agree; 4 =agree; 3= neutral; 2= disagree and 1= strongly disagree). The average responses are as shown on Table 5. Majority of the respondents, 30.4% and mean 3.74 strongly agreed that the supermarket’s market share has considerably expanded. Majority of the heads of procurement and logistics functions also strongly agreed that there has been an improvement in the sales turnover. This is shown by 38% and mean of 4.02.

Further, 62% of the respondents who were the majority in this case strongly agreed that the profitability of the supermarket has significantly increased supported by a mean of 4.38. Majority of the respondents, 41.3% and mean 3.51 also strongly agreed that the supermarket’s returns on investments has improved with the standard deviation of 0.84 signifying low variation in the responses provided regarding this statement. The results finally indicated that 46.7% and mean of 3.89 representing majority of heads of procurement and logistics function of the supermarkets strongly agreed that there has been an increase in the supermarket’s number of employees.

This is consistent with the findings Kariuki (2011) that the retail industry has encountered phenomenal growth and transformation due to consumers who have become sophisticated in terms of needs and likeness.

Table 5 : Performance of Supermarket

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
There is an improvement in market share	3.30%	8.70%	29.30%	28.30%	30.40%	3.74	1.09
There has been an improvement in the sales turnover	4.30%	10.90%	1.10%	45.70%	38.00%	4.02	1.11
There has been an improvement in profitability	0.00%	9.80%	4.30%	23.90%	62.00%	4.38	0.96
There has been an improvement in returns on investment	19.60%	1.10%	29.30%	8.70%	41.30%	3.51	1.52
There has been an improvement in number of products	0.00%	0.00%	33.70%	29.30%	37.00%	4.03	0.84
There has been an improvement in number of employees	7.60%	5.40%	23.90%	16.30%	46.70%	3.89	1.27
Average						3.93	1.13

The respondents were also asked to indicate the changes in the sale turnover for the various periods under this study (2013-2017). The results as shown in Figure 2 shows the trends for the changes in sales turnover in Ksh. Million for the study period 2013-2017. As shown in the table, there was an unsteady change in sales turnover for the entire period (2013-2017). The peak of the changes in sales turnover of the supermarkets in Nairobi was in the year 2015 when there was a change of between Ksh 26-35million. However, the year 2016 recorded a sharp drop in the sales turnover with an average change of below Ksh. 15 million. The implication of the findings is that the performance of the supermarkets in Nairobi City County in terms of sales turnover has been erratic for the past five years which has adversely affected their performance.

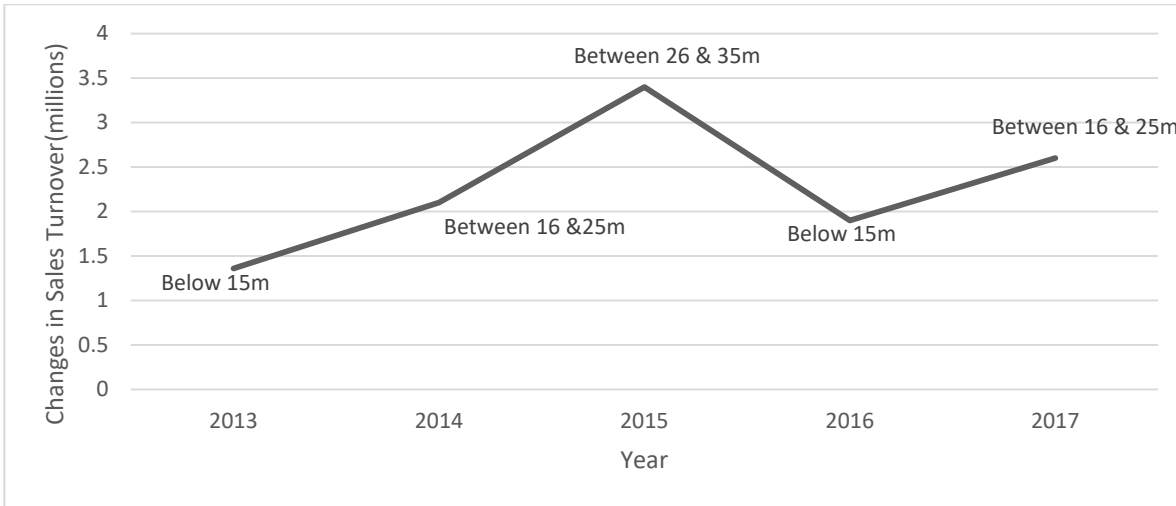


Figure 2 : Trends for Changes in Sales Turnover

The respondents were further asked to indicate the changes in profit margin for the various periods under this study (2013-2017). The results as shown in Figure 3 show that in 2013, The respondents were further asked to indicate the changes in the profit margins for the study period (2013-2017). The results as shown in Figure 4.6 also indicated unsteady changes in profit margin in Ksh. Million for the study period 2013-2017. The implication of the findings is that the performance of the supermarkets in Nairobi City County in terms of profit margin for the period 2103-2107 was inconsistent unfavorably affecting their performance.

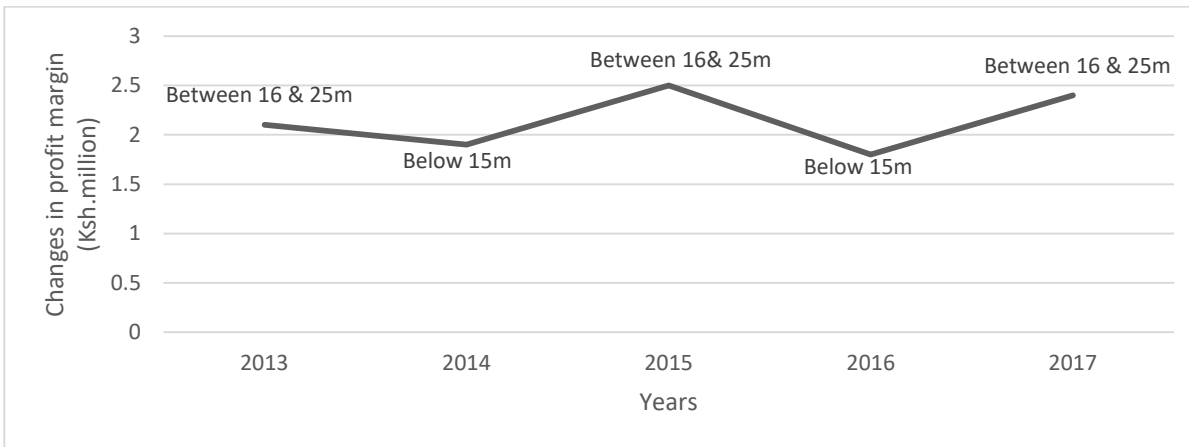


Figure 3 : Trends for Changes in profit margin

Correlation Analysis

A correlation analysis was done by the use of Pearson correlation coefficient to establish the connection between the different variables of the study. In order to make useful conclusions on the connection among the study variables, the study adopted a significance level of 5%. The results on this analysis are as presented in Table 6.

Table 6 : Correlation Analysis

Correlations		Procurement planning	Order process management	Supplier management	Outsourcing	Performance
Procurement planning	Pearson Correlation	1				
	Sig. (2-tailed)					
Order process management	Pearson Correlation	.322	1			
	Sig. (2-tailed)	0.052				
Supplier management	Pearson Correlation	.546	0.131	1		
	Sig. (2-tailed)	0.051	0.214			
Outsourcing	Pearson Correlation	.578	.266	.428	1	
	Sig. (2-tailed)	0.064	0.059	0.12		
Performance	Pearson Correlation	.709*	.383*	.594*	.621*	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	92	92	92	92	92

* Correlation is significant at the 0.05 level (2-tailed).

The results indicated a positive association between procurement planning and performance of retail chain stores in Nairobi City County as shown by a person correlation coefficient of 0.709 (R = 0.709). The association between the two variables is also significant as shown by a p-value of 0.000<0.05. This implies that a positive change in procurement planning will result to a significant improvement in the performance of the retail chain stores in Nairobi City County. The results are consistent with the study by Willy and Njeru (2014) that established by a strong relationship between procurement planning and procurement performance whereby through procurement planning, an entity utilizes the existing resources to achieve overall procurement objectives. On the same note, findings of this study as shown in Table 6 above show that order process management and performance of retail chain stores in Nairobi City County are positively connected as shown by a person correlation coefficient of 0.383. The association between the two variables is also significant as shown by a p-value of 0.000<0.05. This implies that a positive change in order process management will result to a significant improvement in the performance of the retail chain stores in Nairobi City County. The results are consistent with the argument by Chepkwony and Chepkwony (2014) that e-ordering and e-informing which are elements of order processing dimensions increases supply chain performance and therefore overall performance of an organisation.

The results further indicated a positive association between supplier management and performance of retail chain stores in Nairobi City County as shown by a person correlation coefficient of 0.594. The association between the two variables is also significant as shown by a p-value of $0.000 < 0.05$. This implies that a positive change in supplier management will result to a significant improvement in the performance of the retail chain stores in Nairobi City County. This is consistent with the argument by Chen, Paulraj and Lado (2004) that supply management stimulates sustainable performance of an organisation by nurturing a close working relationships, encouraging open communication between the firm and supplier and developing long-term strategic relationships for mutual gains. Finally, the correlation results show that outsourcing and performance of retail chain stores in Nairobi City County are positively connected as shown by a person correlation coefficient of 0.621. The association between these variables is also significant as shown by a p-value of $0.000 < 0.05$. This implies that a positive change in supplier management will result to a significant improvement in the performance of the retail chain stores in Nairobi City County. The results are consistent with the argument by Kabura (2012) that outsourcing various activities such as IT and security services positively and significantly affects financial performance.

Regression Analysis

For the purpose of establishing the connection between procurement management and performance of retail chain stores, the following regression model was used: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$ Where; Y = performance of the supermarket, X_1 = procurement planning, X_2 = order process management, X_3 = supplier management and X_4 = outsourcing. The model summary results as presented in Table 7 indicated that procurement management variables used in these study (procurement planning, order process management, supplier management and outsourcing procurement functions) had a strong positive influence on the performance of retail chain stores in Nairobi City County. This is shown by a joint Pearson correlation coefficient of 0.798.

This implies that a positive change in procurement planning, order process management, supplier management and outsourcing procurement functions results to a strong improvement in the performance of retail chain stores in Nairobi City County. From the results of the model summary, R-square was 0.636 implying procurement planning, order process management, supplier management and outsourcing procurement functions is responsible for up to 63.6% of the variation in the performance of retail chain stores in Nairobi City County. This finding implies that changes in the performance of retail chain stores in Nairobi City County is not explained by procurement planning, order process management, supplier management and outsourcing only but there are other factors that account for the change which are responsible for 36.4%. These factors were not captured by the model specified in this study.

Table 7 : Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.798	0.636	0.620	0.32898
Predictors: (Constant), Procurement outsourcing, Order process management, Supplier management, Procurement planning			

The significance of the regression model was confirmed by the F statistic at 5% (Sig < 0.000). The F calculated statistic of 38.064 was greater than F (4, 87) critical value of 2.4765 confirming the significance of the regression model. The implication of the overall model significance is that procurement planning, order process management, supplier management and outsourcing are suitable factors in predicting variation of performance of retail chain stores in Nairobi County. The results for model significance are shown in Table 8.

Table 8 : ANOVA (Model Significance)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	16.479	4	4.12	38.064	.000
Residual	9.416	87	0.108		
Total	25.895	91			

Dependent Variable: Performance of retail chain store
 Predictors: (Constant), Procurement outsourcing, Order process management, Supplier management, Procurement planning

The regression results as shown in Table 9 indicated that procurement planning positively and significantly influenced performance of retail chain stores in Nairobi City County (Beta = 0.346, Sig= 0.000). The implication of the result is that a unit improvement in procurement planning results to 0.346 unit improvement in the performance of retail chain stores in Nairobi City County. This is consistent with the argument by Willy and Njeru (2014) that procurement planning enhances proper utilization of existing resources resulting to achievement of overall procurement objectives. The results also indicated that order process management positively and significantly influenced performance of retail chain stores in Nairobi City County (Beta = 0.179, Sig= 0.002). This also implies that a unit improvement in order process management results to 0.179 unit improvement in the performance of retail chain stores in Nairobi County. This is consistent with the argument by Chepkwony and Chepkwony (2014) that e-ordering and e-informing which are elements of order processing dimensions increases supply chain performance and therefore overall performance of an organisation.

The results further point to the fact that supplier management positively and significantly influenced performance of retail chain stores in Nairobi City County (Beta = 0.305, Sig= 0.001). This also implies that a unit improvement in supplier management results to 0.305 unit improvement in the performance of retail chain stores in Nairobi City County. This is consistent with the argument by Prajogo, Chowdhury, Yeung and Cheng (2012) that supplier assessment has a positive relationship with quality performance. On the same note, they argue that strategic long-term relationship with the suppliers enhances delivery, flexibility, and cost performance. The regression results finally indicated that outsourcing positively and significantly influenced performance of retail chain stores in Nairobi City County (Beta = 0.269, Sig= 0.002). The implication of the result is that a unit improvement in outsourcing results to 0.269 unit improvement in the performance of retail chain stores in Nairobi City County. This is consistent with the argument by Kabura (2012) that outsourcing various activities such as IT and security services positively and significantly affects financial performance.

Table 9 : Regression Coefficients

	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.478	0.409		1.171	0.245
Procurement planning	0.346	0.084	0.365	4.101	0.000
Order process management	0.179	0.076	0.163	2.366	0.020
Supplier management	0.305	0.09	0.265	3.384	0.001
Outsourcing	0.269	0.086	0.254	3.145	0.002

a Dependent Variable: Performance of retail chain store

Conclusions of the Study

From the findings obtained, the study concluded that procurement planning positively and significantly influenced performance of retail chain store in Nairobi City County. Accordingly, an improvement in procurement planning practices results to significant improvement in performance of retail chain store in Nairobi City County, Kenya. This implies that applying both competitive and non-competitive methods of procurement, conducting needs assessment to establish the necessary goods to be procured before purchasing, assessing inventory status, production schedules, work plans and operational requirements budgets for the goods to be procured, specifying the quality of the products to be procured in terms of minimum requirements of the end user and allowing inspection procedures, drawing a procurement plan that is indicative of the procurement budget allocations and basing the procurement plan on realistic cost estimates of goods derived from market research results to significant improvement in performance of retail chain store in Nairobi City County.

The study also concludes that order process management positively and significantly influenced performance of retail chain store in Nairobi City County. An improvement in order process management therefore results to significant improvement in performance of retail chain store in Nairobi City County. In this case, establishing an appropriate time of delivery of the orders placed, having delivery, mix and volume flexibility of order processing, efficient order picking system, practicing order listing to manage orders, having a well-established order shipping practice, effective system to manage order packaging and investing in IT to manage order tracking results to significant improvement in performance of retail chain store in Nairobi City County. Another conclusions made by this study is that supplier management positively and significantly influenced performance of retail chain store in Nairobi City County. This therefore implies that an improvement in procurement planning practices results to significant improvement in performance of retail chain store in Nairobi City County, Kenya. Accordingly, evaluating supplier’s efficiency in service delivery before short listing, appraising supplier’s experience in offering certain services/products, assessing supplier’s financial position before short listing, partnering with suppliers to streamline procurement process, having committees who engage in developing the suppliers and engaging in information sharing with supplier results to significant improvement in performance of retail chain store in Nairobi City County. The study finally concludes that outsourcing positively and significantly influenced performance of retail chain store in Nairobi City County. Outsourcing of transport services in order to manage costs, outsourcing

of warehousing services, technical experts to manage procurement IT systems, partnership with investors to enhance the capital base and outsourcing purchasing functions from expert's results to significant improvement in performance of retail chain store in Nairobi City County, Kenya.

Recommendations of the Study

The results of this study have indicated that there is a positive and significant association between procurement management and performance of retail chain store in Nairobi City County. The study therefore recommends that in order to improve performance, there is need for retail chain store in Nairobi City County to conduct needs assessment to establish the necessary goods to be procured before purchasing, assess inventory status, production schedules, work plans and operational requirements budgets for the goods to be procured, specify the quality of the products to be procured in terms of minimum requirements of the end user and allowing inspection procedures, draw a procurement plan that is indicative of the procurement budget allocations and base the procurement plan on realistic cost estimates of goods derived from market research.

This study also recommends that in order to improve performance retail chain store in Nairobi City County should establish an appropriate time of delivery of the orders placed, have delivery, mix and volume flexibility of order processing, efficient order picking system, practice order listing to manage orders, have a well-established order shipping practice, effective system to manage order packaging and investing in IT to manage order tracking. Further, this study recommends that retail chain store in Nairobi City County should evaluate supplier's efficiency in service delivery before short listing, appraise supplier's experience in offering certain services/products, assess supplier's financial position before short listing, partner with suppliers to streamline procurement process, have committees who engage in developing the suppliers and engaging in information sharing with supplier. The study finally recommends that in order to improve performance, there is need for retail chain store in Nairobi City County to outsource of transport services in order to manage costs, subcontract warehousing services, technical experts to manage procurement IT systems, partner with investors to enhance the capital base and outsource purchasing functions from experts.

Conflict of Interest

No potential conflict of interest was indicated by the authors

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