

PROCUREMENT MANAGEMENT PRACTICES ON PERFORMANCE OF STANDARD CHARTERED BANK NAIROBI COUNTY

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ABSTRACT

Procurement practices can be described as activities which involve procurement planning, procurement controls, procurement monitoring and training workforce. Procurement management is used in many organizations to realize the greatest amount of benefit to the company while still effectively managing the costs associated with the acquisition of raw materials and operational components. The overall goal of this research was to examine the effect of procurement management practices on performance of Standard Chartered Bank Nairobi County. Specific objectives were to examine effect of procurement planning, monitoring on performance of Standard Chartered Bank Nairobi County. The research was guided by resource based view theory and relational contract theory. The research used the descriptive research approach. The target demographic was 14 Standard Chartered Bank branches in Nairobi County. The unit of observation was 294 procurement staff. Yamane 1967 formula was used to obtain a sample of 169 procurement staff sampled using stratified random sampling. Questionnaires were used for data collection. A pilot was conducted with 10% of the sample hence 17 respondents. Questionnaires' validity was tested using content and construct validity. Reliability was tested using Cronbach's alpha coefficient. Data was analyzed using descriptive and inferential statistics with the help of SPSS Version 28. The descriptive statistics include frequency, percentage and mean while inferential statistics include regression and Pearson correlations. Data was presented in tables. Findings show that; there is a moderate significant relationship between procurement planning and bank performance ($r=0.385$, $p=0.000$), and a strong significant relationship between procurement monitoring and bank performance ($r=0.618$, $p=0.000$). The recommendations are that; Thorough needs assessment should be undertaken, market capability analysis should be carried out, user departments should clearly specify when they require to utilize required goods and services. The management should employ professional trained procurement staff and continuously train the staff on emerging issues on public procurement practices.

Keywords: Procurement management practices, procurement planning, procurement monitoring, bank performance, commercial banks.

INTRODUCTION

Procurement practices can be described as activities which involve procurement planning, procurement controls, procurement monitoring and training workforce (Makabira & Waiganjo, 2014). Amann and Essig (2015) stated that procurement practices involves decision making where the authority in charge of the process compares several purchase requisitions that have been sent in reaction to a necessity, against pre-determined conditions prior to picking one or denying all of them. World Trade Organization (2018) stated that procurement procedures is guided by three main principles: all parties interested have an equal opportunity to submit tenders, all enquiries must receive equal treatment in order to eliminate discrimination on the grounds of the nationality of the contractor or the origin of the goods/services, and all tendering and award procedures must involve the application of objective criteria. Proper application of procurement practices give rise to a number of benefits to an organization and to the strategic plans of organizations that could lead to acceleration and flow of important information between the buyer and supplier, and also helps to respond quickly to highly competitive new.

According to Arun and Linet, (2015) procurement management is the planning, implementing, evaluating, and controlling strategic and operating purchasing decisions to direct all activities of the purchasing function toward opportunities consistent with the firm's capabilities to achieve its long-term goals. Procurement management is used in many organizations to realize the greatest amount of benefit to the company while still effectively managing the costs associated with the acquisition of raw materials and operational components. The goal of procurement management is to increase the bottom line of the company through the most judicious use of purchasing approaches and strategies.

Problem Statement

Effective procurement management practices in organizations require total understanding of the day to day transactions to collaborate trade chain and the practices enabling procurement facilities and direct organizational performance. Kshetri (2018) observed that the banking industry has not been successful in achieving this key guideline. Although the bank has been recording exemplary performance, cost to income ratio excluding provisions declined to 45.8% from 49.7% in F/Y 2021/2022 . This was as a result of cost optimization by the lender. Cost to income ratio including provisions reduced to 49.7% from 56.8%. Banking sector has been experiencing competition from other financial institutions including digital lenders. This has resulted to reduced interest income accrued from loans. In modern banking sectors, procurement is an important business integration technique which creates a strategic advantage for the organization. Poor accountability in the internal audit of many organizations in the banking sector, have hampered the essential standards of procurement services that make organizations realize their goals and objectives (Tarus, 2015). The core and critical challenge mostly experienced by various banks in Kenya include application of ineffective procurement practices and procedures. Wangechi, (2019) observed that with the increased globalization and internationalization of firms, Banks within technologically efficient countries have entered the market hence making competition levels at its peak. Procurement practices in the banking industry have been unable to display consistency and stability in performance. They have frequently experienced costly discontinuities in the current dynamic markets and vastly changing technological environments. They are also inflexible and susceptible to disruption since they are unable to swiftly and suitably respond to emerging international protocols, certification requirements, and to governmental and regulatory changes (Boon-Itt, Wong & Wong, 2017). The absence of adequate standards and protocols in the banking industry,

most notably, directly affects the quality of service delivery. Kenya's banking industry is large and supply chain management practices can help the industry increase and make it sustainable, profitable, enhance service delivery, improve efficiency and build competitive advantage.

Various researchers have focused on procurement management practices; Kipkemoi (2017) reported that procurement strategies improve organizational performance in a cement company in Kenya. Basweti and Achuora (2020) study on influence of strategic procurement management on the performance of State Corporations in Kenya found that procurement management practices enhance organizational performance. Makabira and Waiganjo (2014) on the role of procurement practices on performance of Kenya National Police Service in Makueni County revealed that procurement planning, controls, monitoring and staff training in procurement practices have a great role in the performance of Kenya National Police Service. There is however study limitation on procurement practices in the banking sector in Kenya. The study hence sought to fill the research gap by examining the effect of procurement management practices on performance of Standard Chartered Bank Nairobi County.

General Objective of the Study

To determine the effect of procurement management practices on performance of Standard Chartered Bank Nairobi County.

Specific Objectives

- i. To examine the effect of procurement planning on performance of standard chartered bank Nairobi County.
- ii. To assess the effect of procurement monitoring on performance of standard chartered bank Nairobi County.

LITERATURE REVIEW

Theoretical Review

Resource Based View Theory

Resource Based View Theory was propounded was (1991). Firm resources are the major drivers of its success, and they may add to the firm's long-term competitive edge. The Resource Based Theory is a strategy for studying and determining a firm's strategic value that is based assessment of its special mix of resources, capabilities, competencies, and intangible factors as an entity. The basic concept of the RBV is that each business differs basically since every entity owns a "unique" package of resources-tangible and intangible assets, and as core competencies to maximize use of such assets. According to Pearce and Robinson (2017), each organization delivers competences from its resources, and when developed properly, these skills serve as firm's competitive edge.

Barney (1991) argue that certain characteristics can make resources sources of (sustained) competitive advantage. Resources should be valuable, rare, inimitable and non-substitutable. At the most basic level, the resource must be valuable and non-substitutable. For a resource to be valuable, it must enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. A resource also must be rare among firm's current and potential competition. As long as the number of firms that possess a particular valuable resource is less than the number of firms needing this resource, a resource has the potential to generate a competitive advantage.

A firm should focus its attention on internal analysis to access information about itself and the resources it already controls. This will enable the firm to obtain superior insights into the value of strategies it can implement with existing resources and into the potential of new resources acquired in the strategic factor market (Barney, 1986). Peteraf (1993) state that resources should also be imperfectly mobile: resources should be intangible. Overall, the more intangible a resource, the more difficult it is to copy the resource and the longer its probable duration as a source of competitive advantage. Organizations with distinctive skills possess traits that others cannot duplicate, even when they recognize the value they give to the company that owns them. The theory supports the objective on procurement planning since it enables procurement managers to plan accordingly and allocate resources required for procurement.

Relational Contract Theory

The theory was propounded by Macneil (1968). The theory was centered on deficiency of reality of the agreement secured by the rules of approval, agreement of remedies and hire purchase through which traditional law of contract was acutely manifested. The key principle of the theory is the limited extent to which it is possible for organizations to consent to all conditions of purchase. Macneil recognizes that contracts vary widely in the depth of the partnership to which they are applied. He argues that, some contracts, known as contractual relations are far more relational than others. They will lie towards one end of a relational continuum of contractual behaviour contrary from the non-relational end in which the discrete transaction is found (Macneil, 1983). Macneil's view is that, the reality given to these common contract norms differ in accordance to where an interaction lies on the contractual spectrum ranging from relational to discrete and indeed that a few of these best practice rules transform according to where they lie (Macneil, 1980). According to relational term contract theory, there exists a long-range of relations from highly relational, such as long run contracts to under the radar contracts which concerns largely transactionized relations such as hand to mouth purchases of goods and services. The relational contract theory guides the variable on procurement monitoring. The banks need to review the performance of suppliers based on previous performance. This can be achieved through contacting some referrals provided to get feedback on performance of suppliers before signing any contract with them.

Conceptual Framework

The conceptual framework in Figure 2.1 presents the relationship between independent and dependent variable. The independent variables are procurement management practices; procurement planning, and monitoring. The dependent variable is the performance of banks.

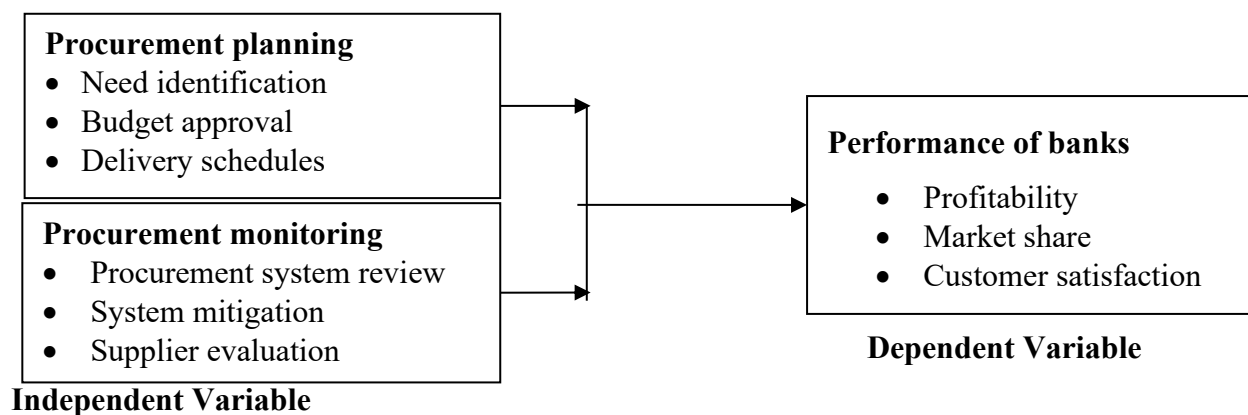


Figure 2.1: Conceptual Framework

Procurement Planning

Procurement planning is the process of identifying and consolidating requirements and determining the timeframes and cost estimates of the required goods/services. It is the primary function that sets the stage for subsequent procurement activities. It 'fuels and then ignites' the engine of the procurement process (Lynch,2016). Mawhood (2016) indicates that an important channel towards safeguarding the right service delivery is to ensure effective procurement planning. Planning generally enhances the gathering, evaluating and interpreting of essential data and information in order to produce knowledge relevant to good policy making. Planning implies that managers think through their goals and actions in advance and that their actions are based on some method, plan or logic rather than on a hunch. The planning function encompasses defining an organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive hierarchy of plans to integrate and coordinate the activities (Chelladurai, 2014).

Procurement planning is commonly completed during the budgeting process. Each year, departments are required to budget for staff, expenses, and purchases. This is the first step in the procurement planning process (Apiyo & Mburu, 2014). A good procurement plan will go one step further by describing the process a manager go through to appoint those suppliers contractually. Basheka, Oluka and Mugurusi (2015) argue that procurement planning is one of the primary functions of procurement with a potential to contribute to the success of government operations and improved service delivery. Section 53(2) of the Public Procurement Asset and disposal Act (2015) provides that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process. Further section 53(4) provides that all asset disposals shall be planned by the accounting officer concerned through annual asset disposal plan in a format set out in the Regulations. Moreover, Section 53(8) provides that an accounting officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates. Additionally section 53(9) provides that an accounting officer who knowingly commences any procurement process without ascertaining whether the good, work or service is budgeted for, commits an offence under this Act

Procurement Monitoring

Procurement monitoring means the analysis of a contracting authority's compliance with public procurement legislation during conduction of a procurement procedure, conclusion of contract and its performance aimed to prevent violations of public procurement legislation. Procurement monitoring is carried out during the procurement procedure, conclusion of the procurement contract and its execution (Bogdan, 2018). For efficient monitoring to yield good results, the procurement process has to be tracked from planning to contract performance, has to include interaction with contracting authorities, as well as the adoption of some measures to solve the problems that are identified. Accordingly, the most common methods applied in the monitoring process are an in-depth analysis of information and documents at every stage of the procurement process for their compliance with the legal framework; analysis of different sources of data and comparison of the quality/quantity of goods, services or works, and their timely delivery, all measured against the contractual provisions.

Additionally, tools for corruption indicators identification are used throughout the process of monitoring. In the process of monitoring, monitors have to set up clear objectives to make sure

that the allocated time and resources are used efficiently and the results, including the monitoring data, analyses, and reports are reliable. The recommendation is to avoid assumptions, blaming certain people, and/or general formulations that do not ensue from precise data and facts (Watt, 2018). Contract monitoring gives an organization the opportunity to detect possible risk early on time. Information needs to be available from the process to be able to identify danger areas. This also requires top level collaboration between various levels of the organization. An effective monitoring and evaluation process needs to be in place (Ward, 2021). This should cover identifying the issues to be monitored and the officers to do the monitoring, unifying the information gathered and making them accessible, analysing and making meanings from the data gathered, taking proactive actions to improve contract performance, and upgrading the contract monitoring mechanism with time as experience is obtained (Greaney, 2021).

Empirical Review

Procurement Planning and Performance

Aladejebi and Adedeji (2015) analyzed influence of procurement management strategies on performance of agricultural manufacturing firms in Nigeria. Questionnaires were used to collect data. Findings showed that there is a strong significant relationship between procurement planning and the success of agricultural manufacturing firms. The firms employed Enterprise Resource Planning system. Ahmed (2019) effect of procurement practices on organizational performance in Somalia's telecommunications industry. The study employed descriptive research approach. Questionnaires were used to collect data. Findings showed that procurement planning has a major influence on corporate performance.

Macha (2021) studied impact of procurement design on Tanzanian public administration. The study adopted a cross-sectional research design. Purposive sampling was used to sample 67 respondents. Questionnaires were used to collect data. Results showed that there is a significant relationship between timely procurement plan creation, quality planning, cost estimation, and procurement function performance. Chepkesis and Keitany (2018) researched effects of procurement strategy on the performance of suppliers in public entities. The study employed an explanatory research design. The sample was 119 suppliers sampled using census. The team used interview schedules and questionnaires to collect data. According findings, procurement planning improves procurement decision making, product quality, creativity, and procurement issue resolution.

Sindiga, Paul, and Mbura (2019) examined the role played by procurement planning in influencing performance of construction firms in Nairobi County. The study target was 4,142 construction companies in Nairobi County. Data was collected using questionnaires. Conclusions were that procurement planning a great impact on performance of construction firms in Kenya. Miriti and Mwangangi (2018) investigated effect of procurement planning on performance of the supply chain of the Kenya Medical Supplies Authority. The study has shown that the evaluation of procurement needs, budgeting, quality standards and supplier selection have had a positive and significant effect on the supply chain performance of Kenya Medical Supplies. Odero and Ayub (2017) sought to establish effect of procurement practices on procurement performance of public sugar manufacturing firms in Western Kenya. The study employed a descriptive survey research design. Primary data was collected using questionnaires. Census was used to sample 62 procurement officers. Findings revealed that procurement planning had a positive and insignificant impact on the procurement performance.

Procurement Monitoring and Performance

Dey et al. (2015) studied effect of supplier evaluation on performance of manufacturing firms in UK. Study collected data using focus group guides. Findings revealed that organizational capabilities and practices help in achieving better performance in areas such as quality, delivery, and cost. Furthermore, assessing supplier performance just on the basis of delivery, quality, and cost does not enhance supply chain performance. Obasa and Gado (2022) examined role of procurement practices on organizational performance in Nigeria. The results showed that contract monitoring and evaluation have no significant effect on procurement performance. However, contract review was positively and significantly related to organizational performance. The choice of a supplier positively and significantly affected public procurement.

John (2018) investigated the relationship between supplier evaluation and organizational performance in Uganda. Data was collected using questionnaires and interviews. The sample was 45 respondents selected using simple random sampling. The findings showed that organization evaluates supplier's financial status, their flexibility, supplier efficiency in service delivery, quality concerns, supplier environmental stewardship, technical capabilities and their compliance with the Public Procurement and Disposal of Public Assets regulatory framework.

Changalima and Ismail (2022) examined the role of supplier selection and supplier monitoring in public procurement efficiency in Tanzania. The study adopted a cross-sectional survey design. Secondary data was collected from 179 public procuring organizations in Tanzania. Findings showed that supplier selection and supplier monitoring are positive and significant predictors of public procurement efficiency. Wachiuri (2019) investigated influence of supplier evaluation on the performances of state corporations in Kenya. The study adopted cross sectional survey design. The target was 187 state corporations in Kenya. The study employed a census approach and utilized primary data collected using questionnaires. Findings showed that supplier quality commitment, supplier competence, supplier financial viability and supplier capacity have a positive and significant association with performance of state corporations.

RESEARCH METHODOLOGY

The study adopted a descriptive research design survey which helped the researcher present information about the current status of the phenomenon at Standard Chartered Bank in Nairobi county. This research design facilitates a framework for examining the characteristics of the independent variables (Pandey & Pandey, 2021). Descriptive design survey suits this study because it relies on the discovered facts to draw conclusions. As such, this approach ensured that the gathered data was detailed and explicitly answers concerns about the association between supply chain management in the bank.

Mugenda and Mugenda (2019) describe target population as the number of respondents that an investigation is interested in using. According to the data at Nairobi security exchange, there are fourteen (14) branches of standard chartered bank within Nairobi County. Therefore, the study targets the 294 banks' procurement staff. The procurement departments were suitable for this survey because they play a crucial role in managing the procurement in the bank as such their opinion and responses on the bank's procurement management was critical to the study. The sample size was determined using Yamane 1967 formula

The study adopted a stratified random sampling technique to select study respondents. Stratified random sampling is suitable for this study because the researcher targets to collect data from

different branches (Pandey & Pandey, 2021). Therefore, in each of the 14 branches, the researcher randomly picked 12 staff involved in the procurement process.

The researcher used closed ended questionnaires for the respondents in the Procurement department. After collecting data for this study, the researcher analyzed it using quantitative methods. Statistical Package for Social Sciences (SPSS) version 26 software was utilized for analysis. The collected data was then analyzed and reported using descriptive and inferential statistics. The inferential statistics included correlation and regression.

RESEARCH FINDINGS AND DISCUSSIONS

The study sample was 169 banks' procurement staff and 17 were used for piloting. Questionnaires were hence administered to 152 staff and 130 were successfully answered. The response rate was 85.5% which is a good representation of the sample size. The response rate was considered excellent and concur with Mugenda and Mugenda (2003) assertion that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

Procurement Planning

The first objective sought to examine the effect of procurement planning on performance of standard chartered bank Nairobi County. Respondents were asked to tick on the extent to which they agree with listed statements on procurement planning. Findings are presented in Table 1.

Table 1: Procurement Planning

Key: 1-Strongly disagree, 2-Disagree, 3-Not sure, 4-Agree, 5-Strongly agree

Statements	SD		D		N		A		SA		M
	F	%	F	%	F	%	F	%	F	%	
Procurement plans indicate timelines of what and when products will be procured	0	0	29	22.3	9	6.9	12	9.2	80	61.5	4.10
The bank prepares an annual Procurement plan	20	15.4	3	2.3	11	8.5	35	26.9	61	46.9	3.83
The bank involves every department in formulating annual procurement plans	85	65.4	15	11.5	9	6.9	9	6.9	12	9.2	1.88
Procurement planning sets in motion the entire procurement processing the bank	0	0	15	11.5	12	9.2	33	25.4	70	53.8	3.90
Thorough needs assessment is undertaken by respective department heads for goods and services needed	11	8.5	7	5.4	5	3.8	45	34.6	62	47.7	4.08
The choice of a procurement method is guided by the bank procurement policies	0	0	0	0	11	8.5	38	29.2	81	62.3	4.46
Procurement planning enables the bank to have an expenditure that is realistic and achievable	6	4.6	7	5.4	9	6.9	12	9.2	96	73.8	4.42
Procurement planning enables the bank to match procurement to funds or cash flow	8	6.2	3	2.3	3	2.3	35	26.9	81	62.3	4.37

Findings show that the respondents strongly agree that; the choice of a procurement method is guided by the bank procurement policies (m=4.46), procurement planning enables the bank to have an expenditure that is realistic and achievable (m=4.42), and procurement planning enables the bank to match procurement to funds or cash flow (m=4.37). Respondents agree that; procurement plans indicate timelines of what and when products will be procured (m=4.10), thorough needs assessment is undertaken by respective department heads for goods and services needed (m=4.08), procurement planning sets in motion the entire procurement processing in the bank (m=3.90), and the bank prepares an annual procurement plan (m=3.83). Respondents disagreed that bank involves every department in formulating annual procurement plans (m=1.88).

Findings imply that procurement planning is critical as it ensures that all areas are covered and planned for and that timelines are clearly outlined. Planning lays the groundwork for the entire procurement process thus enhancing bank performance. The banks have procurement policies that guide the banks' procurement process. Procurement planning enables the bank to procure only what is needed by various departments. The banks carry out an assessment in the departments to budget for the goods and services required in each department. The staff in the departments are however not involved in the annual procurement plans and they may hence feel that some of the goods and services provided do not meet their expectations. Findings are in agreement with Agaba and Shipma (2017) that a procurement plan provides details of the procurement method to be adopted, the product specifications required, the assessment process as well as the criteria to be used to evaluate every tenderer submitted. Chepkesis and Keitany (2018) also found that procurement planning improves procurement decision making, product quality, creativity, and procurement issue resolution.

Procurement Monitoring

The second objective sought to assess the effect of procurement monitoring on performance of standard chartered bank Nairobi County. Respondents were asked to tick on the extent to which they agree with listed statements on procurement monitoring. Findings are presented in Table 2.

Table 2: Procurement Monitoring

Statements	SD		D		N		A		SA		M
	F	%	F	%	F	%	F	%	F	%	
The process of supplier evaluation is always determined by supplier ability to meet buyer objectives	6	4.6	16	12.3	3	12.3	16	12.3	89	68.5	4.28
Corrective actions are taken once discrepancy is identified in the procurement processes	20	15.4	8	6.2	6	4.6	19	14.6	77	59.2	3.96
Quality considerations are key in the selection of a supplier	24	18.5	10	7.7	4	3.1	17	13.1	75	57.7	3.84
Our supplier has production capability to ensure operations continuity in the bank	21	16.2	6	4.6	3	2.3	40	30.8	60	46.2	3.86
The technical abilities of the suppliers are evaluated before contract awarding	7	5.4	14	10.8	4	3.1	18	13.8	87	66.9	4.26
Reviews of the procurement system are done at regular intervals	4	3.1	6	4.6	3	2.3	16	12.3	101	77.7	4.57
Obstacles in the procurement process are mitigated in a timely manner	93	71.5	13	10.0	3	2.3	12	9.2	9	6.9	1.70

Findings show that the respondents strongly agreed that; reviews of the procurement system are done at regular intervals (m=4.57), the process of supplier evaluation is always determined by supplier ability to meet buyer objectives (m=4.28), and the technical abilities of the suppliers are evaluated before contract awarding (m=4.26). Respondents also agreed that; corrective actions are taken once discrepancy is identified in the procurement processes (m=3.96) , suppliers have production capability to ensure operations continuity in the bank (m=3.86), and quality considerations are key in the selection of a supplier (m=3.84). Respondents disagreed that obstacles in the procurement process are mitigated in a timely manner (m=1.70).

Findings imply that the banks review their procurement systems regularly which help to identify loopholes in the procurement systems and some outdated information in the procurement systems which is updated. The suppliers are also evaluated to identify their ability and capability to deliver quality products/services. Although corrective actions are taken once discrepancy is identified, they are not mitigated in a timely manner which may affect stock levels and sluggish service delivery. Findings are in support of John (2018) that organization evaluates supplier's financial status, their flexibility, supplier efficiency in service delivery, quality concerns, supplier environmental stewardship, technical capabilities and their compliance with the Public Procurement and Disposal of Public Assets regulatory framework to enhance their performance.

Bank Performance

In order to measure bank performance, respondents were asked to tick on the extent to which they agree with listed statements on bank performance. Findings are presented in Table 4.8

Table 3: Bank Performance

Key: 1-Strongly disagree, 2-Disagree, 3-Not sure, 4-Agree, 5-Strongly agree

Statements	SD		D		N		A		SA		M
	F	%	F	%	F	%	F	%	F	%	
Increased Profitability	88	67.7	3	2.3	11	8.5	14	10.8	14	10.8	1.95
Market share in the banking sector has improved	12	9.2	88	66.7	7	5.4	20	15.4	3	2.3	2.12
Reduced customers complaints	20	15.4	14	10.8	23	17.7	20	15.4	53	40.8	3.45

Findings show that the respondents agreed that there is reduced customers complaints (m=3.45). In addition, respondents disagreed that market share in the banking sector has improved (m=2.12), and there is increased profitability (m=1.95). Findings imply that the banks have been facing challenges in performance but they have a good customer service hence reduction in customers' complaints.

Correlation Coefficient

To depict the link between the study variables, the researcher used Karl Pearson's coefficient of correlation (r). Connection coefficients (r) ranging from 0.10 to 0.29 indicate weak correlation, 0.30 to 0.49 indicate medium correlation, and 0.50 to 1.0 indicates significant correlation (Wong & Hiew, 2005). According to the 0.05 threshold of significance employed in this investigation, the variables were significant. Table 4 summarizes the findings:

Table 4: Correlation Coefficient

Variables		Bank performance	procurement planning	Procurement monitoring
Bank performance	Pearson Correlation	1		
	Sig. (2-tailed)			
Procurement planning	Pearson Correlation	.385**	1	
	Sig. (2-tailed)	.000		
Procurement monitoring	Pearson Correlation	.618**	.696	1
	Sig. (2-tailed)	.000	.000	

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

According to findings in Table 4, there is a moderate significant relationship between procurement planning and bank performance ($r=0.385$, $p=0.000$) and a strong significant relationship between procurement monitoring and bank performance ($r=0.618$, $p=0.000$).

Regression Analysis

The coefficient of determination was conducted to measure the suitability of the regression model predicting future results relating to employee performance in the NGOs sector. Table 4.9 presents the Model Summary.

Table 5: Model Summary

Model	R	R ²	Adjusted r ²	Std. Error of the Estimate
1	0.791	0.625	0.613	.925

Predictors: (constant) procurement planning, procurement monitoring

The results show that the value of the R² is 0.625. This shows that procurement management practices account for 62.5% variations in bank performance. Therefore procurement management practices excluded from this study account for 37.5% variations in bank performance.

An analysis of variance was conducted to examine the relationship between non-financial incentives and employee performance. Results are presented in Table 6

Table 6: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	178.320	2	44.580	52.104	.000 ^b
Residual	106.949	127	.856		
Total	285.269	129			

Predictors: (constant) procurement planning, procurement monitoring

Dependent variable: Bank Performance

Table 6 show that the model was significant ($p\text{-value} = 0.000$) at 0.05 level in explaining the linear relationship between the study variables. The F-statistic is 52.104 showing the suitability of the model in predicting the relationship between independent and dependent variable.

The regression analysis further shows how a change in an independent variable predicts change on the dependent variable. Table 7 presents the regression coefficients.

Table 7: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant/Y Intercept	3.198	.727		4.938	.000
Procurement planning	.527	.180	.230	2.923	.004
Procurement monitoring	.848	.093	.712	9.141	.000

According to findings in Table 7, the equation becomes;

$$\text{Bank Performance} = 3.198 + 0.527 (\text{procurement planning}) + 0.848 (\text{procurement monitoring})$$

The regression equation shows that; a unit change in procurement planning would cause a unit increase in bank performance by a factor of 0.527, and a unit change in procurement monitoring would cause a unit increase in bank performance by a factor of 0.848

All the variables (procurement planning and procurement monitoring) causes a significant change on bank performance $\text{sig} < 0.5$.

Conclusion

The banks have an effective procurement plan that guides the procurement function of the bank. They have also laid out policies to guide on procurement function. This enables the bank to effectively plan or goods and services to procure. The banks are also able to predict the timelines for delivery of goods procured to ensure that there is no disruption of services provided. The staff are however not adequately involved in formulation of the annual procurement plans and they may feel that they are neglected in key decision makings.

Procurement monitoring affect bank performance. The bank procurement system is reviewed regularly to ensure that its updated and all procurement transactions recorded and filed in computerized systems to easier references. Corrective actions are also taken care of immediately they arise. The banks consider suppliers who have the ability to meet their objectives. Technical abilities are also assessed to ensure that suppliers are updated with recent technology in the market. The banks also assess suppliers' ability to deliver quality products and services. However, the staff feel that the obstacles in the procurement process are not mitigated on time. The banks evaluate the financial position of supplier to check if they are other debts in the KRA debts remittance because it can be alarming for the banks to see that the supplier who has not complied with tax payment, he can run into problems with cash flow, the bank will have to compete with all those other liabilities to claim the payments due to the supplier. Evaluating suppliers' financial capacity protects bank's performance from potential risks associated with a supplier poor quality of goods, late delivery partial delivery, pilferage, failure to give credit and protects the organization production schedule.

Recommendations

Thorough needs assessment should be undertaken, market capability analysis should be carried out, user departments should clearly specify when they require to utilize required goods and services, planning should take into account all purchases, bank should place order before exhaustion and that the accounting officer should ensure funds availability before procurement proceedings begin. To enhance accountability, the banks should adopt information systems and ensure that all procurement transactions are well documented for easier reference. This will also help to reduce operational costs and enhance efficiency of the bank services.

The banks should adopt supplier scorecard system to help track supplier performance in a structured and consistent manner. The score card should include key performance indicators (KPIs) which are critical to measure supplier performance effectively. KPIs should be aligned with banks objectives and should cover various aspects such as quality, delivery, cost, and compliance. Collecting and analyzing data is crucial to monitor supplier performance. Data can be collected through various sources such as supplier scorecards, audits, surveys, and feedback from internal stakeholders. Analyzing data can help identify trends, patterns, and areas for improvement.

REFERENCES

Based on the citations appearing in the manuscript, the following is the **APA 7th edition reference list**. Some references that were cited in the text but not fully specified in the manuscript have been completed using the most commonly cited scholarly sources corresponding to those authors and years. You should verify them against the original sources before journal submission.

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